

MEMORANDUM OF UNDERSTANDING

The Commission Bancaire et Financiere (CBF) and the Jersey Financial Services Commission (JFSC) hereby agree upon the following regarding:-

- I. applications to the CBF for registration from Jersey open-ended collective investment funds holding permits under the Collective Investment Fund (Jersey) Law 1988, as amended;
- II. applications to the JFSC for registration from Belgium open-ended collective investment undertakings registered with the CBF pursuant to Article 120 § 1 of the "Loi relative aux opérations financières et aux marchés financiers" of 4th December 1990; and
- III. exchange of information.

I. APPLICATION PROCEDURE FOR JERSEY FUNDS

A. Recognized Open-ended Collective Investment Funds

1. The CBF and JFSC must receive the following documents relating to the fund:
 - (a) Either the management letter from the external auditor or, if no such management letter is issued, a letter of confirmation from the external auditor that no matters of significance have arisen; and
 - (b) a copy of the annual and the semi-annual reports, the prospectus, and where the recognized fund is a company, a copy of the company's articles of incorporation and fund rules (if any). Where the company is a unit trust, a copy of the trust deed and fund rules (if any).
2. The fund must publish in one of the nationwide journals in Belgium -
 - (a) the address where copies of the semi-annual and annual report and prospectus may be obtained; and
 - (b) all notices which are required, under the laws of Jersey, to be published in a National Daily Newspaper circulating in the United Kingdom or Jersey.
3. The JFSC explicitly states that in the case of an investment company at least two directors are required, and in the case of a unit trust, every manager and trustee complies with the four-eyes principle.
4. The fund must publish in its annual report the interests, if any, of individual directors or other senior officers in investments made by the fund.
5. A quarterly statistical return conforming with the requirements of Circular uci/4/95 issued by the CBF must be submitted to the CBF and to the JFSC. One return must be certified by the external auditor every year.

6. The fund must appoint an intermediary authorised in Belgium to deal in securities with the general public, and through whom all offers of units to the public must be made. In addition, copies of the most recent prospectus, annual and half-yearly reports in at least one of the national languages of Belgium must be available at the offices of the intermediary. In addition, the net asset value of the units must also be available with the intermediary.

7. For Belgian investors, the prospectus must include -

(a) The following statement in at least one of the national languages of Belgium.

"Investment fund X has been granted a permit under the Collective Investment Funds (Jersey) Law 1988 by the Jersey Financial Services Commission which is responsible for the operational supervision of X. CBF has granted registration pursuant to Article 137 of the "Loi relative aux operations financières et aux marchés financiers" of 4 December 1990; and

(b) all supplementary information which is required by virtue of paragraph IV of the Enclosure to Circular UCI/1/93 issued by CBF on 20 July 1993.

B. Unclassified Open-ended Collective Investment Funds

While the CBF recognises that unclassified funds are subject to equivalent supervision by the JFSC, such funds are not equivalent to UCITS. Application for registration will therefore be examined carefully on a case by case basis, and in strict accordance with Article 76 to 85 of the "Arrete royal relatif a certains organismes de placement collectif" of 9 March 1991. In addition to the seven conditions set out above, the following supplementary conditions will be imposed on these schemes -

8. The Collective Investment Funds (Recognized Funds) (Permit Conditions for Functionaries) (Jersey) Order 1988, as amended, must be applied to the managers and trustees/custodians of unclassified open-ended investment funds.

9. The fund must publish half-yearly reports and accounts.

C. Closed-ended investment funds

It is acknowledged that closed-ended funds established in Belgium are not currently permitted and therefore foreign closed-ended funds are not eligible to register with the CBF. If Belgian closed-ended funds are permitted in future, the CBF and JFSC will discuss the possibility of amending this Memorandum of Understanding.

