

**COMPARATIVE ANALYSIS OF ASIAN SECURITIES REGULATORS & SROs**  
**AND**  
**MARKET CHARACTERISTICS**

(Data and information provided by participating organizations in the 6th ASF Tokyo Round Table)

**CONTENTS**

**I. Basic Organizational Features**

- I – 1. Organization Type, Statutory Basis
- I – 2. Number of Staff, Funding Source and Number of Member Firms

**II. Major Laws, Rules or Practices in the Securities Markets of Each Country**

**III. Regulation & Self Regulation**

- III – 1. Major Rule Making Functions
- III – 2. Qualification System for Market Professionals
- III – 3. Securities Firms Inspection or Audit
- III – 4. Disciplinary Action and Measures Against Misconducts
- III – 5. Dispute Resolution System between Securities Firms and Customers
- III – 6. Investor Education Activities

**IV. Market Structures**

- IV – 1. Share of Bank Deposit, Equity and Bond Investment
- IV – 2. Share of Foreign Investors
- IV – 3. Settlement and Clearing Systems for Securities Transaction
- IV – 4. Current Status of Off-Exchange Transaction
- IV – 5. Share of On-line Trading

**V. Challenges of Securities Market**

- V – 1. Major Recent Incidents and/or Challenges in Securities Market
- V – 2. Measures to cope with the Financial Crisis and Prevent its Recurrence

## I. Basic Organizational Features

### I – 1. Organization Type, Statutory Basis

No.	Country	Name of Organization		Organization Type	Statutory Basis
1	China	The Securities Association of China	SAC	SRO & Industrial Association	Established by Securities Law of the People's Republic of China
2	Hong Kong	Hong Kong Securities Association	HKSA	Industrial Association	Spontaneously established by 14 exchange participants prior to consolidation of 4 stock exchanges of Hong Kong in the late 1970's
3	India	Association of National Exchanges Members of India	ANMI	Industrial Association	Spontaneously established
4	Indonesia	Association of Indonesian Securities Companies	APEI	Industrial Association	Spontaneously established
5	Japan	Japan Securities Dealers Association	JSDA	SRO & Industrial Association	Established pursuant to Financial Instruments and Exchange Act
6	Kazakhstan	The Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations	FSA	Government Regulator (under direct control of President)	Established by Decree of the President of Republic of Kazakhstan № 1270 of 31.12.2003 - The Statute of Agency of the Republic of Kazakhstan on Regulation and supervision of financial market and financial organizations
7	Korea	Korea Financial Investment Association	KOFIA	SRO & Industrial Association	Established by Capital Market and Financial Investment Business Act
8	Malaysia	Association of Stockbroking Companies Malaysia	ASCM	Trade Association	Established by The Societies Act in Malaysia
9	Mongolia	Financial Regulatory Commission of Mongolia	FRC	Government Regulator	Established by Law on Legal Status of the Financial Regulatory Commission
10	Philippines	The Philippine Stock Exchange Inc.	PSE	SRO & Exchange	Established by Republic Act No.8799 –The Securities Regulation Code
11	Sri Lanka	Securities & Exchange Commission –Sri Lanka	SEC	Government Regulator	Established by The Securities and Exchange Commission of Sri Lanka ACT No.36 of 1987 as Amended
12	Taiwan	Chinese Taiwan Securities Association	CTSA	SRO & Industrial Association	Established by Commercial Group Act and Securities and Exchange Act
13	Thailand	The Thai Bond Market Association	TBMA	SRO & Industrial Association	Established by Securities and Exchange Act B.E.2535
14	Turkey	The Association of Capital Market Intermediary Institutions of Turkey	TSPAKB	SRO	Established by Capital Market Law and the Statute of the Association became operational through a Government Decree, dated January 8, 2001
15	UAE (DIFC)	Dubai Financial Services Authority	DFSA	Government Regulator	Established by Dubai Law No.9 of 2004
16	Uzbekistan	Center for Coordination and Control over the Functioning of Securities Market under the State Property Committee of the Republic of Uzbekistan	CSM	Government Regulator	Established by the Decree of the Republic of Uzbekistan as of 26 March 1996, No. 1414 “On establishment of Centre for Coordination and Control over the Functioning of Securities Market under the State Property Committee”
17	Vietnam	Hanoi Stock Exchange	HNX	Exchange	Statutorily Established. (Preceding entity “Hanoi Securities Trading Center (HASTC)” was established according to Decision No. 127/1998/QĐ-TTg issued by the Prime Minister on July 11, 1998; Hanoi Stock Exchange with Hanoi Securities Trading Center as precursor was established according to Decision No. 01/2009/QĐ-TTg issued by the Prime Minister on 02/01/2009)

I – 2. Number of Staff, Funding Source and Number of Member Firms

No.	Country	Name of Organization	No. of Full Time Staff	Funding Source	Number of Member Firms (by Business Category)
1	China	SAC	85	Membership Fee	106 securities companies 61 fund management companies 95 securities investment consulting institutions 5 credit rating institutions 5 fund rating institutions
2	Hong Kong	HKSA	5	Membership Fee, CPT Courses Fee	Approximately 1,100 members from 350 firms (Hong Kong/China based securities brokers, banks and other asset management companies.
3	India	ANMI	15	Membership Fee, Special Contributions by Members	824 Members all India comprising of Securities Companies including foreign collaborations
4	Indonesia	APEI	5	Membership Fee, SRO Sponsorship, Fee for Training Course	Our members are only Securities Companies. 1. Stock Exchange Member: 120 (including foreign securities companies) 2. Non- Stock Exchange Member: 12
5	Japan	JSDA	358	Membership Fee, Fees for examination and training course	301 Regular Members consisting of securities companies including foreign securities companies 223 Special Members consisting of banks, insurance companies and other financial institutions
6	Kazakhstan	FSA	490	Budget of the National Bank of the Republic of Kazakhstan, i.e. Central Bank of Kazakhstan	105 members consisting of second tier banks (commercial banks), insurance companies, pension funds and organizations engaged in certain types of banking operations; 166 members consisting of securities companies such as: 79 broker/dealers; 11 registrars; 46 investment portfolio managers; 15 pension assets management organizations; 10 custodians; 3 transfer agents; 1 stock exchange; 1 depository
7	Korea	KOFIA	255	Membership Fee, Fees for examination and training course	151 Regular Members consisting of securities companies including foreign securities companies 118 Special Members consisting of banks, insurance companies and other financial institutions
8	Malaysia	ASCM	3	Membership fee	17 Securities Firms including 3 firms with foreign ownership. 14 Investment Banks.
9	Mongolia	FRC	90	Government Budget	There are 1 Mongolian securities clearing house and central depository, 48 broker and dealer companies and 353 shareholding companies. Within the framework of FRC's regulated non-banking sector, there are 220 savings and credit cooperatives, 151 non-bank financial institutions and 32 Insurance companies.
10	Philippines	PSE	137	Membership Fee, Listing related fees, Trading related fees and other fees (e.g. penalties and charges)	Trading Participants (TPs) or commonly known as the brokers – 132 (local: 122; foreign: 10 ) Listed Companies or Issuers -250
11	Sri Lanka	SEC	70	CESS Levy	24 Stock Broking Companies 33 Market Intermediaries (Investment Managers, Margin Providers, Credit Rating Agencies, Central Depository System) 6 Unit Trust Management Companies
12	Taiwan	CTSA	50	Membership Fee, Fees for examination and training course	150 members consisting of securities firms and other financial institutions operating securities businesses in Taiwan.
13	Thailand	TBMA	42	Membership Fee, Bond registration fee, Information service fee, Professional training & examination fee, Investment income	49 Ordinary Members consisting of banks and securities companies which have debt trading license (Dealer) 2 Extraordinary Members consisting of securities companies which have inter-dealer broker license (IDB) 2 Associate Members which are inactive dealers (monthly average trading value in the past one year less than 100 million baht.)
14	Turkey	TSPAKB	28	Membership Fee	103 brokerage firms, 1 derivatives brokerage firm 41 banks
15	UAE (DIFC)	DFSA	120	Government Budget, Firm Licensing and ongoing supervision fees	316 entities in total consisting of 248 Authorized Firms, 50 Ancillary Service Providers, 16 Registered Auditors, 2 Authorized Market Institutions - NASDAQ Dubai and the DME <i>(The information in the table below in respect of UAE [Dubai International Financial Centre (DIFC)] is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i>
16	Uzbekistan	CSM	110 (23 in	Government Budget	(CSM itself has 14 territorial subdivisions in each region.)

