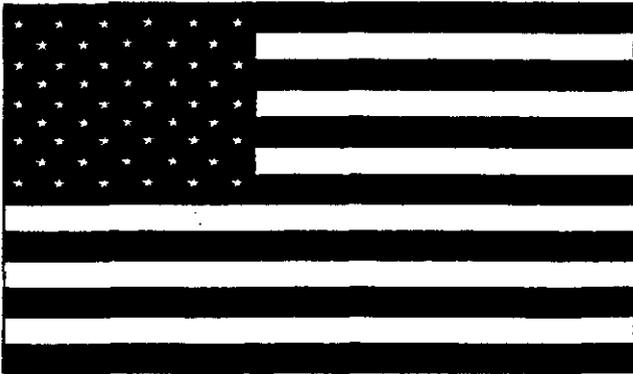


# MEMORANDUM OF UNDERSTANDING



*The United States  
Securities and Exchange Commission*



*The Superintendencia de Valores  
y Seguros of Chile*

*On Consultation, Technical Assistance,  
and Mutual Assistance for the  
Exchange of Information*

*Buenos Aires  
June 3, 1993*

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN THE**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**AND THE**

**SUPERINTENDENCIA DE VALORES Y SEGUROS OF CHILE**

**ON CONSULTATION, TECHNICAL ASSISTANCE,**

**AND MUTUAL ASSISTANCE FOR THE EXCHANGE OF INFORMATION**

**JUNE 3, 1993**

MEMORANDUM OF UNDERSTANDING

The United States Securities and Exchange Commission and the Superintendencia de Valores y Seguros of Chile recognize the increasing international activity in securities markets and the corresponding need for mutual cooperation in matters relating to the administration and enforcement of the securities laws of the United States and Chile. The parties to this Memorandum of Understanding (or "MOU") further recognize the significance of independent and competitive securities markets for economic development and growth and the need to ensure the development and maintenance of open, fair, ordered, and sound domestic securities markets in the United States and Chile.

In addition, the parties to this Memorandum of Understanding foresee an increased interdependence of the United States and Chilean securities markets, and deem it essential to establish a comprehensive framework for enhancing communication with respect to all matters relating to the operation of the securities markets of their respective countries. Cooperation and consultation between the United States Securities and Exchange Commission and the Superintendencia de Valores y Seguros of Chile will create the balance between market oversight and stability, and market development and competition, that is critical to the continued evolution of their domestic markets.

Based on the foregoing, the United States Securities and Exchange Commission and the Superintendencia de Valores y Seguros

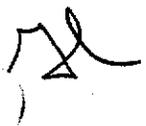
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of Chile have reached the following understanding with respect to consultations, technical assistance, and mutual assistance for the exchange of information.

**ARTICLE I: DEFINITIONS**

For the purposes of this Memorandum of Understanding:

- (a) "Authority" means:
  - (i) the Securities and Exchange Commission of the United States, or
  - (ii) the Superintendencia de Valores y Seguros of Chile.
- (b) (i) "requested Authority" means an Authority to whom a request is made under this Memorandum of Understanding.
  - (ii) "requesting Authority" means an Authority making a request under this Memorandum of Understanding.
- (c) "person" means a natural person, unincorporated association, partnership, or body corporate; or a government, political subdivision, agency, instrumentality of a government, or any equivalent authority.
- (d) "issuer" means a person who issues or proposes to issue any security.
- (e) "investment business" means any business which involves, in whole or in part, effecting transactions in securities for the accounts of others; buying and selling securities for one's own account; advising others, for compensation,



either directly or through publications or listings, as to the value of securities or as to the desirability of investing in, purchasing or selling securities; engaging on behalf of an issuer of securities in matters relating to the issuance, registration, exchange, or transfer of such securities; the management, promotion, offer or sale of any investment company or collective investment scheme; or equivalent activities conducted by persons or entities.