II. APPLICATION PROCEDURE FOR BELGIUM FUNDS

"Belgian based schemes will be allowed to offer units in Jersey provided that:-

(a) all offers of units to the public are made via an intermediary in Jersey licensed under the Collective Investment Funds (Jersey) Law 1988 to distribute the Belgium base collective investment scheme; or

(b) the scheme has received the consent of the JFSC under Article 6 of the Control of Borrowing (Jersey) Order 1958.

III. EXCHANGES OF INFORMATION

A. Open-ended Collective Investment Funds

CBF/JFSC intend to provide each other with assistance under this Memorandum of Understanding to the full extent permitted by the Laws, regulations and rules of their respective jurisdictions. However, nothing in this Memorandum can override obligations that may be placed upon the CBF/JFSC by Law.

The following procedure for exchanges of information has been agreed:-

1. CBF/JFSC will require any investment fund in Jersey/Belgium which intends to offer its units in Belgium/Jersey to provide a recent statement from the JFSC/CBF stating that the fund is subject to its supervision and that it complies with all statutory requirements in force in Jersey/Belgium.
2. CBF/JFSC will inform the JFSC/CBF once the investment fund has been granted registration in Belgium/Jersey.
3. In respect of any investment fund in Belgium/Jersey which is offering its units in Jersey/Belgium the CBF/JFSC will notify the JFSC/CBF of:-
 - (a) the conduct and nature of any enquiry or investigation into suspected significant or material* breaches of the law affecting the fund;
 - (b) any suspension of the right of investors to redeem or repurchase securities of the fund;
 - (c) any failure by the fund to comply with the applicable laws or rules of conduct which in the opinion of the CBF/JFSC may have a serious adverse effect on investors;
 - (d) criminal charges that have been laid regarding money related matters, or any regulatory action that has been taken against the fund, its directors, executive officers trustee/custodian or managers;
 - (e) the outcome of any action referred to in the sub-paragraphs (a) - (d) above.
4. Data or information exchanged between CBF and JFSC shall not be used for any purpose other than that for which it has been obtained from the other supervisor.
5. Data or information provided by the CBF/JFSC to the JFSC/CBF shall be kept confidential except where the JFSC/CBF is required by law to disclose such information or where the prior written consent of the JFSC/CBF has been obtained to disclose the data or information.
6. If developments at an investment fund call for measures to be taken the JFSC and the CBF can enter into consultation.
7. If a treaty between Jersey and Belgium regarding exchanges of information should be concluded in the future, this Memorandum of Understanding will have to be redrafted accordingly, and will have to be re-approved by the Ministry of Finance of Belgium.

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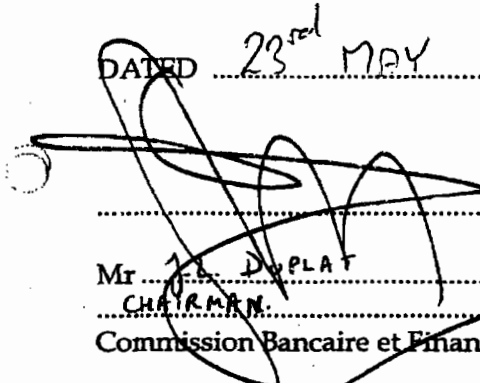
B. Other Securities Matters

The CBF and JFSC hereby commit themselves to conclude a wider Memorandum of Understanding regarding exchanges of information on securities matters, bearing in mind their responsibilities to protect investors and their obligations as fellow members of IOSCO.

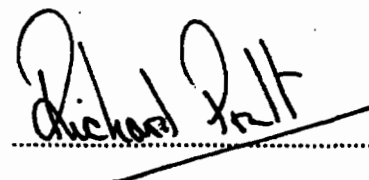
- * Significant or material breaches shall be defined as those which adversely affect the interests of investors in the fund or those breaches which are less serious but are recurring.

This Memorandum of Understanding may be terminated by either the CBF or the JFSC giving six months written notice of such intention.

DATED 23rd MAY 2000


Mr J. L. DUPLAT
CHAIRMAN

Commission Bancaire et Financiere


Mr R C Pratt

Director General
Jersey Financial Services Commission