			central office)		
17	Vietnam	HNX	180	Government Budget, Membership Fee, Borrowings and other mobilized sources for the Exchange's infrastructure development investments	In listed securities market: 98 member securities firms In UPCoM: 85 member securities firms In bond market: Bond trading members include 16 securities firms and 14 banks Bond bidding members include 41 securities firms and 47 banks and financial institutions

## II. Major Laws, Rules or Practices in the Securities Markets of Each Country

No.	Country	Name of Organization	Major Laws, Rules or Practice in the Securities Markets of Each Country
1	China	SAC	<ul style="list-style-type: none"> <li>● <b>Laws</b> Securities Law of the People’s Republic of China</li> <li>● <b>Laws and Regulation, Regulation issued by ministries and commissions and normative documents</b></li> </ul> <ol style="list-style-type: none"> <li>1. In terms of securities insurance, The Administrative Measures for the Initial Public Offering and Listing of Stocks, Measures for the Administration of Securities Issuance and Underwriting, The Measures for the Issuance Examination Committee, Sponsor's Due Diligence work practices, etc.</li> <li>2. In terms of listed companies governance, The Administrative Measures of the Share Incentive for listed companies (Trial), Administration of the Takeover of Listed Companies Procedures, and related information disclosure documents, guidelines for the articles of incorporation of the listed companies, Rules for Shareholders Meetings of listed companies and Administrative Measures on Information Disclosure by Listed Companies, etc.</li> <li>3. In terms of securities companies supervisory management, The Regulation on Supervision and Administration of Securities Firms, Regulation on Risk Management of Securities Firms, Risk Control Indices Management Measures on Securities Companies, supervisory measures on Qualification of Directors, Supervisors and Senior Management Persons of Securities Companies, The Pilot Management Measures on Margin Purchase and Short Sale Business of Securities Companies, and Guidelines for Internal Control on Margin Purchase and Short Sale Business of Securities Companies, etc.</li> <li>4. In terms of investor education, Provisional Measures on Administration of Domestic Securities Investments of Qualified Foreign Institutional Investors (QFII)、Governance Norms on Securities Investment Fund Companies(Trial), Notice on Related Problems of Setting Aside Risk Reserve Fund for Fund Management Companies, Guiding Opinions on Management of Investment Administrators of Fund Management Companies, etc.</li> <li>5. In terms of investor education, Administrative Measures on Securities Registration and Settlement, Administrative Measures on Securities Settlement Risk Fund, etc.</li> <li>6. In terms of futures trading, Management Measures for Futures Brokerage Companies , Management Measures for Futures Exchange, The Management trial Measures on the Risk-based Supervision Index of Futures Companies, Trail Measures for Securities Companies Offering Intermediary introduction Business to Futures Companies, Trail Measures on Financial Futures Settlement Operation for Futures Companies, etc.</li> </ol>
2	Hong Kong	HKSA	Securities and Futures Commission is the regulator of the securities and futures markets with jurisdiction in the Hong Kong Special Administrative Region. -Securities and Futures Ordinance
3	India	ANMI	- Securities and Contracts (Regulations Act) (1956) (SCRA) - Securities and Exchange Board of India (SEBI) Regulations - Exchange Regulations
4	Indonesia	APEI	- Under Law Number 8 Year 1995 regarding Capital Market (UUPM)-Capital Market Supervisory Agency – Financial Institutions (Bapepam-LK) - Indonesia Stock Exchange (IDX) Rules - Indonesian Clearing and Guarantee Corporation (KPEI) Rules - Indonesian Central Securities Depository (KSEI) Rules
5	Japan	JSDA	Financial Instruments and Exchange Act (“FIEA”)
6	Kazakhstan	FSA	Law on securities market of the Republic of Kazakhstan
7	Korea	KOFIA	Capital Market and Financial Investment Business Act (“FISMA”)
8	Malaysia	ASCM	- Capital Markets and Services Act 2007 (“CMSA”) - Bursa Malaysia Rules
9	Mongolia	FRC	Law on Legal Status of the Financial Regulatory Commission, Law on securities market, Company Law
10	Philippines	PSE	<ol style="list-style-type: none"> <li>a. Securities Regulation Code (SRC) - Republic Act No. 8799</li> <li>b. Amended Implementing Rules and Regulations (IRR) of the Securities Regulation Code</li> <li>c. Rules of the Exchange: <ul style="list-style-type: none"> <li>● Revised Trading Rules and its IRR</li> <li>● Trading, Clearing and Settlement Rules</li> <li>● Revised Listing and Disclosure Rules</li> <li>● Amended Market Regulation Rules</li> <li>● Rules Governing Trading Rights and Trading Participants</li> <li>● PSE Amended Articles of Incorporation</li> <li>● PSE Amended By-Laws</li> </ul> </li> </ol>
11	Sri Lanka	SEC	Securities and Exchange Commission of Sri Lanka Act Member Regulations of Colombo Stock Exchange
12	Taiwan	CTSA	Securities and Exchange Act and Regulations Governing Securities Firms
13	Thailand	ThaiBMA	Securities and Exchange Act B.E. 2535 (the SEC’s Act) Regulation and Notifications of the Securities and Exchange Commission (SEC’s regulation) Regulation and Notifications of the Thai Bond Market Association (ThaiBMA’s regulation)
14	Turkey	TSPAKB	Capital Markets Law

