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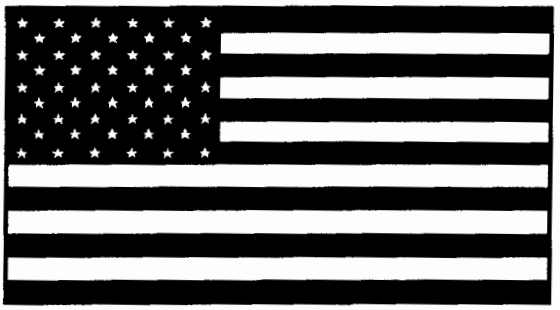
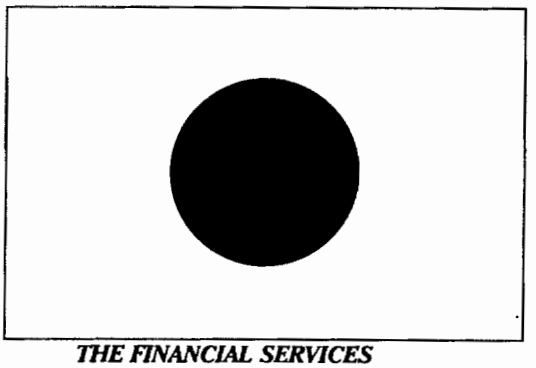
STATEMENT

OF

INTENT



THE UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
COMMODITY FUTURES TRADING COMMISSION



THE FINANCIAL SERVICES
AGENCY OF JAPAN

CONCERNING COOPERATION, CONSULTATION AND THE EXCHANGE OF INFORMATION

May 17, 2002

STATEMENT OF INTENT CONCERNING COOPERATION, CONSULTATION AND THE EXCHANGE OF INFORMATION

The Securities and Exchange Commission of the United States and the Commodity Futures Trading Commission of the United States, on the one hand and the Financial Services Agency of Japan, on the other hand, recognizing increased international activity in securities and futures transactions and the corresponding need for mutual cooperation between relevant authorities, state hereby the intentions to cooperate, consult and exchange information in connection with supervisory and enforcement matters as follows.

DEFINITIONS

For the purposes of this Statement of Intent:

1. "Authority" means:

   (a) the Securities and Exchange Commission of the United States;

   (b) the Commodity Futures Trading Commission of the United States;
   or

   (c) the Financial Services Agency of Japan.

2. "Requested Authority" means an Authority to whom a request is made under this Statement of Intent.

3. "Requesting Authority" means an Authority making a request under this Statement of Intent.

4. "Market" means an exchange or other market, including an over-the-counter market, that is recognized, supervised or subject to regulation by an Authority.

5. "Laws and Regulations" mean:

   (a) for securities, the provisions of the laws of the United States and Japan, the regulations promulgated thereunder, and other regulatory requirements that fall within the jurisdiction of the Authorities, concerning securities; and

   (b) for futures, the provisions of the laws of the United States and Japan, the regulations promulgated thereunder, and other regulatory requirements that fall within the jurisdiction

of the Authorities, concerning securities derivatives contracts.

6. "Person" means a natural person, unincorporated association, partnership, trust, body corporate, or government - or a political subdivision, agency, instrumentality or equivalent authority of a government.

7. Except as provided in paragraphs 1 through 5, for the purposes of a request for assistance made pursuant to this Statement of Intent, the Authorities will define terms in accordance with the relevant laws of the Requesting Authority's jurisdiction, unless such definition would require the Requested Authority to exceed its legal authority, or otherwise would be prohibited by the law of the Requested Authority's jurisdiction. In any case where such definition of a term would require the Requested Authority to exceed its legal authority or otherwise would be prohibited by the law of the Requested Authority's jurisdiction, the Authorities will consult in accordance with paragraph 15.

STATEMENT OF INTENT

8. This Statement of Intent is a statement of intent of the Authorities to cooperate, consult and exchange information in connection with supervisory and enforcement matters, all consistent with and permitted by the Laws and Regulations of the Authorities. The Authorities also intend to consult periodically about matters of mutual concern. Such consultation will be undertaken in the interest of improving cooperation to avoid the conflicts that may arise from the application of differing regulatory laws, regulations and practices. Consultation also will be undertaken to enhance: the protection of investors and customers; the efficiency and integrity of the Markets of the United States and Japan; appropriate Market oversight; and the effective performance by the Authorities of their respective functions regarding the Laws and Regulations of the United States and Japan.

