

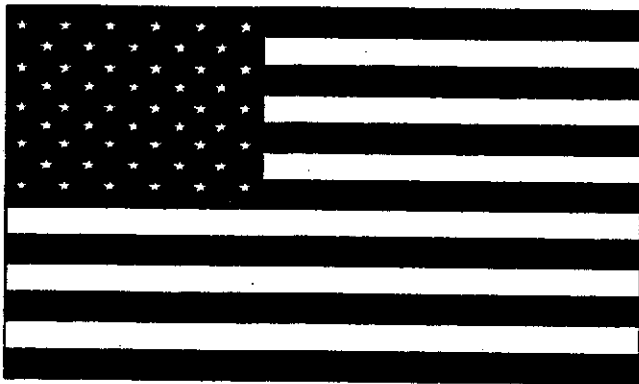
MEMORANDUM OF UNDERSTANDING

*Regarding Technical Cooperation,
Mutual Assistance and
Consultation*

and

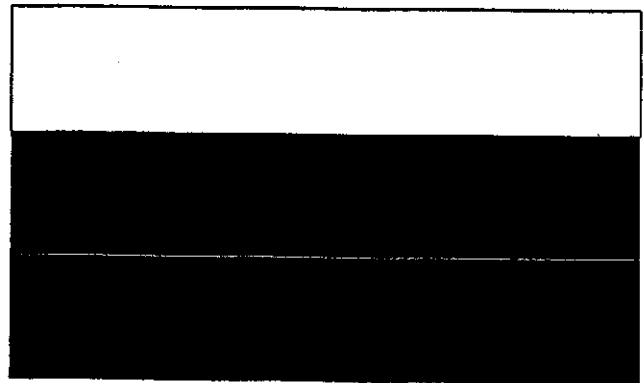
PROTOCOL

*Regarding Technical Cooperation and
Consultation*



*The United States
Securities and Exchange Commission*

*Washington, D.C.
December 5, 1995*



*The Federal Commission on
Securities and the Capital Market of
the Government of the Russian
Federation*

*Moscow
December 6, 1995*

**PROTOCOL REGARDING TECHNICAL COOPERATION AND
CONSULTATION BETWEEN THE UNITED STATES
SECURITIES AND EXCHANGE COMMISSION AND
THE FEDERAL COMMISSION ON SECURITIES AND THE
CAPITAL MARKET OF THE GOVERNMENT
OF THE RUSSIAN FEDERATION**

The United States Securities and Exchange Commission ("SEC") and the Federal Commission on Securities and the Capital Market of the Government of the Russian Federation ("FCSCM") (collectively, the "Authorities") are signing a Memorandum of Understanding Regarding Technical Cooperation, Mutual Assistance and Consultation ("Memorandum"). The Authorities view the Memorandum as creating an important framework for the development of fair and open markets in Russia. The Memorandum sets forth, among other things, the SEC's intention to provide technical cooperation to the FCSCM.

In accordance with the Memorandum, the Authorities intend to consult with regard to the FCSCM's need for technical cooperation in the development, administration and operation of the Russian securities markets. Such consultations will identify specific types of technical assistance that are desirable and appropriate.

The Authorities have determined that at present the priority areas for technical cooperation include the development or establishment of:

1. procedures and practices for investor protection;
2. systems for effective market surveillance and enforcement programs;
3. systems to promote the formation of capital, including both public and private placements of securities;
4. regulatory requirements relating to market professionals, including capital adequacy;
5. privatization of state-owned companies by utilizing securities distributions;

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6. types of securities to fill particular needs;
7. settlement and clearance mechanisms;
8. order handling systems;
9. trade recording and comparison systems;
10. quotation and transaction data transmission systems; and
11. a publicly accessible capital markets library in Russia, which would contain significant legal, financial and regulatory literature from all sources relating to securities matters, with a view toward developing a Russian database for U.S. securities materials.

Subject to the availability of resources, the technical cooperation to be provided by the SEC may include the training of personnel as well as the provision of information and advice relating both to the development and regulation of Russian securities markets. The SEC anticipates that it will utilize relevant SEC staff and, in addition, will identify and coordinate with private experts, including private securities industry professionals, to respond to FCSCM requests for technical assistance.

The Authorities will periodically review the priorities for technical cooperation provided pursuant to the Memorandum and this Protocol. In this regard, the Authorities intend to consider whether the terms of this Protocol should be modified or supplemented.

THIS PROTOCOL is signed in duplicate, in the English and Russian languages.

**FOR THE UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**



Arthur Levitt
Chairman

Washington, D.C.
December 5, 1995

**FOR THE FEDERAL COMMISSION
ON SECURITIES AND THE CAPITAL
MARKET OF THE GOVERNMENT
OF THE RUSSIAN FEDERATION**



Anatoly B. Chubais
Chairman

Moscow
December 6, 1995

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE UNITED STATES SECURITIES AND EXCHANGE
COMMISSION AND THE FEDERAL COMMISSION ON SECURITIES
AND THE CAPITAL MARKET OF THE GOVERNMENT OF THE
RUSSIAN FEDERATION REGARDING TECHNICAL COOPERATION,
MUTUAL ASSISTANCE AND CONSULTATION**

The United States Securities and Exchange Commission (the "SEC") and the Federal Commission on Securities and the Capital Market of the Government of the Russian Federation (the "FCSCM") (collectively, the "Authorities"),

Considering that securities markets are fundamental to the formation of savings and investment, the efficient allocation of resources and the promotion of economic growth,

Sharing the goal of building and maintaining open, fair, efficient and sound securities markets,

Recognizing that the development of effective domestic legal and regulatory structures is essential to market integrity and investor protection,


Believing that international cooperation can facilitate the development and effective operation of securities markets, and

Desiring to establish a mutually acceptable basis for cooperation and consultation,

Have reached the following understanding:

GENERAL PRINCIPLES

1. This Memorandum of Understanding (hereinafter as "Memorandum") is a statement of the intent of the Authorities and does not create any international legal obligations.
2. The Authorities recognize the need and desirability of developing technical cooperation under this Memorandum. The Authorities contemplate that such cooperation will include specific projects and, as necessary, may be carried out pursuant to supplementary understandings between the Authorities.