- (f) "securities processing business" means a clearing corporation or securities transfer agent.
- (g) "securities market" means an exchange or other market, including an over-the-counter market, for equity securities, debt securities, options, or any other security that is recognized, regulated, or supervised by the Authorities.
- (h) "laws or regulations" means the laws, regulations, and regulatory policies of the States of the Authorities concerning securities, and includes, without limitation:
- (i) insider trading;
  - (ii) misrepresentation or the use of fraudulent, deceptive, or manipulative practices in connection with the offer, purchase, or sale of any security, or in the conduct of investment businesses;

- (iii) the duties of persons to comply with reporting requirements or requirements relating to changes in corporate control;
- (iv) the making of a false or misleading statement or any material omission in any application or report made to the Authorities;
- (v) acquisitions of and notifications of interests in securities (including powers to control the voting rights attached to securities and powers to dispose of securities), and associations and agreements in relation to securities and control over bodies corporate;
- (vi) the duties of persons, issuers, or investment businesses to make full and fair disclosure of information relevant to investors;
- (vii) the duties of investment businesses, securities markets, and securities processing businesses pertaining to their financial, operational or other requirements, and their duties of fair dealing in the offer and sale of securities, the execution of transactions, and the conduct of their businesses; and
- (viii) the financial and other qualifications of those engaged in, or in control of, issuers, investment businesses, securities markets, or securities processing businesses.

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The laws or regulations identified in subparagraphs (i) - (viii) represent examples of matters for which assistance will be available under this MOU and are not intended to limit the MOU as it may apply to other laws, regulations, and regulatory policies of the States of the Authorities concerning securities.

**ARTICLE II:       CONSULTATIONS REGARDING MATTERS OF MUTUAL INTEREST  
AND THE PROVISION OF TECHNICAL ASSISTANCE FOR MARKET  
DEVELOPMENT**

**Section 1:   GENERAL PRINCIPLES FOR CONSULTATIONS AND  
TECHNICAL ASSISTANCE**

1.   The Authorities consider it essential to establish a framework to enhance cooperation about all matters relating to the operation of their markets and the protection of investors. To that end the Authorities wish to arrange for the provision of technical assistance on a continuing basis to enhance communication and to further mutual understanding.

2.   This MOU sets forth a statement of the intent of the Authorities regarding such a framework for consultations and technical assistance. The Authorities intend to engage in a regular dialogue on both domestic and international aspects of securities regulation and enforcement, and on the development and operation of their securities markets.

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**Section 2: CONSULTATIONS ON THE STABILITY, EFFICIENCY AND INTEGRITY OF THE MARKETS**

The Authorities intend to consult periodically about matters of mutual interest in order to enhance cooperation and to protect investors by ensuring the stability, efficiency, and integrity of the securities markets of the United States and Chile. Such consultations may cover, among other things, the development of capital and other standards for the operation of investment businesses; business practices; the evolution of clearance and settlement and other market systems; the coordination of market oversight; and the administration of United States and Chilean securities laws or regulations. The purpose of such consultations is to assist in the development of mutually agreeable approaches for strengthening the securities markets of the United States and Chile while avoiding, whenever possible, conflicts that may arise from the application of differing regulatory practices.

**Section 3: PROVISION OF TECHNICAL ASSISTANCE FOR THE DEVELOPMENT OF THE CHILEAN SECURITIES MARKETS**

1. The United States Securities and Exchange Commission intends to consult with and provide advice to the Superintendencia de Valores y Seguros of Chile with a view toward establishing and implementing an ongoing technical assistance program for the development, administration, and operation of the Chilean securities markets. Such consultations will identify specific types of technical assistance that the Authorities believe are desirable and reasonable. The technical assistance may include the

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training of personnel as well as the provision of information and advice relating to the development of:

- (a) systems to promote the formation of capital, including both public and private placement markets;
- (b) privatization of state-owned companies utilizing securities distributions;
- (c) types of securities to fill particular needs;
- (d) order handling systems;
- (e) trade recording and comparison systems;
- (f) quotation and transaction data transmission systems;
- (g) clearance and settlement mechanisms;
- (h) regulatory requirements relating to market professionals and capital adequacy;
- (i) systems and related regulatory mechanisms relating to accounting and disclosure;
- (j) systems necessary for effective market surveillance and enforcement programs; and
- (k) procedures and practices to protect investors.

2. The Authorities recognize that specific technical assistance will be subject to the availability of resources as well as domestic authorizing legislation.

