

MEMORANDUM OF UNDERSTANDING

BETWEEN



**THE ISRAEL SECURITIES
AUTHORITY**



**THE ROMANIAN NATIONAL
SECURITIES COMMISSION**

ON

**The Exchange of Information and
Surveillance of capital markets activities**

2007

Introduction

The Romanian National Securities Commission (hereafter referred to as 'CNVM') is an independent administrative authority with financial autonomy, in accordance with its Statute set by Government Emergency Ordinance no. 25/2002 approved by Law no. 514/2002.

The Commission is responsible for regulation and supervision of the financial instruments markets, with their specific institutions and operations, as well as of collective investment undertakings in order to provide a framework for investments in financial instruments.

According to its statute, CNVM reports, by request, to the Commissions for budget, finance and banks of the Senate and Chamber of Deputies, to the Economic Commission of the Senate and to the Commission for economic policy, reform and privatization of the Chamber of Deputies, the activity carried out in compliance with the legal provisions regarding classified and inside information. Also, CNVM shall submit to the Budget, Finance and Banks Commissions of the Senate and the Chamber of Deputies its annual activity report, the financial audit annual reports and the execution of the budget of incomes and expenses, for the previous year.

The Israel Securities Authority (hereafter referred to as 'ISA') was established pursuant to the Securities law, 5728-1968, and its mandate is to protect the interests of the public investing in securities, as stipulated in the Law. Pursuant to this mandate, the functions of ISA, among others, include granting permits to publish prospectus, regulating and supervising the mutual fund industry, monitoring disclosure, monitoring tender offers, licensing intermediaries, conducting investigation and ensuring fair and orderly trade of securities exchanges operating in Israel.

The ISA and the CNVM (hereafter referred to as „the Authorities”),

Considering the increasing internationalization, harmonization and interdependence of the international capital markets due e.g. to the use of modern technology, closer co-operation between Authorities;

Considering the importance of ensuring compliance of capital markets' laws and regulations in Israel and Romania;

Willing to establish the fullest mutual assistance, help and exchange of information in order to facilitate the performance of the functions they are entrusted in their respective States to enforce or secure compliance with any laws or regulations;

Have thus reached the following understanding:

Article 1 – Principles

The purpose of this Memorandum of Understanding is to establish a general framework for cooperation and consultation between the Authorities, in order to facilitate the fulfilling of their supervisory responsibilities. The provisions of this Memorandum of Understanding are not intended to create legally binding obligations or supersede domestic laws.

This Memorandum of Understanding will not give rise, directly or indirectly, on the part of any person other than the Authorities the right to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Memorandum of Understanding;

Article 2 – Definitions

1. **“Authority”** means:

- the Israel Securities Authority (ISA)
- the Romanian National Securities Commission (CNVM)

2. **“Requested Authority”** means the Authority to whom a request is made under this Memorandum of Understanding.
3. **“Requesting Authority”** means the Authority making a request under this Memorandum of Understanding.
4. **“Laws or regulations”** means any laws or regulations in force in the respective states of the Authorities, and other regulatory requirements that fall within the competence of the Authorities.
5. **“Person”** means any natural or legal person.
6. **“Financial instruments”** mean transferable securities, units in collective investment undertakings, money market instruments including government securities with maturity less than one year and deposit certificates, financial-futures contracts, including equivalent cash-settled instruments, forward interest-rate agreements, interest-rate, currency and equity swaps, options, derivatives on commodities, any other instrument admitted to trading on a regulated market;
7. **“Financial markets”** means regulated markets and any other securities and derivatives markets supervised by the Authorities.
8. **“Intermediary”** means any investment firm, bank, collective investment scheme and any other entity acting within the scope of competence of the Authorities.
9. **“Issuer”** means a person making an offer to the public or seeking listing of a security.