15	UAE (DIFC)	DFSA	<p>Primary Legislation, other than Federal or Dubai Laws, consists of Dubai International Financial Centre (DIFC) laws administered by either the DFSA (governing Financial Services) or the DIFC Authority, (e.g. Companies Law, Insolvency law, company registration, etc.). The laws are enacted by the Ruler of Dubai and apply only in the DIFC.</p> <p>The laws administered by the DFSA are the core financial services related laws such as Regulatory Law 2004, Markets Law 2004, Law Regulating Islamic Financial Business 2004, Trust Law 2005, Collective Investment Law 2006, Investment Trust law 2006.</p> <p>A Rule is subsidiary legislation made under the law administered by the DFSA. The Rulebook is made up of topic-area modules (all publicly available on <a href="http://www.dfsa.ae">www.dfsa.ae</a>) which specify their scope and the audience to whom they apply, and there are a total of 18 modules.</p> <p><i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i></p>
16	Uzbekistan	CSM	<p>Law of the Republic of Uzbekistan on Securities Market (N LRU-163 dated 22 July 2008);</p> <p>Law of the Republic of Uzbekistan on Joint Stock Companies and protection of Rights of Shareholders (No. 223-I dated 26 April 1996);</p> <p>Decree of the Republic of Uzbekistan as of 26 March 1996, No. 1414 “On establishment of Centre for Coordination and Control over the Functioning of Securities Market under the State Property Committee”;</p> <p>Decree of the Cabinet of Ministers of the Republic of Uzbekistan as of March 30, 1996 #126 "On Organization of Activity of the Centre for Coordination and Control over Functioning of Securities Market under the State Property Committee”</p>
17	Vietnam	HNX	<ol style="list-style-type: none"> <li>1. Securities Law issued on 29/06/2006</li> <li>2. Decree No. 53/2009/NĐ-CP dated 04/06/2009 on issuing international bonds.</li> <li>3. Decree No.04/01/2010 dated 04/01/2010 on private placement</li> <li>4. Decree No. 84/2010/NĐ-CP dated 02/08/2010 on the amendment and supplement of Decree No. 14/2007/ND-CP dated 19/1/2007 of the Government detailing some articles of the Securities Law</li> <li>5. Decree No. 85/2010/NĐ-CP dated 02/08/2010 on penalties of administrative violations in the field of securities and securities markets</li> <li>6. Decision No. 15/2007/QĐ-BTC on 19 Mar. 2007 on the issue of sample charter applied to listed companies.</li> <li>7. Decision No. 55/2009/QĐ-TTg issued by the Prime Minister on the holding of foreign investors.</li> </ol>

### III. Regulation & Self Regulation

#### III – 1. Major Rule Making Functions

No.	Country	Name of Organization	Major Rule Making Functions
1	China	SAC	According to the provision of Securities Law of the people's Republic of China, the responsibilities of the Securities Association of China (SAC) include formulating rules and regulations that SAC members must abide by, supervising and examining members' action and the members who break the law, regulation or SAC rules will be subject to discipline action. SAC Regulation stipulates that SAC formulates self-regulatory rules, qualification standards for practitioners and business criteria and provides services and management to SAC members according to administrative regulation and SAC regulatory documents: is in charge of formulating operation rules to agency share transfer system; supervises agency share transfer business activities and information disclosure of securities companies, etc. Furthermore, the Regulation illustrates SAC formulates qualification standards for practitioners and exercises other self-regulatory duties coordinating with industry development.
2	Hong Kong	HKSA	The Hong Kong Securities Association (formerly known as Hong Kong Stockbrokers Association) was established in 1978 to function as a bridge between the financial markets, government agencies, participants and regulatory authorities. We provide continuous professional training (CPT) courses required by the SFC and liaise with government and regulatory authorities regarding financial markets issues.
3	India	ANMI	ANMI has rules governing the conduct of members as a trade organization. ANMI offers guidance on regulations issued by regulatory bodies. Its rule making functions do not cover the rules and regulations governing the capital market.
4	Indonesia	APEI	APEI is not a Self Regulatory Organization (SRO). APEI functions are a bridge between our members and regulatory authorities. The industry regulated by SRO (Bapepam-LK, IDX, KSEI, KPEI)
5	Japan	JSDA	JSDA makes and enforces a wide range of self-regulatory rules covering the securities business in Japan that control the conduct of its member firms.
6	Kazakhstan	FSA	FSA issues licenses for member firms, establishes regulatory legal acts that shall be complied by the member-firms, confirms prudential standards and other compulsory norms and limits for member firms, establishes requirements for submission of certain regulatory statements (other than financial statements), set accounting format (not norms) and deadlines that shall be complied by member firms, and conducts on-site and off-site supervision of member firms.
7	Korea	KOFIA	KOFIA makes and enforces self regulatory rules covering the securities business and protecting investors in Korea.
8	Malaysia	ASCM	ASCM is not a self regulatory organisation. The industry is regulated by the Securities Commission and Bursa Malaysia which acts as both an exchange and frontline regulator of the Malaysian capital market.
9	Mongolia	FRC	Make and enforce a wide range of self-regulatory rules and policies covering financial services other than banking activities.
10	Philippines	PSE	1) Issuer Regulation Division (IRD) - Formulation and/or revision of rules and regulations relating to listed companies, including disclosure requirements, will be initiated through any of the following: a. Board Mandate – IRD will conduct a study based on the board's directive b. Recommendation from IRD - subject to Board's approval. IRD coordinates with the Office of the General Counsel (OGC) of the PSE in conducting the study and making the recommendation for the latter's legal review and assessment. Once the draft is approved by the Board, it is posted in the PSE website for public comment. After incorporating relevant changes, a final draft is then presented to the board for approval. After the Board's approval, it is forwarded to SEC for its final approval. 2) Market Regulation Division (MRD) - Formulate, revise and enforce rules and regulations in relation to trading participants (i.e. compliance with SRC, IRR and relevant exchange rules) and listed companies (to some extent) and investors (through SEC). The process will require the approval of the Market Integrity Board (MIB), PSE Board and the SEC. 3) Market Operations Division (MOD) - Formulate, revise and enforce rules and regulations in relation to trading participants and issuers particularly on trading operations, including use of system. The process is same with IRD.
11	Sri Lanka	SEC	Being the sole government body which regulates the capital market of Sri Lanka, it makes, and enforces rules and regulations to maintain a securities market that is fair, efficient, orderly and transparent.
12	Taiwan	CTSA	CTSA establishes and enforces self-regulatory rules for the engagement by the members in the underwriting, proprietary trading, and brokerage trading of securities, and any other business approved for operation in Taiwan.
13	Thailand	ThaiBMA	ThaiBMA serves as the SRO and information center for the Thai bond market. We issue rules and regulations governing the conduct of dealer-members, bond traders, and monitors day-to-day bond trading activities. All bond transactions are required to report to ThaiBMA within 30 minutes after execution.
14	Turkey	TSPAKB	TSPAKB establishes professional rules and regulations, sets safety measures aimed at preventing unfair competition, imposes disciplinary action against the law and the Statute, assists in the resolution of disputes arising from off-exchange transactions among its members or between its members and investors, determines the principles on commissions and fees charged by its members and propose these to the Capital Market Board (CMB) and evaluates complaints against its members and inform the Board on the results.