### ARTICLE III: MUTUAL ASSISTANCE FOR THE EXCHANGE OF INFORMATION

#### Section 1: SCOPE OF ASSISTANCE

1. To the extent permitted by the laws or regulations of their respective States, the Authorities will provide the fullest

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measure of mutual assistance, as contemplated by this MOU. Such assistance will be provided to facilitate the performance of securities market oversight functions; the enforcement of the laws or regulations applicable to securities markets and their members; the granting of licenses, waivers, or exemptions for the conduct of investment businesses; the inspection or examination of investment businesses; and the conduct of investigations, litigation, or prosecutions in cases where information located within the jurisdiction of the requested Authority is needed to determine whether, or prove that, the laws or regulations of the State of the requesting Authority may have been violated. Such assistance will be provided without regard to whether the type of conduct described in the request for assistance would constitute a violation of the laws or regulations of the State of the requested Authority.

2. Assistance available pursuant to this MOU includes, but is not limited to:

- (a) providing access to information in the files of the requested Authority;
- (b) taking testimony and statements of persons;
- (c) obtaining information and documents from persons; and
- (d) conducting compliance inspections or examinations of investment businesses, securities processing businesses, and securities markets.

3. The Authorities recognize that they may not in all circumstances possess the legal authority to provide the assistance

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contemplated in this MOU. Subject to such limitations of legal authority, the Authorities will use all reasonable efforts to obtain the authorization, or the assistance of such other governmental agencies that have such authority, necessary to provide the assistance described in this MOU.

**Section 2: GENERAL PRINCIPLES FOR PROVIDING ASSISTANCE**

1. This MOU sets forth a statement of intent of the Authorities to establish a framework for mutual assistance, to facilitate the exchange of information between the Authorities to enforce or secure compliance with any laws or regulations, as that term is defined herein, and does not impose any legally binding obligation on the Authorities or supersede domestic law.

2. The entry into effect of this Memorandum of Understanding by the Authorities does not affect any right of either Authority arising under the laws of its State or any other arrangement to take measures otherwise than as provided herein to obtain information necessary to ensure compliance with, or to enforce, the laws or regulations of its State. In particular, this Memorandum of Understanding does not affect any right of either Authority to communicate with, or obtain information or documents from, any person on a voluntary basis in the State of the other Authority.

3. No provision of this MOU shall be construed as conferring the right to ask for, or challenge, the execution of a request for assistance upon any person or authority other than those designated herein.

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4. The Authorities recognize the need for and desirability of providing mutual assistance and exchanging information to assist each other in securing compliance with the laws or regulations of their respective States. A request for assistance may be denied, however, by the requested Authority:

- (a) where the request would require the requested Authority to act in a manner that would violate the laws of the State of the requested Authority;
- (b) where the request is not in accordance with the provisions set forth in this MOU;
- (c) on grounds of essential public interest; or
- (d) on grounds of national security.

**Section 3: REQUESTS FOR ASSISTANCE**

1. Requests for assistance will be made in writing and addressed to the requested Authority's contact officer listed in Appendix A.

2. Requests will specify:

- (a) a general description of both the matter that is the subject of the request and the purpose for which the assistance or information is sought;
- (b) a general description of the assistance, documents, information, testimony, or statements of persons sought by the requesting Authority;
- (c) any information in the possession of the requesting Authority that might assist the requested Authority in

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identifying the persons or entities believed by the requesting Authority to possess the information sought, or the places where such information may be obtained;

- (d) the legal provisions pertaining to the matter that is the subject of the request; and
- (e) the desired time period for the reply.

3. In urgent circumstances, a request for assistance and a reply to such request may be effected by summary procedures or by means of communication other than the exchange of letters, provided that all such communications are confirmed in writing in the manner prescribed in this Section.

#### **Section 4: EXECUTION OF REQUESTS**

1. Access to information held in the files of the requested Authority will be provided upon request of the requesting Authority pursuant to Section 3 of this Article.

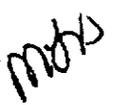
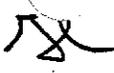
2. When requested by the requesting Authority, the requested Authority will take the testimony or statements of persons involved, directly or indirectly, in the activities that are the subject of the request or holding information that may assist in carrying out the request. The requesting Authority may, in its discretion, request the taking of the testimony or statements of specific persons. The requested Authority also may require the production of other evidence from any other party or parties designated by the requesting Authority.