Article 3 - Scope of assistance

1. To the extent permitted by their respective Laws and Regulations, the Authorities shall provide each other with the fullest mutual assistance in any matters falling within the competence of the Authorities, including in particular the following areas:
 - a. investigations and enforcement in connection with applicable laws and regulations relating to insider dealing, market manipulation and other fraudulent or manipulative practices in the financial instruments field,
 - b. investigation and enforcement of, and monitoring compliance with, applicable laws and regulations relating to dealing in, advising on and the management, administration and safekeeping of financial instruments,
 - c. checking that the conditions for the taking up of (or continuing in) business as an Intermediary are met (including e.g. the enforcement of requirements to be authorized),
 - d. enforcing and monitoring compliance with applicable laws and regulations relating to the disclosure of interests in financial instruments, takeover bids or the acquisition of influence over financial intermediaries,
 - e. the supervision of the financial markets, including the clearing and settlement, the monitoring and surveillance of Over the Counter (OTC) transactions, in financial instruments listed on regulated markets.
 - f. enforcing or monitoring compliance with applicable laws and regulations relating to the duties of issuers and offerors of financial instruments in relation to the disclosure of information.
 - g. any other matter agreed upon between the Authorities from time to time.
2. The assistance available under this Memorandum of Understanding may include, but is not limited to:
 - (i) providing information and documents held in the files of the Requested Authority regarding the matters set forth in the request for assistance;
 - (ii) taking statements from persons and obtaining documents and information from persons as defined in article 2.5, by the Requested Authority;
 - (iii) conducting compliance inspections of financial intermediaries and financial markets, by the Requested Authority..
3. In cases where the information requested may be maintained by, or available to, another authority within the country of the Requested Authority, the Requested Authority will endeavour to provide full assistance in obtaining the information requested, to the extent permitted by its national laws and regulations. If necessary, the Requested Authority shall provide the Requesting Authority with sufficient information to establish direct contact between the Requesting Authority and the other authority.
4. The Authorities recognize the importance and desirability of providing mutual assistance and exchanging information for the purpose of enforcing and securing compliance with the laws and regulations applicable in their respective jurisdictions. A request for assistance may be denied by the Requested Authority:
 - a) where the request would require the Requested Authority to act in a manner that would violate national laws and regulations;
 - b) where judicial proceedings for the imposition of criminal penalties have already been initiated in the jurisdiction of the Requested Authority, in respect of the same actions and against the same

persons, or, on the grounds that the provision of assistance might result in a judicial or administrative sanction being imposed, where a non-appealable judicial or administrative sanction has already been imposed, in the jurisdiction of the Requested Authority, in respect of the same actions and against the same persons.

c) where the request is not made in accordance with the provisions of this Memorandum of Understanding; or

d) where communication of the information might adversely affect the sovereignty, security or public policy of the State of the Requested Authority.

The assistance should be provided only in the way allowed by the national laws and regulations in force in the jurisdiction of the Requested Authority.

Where a request for assistance is denied, the Requested Authority may provide the reasons for not granting the assistance and consult with the Requesting Authority pursuant to Article 7.

5. To the extent permitted by their respective laws and regulations and without prior request, each Authority should provide any other Authority with any relevant factual information available to it and which it believes to be helpful to the other Authority for the discharge of its functions and for the purposes, which it may specify in the communication (unsolicited information).

Article 4 - Requests for Assistance

1. Requests for assistance shall be made in writing and addressed to the contact person of the Requested Authority listed in Annex A.

2. In case of emergency, requests for information and replies to such requests may be transmitted orally provided that these requests are confirmed in the manner required in this Article unless the Requested Authority agrees to waive such requirements.

3. To the extent available to the Requesting Authority and in order to facilitate the Requested Authority's work the Request should specify the following:

- a. a description of the subject matter of the request and the purpose for which the information is sought and the reasons why this information will be of assistance;
- b. a description of the specific information requested by the Requesting Authority; in case of discharging its responsibilities pursuant to its respective laws and regulations, the Requesting Authority shall also name these laws and regulations;
- c. in so far as the request results from investigations of violations of any laws or regulations, a short description of the relevant provisions that may have been violated and, if known to the Requesting Authority, a list of the persons or institutions believed by the Requesting Authority to possess the information sought or the places where such information may be obtained and the details that support this belief, to the best of the Requesting Authority's knowledge;
- d. in so far as the request concerns information relating to transactions in specific securities:
 - a description of the financial instruments in question as precise as possible, including the relevant legislation relating to them.
 - the names of those firms with whose dealings in the financial instruments the Requesting Authority is concerned,
 - the dates between which transactions in the financial instruments are considered relevant for the purposes of the request,
 - the names of any persons on whose behalf relevant transactions in the financial instruments are believed or suspected to have been entered into;
- e. in so far as the request relates to information concerning the business or activities of any person, such precise information as the Requesting Authority is able to provide so as to enable such persons to be identified;
- f. an indication of the sensitivity of the information contained in the request and whether the Requesting Authority is content for the fact that it has made the request to be disclosed to persons whom the Requested Authority may need to approach for information;

- g. whether the Requesting Authority is or has been in contact with any other authority or law enforcement agency in the State of the Requested Authority in relation to the subject matter of the request;
- h. any other Authority of another state whom the Requesting Authority is aware has an active interest in the subject matter of the request;
- i. an indication of the urgency of the request, or the desired time period for the reply.
- j. a declaration that any information or document transferred to the Requesting Authority pursuant to the request shall be used solely for the purpose for which it was delivered.

