

MEMORANDUM OF UNDERSTANDING

Bundesanstalt für Finanzdienstleistungsaufsicht

and

Dubai Financial Services Authority



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RECITALS

- A As the central body in accordance with the law on a single financial services supervisory authority (“Gesetz über die Bundesanstalt für Finanzdienstleistungsaufsicht”), the German Banking Act (“KWG”), the German Insurance Supervision Act (“VAG”), the German Securities Act (“WpHG”) and other special laws, the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”) is entrusted with the supervision of Credit Institutions, Financial Services Providers, insurance companies and re-insurance companies as well as the securities market in Germany. As an independent superior federal authority within the purview of the Federal Ministry of Finance, the BaFin forms a part of the direct federal administration. Exercising its sovereign functions, the BaFin closely co-operates with the Deutsche Bundesbank in carrying out Banking Supervision.
- B The Dubai Financial Services Authority (“DFSA”) was established under Dubai Law No. 9 of 2004 and is the independent financial services and market regulator of the Dubai International Financial Centre (DIFC). The DFSA administers the DIFC Regulatory Law No. 1 of 2004, which provides, among other things, for the authorization, registration, recognition and supervision of financial service providers, financial services and products related to banking, securities, Islamic finance, collective investment schemes, asset management, trust services and insurance and re-insurance. The DFSA has the authority under the DIFC Markets Law No. 12 of 2004 to regulate the securities markets, including futures and derivatives.
- C The BaFin and the DFSA wish to enter into this Memorandum of Understanding (MOU) to provide a formal basis for co-operation, including the exchange of information and investigative assistance. The BaFin and the DFSA believe such cooperation will enable them to more effectively perform their functions in particular to ensure compliance with, and enforcement of, their securities and derivatives laws and regulations as well as their banking and insurance supervision laws and regulations.
- D The BaFin and the DFSA also acknowledge the importance of complying with the IOSCO Objectives and Principles of Securities Regulation, the Core Principles for Effective Banking Supervision published by the Basle Committee on Banking

Supervision, the Insurance Core Principles and Methodology published by the International Association of Insurance Supervisors, the Financial Action Task Force (FATF) 40 Recommendations on Anti-Money Laundering and 9 Special Recommendations on Terrorist Financing, the documents Customer due diligence for banks and Consolidated KYC Risk Management, both published by the Basel Committee on Banking Supervision.

OPERATIVE PART

Interpretation

1. In this MOU, unless the context requires otherwise:
 - (a) "Authority" means the BaFin or the DFSA or together the "Authorities";
 - (b) "Applicable Laws " means any law, regulation or requirement applicable in Germany or in the DIFC relating to Banking Supervision and Insurance Supervision as well as financial and securities markets and products within the competence of the Authorities, including those related to:
 - i. insider dealing, market manipulation, misrepresentation of material information and other fraudulent or manipulative practices relating to securities and derivatives, including solicitation practices, handling of investor funds and customer orders;
 - ii. the registration, issuance, offer, or sale of securities and derivatives, and reporting requirements related thereto;
 - iii. market intermediaries, including investment and trading advisers who are required to be licensed or registered, collective investment schemes, brokers, dealers, and transfer agents; and
 - iv. markets, exchanges, and clearing and settlement entities;
 - v. licensing and ongoing supervision of Credit Institutions and Financial Services Providers ("Banking Supervision") as well as licensing and ongoing supervision of insurance and re-insurance companies ("Insurance Supervision");
 - vi. countering the legalisation (laundering) of criminally obtained incomes, the financing of terrorism, and unlawful banking and insurance practices.
 - (c) "Requested Authority" means an Authority to whom a request is made under this MOU;