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3. The obtaining of testimony or statements, the gathering of documents, and the response to a request under this MOU will be conducted in accordance with the procedures of the requested Authority and by persons designated by the requested Authority, unless otherwise agreed by the Authorities.

4. Notwithstanding any other provision of this Memorandum of Understanding, any person providing testimony, statements, information, or documents as a result of a request made under this MOU will be entitled to all the rights and privileges of the laws of the State of the requested Authority that may otherwise be applicable. Assertions regarding other rights and privileges arising exclusively pursuant to the laws of the State of the requesting Authority will be preserved for consideration by the courts in the State of the requesting Authority.

5. Notwithstanding paragraph 3 of this Section, when requested by the requesting Authority, testimony or statements will be taken under oath and a transcript will be made. The requested Authority will use its best efforts to ensure that testimony or statements of witnesses are obtained in a manner that is effective, efficient, and responsive to a request made under this MOU. During the taking of a statement or testimony of a witness by the requested Authority, the requesting Authority may prescribe questions to be asked of any witness, and the requested Authority will ask all such questions. To the extent that the requesting Authority is not present at the time the testimony or statement is taken, the requested Authority will take the necessary steps to



ensure that the answers are made available as soon as possible to the requesting Authority in order to advance most effectively the investigative process. Upon receiving the answers to the questions presented, the requesting Authority may prescribe additional questions to be asked of the witness.

6. When requested by the requesting Authority, an inspection or examination will be conducted of the books and records of an investment business or its custodian or agent, a securities market, or a securities processing business. The Authorities intend to use their full inspection powers to obtain access to books and records of an investment business or its custodian agent, a securities market, or a securities processing business. The requested Authority will make available to the requesting Authority the information to which it obtains access through its inspection powers in order to advance most effectively the inspection process by ensuring that the information is obtained in a manner that is efficient and responsive to a request under this MOU.

**Section 5: PERMISSIBLE USES OF INFORMATION**

1. The requesting Authority may use the information furnished solely:

- (a) for the purposes stated in the request with respect to ensuring compliance with or enforcement of the laws or regulations of the requesting Authority, including the legal provisions specified in the request and related provisions; and
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- (b) for purposes within the general framework of the use stated in the request, including conducting a civil or administrative enforcement proceeding, assisting in a self-regulatory enforcement proceeding, assisting in a criminal prosecution, or conducting any investigation related thereto for any general charge applicable to the violation of the provisions specified in the request.

2. In order to use the information furnished for any purpose other than those stated in paragraph 1 of this Section, the requesting Authority will first notify the requested Authority of its intention and provide it the opportunity to oppose such use. The requested Authority will raise its objections, if any, to the requesting Authority within 14 days of the requesting Authority's notice. If the requested Authority opposes such use of the information, the Authorities agree to consult pursuant to Section 7 of this Article concerning the reasons for the objections.

**Section 6: CONFIDENTIALITY OF REQUESTS AND INFORMATION**

1. To the extent permitted by law, except for disclosures in accordance with Section 5 of this Article and disclosures that are absolutely necessary to carry out the request:

- (a) each Authority will keep confidential requests made under this MOU, the contents of such requests, and any other matters arising during the operation of this MOU, including consultations between the Authorities and unsolicited assistance; and

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- (b) the requesting Authority will keep confidential any information received by the requested Authority pursuant to this MOU.

Such confidentiality may be waived by the mutual agreement of the Authorities.

2. Except as contemplated by Section 5 of this Article, the requesting Authority will not offer the information to, and shall use its best efforts to ensure that it is not obtained by, any other person. Where appropriate, to ensure further the confidentiality of any information provided by a requested Authority in response to a request under this MOU, the requested Authority will in good faith determine and represent that such public disclosure of the information would violate the laws of its State. Unless otherwise agreed, if such information is obtained by any other person the requesting Authority will use its best efforts to ensure that such information will not be used by that person in any way that involves disclosure to any other person.

3. The requesting Authority will notify the requested Authority of any legally enforceable demand for information prior to complying with the demand, and will assert such appropriate legal exemptions or privileges with respect to such information as may be available.