15	UAE (DIFC)	DFSA	<p>The Rules made by the DFSA under the administered laws comprehensively cover the full range of financial and related activities undertaken in or from the DIFC. The regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange.</p> <p><i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i></p>
16	Uzbekistan	CSM	<p>CSM:</p> <p>implements public policy formation, development, monitoring and regulation of the securities market;</p> <p>licenses professional activities in the securities market;</p> <p>ensures protection of the rights and legitimate interests of investors and owners of securities;</p> <p>elaborates regulations for promoting and regulating the securities market and its participants;</p> <p>establishes requirements for the implementation of professional activity in the securities market, the qualification requirements for the securities market specialists, conducts their certification, and issues qualification certificates;</p> <p>approves the rules of issuing securities into circulation (except government securities), rules of registering securities transactions, accounting standards for operations and transactions with securities, rules and orders of keeping the register of securities owners, the bookkeeping of transactions;</p> <p>realizes control over the compliance with the law on securities market of government bodies, participants of the securities market, and in cases of detecting violations of the law on securities market, issues its findings, and decides on sanctions against the violators in accordance with the law;</p> <p>determines the minimum capital adequacy ratios and other indicators that limit risks in securities transactions, as well as set minimum periods for keeping information on operations with securities, except for government securities.</p>
17	Vietnam	HNX	<ol style="list-style-type: none"> <li>1. To issue Regulations on securities, securities trading, supervision, information disclosure, trading members and other regulations after the approval of the SSC.</li> <li>2. To organize, regulate trading activities at HNX.</li> </ol>



### III – 2. Qualification System for Market Professionals

No.	Country	Name of Organization	Qualification Systems for Market Professionals
1	China	SAC	<p>Formulated by SAC, Implement Detailed Rules for Securities Practitioners Qualification Management (Trial) stipulates that professional persons undertaking securities business in securities companies, fund management companies, fund custodian and sales institutions, securities investment consulting institution and securities credit rating institutions must obtain practice qualifications and practitioners' certificates as well as register related professional persons, including fund managers and securities brokers.</p> <p>SAC checks up practitioners' certificates every two years, examines and investigates practitioners, and the rule violation practitioners will be subject to take disciplinary punishment and will be logged in the integrity web system making for securities practitioners.</p> <p>SAC inspects practitioners every two years from the date of getting the practice, and conducts inspections and investigations, and executes on disciplinary action depending on the circumstances, which will be recorded in the security integrity system.</p> <p>SAC is responsible for examination and training of securities practitioners, and conduct the ethics and practice norms.</p>
2	Hong Kong	HKSA	<p>SFC currently oversees nine "Regulated Activities" and they are as follows:</p> <p>Type 1: dealing in securities  Type 2: dealing in futures contracts  Type 3: leveraged foreign exchange trading  Type 4: advising on securities  Type 5: advising on futures contracts  Type 6: advising on corporate finance  Type 7: providing automated trading services  Type 8: securities margin financing  Type 9: asset management</p> <p>(Please refer to the following web site for more details:  <a href="http://www.legislation.gov.hk/BLIS_IND.NSF/E1BF50C09A33D3DC482564840019D2F4/E918F9FFE3575885482570F800280EEB?OPENDOCUMENT">http://www.legislation.gov.hk/BLIS_IND.NSF/E1BF50C09A33D3DC482564840019D2F4/E918F9FFE3575885482570F800280EEB?OPENDOCUMENT</a>)</p> <p>Generally speaking, Representatives must take an Examination for each of the Regulated activities. In some special circumstances, Examinations may be waived based on sufficient working experience or educational background. However, PAPER 1 (for RA1) cannot be waived.</p> <p>-Companies register their employees as either "Representatives" or "Responsible Officers".  Individuals become Responsible Officer based on academic or industry qualification, industry experience, management experience or regulatory knowledge.</p>
3	India	ANMI	<p>Under the SEBI and Exchange regulations, India have adopted a registration systems where at least two <u>Designated Director of the Securities Companies</u>, should have a minimum of 2 years experience in an activity related to dealing in securities. E.g. as a portfolio manager, or as investment consultant, or as a merchant banker, or in financial services or treasury, broker, sub broker, authorized agent or as a authorized representative or remisier or apprentice' to a member of a recognized stock exchange, dealer, jobber, market maker, or in any other manner in dealing in securities or clearing and settlement thereof.</p> <p>The exchange requires member's firms' officers and dealers to pass suitable examinations certifying their capability to function in the capacity in which they are employed. They require obtaining the National Certificate for Financial Markets (NCFM). This is a prerequisite to employment in any securities company to ensure that they have adequate skills and knowledge. The NCFM certificate is available in all operational subjects.</p> <p>The National Stock Exchange, Bombay Stock Exchange as well as MCX Stock Exchange conduct their own examinations for the Equities Market, Futures &amp; Options Market and the Currency Market. The concept of examination started in 1994 when NSE was launched. It wasn't made compulsory then, but has become compulsory now. Here is the link to NSE's site introducing you to NCFM:  <a href="http://www.nseindia.com/content/ncfm/ncfm_introduction.htm">http://www.nseindia.com/content/ncfm/ncfm_introduction.htm</a></p> <p>In addition, NSE also offers a host of other examinations (including for those who want to become Insurance Agents). Here is the link giving a list of their modules:  <a href="http://www.nseindia.com/content/ncfm/ncfm_modules.htm">http://www.nseindia.com/content/ncfm/ncfm_modules.htm</a></p> <p>A few years ago SEBI formed an Institute called NISM, with the objective of making it, over time, the sole body conducting examinations for the Capital Markets. Here is the link to the NISM website:  <a href="http://www.nism.ac.in/">http://www.nism.ac.in/</a></p> <p>The only outsourcing done by them is for conducting of the examinations, where they get professional entities (largely IT training institutes, since they have the required set-up) to conduct the examinations for them. The test material and all other back end work is handled by the respective entities.</p>
4	Indonesia	APEI	<p>Under the Bapepam-LK, Indonesia has adopted a registration to be a requirement for Securities Company License and individual license as a Broker Dealer License, Underwriter License &amp; Fund Manager License. Professional individual license can be obtained by following the written test also fit and proper test.</p>
5	Japan	JSDA	<p>Under the FIEA, Japan has adopted a registration system for sales representatives, and unqualified people are excluded from the sales activities of securities companies, etc. For this reason, JSDA requires member firms' officers and employees to obtain qualification as a Sales Representative, which is a prerequisite for being engaged in the securities business in Japan. This rule ensures that market professionals have adequate skills and knowledge.</p> <p>JSDA has been offering computerized examinations since April 2002, which enable candidates to take examinations on any business day. The qualification examination for regular members is also conducted</p>