- (d) “Requesting Authority” means an Authority making a request under this MOU;
- (e) “Authorised Institution” means a Credit Institution, Financial Services Provider, insurance company or re-insurance company authorised by the Authorities to carry out its business;
- (f) “Cross-Border Establishment” means a Branch or Subsidiary;
- (g) “Branch” means an organisational unit of an Authorised Institution incorporated in the DIFC which has been granted a license in Germany or an organisational unit of an Authorised Institution incorporated in Germany which has been granted a license in the DIFC;
- (h) “Subsidiary” means an Authorised Institution incorporated in the DIFC which is controlled by an Authorised Institution incorporated in Germany or an Authorised Institution incorporated in Germany which is controlled by an Authorised Institution incorporated in the DIFC;
- (i) “On-Site Inspection” means an official inspection carried out at the premises of an Authorised Institution or a Cross-Border Establishment of an Authorised Institution through duly authorised officers and/or commissioned auditors and/or examiners;
- (j) “Credit Institution” means a Person conducting business listed in Section 1 paragraph 1 KWG;
- (k) “Financial Services Provider” means a Person conducting business listed in Section 1 paragraph 1a KWG;
- (l) “permitted onward recipient” means an agency or authority responsible for prosecuting, regulating or enforcing applicable laws, regulations and requirements falling within the areas of responsibility of the Authorities;
- (m) “Person” means a natural person, body corporate, partnership, or unincorporated association, government or government agency.

Purpose and Principles

2. The purpose of this MOU is to establish a formal basis for cooperation, including the exchange of information and investigative assistance.
3. This MOU does not modify or supersede any laws or regulatory requirements in force in Germany or in the DIFC. This MOU is a statement of intent and accordingly does not create any enforceable legal obligations. This MOU does not affect any arrangements under other MOUs.
4. This MOU does not authorize or prohibit an Authority from taking measures other than those identified in this MOU to obtain information necessary to ensure enforcement of, or compliance with, the Applicable Laws in its jurisdiction.
5. This MOU does not confer upon any Person not an Authority, the right or ability, directly or indirectly to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this MOU.
6. The Authorities represent that no domestic confidentiality laws or regulations shall prevent the collection or provision of the information set forth in paragraph 9(d) to the Requesting Authority.
7. The Authorities will use reasonable efforts to keep each other informed of any changes to their existing legal authority that may affect the implementation of this MOU.

Provision of Unsolicited Information

8. The Authorities may provide information on a voluntary basis even though no request has been made especially about, but not limited to:
 - (a) an application of an Authorised Institution to establish a Cross-Border Establishment in the jurisdiction of the other Authority;
 - (b) concerns about the financial soundness of Authorised Institutions having a Cross-Border Establishment in the jurisdiction of the other Authority (e.g.

failure to meet capital adequacy or other financial requirements, significant losses, rapid decline in profits or a deterioration in profitability);

- (c) concerns relating to Banking Supervision and Insurance Supervision, respectively, both on a solo and consolidated basis;
- (d) concerns arising from the results of inspections, or reports from and meetings or other communications with an Authorised Institution having a Cross-Border Establishment in the jurisdiction of the other Authority or other regulatory body (subject to obtaining any necessary consent from any such regulatory body);
- (e) concerns regarding an Authorised Institution having a Cross-Border Establishment in the jurisdiction of the other Authority arising from late and/or unreliable reporting;
- (f) On-Site Inspections to be conducted at the premises of an Authorised Institution having a Cross-Border Establishment in the other jurisdiction;
- (g) annual audit reports and special audit reports of institutions as mentioned above under (f), especially with regard to deficiencies concerning the safeguards against money laundering and terrorist financing.

Requests for Assistance

9. In response to requests for assistance, each Authority will use reasonable efforts to provide assistance to the other, subject to its laws and overall policy. Assistance may include, without limitation:
 - (a) providing information in the possession of the Requested Authority;
 - (b) confirming or verifying information provided to it for that purpose by the Requesting Authority;
 - (c) exchanging information on or discussing issues of mutual interest;
 - (d) obtaining specified information and documents from persons including:

- i. contemporaneous records sufficient to reconstruct all securities and derivatives transactions, including records of all funds and assets transferred into and out of bank and brokerage accounts relating to these transactions;
 - ii. records that identify; the beneficial owner and controller, and for each transaction, the account holder; the amount purchased or sold; the time of the transaction; the price of the transaction; and the individual and the bank or broker and brokerage house that handled the transaction; and
 - iii. information identifying persons who beneficially own or control non-natural Persons organized in the jurisdiction of the Requested Authority.
- (e) questioning or taking testimony of persons designated by the Requesting Authority;
 - (f) conducting inspections including On-Site Inspections or examinations of Persons or arranging for the same;
 - (g) permitting the representatives of the Requesting Authority to participate in the conduct of enquiries made by or on behalf of the Requested Authority under paragraphs (e) and (f) above; and
 - (h) providing full support to a Requesting Authority regarding its intention to conduct an On-Site Inspection of Cross-Border Establishments located in the jurisdiction of the Requested Authority.