9. **General Principles Regarding Cooperation, Consultation and the Exchange of Information**

   (a) This Statement of Intent is not intended to create legally binding obligations or supersede domestic laws.

   (b) This Statement of Intent does not authorize an Authority to take or prohibit it from taking measures other than those

described herein to obtain information necessary to ensure enforcement of or compliance with the Laws and Regulations applicable in its jurisdiction.

(c) This Statement of Intent does not confer upon any Person not defined as an Authority within this Statement of Intent, the ability directly or indirectly to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Statement of Intent.

(d) The Authorities recognize the importance and desirability of cooperation, consultation and the exchange of information. However, a request for assistance may be denied by the Requested Authority:

(i) where the request would require the Requested Authority to act in a manner that would violate its domestic law;

(ii) where the request is not made in accordance with this Statement of Intent; or

(iii) on grounds of public interest.

Where a request for assistance is denied, or where assistance is not available under its domestic law, the Requested Authority will provide the reasons for not granting the assistance and consult pursuant to paragraph 15.

10. **Scope of Assistance**

(a) Pursuant to this Statement of Intent, the Authorities will provide each other with the fullest assistance permissible under the laws of the United States and Japan. Such assistance will be provided in order to facilitate: the enforcement of and compliance with the Laws and Regulations applicable to Markets and their participants; Market oversight including Market and financial surveillance; the granting of licenses, registrations, authorizations, waivers, or exemptions for the conduct of activity under the Laws and Regulations; the supervision and inspection of Persons that are regulated by an Authority; the investigation, or civil or administrative enforcement action by an Authority, of activity that potentially violates the Laws and Regulations applicable in its respective jurisdiction; and any other matters that the Authorities deem appropriate. Such assistance will be provided without regard to whether the type of conduct

described in the request for assistance would constitute a violation of the Laws and Regulations of the Requested Authority.

(b) The assistance available under this Statement of Intent includes, without limitation:

(i) providing information held in the files of the Requested Authority; and

(ii) obtaining information and documents from Persons.

(c) The Authorities recognize that they may not in all circumstances possess the legal authority to provide the assistance or information referred to in paragraph 10. In such circumstances, the Authorities will use all reasonable efforts to obtain the aid of such other governmental agencies that can provide the assistance or information described in paragraph 10.

11. **Requests For Assistance**

(a) Requests for assistance will be made in writing and will be addressed to the Requested Authority's contact officer listed in Appendix A.

(b) Requests will include the following:

(i) a general description of both the subject matter of the request and the purpose for which the assistance, documents, or information is sought;

(ii) a general description of the assistance, documents, or information sought by the Requesting Authority;

(iii) any information or documents known to or in the possession of the Requesting Authority that might assist the Requested Authority in identifying either the Persons believed to possess the information or documents sought or the places where such information or documents may be obtained;

(iv) the Laws and Regulations pertaining to the subject matter of the request; and

(v) the desired time period for the reply.

(c) In urgent circumstances, requests for assistance, and the response to such requests, may be made by telephone or facsimile, provided such communication is confirmed in an original signed document.

12. **Execution of Requests for Assistance**

(a) Information held in the files of the Requested Authority will be provided to the Requesting Authority upon request.

(b) Upon request, the Requested Authority will require the production of documents or information from any Person who may possess the requested information or documents. Upon request, the Requested Authority will obtain other information relevant to the request.

(c) Unless otherwise agreed by the Authorities, information and documents requested under this Statement of Intent will be gathered in accordance with the procedures applicable in the jurisdiction of the Requested Authority and by Persons designated by the Requested Authority.

(d) Notwithstanding any other parts of this Statement of Intent, any Person providing information or documents as a result of a request for assistance under this Statement of Intent will be entitled to all rights and privileges applicable in the jurisdiction of the Requested Authority. Assertions regarding rights and privileges arising exclusively under the laws applicable in the jurisdiction of the Requesting Authority will be preserved for consideration by the courts in that jurisdiction.