			<p>in English.</p> <p>In addition, JSDA introduced a Sales Manager and Internal Administration system in April 1992 whereby member firms must appoint a “Sales Manager” and an “Internal Administrator” for each sales unit. To become a “Sales Manager” or an “Internal Administrator”, candidates must pass the Internal Administrator examination.</p>
6	Kazakhstan	FSA	<p>In order to obtain a licence an applicant (<i>a potential security firm</i>) must comply with the following qualification requirements:</p> <ul style="list-style-type: none"> <li>• availability of a business plan, which describes the purpose of organization of the applicant, guidelines of activities and the market segment in which the applicant plan to operate, types of services, marketing plan, risks related to professional activities of the applicant and methods to reduce such, financial perspectives (estimated balance-sheet, income statement for the first three financial (operating) years), a staffing plan;</li> <li>• availability of programmes, computers and other equipment required for activities in the securities market in accordance with the regulatory legal acts of the authorised body;</li> <li>• compliance of the organisational structure with the requirements established by Law on the security market of the Republic of Kazakhstan and regulatory legal acts of the authorised body;</li> <li>• presence of regulations concerning the internal audit of the applicant.</li> </ul> <p>Until 2006, there used to be a requirement for individual sales representatives (individual brokers and dealers within the security firms) to pass qualification examinations. Currently, the Agency is considering bringing back this requirement in order to increase quality of services provided by individual sales representatives.</p> <p>In the meantime, there are requirements set for top management of the security firms such as:</p> <ul style="list-style-type: none"> <li>- a university degree,</li> <li>- relevant work experience in financial market,</li> <li>- had a precedent of managing a member-firm that was recalled its license or liquidated</li> <li>- Others</li> </ul>
7	Korea	KOFIA	<p>KOFIA is performing the registration and management of investment professionals and investment industry in accordance with FISCMA. As since February 2009 the qualification of investment professional is subdivided in order to increase legal professional expert and protect incomplete sales, the kind and number of the investment professional has increased.</p> <p>Investment professionals (Previous : 11 kinds → Present : 20 kinds + 9 kinds) : Qualification Test (Previous : 7 kinds → Present : 11kinds + 4 kinds)</p>
8	Malaysia	ASCM	<p>In Malaysia, the CMSA requires market professionals to hold Capital Markets Services Representative’s License (“CMSRL”) in order to deal in securities and futures trading. In attaining their licenses, the market professionals are required to pass licensing examinations set by the Securities Commission which acts as the regulator and enforcer of the CMSA.</p>
9	Mongolia	FRC	<p>From 1<sup>st</sup> appendix, FRC’s Resolution No. 219 of Oct 22<sup>nd</sup>, 2008:</p> <p>Regulation on certifying and licensing of specialist/officer to work in securities market.</p> <ul style="list-style-type: none"> <li>• Examination committee shall be a non-standing committee responsible for organizing trainings and examinations necessary for conducting activities in securities market.</li> <li>• Examination committee shall be comprised of 5 members, including Head of Examination committee, secretary and members.</li> <li>• The Examination committee can be comprised of Executive office of the FRC, associations of professional entities, academic university professors who teach securities markets related lectures and representatives of scholars. Head of Examination Committee shall be a member of the FRC.</li> <li>• Members of examination committee shall have the following rights and duties: <ol style="list-style-type: none"> <li>1. To disqualify or expel anyone during the examination found to be cheating and filling answers with the help of others.</li> <li>2. To keep the Examination test and questions confidentially.</li> <li>3. Personally take part in activities of examination committee.</li> <li>4. Brief the examination results to the FRC.</li> </ol> </li> <li>• FRC gives the right to conduct training to those institutions which fulfill the requirements of organizing training and in other cases Examination committee shall organize the training.</li> <li>• People who have applied for examination 10 days prior to examination day will be informed through FRC’s web site and other means.</li> <li>• The candidates who aspire to participate in training for obtaining license to work in securities market should fulfill the following requirements: <ol style="list-style-type: none"> <li>1. Who has the legal capacity</li> <li>2. Not less than bachelor degree in Economics, Finance and Law.</li> <li>3. Those candidates who don’t have bachelor degree in Economics, Finance and Law must provide a certificate which proves that they have basic knowledge about securities market etc.</li> </ol> </li> </ul>
10	Philippines	PSE	<p>[Compliance Officer (“CO”) / Associated Person (“AP”)] – the Philippine SEC administers a certification seminar and exam (Associated Persons Certification Exam) for those who want to be compliance officers/associated persons. Only licensed COs/APs are allowed to occupy a compliance function in a brokerage house. Further, each TP/broker is required by SEC to have at least one CO/AP, failure to</p>