Procedure for Requests

- 10. Requests for the provision of information or other assistance will be made in writing, or made orally and confirmed in writing within ten business days. In urgent circumstances, the response to requests for assistance may be effected by telephone, facsimile or e-mail, provided such communication is confirmed in writing.
- 11. To facilitate assistance, the Requesting Authority should specify in any written request:

- (a) a general description of the information or other assistance requested (identity of persons, specific questions to be asked etc.) ;
- (b) if information is provided by the Requesting Authority for confirmation or verification, the information and the kind of confirmation or verification sought;
- (c) the purpose for which the information or other assistance is sought;
- (d) whether any other Authority, governmental or non-governmental, is co-operating with the Requesting Authority or seeking information from the confidential files of the Requesting Authority;
- (e) to whom, if anyone, onward disclosure of information provided to the Requesting Authority is likely to be necessary and, in relation to onward disclosure to a person who is not a permitted onward recipient, the purpose such disclosure would serve;
- (f) if the request for assistance is for the purpose of actual or possible enforcement action, the matters set out in paragraph 1 of Appendix 1;
- (g) the Applicable Laws that may have been violated and that relate to the subject matter of the request;
- (h) the urgency of the request and the desired period of time for the reply; and
- (i) any other matters specified by the Requested Authority and by the Applicable Laws in relation to the Requested Authority.

Assessing Requests

12. A request for assistance may be denied by the Requested Authority:
- (a) where the request does not conform with this MOU;
 - (b) where the request would require the Requested Authority to act in a manner that would violate domestic law;
 - (c) where a criminal proceeding has already been initiated in the jurisdiction of the Requested Authority based upon the same facts and against the same Persons, or the same Persons have already been the subject of final

punitive sanctions on the same charges by the competent authorities of the jurisdiction of the Requested Authority, unless the Requesting Authority can demonstrate that the relief or sanctions sought in any proceedings initiated by the Requesting Authority would not be of the same nature or duplicative of any relief or sanctions obtained in the jurisdiction of the Requested Authority;

- (d) where it would be otherwise contrary to the public interest or the essential national interest of the Requested Authority's jurisdiction to give the assistance sought.
13. The Authorities recognise that assistance may be denied in whole or in part for any of the reasons mentioned in paragraph 12 in the discretion of the Requested Authority. Assistance will not be denied because the type of conduct under investigation would not be a violation of the Applicable Laws of the Requested Authority.
14. Where a request for assistance is denied, the Requested Authority will provide the reasons for not granting the assistance and consult with the Requesting Authority whether there may be other assistance that can be given by itself or by any other authority in its jurisdiction.

Further Provisions

15. The further provisions set out in:
- (a) Appendix 1 will apply in relation to actual or possible enforcement matters; and
 - (b) any other Appendices covering specific areas or specific issues.

Permissible Uses of Information and Confidentiality

16. Except for the exchange of information between the BaFin and the Deutsche Bundesbank which shall happen pursuant to and in accordance with No. 26b. below, a Requesting Authority or person in receipt of such information from a Requesting Authority that receives non-public information under this MOU will only use or disclose that information in accordance with the purpose stated in

the request, including compliance with the Applicable Laws related to the request. Consent in writing of the Requested Authority must be obtained for any other use or disclosure by the Requesting Authority or third party.

17. The Authorities agree that a permitted purpose within the general framework of the use stated in the request for assistance, includes conducting a civil or administrative enforcement proceeding, assisting in a self-regulatory organization's surveillance or enforcement activities (insofar as it is involved in the supervision of trading or conduct that is the subject of the request), 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 Applicable Laws administered by the Requesting Authority. This use may include enforcement proceedings which are public.
18. An Authority that receives non-public information under this MOU agrees that, prior to providing information to a self-regulatory organization, the Requesting Authority will ensure that the self-regulatory organization is able and will comply on an ongoing basis with the confidentiality provisions agreed to between the Requesting Authority and Requested Authority.
19. Each Authority will keep confidential requests made under this MOU, the contents of such requests, and any matters arising under this MOU, 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.
20. Notwithstanding the confidentiality provisions of this MOU, an Authority shall not be prevented from informing the law enforcement bodies in its jurisdiction when disclosure is required pursuant to a legally enforceable demand.
21. If there is a legally enforceable demand for information supplied under this MOU the Authority receiving the demand will notify the Authority that supplied the information of the demand, and will assert the appropriate legal exemptions or privileges with respect to that information as may be available. The Authority

receiving the demand will consult with the Authority that supplied the information of the demand, before complying with any such demand unless this is not practicable for reasons of urgency.