4. When the requesting Authority has terminated the matter for which assistance has been requested under this MOU, upon request of the requested Authority, it will return to the requested Authority, to the extent permitted by law, all documents and copies

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thereof not already disclosed in proceedings referred to in Section 5 of this Article and other material disclosing the contents of such documents, other than material that is generated as part of the investigative, deliberative or internal analytical process of the requesting Authority.

5. Any document or any other material provided by the requested Authority in response to a request under this MOU and any other material disclosing its content, other than material that is generated as part of the investigative, deliberative or internal analytical process of the requesting Authority, will not become the property of the requesting Authority, and must be redelivered, upon demand, to the requested Authority without delay to the extent permitted by the laws of the State of the requesting Authority; provided that such demand may be made only if the requested Authority has reason to believe that the information has been or is likely to be disclosed or used other than as contemplated by Section 5 of this Article.

**Section 7: CONSULTATION REGARDING MUTUAL ASSISTANCE  
PURSUANT TO THIS MOU**

1. In any case of dispute over the meaning of any term used in this Memorandum of Understanding, the parties will, to the extent permitted by the law of the requested Authority, define such term in accordance with the relevant laws of the State of the requesting Authority.

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2. The Authorities will engage in consultations with respect to this MOU with a view to improving its operation and resolving any matters that may arise. In particular, the Authorities will consult upon request in the event of:

(a) a denial by one Authority of, or opposition by one Authority to, a request or proposal made by the other Authority pursuant to this Memorandum of Understanding;

or

(b) a change in market or business conditions, or in the legislation governing the matters set forth in paragraph (h) of Article I, or any other circumstance that makes it necessary or appropriate to amend or extend this Article in order to achieve its purposes.

3. The Authorities may agree on such practical measures as may be necessary to facilitate the implementation of this MOU.

4. Any of the conditions of this MOU may be amended, relaxed, or waived by mutual agreement.

**Section 8: UNSOLICITED ASSISTANCE**

To the extent permitted by the laws or regulations of the respective State, each Authority will use reasonable efforts to provide the other Authority with any information it discovers that gives rise to a suspicion of a breach, or anticipated breach, of the laws or regulations of the other Authority.

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**Section 9: COSTS OF INVESTIGATION**

If it appears that responding to a request for assistance under this MOU will involve substantial costs being incurred by the requested Authority, the requested Authority and the requesting Authority will establish a cost-sharing arrangement before continuing to respond to such request for assistance.

**ARTICLE IV: FINAL PROVISIONS****Section 1: EFFECTIVE DATE**

This Memorandum of Understanding will be effective from the date of its signature by the Authorities.

**Section 2: TERMINATION**

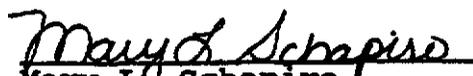
This Memorandum of Understanding will continue in effect until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to terminate the Memorandum of Understanding. If either Authority gives such notice, this Memorandum of Understanding will continue to have effect with respect to all requests for assistance that were made before the effective date of notification until the requesting Authority terminates the matter for which assistance was requested.

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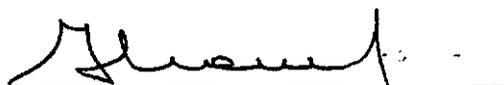
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SIGNED at Buenos Aires, Argentina, in duplicate, this 3rd day of June, 1993, in the English and Spanish languages, each text being equally authoritative.

FOR THE UNITED STATES  
SECURITIES AND EXCHANGE  
COMMISSION:

  
Mary L. Schapiro  
Acting Chairman

FOR THE SUPERINTENDENCIA  
DE VALORES Y SEGUROS  
OF CHILE:

  
Hugo Lavados Montes  
Superintendente

APPENDIX A

CONTACT OFFICERS

United States Securities and Exchange Commission  
450 5th Street N.W.  
Washington, D.C.  
U.S.A. 20549

Tel.: (202) 272-2306  
FAX: (202) 504-2282

Superintendencia de Valores y Seguros  
Calle Teatinos 120 - 6 Piso  
Santiago,  
CHILE

Tel.: 011-562-696-2194 or 696-8017  
FAX: 011-562-698-7425 or 699-3674

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