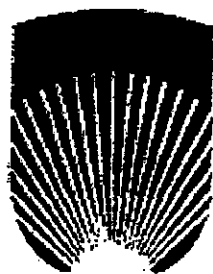


*The United States Securities
and Exchange Commission*



*The United Nations Economic Commission
for
Latin America and the Caribbean*



*The Inter-American
Development Bank*

***UNDERSTANDING BETWEEN THE UNITED STATES
SECURITIES AND EXCHANGE COMMISSION, THE
INTER-AMERICAN DEVELOPMENT BANK, AND THE
UNITED NATIONS ECONOMIC COMMISSION FOR
LATIN AMERICA AND THE CARIBBEAN***

*Washington, D.C.
September 26, 1991*

UNDERSTANDING
BETWEEN THE
UNITED STATES SECURITIES AND EXCHANGE COMMISSION,
THE INTER-AMERICAN DEVELOPMENT BANK,
AND
THE UNITED NATIONS ECONOMIC COMMISSION FOR
LATIN AMERICA AND THE CARIBBEAN

Recognizing the significance of dynamic capital markets to address debt reduction and promote economic development and growth;

Understanding that the establishment and enhancement of independent securities markets throughout Latin America and the Caribbean will fuel such growth by facilitating raising of capital by privately owned companies and government entities;

Sharing the common goal of building and maintaining open, fair, efficient and sound securities markets to boost national savings and promote domestic sources of financing through the use of equity issuances, including stock distributions, and financing by means of bonds and other negotiable debt paper;

Desiring to realize the aims declared in the Enterprise for the Americas Initiative;

The United States Securities and Exchange Commission, the Inter-American Development Bank group and the United Nations Economic Commission for Latin America and the Caribbean, hereby express their mutual intentions regarding efforts to promote the growth of sound capital markets and securities regulatory mechanisms in each country in the region as well as the integration of those securities systems into the broader international framework. The Inter-American Development Bank may make appropriate arrangements with the Inter-American Investment Corporation ("IIC") for it to work with the other parties hereto when the IIC can bring to that task unique capabilities and experience.

PROVISION OF TRAINING AND TECHNICAL ASSISTANCE

The Signatories intend to work together in cooperation with the countries of Latin America and the Caribbean to establish and implement training and technical assistance programs for the development, administration, operation and regulation of the capital markets in the hemisphere. In this regard, the Securities and Exchange Commission has established the Emerging Markets Advisory Committee ("EMAC"), consisting of senior executives of United States self-regulatory and clearing organizations, major securities and accounting firms, and academic experts as part of its effort to foster the growth of securities markets in nations with emerging market economies. The Signatories, working with relevant members of EMAC, intend to identify specific programs that the Signatories believe are desirable and reasonable. The training and technical cooperation may include, subject to the availability of personnel and other resources, the provision of assistance relating to the development of:

- a) Securities instruments for utilization in capital formation;
- b) Order handling systems;
- c) Trade recording and comparison systems;
- d) Quotation and transaction data transmission systems;
- e) Clearance and settlement mechanisms;
- f) Regulatory requirements relating to market professionals and capital adequacy;
- g) Systems and regulatory mechanisms relating to accounting and disclosure;
- h) Systems necessary for effective market surveillance and enforcement programs;
- i) Additional procedures and practices to protect investors; and
- j) Market and regulatory skills of local personnel.

STUDIES

The Signatories recognize that the success of efforts to develop and enhance markets requires a sophisticated understanding of the existing framework and needs of the country involved. To this end, the Signatories intend to conduct joint studies to identify the areas in which action is required to foster the development and sound regulation of securities markets. Potential areas for study include the level of development of:

- a) A legal and accounting infrastructure for securities markets;
- b) Methods for strengthening supervisory bodies of securities markets, including governmental agencies and self-regulatory organizations;
- c) Incentives for issuing and investing in securities;
- d) Private institutional investor participation in the securities markets; and
- e) Macroeconomic conditions for the development of capital markets and capital mobility.

CONSULTATIONS

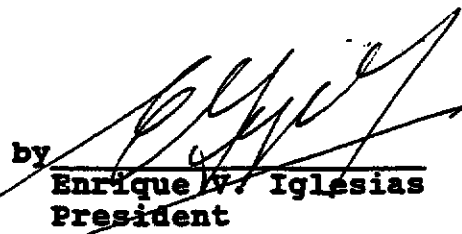
The Signatories intend to consult periodically about matters of mutual interest in order to enhance cooperation and help to promote the stability, efficiency, and integrity of the capital markets of the region. The purpose of such consultations is to assist in the development of mutually agreeable approaches for strengthening the securities markets of Latin America and the Caribbean, while avoiding, wherever possible, conflicts that may arise from the application of divergent methodologies and development programs.

Signed in four originals on the 26 th, day of September, 1991.

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**

**INTER-AMERICAN
DEVELOPMENT BANK**

by 
Richard C. Breeden
Chairman

by 
Enrique W. Iglesias
President

**UNITED NATIONS ECONOMIC
COMMISSION FOR LATIN AMERICA
AND THE CARIBBEAN**

by 
Gert Rosenthal
Executive Secretary