Article 5 - Execution of Requests for Assistance

1. To the extent permitted by its laws and regulations, the Requested Authority shall take all reasonable steps to obtain and provide the information sought within a reasonable period of time.
2. The Requested Authority shall use the relevant means at its disposal for the execution of the request. The Authorities will consult and agree on the types of enquiry that may be necessary for the execution of a request Unless otherwise agreed by the Authorities, information, documents or copies thereof requested under this Memorandum of Understanding, will be gathered in accordance with the Laws and Regulations applicable in the jurisdiction of the Requested Authority.
3. To the extent permitted by its laws and regulations, the Requesting Authority will provide the Requested Authority with such further assistance as may reasonably be required for the efficient execution of the request including the provision of further information as to the circumstances surrounding the request, staff or other resources.

Article 6 - Permissible Uses of the Information Exchanged and Confidentiality

1. The Authorities shall use the information exchanged solely for the purposes of:
 - a. securing compliance with or enforcement of the national laws or regulations specified in the request;
 - b. initiating, conducting or assisting in criminal, administrative, civil or disciplinary proceedings resulting from the violation of the laws or regulations specified in the Request;
 - c. any of the particular purposes specified in Art. 3 (1) a.-f. to the extent that they are administered by the Requesting Authority.

The Authority to which unsolicited information is supplied will use this information solely for the purposes stated in the transmission letter or for the purposes of criminal or administrative proceedings or for the discharge of the obligation to report to judicial authorities.

2. To the extent permitted by their respective laws and regulations, each Authority will keep confidential any request for assistance made under this Memorandum of Understanding, the contents of such requests and the information received under this Memorandum of Understanding as well as the matter arising in the course of its operation, in particular consultations between Authorities.
3. If an Authority intends to use or disclose information furnished under this Memorandum for any purpose other than those stated in this Article and in the request, it must obtain the prior written consent of the Authority which provided the information. If the Requested Authority consents to the use of the information for purposes other than those stated, it may subject it to certain conditions.
4. If an Authority decides to make public an administrative or a disciplinary sanction within the course of its duties it may, with the consent of the Authority providing the information, indicate that the successful outcome of the case has been achieved with the aid of the international co-operation mechanisms provided for in this Memorandum of Understanding.

Article 7 – Consultations

1. The Authorities will review the implementation of this Memorandum of Understanding regularly and may conduct consultations in order to improve its operation and to resolve possible difficulties.
2. The Authorities may consult, at any time, in matters relating to specific requests made pursuant to this Memorandum of Understanding.

Article 8-Cost of Investigation or Assistance

If it appears to the Requested Authority that the response to a request for assistance under this Memorandum of Understanding will incur substantial costs, the Requested Authority may call for the establishment of a cost sharing arrangement before continuing to respond to such a request.

Article 9 - Amendments to the Memorandum of Understanding

This Memorandum of Understanding may be amended or modified by mutual consent. Any amendment or modification of this Memorandum of Understanding shall follow the same procedures as its entry into force.

Article 10 – Publication

The Authorities agree to publish this Memorandum of Understanding.

Article 11 - Entry into Effect and Termination

1. This Memorandum of Understanding shall be effective from the date of its signing by the Authorities.
2. This Memorandum of Understanding shall be concluded for an unlimited period of time and may be denounced by any of the Authorities by giving, at least, thirty days prior written notice to the other Authority. If the Requested Authority undertakes to denounce the Memorandum of Understanding, requests for information communicated before the effective date of denunciation will still be processed under this Memorandum of Understanding.

Signed in on the day of....., 2007, which corresponds to the ... day of... 5768, in duplicate in Romanian, Hebrew and English , all texts being equally authentic. In case of divergences in interpretation, the English text shall prevail.

[Signature page follows]

[Signature page of the Memorandum of Understanding between the ISRAEL SECURITIES AUTHORITY and the ROMANIAN NATIONAL SECURITIES COMMISSION]

Mr. Moshe Tery, Chairman

Prof. Ph. D. Gabriela Anghelache,
President

Annex A

Contact persons

Contact person as defined by Article 4 of this Memorandum of Understanding is:

For the ISRAEL SECURITIES AUTHORITY

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