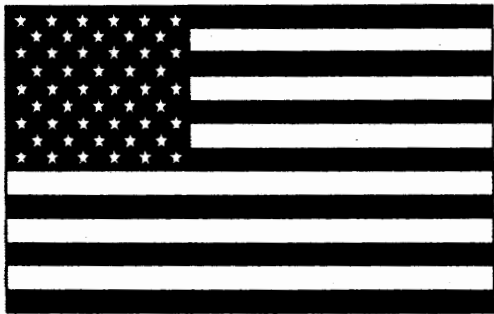


ARRANGEMENT

BETWEEN THE



**UNITED STATES
COMMODITY FUTURES
TRADING COMMISSION**

AND



**FORWARD MARKETS
COMMISSION
OF INDIA**

**REGARDING REGULATORY
COOPERATION
AND TECHNICAL ASSISTANCE**



1. The United States Commodity Futures Trading Commission (CFTC) was created by the United States Congress as an independent agency with the mandate to supervise and oversee commodity futures and options markets in the United States.
2. The Forward Markets Commission of India (FMC) is the designated agency under the Forward Contracts (Regulation) Act, 1952 for the supervision, surveillance, regulation and development of commodity futures and other applicable derivatives trading in India.
3. The CFTC and the FMC (collectively the Authorities) are jointly committed to maintaining open, fair, efficient and sound futures and options markets; recognize that the development and maintenance of domestic legal and regulatory structures are essential to market integrity and investor protection; believe that international cooperation can facilitate the development and effective operation of futures and options markets; and desire to establish a mutually acceptable basis for cooperation and the provision of technical assistance. The CFTC and the FMC have reached the following understanding with respect to cooperation, consultation and the provision of technical assistance.

CLAUSE I - CONSULTATION REGARDING MATTERS OF MUTUAL INTEREST

Section 1. General Principles

1. This Arrangement Regarding Regulatory Cooperation and Technical Assistance (Arrangement) describes the intent of the Authorities and does not create legally binding obligations or supersede domestic law of either Authority.
2. The Authorities recognize the desirability of providing assistance, as set forth in Clauses II and III, to each other pursuant to this Arrangement. The



provision of any such assistance should be consistent with the domestic laws of the Authorities and the availability of resources. If assistance is outside the competency of jurisdiction of an Authority then the Authority shall use its best efforts to provide assistance. Where the provision of assistance would be contrary to the public interest such assistance may be denied.

3. The Authorities intend to engage in a dialogue on all aspects of futures and options regulation related to the development and operation of futures and options markets on agricultural commodities and other applicable derivatives trading in India.

Section 2. Consultation

The Authorities intend to consult periodically about matters of mutual interest in order to promote cooperation and market integrity, and to further the protection of futures and options market participants. Such consultation may cover, among other things, the development of prudential standards and conduct of business standards for the operation of futures businesses (brokers, dealers and markets), the development of clearance and settlement and other market systems, market oversight, and the administration of the Authorities' futures and options laws, rules, and regulations. The purpose of such consultation is to assist in the development of effective approaches to strengthening domestic and international futures and options markets.

Section 3. Information Sharing

The Authorities intend to share information on each other's laws, rules and regulations pertaining to futures markets and options markets, if applicable, and how those laws, rules and regulations are implemented and interpreted.



CLAUSE II - PROVISION OF TECHNICAL ASSISTANCE

Section 1. Technical Assistance

The CFTC intends to consult with and provide capacity building advice and assistance to the FMC regulatory programs related to the development, administration, and operation of the agricultural futures and options markets in India. Such consultation should identify specific types of technical assistance the Authorities believe are desirable and reasonable. Technical assistance may include the provision of information and advice relating to the development of:

- a. Systems to improve and/or promote the risk management, price discovery and hedging functions of markets;
- b. Futures and options products and the basics of designing contracts not readily susceptible to manipulation;
- c. Order handling systems;
- d. Trade recording and comparison systems;
- e. Quotation and transaction data transmission systems;
- f. Clearance and settlement mechanisms;
- g. Regulatory requirements and best practices relating to market professionals, products and markets;
- h. Systems and related regulatory mechanisms relating to financial surveillance;



-
- i. Systems for effective market surveillance and enforcement programs;
 - j. Disclosure and other procedures and practices to inform and protect futures and options customers and market participants; and
 - k. Information on transparency.

Section 2. Specific Technical Assistance

Specific technical assistance may be provided in the following manner:

- a. Comment by CFTC staff on draft laws and regulations;
- b. Availability of CFTC staff and other relevant experts to provide consultation regarding futures and options markets;-
- c. General training sessions concerning futures and options regulation; and
- d. Internship programs of short duration for FMC personnel at the CFTC, conditioned upon the requisite legal authority to do so and the entering into of any necessary confidentiality agreements.

Section 3. Availability

The Authorities recognize that specific technical assistance is subject to the availability of resources.