			<p>comply would result to cancellation of broker-dealer license. The PSE assists TPs in their compliance function by conducting seminars to keep them abreast with new rules and regulations.</p> <p>[Salesman / trader] – The SEC administers the licensing of salesman - a candidate must pass the Securities Representative Certification Exam (SRCE) and the PAM Certification Seminar, conducted by the PSE, for the salesman to trade in the PSE.</p>
11	Sri Lanka	SEC	<p>Financial Services Academy (FSA) of SEC has a qualification framework for financial sector professionals and SEC has made this qualification compulsory to work as an Investment Advisor in the stock broking industry.</p> <p>For other Market Intermediaries also we have 'Fit and Proper' personnel and specific Academic Qualification and Experience.</p>
12	Taiwan	CTSA	<p>According to "Regulations Governing Responsible Persons and Associated Persons of Securities Firms", only person who obtains qualification as a sales agent can engage in securities business in Taiwan. A qualified sales agent of a securities firm should have passed the securities firm agent exam held by the Securities and Futures Institution (SFI) at the request of the CTSA. FSI is a center to provide various testing and qualification recognition.</p> <p>Qualification Examinations for securities professionals can be divided into written exams and computer-based qualification exams. Written exams are quarterly offered; computer-based qualification exams have been offering since 1999, which enable candidates to take examinations on any business day. Besides that, examinees holding a foreign securities specialist license need only pass the Securities Regulation and Market Operations Exam to obtain a domestic license. Examinees may select to take the exam in English or Chinese.</p> <p>An associated person of a securities firm who is assuming the job for the first time, or who has resumed the job after an absence of three years shall participate in pre-service training within six months after reporting for work. Currently employed personnel shall participate in in-service training once every three years.</p>
13	Thailand	ThaiBMA	<p>Under the SEC's regulation, bond traders are required to register with ThaiBMA . In order to register, traders have to satisfy the set criteria and pass the registered trader examination administered by ThaiBMA. ThaiBMA will be responsible for ensuring that trading practice of registered traders follows the established Ethics and Code and Conduct for the bond market.</p>
14	Turkey	TSPAKB	<p>Licensing requirements were introduced by the CMB, the main regulatory authority in the capital markets, in August 2001. The licensing system aims to assess the professional qualifications and the knowledge of persons working at capital market related jobs. The first licensing examinations were held in September 2002.</p> <p>CMB is in charge of the whole licensing process, while some operations are outsourced. Exams were done by a university until the end of the 2009. In March 2010, the licensing examinations were organized with the cooperation of CMB and TSPAKB.</p> <p>Licenses are issued by the TSPAKB upon application of successful candidates at the exams. Detailed records of the licensed professionals are kept at the Association's registry, and information on registered professionals is partially available to the public.</p> <p>The CMB introduced several types of licenses for market professionals. The first seven of the below-listed licenses are required for employment at intermediaries and others for employment at other institutions such as rating agencies. Intermediaries refer to banks and brokerage firms.</p> <p>1. Basic Level: Required for branch managers, representative office managers. 2. Basic Level Customer Representative: Required for client advisors. 3. Advanced Level: Required for managers, research and corporate finance analysts. 4. Settlement &amp; Operations: Required for back office employees. 5. Derivatives: Required for derivatives traders, managers and back office employees. 6. Derivatives Customer Representative: Required for derivatives client advisors. 7. Derivatives Accounting &amp; Operation: Required for back office employees. 8. Real Estate Appraisal: Required for mortgage and real estate appraisers. 9. Residential Real Estate Appraisal: Required for mortgage and real estate appraisers. 10. Credit Rating: Required for employees of credit rating agencies. 11. Corporate Governance Rating: Required for employees at corporate governance rating agencies and employees at investor relations departments of listed companies. 12. Independent Auditing: Required for independent auditors of listed companies and intermediaries.</p>
15	UAE (DIFC)	DFSA	<p>The qualification system varies according the subject of the application and activities to be carried on. In authorizing a firm to undertake financial service in or from the Dubai Financial, the DFSA must be satisfied that the firm meets its fit and proper test and is likely to do so continuously. Thus, DFSA will consider:</p> <ul style="list-style-type: none"> <li>• Legal status: A firm must be a body corporate or partnership. It can be formed in the DIFC, or a firm can establish a branch of a legal entity based in another jurisdiction. In the latter instance, the DFSA would expect the outside jurisdiction to have internationally compliant regulatory and legal standards.</li> <li>• Ownership and group structure: The DFSA seeks to establish that it will be able to effectively supervise the firm. Therefore an applicant should be aware of any close links (e.g. parent, subsidiary, sister company) which could hinder effective ongoing supervision.</li> <li>• Adequate resources: A firm must have adequate resources to carry out the proposed financial services including financial resources and adequate systems and controls. A firm must have an internal audit function.</li> <li>• Senior management: A firm must appoint a Senior Executive Officer, a Compliance Officer, an Anti-Money Laundering Reporting Officer and a Finance Officer. The first three positions require the individuals responsible to be resident in the UAE. As part of the process, competence and integrity of the proposed senior management team will be evaluated.</li> </ul> <p>Authorised Individuals, officers or employees who carry out defined licensed functions within an AF, on</p>

			the other hand must meet particular standards relating to their experience, knowledge and qualifications. (The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)
16	Uzbekistan	CSM	Qualification System for Market Professionals is determined by Regulation on certification (recertification) individuals for the right to perform transactions with securities. Examination of individuals according to this regulation is held by CSM.
17	Vietnam	HNX	<p>According to Decision No. 15/2008/QĐ-BTC dated 27-3-2008 by the Ministry of Finance, there are 2 types of certificates relating to securities business that market professionals must have, namely: Securities Business Practising Certificate and Securities Professional Certificate.</p> <ul style="list-style-type: none"> <li>- Securities Business Practising Certificate guarantees that the holder is eligible to hold professional positions at securities firms, fund management companies, securities investment companies operating in Vietnam.</li> <li>- Securities Professional Certificate guarantees that the holder meets necessary qualifications in securities and stock market.</li> </ul> <p>A market professional must hold Securities Professional Certificate before attending the exam for the Securities Business Practising Certificate. There are 3 types of Securities Business Practising Certificates, including:</p> <ul style="list-style-type: none"> <li>- Securities Brokerage Certificate</li> <li>- Financial Analysis Certificate</li> <li>- Fund Management Certificate</li> </ul> <p>1. To attend the exam for <i>Securities Brokerage Certificate</i>, the Securities Professional Certificate must comprise of qualifications on Basics on securities and stock market; Laws on securities and stock market; Securities Analysis and Investment; Securities Brokerage and Investment Advisory.</p> <p>2. To attend the exam for <i>Financial Analysis Certificate</i>, the Securities Professional Certificate must comprise of qualifications applied to brokers, together with qualifications on Financial Advisory and Issue Underwriting, and Analysis of Corporate Financial Statement.</p> <p>3. To attend the exam for <i>Fund Management Certificate</i>, the Securities Professional Certificate must comprise of qualifications needed for the Financial Analysis Certificate and qualification on Fund and Asset Management.</p> <p>Exams are held by the Securities Research and Training Center under the SSC.</p>