Consultation

22. The Authorities will consult regularly with each other to enhance regulatory co-operation, to improve the operation of the MOU and to strive to resolve any matters that may arise.
23. Each Authority will advise the other if there is a significant change in market or business conditions or in legislation where such change is relevant to the operation of this MOU.
24. Where the specific conduct set out in the request for assistance may constitute a breach of Applicable Laws in the jurisdictions of the Requesting and the Requested Authorities, the Authorities will consult to determine the most appropriate way to provide assistance.

Contacts

25. The Authorities will provide a list of contact points to which information or requests for information or assistance under this MOU should be directed.

Costs

26. If the cost of fulfilling a request is likely to be substantial, the Requested Authority may, as a condition of agreeing to give assistance under this MOU, require the Requesting Authority to make a contribution to costs.

Involvement of the Deutsche Bundesbank

- 26a. As regards Banking Supervision, the provisions of this MOU set out above shall accordingly govern the co-operation between the DFSA and the Deutsche Bundesbank.
- 26b. The BaFin will pass on information received from the DFSA to the Deutsche Bundesbank to the extent that such information is necessary for the performance of the functions of the Deutsche Bundesbank as outlined in

Section 7 KWG, on the basis that the Deutsche Bundesbank shall only use the information for lawful supervisory purposes and shall not disclose the information to any other person without the prior written consent of the DFSA.

Effective Date and Termination

- 27. This MOU takes effect from the date it is signed by the BaFin and the DFSA and will continue to have effect until terminated by either of the Authorities giving at least 30 days' advance written notice to the other Authority. It may be amended by agreement in writing.
- 28. Termination of this MOU does not affect obligations under this MOU relating to confidentiality of information, which shall continue to have effect.

Signed in the DIFC on the 30th of November 2006

BaFin

DFSA

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Jochen Sanio
President

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Jane Coakley
Acting Chief Executive

Appendix 1

Enforcement Matters

Further details to be contained in requests for assistance:

1. If a request for assistance as described in this MOU relates to actual or possible enforcement action, the following further details will be contained in the request:
 - (a) a description of the conduct or suspected conduct which gives rise to the request;
 - (b) details of the applicable law, regulation, or requirement to the administration of which the request is relevant;
 - (c) the link between the specified rule or law and the regulatory functions of the requesting Authority;
 - (d) the relevance of the requested assistance to the specified rule or law; and
 - (e) whether it is desired that, to the extent permitted by the laws applying to the Requested Authority, any persons from the jurisdiction of the Requesting Authority should be present during, and participate in, interviews which form part of an investigation (see clause 3 below).

Request to sit in

2. If, following a request from the Requesting Authority, the Requested Authority conducts an interview of any person the Requested Authority may permit a representative of the Requesting Authority to attend such an interview and to ask questions. Such requests will be in accordance with the legislation of the Requested Authority.

Joint Investigations

3. The Authorities acknowledge that, subject to secrecy and confidentiality issues, an investigation, where it concerns suspected breaches of the law of

both jurisdictions, may be conducted more effectively by the establishment of a joint investigation involving members from both Authorities.

4. The Authority suggesting the joint investigation will advise the other Authority of the background to the request for a joint investigation, and liaise with the other Authority to determine the likely objectives of the joint investigation, the expected resources required and the approximate duration of the proposed joint investigation. Each Authority will advise the other as soon as possible as to whether it will agree to such an investigation.
5. If the Authorities agree to take part in a joint investigation, an agreed initial action plan will be prepared setting out, among other things, the objectives, expected duration, funding, publicity and accountability arrangements, management of the joint investigation, and allocation of responsibilities.

Rights of person preserved

6. Any Person providing testimony, information or documents as a result of a request made under this MOU will be entitled to all the rights and protections of the laws of the jurisdiction of the Requested Authority. Where assertions are made regarding other rights and privileges arising exclusively pursuant to the laws of the jurisdiction of the Requesting Authority, the Authorities will consult to determine the most appropriate way to proceed.