CLAUSE III - COOPERATION

Each Authority may, subject to Clause IV, Section 4 give assistance as to:

- a. The granting of licenses, waivers, or exemptions for the conduct of futures business;
- b. The laws and regulations applicable to futures business;
- c. The laws and regulations applicable to futures exchanges and other types of markets;
- d. The oversight of futures exchanges by regulatory and market authorities;
- e. The prevention and detection of futures and options fraud and other irregularities or unlawful activities in connection with the offer, purchase or sale of any futures or options contract; and
- f. The prevention and detection of market manipulation.

CLAUSE IV - OPERATIONS

Section 1. Laws, Rules and Requirements

The Authorities have exchanged general information on the laws, rules and requirements applicable to the confidentiality and use of information and intend to abide by the same.



Section 2. Permissible Uses of Information

The requesting Authority may use non-public information and non-public documents furnished in response to a request for assistance under this arrangement solely for: the purposes set forth in the request for assistance, including ensuring compliance with the laws, regulations and/or requirements related to the request; and a purpose within the general framework of the use stated in the request for assistance, including conducting a civil or administrative enforcement proceeding, assisting in a criminal prosecution, or conducting any investigation for any general charge applicable to the violation of the provision specified in the request where such general charge pertains to a violation of the laws, regulations and/or requirements administered by the requesting Authority.

If a requesting Authority intends to use information furnished under this Arrangement for any purpose other than those stated above, it must obtain the consent of the requested Authority.

Section 3. Confidentiality

Each Authority will keep confidential requests made under this Arrangement, the contents of such requests, and any matters arising under this Arrangement, including consultations between or among the Authorities, and unsolicited assistance. After consultation with the requesting Authority, the requested Authority may disclose the fact that the requesting Authority has made the request if such disclosure is required to carry out the request.



The requesting Authority will not disclose non-public documents and information received under this Arrangement, except as contemplated by Clause IV, Section 2, or in response to a legally enforceable demand. In the context of a civil or administrative enforcement proceeding, disclosure may be made solely in such a proceeding to which the requesting Authority or the government of the requesting Authority is a party. In the event of a legally enforceable demand, the requesting Authority will notify the requested Authority prior to complying with the demand, and will assert such appropriate legal exemptions or privileges with respect to such information as may be available. The requesting Authority will use its best efforts to protect the confidentiality of non-public documents and information received under this Arrangement.

Section 4. Requests

Requests for assistance under Clause III, procedures for making and executing such requests, permissible uses of information, confidentiality requirements, costs and other matters not explicitly included in this Arrangement will be addressed on a case-by-case basis.

Section 5. Official Contacts

To further ensure the effective operation of this Arrangement, and to facilitate communication between the Authorities, the Authorities hereby designate the contact officials set forth in Attachment A.



CLAUSE V - FUTURE ASSURANCES

1. The Authorities plan to regularly review their efforts pursuant to this Arrangement with a view toward improving communication between them. In this regard, when material additions or amendments to United States and/or Indian futures and options laws take effect, the Authorities intend to consider whether this Arrangement should be supplemented or superseded.

2. The Authorities intend to cooperate to the fullest extent permitted by applicable law and where relevant will work toward bringing applicable information sharing law into compliance with international benchmarks.

3. The Authorities intend to move toward more formal information sharing arrangements after they have some experience with the operation of this Arrangement.

4. This Arrangement is not intended to supersede the IOSCO Multilateral MOU or any other arrangement to which the Authorities are a party.

CLAUSE VI - EFFECTIVE DATE AND TERMINATION

Section 1. Effective Date

This Arrangement is effective from the date of its signing by the Authorities.



Section 2. Termination

This Arrangement may be terminated at any time by either Authority giving thirty days written notice to the other Authority. If such notice is given, this Arrangement continues to have effect with respect to all requests for assistance under Clause III that are made before the effective date of notification until the requesting Authority terminates the matter for which assistance was requested.

This Arrangement is executed in duplicate in Mumbai, India on 18th October, 2006.

FOR THE
UNITED STATES COMMODITY
FUTURES TRADING COMMISSION:


REUBEN JEFFERY III
CHAIRMAN

FOR THE
FORWARD MARKETS
COMMISSION OF INDIA:


S. SUNDARESHAN
CHAIRMAN



ATTACHMENT A

The United States Commodity Futures Trading Commission designates as its contact official:

Director
Office of International Affairs
Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st Street, NW
Washington, DC 20581-0001
USA

Tel: (202) 418 5645
Fax: (202) 418 5548
e-mail: international@cftc.gov

Office of the Forward Markets Commission designates as its contact official:

Anupam Mishra
Director(IR)
Forward Markets Commission,
"Everest", 3rd Floor,
100, Marine Drive,
MUMBAI – 400 002
INDIA

Tel: 91-22-22795307/22026541
Fax: 91-22-22812086
e-mail: anupam_mishra@hotmail.com
anupam.fmc@nic.in