### III – 3. Securities Firms Inspection or Audit

No.	Country	Name of Organization	Securities Firms Inspection or Audit
1	China	SAC	"SAC Member Management Measures" stipulates that Association members should submit business and financial information in accordance with the demands of SAC on regular or irregular period, meanwhile, accept evaluation organized by SAC coordinating with self-regulatory management. Arming at self-regulatory rules for businesses of securities companies, SAC supervises the practices of securities companies, including self-run, Margin Purchase and Short Sale, asset management, risk control, anti-money laundering and investor education.
2	Hong Kong	HKSA	Independent audits are done on an annual basis. HKSA has no direct involvement in this point.
3	India	ANMI	SEBI and the Exchanges inspect members books for adherences to compliance requirements as stipulated by them from time to time. Generally, all inspections are on site inspections. The authority conducting the inspection may call for additional records.
4	Indonesia	APEI	Bapepam-LK (Capital Market Supervisory Agencies & Financial Institution) and Indonesia Stock Exchange (IDX) doing routine investigation audit to members of stock exchange who are members of APEI on adherence to rules and regulation in conducting in business activities. The investigation can be done by visiting the head office or branch office from members of stock exchange.
5	Japan	JSDA	JSDA inspects the observance by member firms, etc. of laws and regulations, the condition of the business and assets of member firms, their books and records and other items. Currently, JSDA conducts four types of inspection, namely General Inspection, Special Inspection, Follow-up Inspection and Moving/Continuous Inspection. In principle, inspection is conducted by visiting the head office, branch office, sales office, or other facility of the member firm and inspecting its accounting records etc. (i.e., onsite inspection). In some cases, instead of onsite inspection, off-site or document-based inspection may be conducted using accounting records etc. submitted by the member firm subject to the inspection without visiting the said firm.
6	Kazakhstan	FSA	FSA shall have the right to carry out inspections of activities of issuers, licensees. The following shall be recognised as reasons for the performance of an inspection: <ul style="list-style-type: none"> <li>- complaints of investors;</li> <li>- complaints of securities holders;</li> <li>- complaints of professional participants of the securities market and self-regulatory organisations;</li> <li>- a court ruling, resolution of the procurator or an inquest and preliminary investigation authority for the performance of an inspection or for the participation of workers of the authorised body in an inspection;</li> <li>- discrepancy of information contained in documents or details, discovered by the authorised body in the course of considering documents submitted by an issuer for the state registration of an emission securities issue, consideration and approval of a report on results of allocation and (or) redemption of emission securities;</li> <li>- discrepancy established by the authorised body in the course of considering reports on activities of licensees;</li> <li>- information on commission of a transaction in emission securities or other financial instruments with the use of information which constitutes commercial and service secrets in securities markets;</li> <li>- other facts of violation of the Republic of Kazakhstan legislation by securities market entities, that became known to the authorised body.</li> </ul> <p>The on-site inspection is carried on a regular basis in accordance with the plan. Large companies are inspected once a year, while small companies are inspected once in a three years. There are special divisions which provide off-site regulation without visiting companies. There do exist ad hoc on-site inspections if necessary.</p>
7	Korea	KOFIA	KOFIA may investigate whether a financial investment company and its employees comply with the Regulations and the appropriateness of internal control, etc. or not.
8	Malaysia	ASCM	As a frontline regulator, Bursa Malaysia closely supervises the business conduct of brokers and CMSRL holders. Supervision is carried out in the following manner: <i>Inspection</i> - conduct scheduled and/or ad-hoc inspection visits to the office premises of brokers with the focus to assess the degree of compliance, level of market conduct and adequacy of clients' assets protection. <i>Compliance Monitoring</i> – ensure timely reporting by brokers, conduct analytical review on the periodic submissions and raise alert when the needs arise. <i>Financial Monitoring</i> - monitor the brokers' financial condition and ensure the compliance with minimum financial requirements from various aspects. <i>Registration</i> – ensure all licensed brokers, the key staff and licensed personnel are duly registered with Bursa Malaysia for monitoring purpose. <i>Others</i> - Evaluate and process applications received from brokers that require prior consent of Bursa Malaysia before implementation, which among others, include applications for new business activity and establishment of new office premises
9	Mongolia	FRC	The Financial Regulatory Commission (FRC) of Mongolia has responsibility to monitor and enforce laws and regulations related with non-banking financial sector in Mongolia. The FRC conducts on-site and off-site supervision for regulated entities. In principle, inspection is conducted by visiting the head office, branch office, sales office, or other facility of the member firm and inspecting its accounting records etc. (i.e., onsite inspection). In some cases, instead of on-site inspection, off-site or document-based inspection may be conducted using accounting records etc. submitted by the member firm subject to the inspection without visiting the said firm.

10	Philippines	PSE	<p>The Trading Participants Regulation Department (TPRD) of the PSE shall conduct regulatory examination to determine and verify compliance by Trading Participants (“TPs”) with relevant Exchange rules and Securities Laws. TPRD shall emphasize, but shall not be limited to the examination of the TP’s compliance with the following rules:</p> <ol style="list-style-type: none"> <li>1. Books and Records Rule;</li> <li>2. RBCA and other financial ratios necessary to determine adequate capital for operation;</li> <li>3. Customer Protection Rule; and</li> <li>4. Relevant provisions of the Securities Laws on the business conduct and sales practices of TPs..</li> </ol> <p>In addition, TPRD shall perform a monthly spot audit on Trading Participants which shall be prompted by the following parameters:</p> <ol style="list-style-type: none"> <li>1. Net Liquid Capital (NLC) with 10% variance from previous month to current month</li> <li>2. NLC below the required minimum limit (at least P5,000,000 or 5% of the Aggregate Indebtedness whichever is higher)</li> <li>3. RBCA ratio is below 120%</li> <li>4. Deficiency on Reserve Requirement</li> </ol> <p>The parameters may be revised if necessary. TPRD shall also conduct examination of TPs’ registered branch or agency</p>
11	Sri Lanka	SEC	<p>Supervision division conducts both risk based on-site and off-site inspection of all the regulated entities. Off-site inspection is conducted by reviewing the monthly financial statements which are submitted by the regulated entities monthly or quarterly.</p> <p>Off-site inspections are conducted based on the risk identified during on-site inspections and also when a special need arises.</p>
12	Taiwan	CTSA	<p>CTSA may perform general inspection and/or special inspection on members’ financial conditions and operational situations. The inspections are mainly conducted on securities firms who 1)accept orders to trade foreign securities, 2) underwrite or re-sell securities and 3) conduct wealth management business. Inspections can be conducted by physical inspection or document-based inspection.</p> <p>When conducting general inspection, in cases where the CTSA discovers that a member is being badly run, has suffered losses to the extent that it becomes difficult to maintain its creditworthiness, or has experienced any serious incident, or has the likelihood that the trading order and investment security are severely affected, the CTSA shall promptly initiate a special examination and provide advice, such procedures shall be drafted by the CTSA and reported to the FSC for recordation.</p>
13	Thailand	ThaiBMA	<p>ThaiBMA acts as a front line regulator to detect unfair trading practices by using Market Surveillance System which facilitated the task of detecting and evaluating suspicious patterns and potential fraudulent practices such as price or volume manipulation, series trading, excessive markup, and etc.</p> <p>ThaiBMA also conducted 2 types of inspections, namely Regular inspection and Special inspection with 2 approaches (1) onsite inspection by visiting member firms’ office and facilities related to their bond trading i.e. trading account, electronic data, and etc. (2) off-site inspection by using document-based without visiting member firms.</p>
14	Turkey	TSPAKB	<p>TSPAKB has the right and the duty to</p> <ul style="list-style-type: none"> <li>• Establish professional rules and regulations to provide that activities performed by the Association members are fair and honest, to provide business ethics, to facilitate the solidarity among the Association members, to safeguard the prudent and disciplined conduct of business by its members</li> <li>• Take and inform the CMB of necessary measures to prevent unfair competition.</li> <li>• Give disciplinary penalties specified in the Statute.</li> <li>• Notify SPK its proposals on principles related to commissions and fees to be charged to its members in consideration of services rendered to customers.</li> <li>• Evaluate complaints against its members and inform SPK on the results.</li> <li>• Establish, enforce and supervise regulations on subjects assigned to it by the legislation or specified by CMB.</li> </ul> <p>Therefore, TSPAKB can enforce its member firms in compliance with the above regulations. The enforcement can be done according to the case, so it would be on-site visit or distant view by collecting the document to the TSPAKB.</p>
15	UAE (DIFC)	DFSA	<p>The Supervision Division’s primary responsibility is to assess, monitor and mitigate risk in Authorised Firm’s (AF), Ancillary Service Provider’s (ASP) (law/accounting firms), and auditors. Stringent review of proposed new entrants occurs during the licensing process and continuing vigilance is maintained through inspections, supplemented by off-site surveillance. Firms’ proper conduct of business, financial health and adherence to laws, regulations and prudential standards are assessed by a team of experienced regulators. Timely remedial action is instituted to address weaknesses, objectionable practices or adverse conditions identified by our supervisory activities.</p> <p>Under the Supervision Module, there are various types of on-site visits by the DFSA on AF’s, which differ in their objective and frequency depending on proportionality of the risks that they pose to the DFSA’s objectives. The greater the impact and probability of the AF’s perceived risks, the more intensive the on-site visits. The DFSA requires AF’s registered external auditor to co-operate with the DFSA in a number of ways, including the submission of specific audit reports and statements.</p> <p>The Markets Division, on its part, is responsible for the licensing and ongoing supervision of exchanges and clearing houses based in the DIFC. It also recognizes licensed entities seeking Recognition status, either to operate as exchanges in the DIFC as well as members of exchanges located in the DIFCs.</p> <p><i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i></p>