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3. The Authorities recognize the need and desirability of providing mutual assistance pursuant to this Memorandum. All actions taken by the Authorities pursuant to this Memorandum, including the execution of requests, the provision of assistance, and the use and disclosure of information, will be carried out consistent with the domestic laws of the respective States of the Authorities.

TECHNICAL COOPERATION

4. Seeking to promote the development of sound mechanisms for regulation and operation of securities markets in the Russian Federation, the Authorities intend to work together to advance the FCSCM's efforts to develop:

- a. the necessary infrastructure for fair and orderly securities markets;**
- b. laws and regulations to facilitate investor protection;**
- c. standards for the offer, sale and purchase of securities;**
- d. accounting and auditing principles and standards, as well as methods and standards used in valuing securities;**
- e. market oversight and enforcement mechanisms;**
- f. systems of supervision and standards of conduct for securities market professionals, including brokers, dealers, investment advisers and investment companies;**
- g. education and training programs for FCSCM personnel and Russian market participants.**

5. The Authorities anticipate that, subject to the availability of resources, specific assistance may be provided in the following manner:

- a. assistance by the SEC staff in drafting laws and regulations governing the securities markets, which will include consideration of and reference to the corresponding U.S. securities laws and regulations;**
- b. advisory missions by the SEC staff and other relevant U.S. experts to Russia to conduct intensive training in specific subject areas;**
- c. conducting seminars in the United States and/or Russia concerning securities regulation;**

- d. **internship programs for the FCSCM personnel at the SEC and for Russian securities market professionals with U.S. financial services providers.**

MUTUAL ASSISTANCE AND CONSULTATIONS


6. **The Authorities hereby declare their intent to assist each other in obtaining information and evidence to facilitate enforcement of their respective laws and regulations relating to securities matters, including, for example, issues related to the transfer and custody of securities. The Authorities recognize that such assistance will be particularly important in areas involving misrepresentation or the use of fraudulent, manipulative or deceptive practices in connection with the offer, purchase or sale of securities. Where necessary, the Authorities will use all reasonable efforts to obtain the cooperation of other domestic governmental agencies or entities to provide assistance pursuant to this Memorandum.**

7. **The Authorities believe that it is necessary and appropriate to develop a framework to enhance communication and cooperation in all matters relating to the operation of their securities markets, including investor protection and the cross-border offer, purchase and sale of securities. In furtherance of these objectives, the Authorities intend to consult periodically about subjects of mutual interest, in order to strengthen their respective securities markets and promote the stability, efficiency and integrity of those markets.**

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

EFFECTIVE DATES AND FUTURE UNDERSTANDINGS

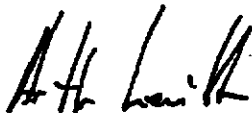
9. **Cooperation in accordance with this Memorandum will begin on the date of its last signing by the Authorities. Cooperation in accordance with this Memorandum will continue until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to discontinue the cooperation. If either Authority gives such notice, cooperation in accordance with this Memorandum will continue with respect to all requests for assistance that were made before the date of notification until the requesting Authority terminates the matter for which assistance was requested.**

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10. The Authorities will periodically review the operation of this Memorandum with a view toward improving cooperation between them. In this regard, the Authorities intend to consider whether this Memorandum should be modified or supplemented.

THIS MEMORANDUM OF UNDERSTANDING is signed in duplicate, in the English and Russian languages.

**FOR THE UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**



Arthur Levitt
Chairman

Washington, D.C.
December 5, 1995

**FOR THE FEDERAL COMMISSION
ON SECURITIES AND THE CAPITAL
MARKET OF THE GOVERNMENT
OF THE RUSSIAN FEDERATION**



Anatoly B. Chubais
Chairman

Moscow
December 6, 1995

ATTACHMENT A

The United States Securities and Exchange Commission designates as its official contact person:

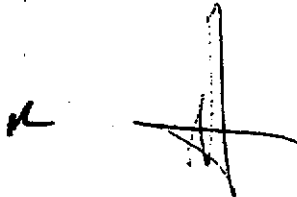
**Director
Office of International Affairs
United States Securities and Exchange Commission
450 5th Street, N.W.
Washington, D.C. 20549
U.S.A.**

**Tel: 1-202-942-2770
Fax: 1-202-942-9524**

The Federal Commission on Securities and the Capital Market of the Government of the Russian Federation designates as its official contact person:

**Head
Division of International Affairs
Federal Commission on Securities and the Capital Market
of the Government of the Russian Federation
Leninskiy Prospect, 9
Etazh 13
Moscow 117049
Russian Federation**

**Tel: 7-095-236-5384
Fax: 7-095-230-1220**

Handwritten signature or initials in black ink, consisting of a stylized 'A' with a horizontal line through it and a small mark to the left.