13. **Permissible Uses of Information**

The Requesting Authority may use and disclose non-public information furnished in response to a request for assistance under this Statement of Intent solely for:

(a) the purpose stated in the request for assistance with respect to ensuring compliance with or enforcement of the Laws and Regulations applicable in the jurisdiction of the Requesting Authority, including the legal provisions specified in the request and related provisions; and

(b) a purpose related to that stated in the request for assistance, including conducting a civil or administrative enforcement investigation or proceeding, assisting in a self-regulatory organisation's surveillance or enforcement activities, and assisting in a criminal investigation in accordance with the Note Verbale issued on May 17, 2002 by the Governments.

14. **Confidentiality**

(a) Except for uses and disclosures in accordance with paragraph 13 and uses and disclosures that are absolutely necessary to carry out the request, each Authority, to the extent permitted by law, will keep confidential:

(i) any information furnished under this Statement of Intent;

(ii) requests made under this Statement of Intent, and any materials relating to the underlying information furnished under this Statement of Intent, including, but not limited to, correspondence or other exchanges in which the Authorities share investigative analyses, progress, procedures or strategies; and

(iii) discussions and consultations held under this Statement of Intent, including consultations under paragraphs 8 and 15.

(b) To the extent possible, the Requesting Authority will notify the Requested Authority of any legally enforceable demand for information referred to in paragraphs 14(a)(i), (ii) and (iii) above prior to complying with such demand and will assert such appropriate legal exemptions or privileges as may be available.

15. **Consultation Regarding Mutual Assistance and the Exchange of Information**

(a) In any case of dispute over the interpretation of this Statement of Intent, the Authorities will consult each other with a view to reaching a mutually acceptable interpretation.

(b) The Authorities will consult with each other regarding this Statement of Intent with a view to improving its operation and resolving any matters that may arise. In particular, the Authorities will consult in the event of:

(i) an Authority's denial of a request made by the other Authority pursuant to this Statement of Intent;

(ii) a change in Market or business conditions or in the material legislation governing the matters set forth in paragraph 5; and

(iii) any other circumstance that makes it necessary or appropriate to amend or extend this Statement of Intent in order to achieve its purposes.

(c) The Authorities may decide on such practical measures as may be necessary to facilitate the implementation of this Statement of Intent.

(d) Any of the conditions of this Statement of Intent may be amended or waived by mutual written consent.

16. **Unsolicited Assistance**

To the extent permitted by the Laws and Regulations of its respective jurisdiction, each Authority will make reasonable efforts to provide the other Authority with any information it discovers that gives rise to a suspicion of a breach or an anticipated breach of the Laws and Regulations applicable in the jurisdiction of the other Authority.

OTHERS

17. **Starting Date of Operation**

Cooperation, consultation and the exchange of information in accordance with this Statement of Intent will begin on the date of its signing by the Authorities.

18. **Termination**

Cooperation, consultation and the exchange of information in accordance with this Statement of Intent continues until 30 days after any Authority gives written notice to the other Authorities of its intention to discontinue cooperation and assistance hereunder. If either the CFTC or the SEC gives such notice, cooperation under this Statement of Intent will continue with respect to the other two Authorities. If any Authority gives the written notice mentioned in the above, cooperation and assistance in accordance with this

Statement of Intent will continue with respect to all requests for assistance that were made or information provided before the effective date of notification (as indicated in the notice but no earlier than the date the notice is sent) until the Requesting Authority terminates the matter for which assistance was requested.

SIGNED at Washington and Tokyo

FOR THE SECURITIES
AND EXCHANGE COMMISSION
OF THE UNITED STATES:

Chairman

DATE: 13 May 02

FOR THE FINANCIAL
SERVICES AGENCY
OF JAPAN:

Commissioner

DATE: 17 May, 2002

FOR THE COMMODITY FUTURES
TRADING COMMISSION
OF THE UNITED STATES:

James E. Newsome

Chairman

DATE: May 14, 2002

APPENDIX A

CONTACT OFFICERS

US Securities and Exchange Commission
450 5th Street, N.W.
Washington D.C 20549
USA

For all information:
Director of International Affairs

Tel: (202) 942-2770
Fax: (202) 942-9524

US Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
USA

For all information:
Director, Division of Enforcement
Chief Counsel, Division of Enforcement

Tel: (202) 418-5320
Fax: (202) 418-5523

Financial Services Agency
3-1-1, Kasumigaseki, Chiyoda-ku
Tokyo 100-8967
JAPAN

For all information:
Director for International Financial Markets
International Affairs Division

Tel: (81)-3-3506-6206
Fax: (81)-3-3506-6113