

Terms of Reference for a Regulatory Dialogue between the Securities and Exchange
Board of India (SEBI) and the French Autorité des Marchés Financiers (AMF)

The Securities and Exchange Board of India (SEBI) and the French Autorité des Marchés Financiers (AMF) aim to enhance cooperation and collaboration with a view to promoting fair, efficient and transparent capital markets in India and France. To this end, this document sets forth terms of reference for cooperation and collaboration between SEBI and the AMF (hereinafter referred to as “Authorities”).

The collaboration between the two authorities shall include, but not be restricted to, promoting mutual regulatory understanding and exchange of information as well as an annual cooperation program. Through the framework of promoting mutual regulatory understanding and exchange of information and the annual cooperation program, SEBI and the AMF acknowledge the need to establish a framework of close relationship between the two Authorities for the purpose of better understanding and knowledge of each other’s regulatory system.

The mutual exchange of information between SEBI and the AMF would in particular discuss the information delivered by public companies to investors, the rules of conduct applying to intermediaries and the oversight of the market. It might also include programs in association with the industry to foster cooperation and cross border business.

(i) Promoting Mutual regulatory understanding and exchange of information and Annual Cooperation Program

Through the mutual exchange of information on each other's regulatory system and the annual Cooperation Program, SEBI and the AMF acknowledge the need to implement close relationship between the two Authorities for the purpose of better understanding and knowledge of each other's regulatory system

The mutual exchange of information on each other's regulatory system and the Annual Cooperation Program are intended to take place within the framework of international cooperation, especially the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions (IOSCO), which "*sets forth the Authorities' intent with regard to mutual assistance and the exchange of information for the purpose of enforcing and securing compliance with the respective Laws and Regulations of the jurisdictions of the Authorities*". It also aims at addressing the increasing cross-border business and the globalisation of financial markets. Therefore, SEBI and the AMF both stress the need to strengthen the cooperation between IOSCO's members in general and between the two Authorities in particular.

(a) Promoting mutual regulatory understanding and exchange of information

This mutual regulatory understanding and exchange of information shall take the form, notably but not exclusively, of:

1- Organisation of seminars in India and France

- 1.1 Experts from each of the Authorities shall be hosted by the other Authority to present specific technical themes on a regular basis to be further determined.
- 1.2 These seminars shall allow a large number of people from both the Authorities to participate. They shall provide an in-depth presentation of the regulatory regime

of each jurisdiction and its practical implementation and shall, where appropriate, include workshops and business cases.

2- Study visits

- 2.1 Experts of each of the Authorities shall spend a certain number of days in the other Authority on a regular basis to be further determined.
- 2.2 These study visits shall allow the concerned persons to gain a more complete understanding of the way the hosting Authority is facing the challenges of day-to-day regulation. Furthermore, they shall be aimed at creating close links between the experts of the two Authorities in order to enhance dialogue and mutual exchange of information.
- 2.3 They shall lead to providing assistance in the reviewing of Regulation.

3- Public conferences

- 3.1 Industry Representatives from the respective marketplaces shall be eligible to be invited under the auspices of the other Authority on a regular basis to be further determined.
- 3.2 These public conferences shall be organised by the hosting Authority in coordination with the other Authority and in partnership with the industry representatives of the hosting jurisdiction. They shall be aimed at favouring a better understanding and knowledge of each other's regulatory system.
- 3.3 They shall be open to experts and staff members of each Authority.

4- Visits of delegations

- 4.1 Experts and staff members from each of the Authorities shall be eligible to be invited as delegations under the auspices of the other Authority on a regular basis to be further determined.
- 4.2 These visits shall be organised by the hosting Authority in accordance with the other Authority and in partnership with the industry representatives in the hosting jurisdiction. They shall be aimed at enabling a better understanding and knowledge of each regulatory system.
- 4.3 They may also be open to industry representatives from each jurisdiction.

5- Internships

- 5.1 Staff members from each Authority may join the other Authority for internships on a regular basis to be further determined.
- 5.2 These internships shall allow the concerned persons to work as members of the personnel of the hosting Authority in various positions. They shall aim to provide them with an exhaustive and precise overview of the hosting Authority's day-to-day practice.

6- Improved cooperation in cross-border securities enforcement matters

- 6.1 SEBI and the AMF recognize that an increasingly important component of effective enforcement of domestic securities laws is the ability of securities regulators to both provide and receive timely and comprehensive assistance from their foreign counterparts. Accordingly, the SEBI and AMF will work to communicate quickly on such matters and to provide timely and thorough assistance to one another.

6.2 SEBI and the AMF will fully utilize the IOSCO Multilateral Memorandum of Understanding (MMoU) provisions for this purpose.

(b) Annual Cooperation Program

1- Preparation of the Annual Cooperation Program

- 1.1 The activities to be undertaken for promoting mutual regulatory understanding and exchange of information shall form part of an Annual Cooperation Program that shall be managed by the Office of International Affairs of SEBI and by the International Affairs Department of the AMF. This Program shall be updated every year.
- 1.2 In this respect, the Heads of both Departments shall jointly organise an annual schedule of themes and meetings (notably but not exclusively, seminars, study visits, public conferences, visits of delegations, internships etc) that shall be submitted to the Chairmen of the two Authorities. Heads of both the Departments shall also identify regulatory issues of common concern for discussion at the Bilateral meeting of the Chairmen.

2- Expenses

- 2.1 The expenses incurred by the Program shall be paid by each Authority on its own.
- 2.2 However, if possible and when appropriate, the two Authorities shall be able to decide jointly, on a case-by-case basis, to accept that the total or a partial amount of expenses would be paid by the other Authority, especially those related to the organisation of meetings or to the travel and accommodation of the experts of each Authority.
- 2.3 Both private and public funding shall be eligible.

3- *Bilateral meeting of the Chairmen*

- 3.1 The Chairmen of the two Authorities, desiring to foster their mutual commitment in the long term, shall have two annual bilateral meetings. The location of the Dialogue will alternate between France and India unless an alternative location is mutually agreed to by both authorities. The SEBI and the AMF will be represented at the Dialogue by senior staff and high-level officials of those agencies. The SEBI and the AMF agree that from time to time it may be beneficial if other authorities in each jurisdiction were to participate in the Dialogue. Accordingly, the agencies will consult with one another to determine if a particular meeting of the Dialogue would be benefited by the participation of other authorities
- 3.2 This meetings shall be especially aimed at determining the main lines and principles along which the relationship of the two Authorities shall be oriented as well as discussing any regulatory issues of common concern that may have been identified, without prejudice to reviewing all general and technical issues related to the implementation of these Terms of Reference.
- 3.3 In this respect, the Chairmen of the two Authorities shall especially monitor the Cooperation Program and shall consider and approve the annual schedule of themes and meetings jointly submitted by the Heads of the Office of International Affairs of SEBI and by the International Affairs Department of the AMF.

(ii) Other matters

A list of contact persons by Department of each Authority shall be made available each year to the other Authority in order to allow those in charge of the relevant subjects to know whom to contact for the preparation of the various work programmes and events in accordance with these Terms of Reference.

The schedule of the themes and meetings shall be determined jointly by the Heads of the Office of International Affairs of SEBI and by the International Affairs Department of the AMF.

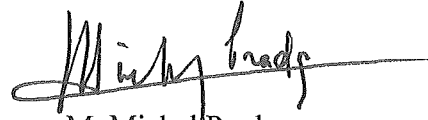
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Chairman of the
Securities and Exchange Board of India



Mr. Meleveetil Damodaran

The Chairman of the
Autorité des Marchés Financiers



M. Michel Prada