



**The United States
Securities and Exchange
Commission**



**The China Securities
Regulatory Commission**

**TERMS OF REFERENCE
FOR COOPERATION AND
COLLABORATION**

*Washington, DC
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TERMS OF REFERENCE FOR THE COOPERATION AND COLLABORATION BETWEEN THE CHINA SECURITIES REGULATORY COMMISSION AND THE US SECURITIES AND EXCHANGE COMMISSION

The China Securities Regulatory Commission (CSRC) and the US Securities and Exchange Commission (SEC) aim to enhance cooperation and collaboration with a view to promoting investor protection, fostering market integrity, and facilitating cross-border capital formation in China and the United States. To this end, this document sets forth terms of reference for cooperation and collaboration between the CSRC and the SEC.

The enhanced relationship between the CSRC and the SEC has three objectives:

- to identify and discuss securities markets regulatory developments of common interest, particularly those relevant to the reporting requirements of public companies listed in one another's markets;
- to improve cooperation and the exchange of information in cross-border securities enforcement matters; and
- to continue and expand upon the existing program of training and technical assistance provided by the SEC to the CSRC.

The CSRC and SEC intend to identify specific areas of work under these objectives and to accomplish this work through regular contacts among senior staff and between the Chairmen of the CSRC and the SEC.

1. Identification and discussion of regulatory developments of common interest

Discussion between the CSRC and SEC will provide an opportunity to better understand one another's regulatory regimes and to identify issues of mutual interest.

With the increase of cross-border listings and dually-registered entities in China and United States, the SEC and CSRC will seek to gain a better understanding of the legal structures and regulatory requirements impacting these companies. The SEC and CSRC will also share views on emerging or recent regulatory developments and discuss any potential spillover effects related to these developments at an early stage. Areas for discussion will include: corporate governance and disclosure; accounting and auditing; and regulatory transparency.

2. Improved cooperation in cross-border securities enforcement matters

The CSRC and the SEC recognize that an increasingly important component of effective enforcement of domestic securities laws is the ability of securities regulators to both provide and receive assistance from their foreign counterparts. As the number of cross-border listings and dually-registered entities grow, so does the likelihood that perpetrators of securities fraud will seek to defraud investors in both the United States and China. Accordingly, the CSRC and SEC will work to communicate quickly on such matters and to provide timely and thorough assistance to one another, consistent with domestic laws. Moreover, as the CSRC continues to work to

enhance its enforcement abilities, the SEC will share its experiences and knowledge related to the investigation and prosecution of securities enforcement matters, as well as international standards for enforcement cooperation.

3. Expand upon the program of technical assistance provided by the SEC to the CSRC

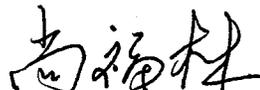
Building on the framework established in the April 1994 Memorandum of Understanding between the SEC and the CSRC, the authorities will continue to promote the development of a sound securities regulatory system in China through a comprehensive technical assistance program. The SEC and CSRC will work to identify the CSRC's current technical assistance and training needs with a view to facilitating the further development of China's securities market regulatory and oversight framework.

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**

by 

Christopher Cox
Chairman

**CHINA SECURITIES REGULATORY
COMMISSION**

by 

Shang Fulin
Chairman