16	Uzbekistan	CSM	According to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan as of March 30, 1996 #126 "On Organization of Activity of the Centre for Coordination and Control over Functioning of Securities Market under the State Property Committee" CSM inspects professional participants of securities market and joint-stock companies.
17	Vietnam	HNX	<p>Inspectors from the State Securities Commission (SSC) inspects securities firms to assess the compliance to legal documents on securities and stock market</p> <p>Exchanges supervises securities member firms in the compliance to membership obligations, including:</p> <ul style="list-style-type: none"> <li>- Maintenance of eligibilities for membership</li> <li>- Securities trading of members</li> <li>- Reporting and information disclosure of members</li> <li>- Handling violations of trading members</li> </ul> <p>The inspection and supervision is applied to activities of securities firms, branches and transaction offices. This activity is planned yearly. Besides, there are unscheduled inspections at the request of the SSC's Chairman and authorities.</p> <p>The SSC inspection is also carried out based on reports from exchanges and other SSC agents on the violation of securities firms. After defining the level of violations, the inspection board announces the inspection to the securities firms and starts collecting evidences by visiting the securities firms and asking the firm to providing original copy of necessary documents. The conclusions are drawn after the analysis and assessment of accounting figures as well as professional activities.</p> <p>The securities firm also has the internal audit system and has the yearly financial statement audited an auditing organization approved by the SSC.</p>

### III – 4. Disciplinary Action and Measures Against Misconducts

No.	Country	Name of Organization	Disciplinary Action and Measures Against Misconducts
1	China	SAC	<p>SAC Member Management Measure stipulates that SAC could take the form of written or verbal reminders or questions to talk to members or practitioners for violation of laws, regulations, administrative rules and regulations of SAC, and disciplinary action is allowable according to the seriousness of the circumstances. Association members can be given disciplinary measures, such as warning, criticism within the industry, public reprimand through the media, suspension of membership rights, suspension or cancellation of membership qualification. The form of disciplinary action can be used alone or in combination.</p> <p>Members and practitioners, who subject to disciplinary action, must participate mandatory training organized by Association. The disciplinary action to members and practitioners should be investigated by SAC self-discipline Commission, and put forward opinions on the results of the investigation. SAC is entitled to make decisions on punishment under its regulations and other self-regulatory rules.</p>
2	Hong Kong	HKSA	<p>Depending on the severity and context of violations, disciplinary action may include – but are not limited to – reprimands, fines, suspensions or lifetime bans from the industry. Also, the SFC can revoke or suspend the license or registration of an intermediary, or impose a fine of up to HK\$10 million per instance of misconduct.</p> <p>HKSA has no direct authority in this point.</p>
3	India	ANMI	<p>Under the SEBI and Exchange regulations, disciplinary action is applied against the securities company for any transgression of the governing laws by either the company or its employees.</p> <p>The disciplinary action may include any of the following: (1) Reprimand (2) imposition of a fine (3) suspension of membership for a defined period (4) Expulsion in case of a serious offence. Separately SEBI may compound the offence by disgorgement of profits with a consent order.</p>
4	Indonesia	APEI	<p>Under Law Number 8 Year 1995 regarding Capital Market (UUPM)</p> <p>On every mistake and non-compliance in making rules and regulations that exist, there are few sanctions that can be given, like :</p> <ol style="list-style-type: none"> <li>1. Sanctions against the company <ul style="list-style-type: none"> <li>- written warning</li> <li>- penalty</li> <li>- temporary suspension</li> <li>- revocation of business license</li> </ul> </li> <li>2. Sanctions against individuals (Director or Employee Securities Members) <ul style="list-style-type: none"> <li>- written warning</li> <li>- penalty</li> <li>- temporary suspension individual permit</li> <li>- revocation of individual permit</li> </ul> </li> </ol>
5	Japan	JSDA	<p>Under the FIEA, there are two categories of administrative disciplinary action. One is applied to companies such as securities companies, banks, insurance companies and so on. The other is applied to individual sales representatives affiliated with those companies.</p> <p>As the task of taking administrative disciplinary action against sales representative is assigned to JSDA under the FIEA, JSDA also has two categories of disciplinary action. One is applied to the member firm itself while the other is applied to its employees.</p> <p>There are five kinds of disciplinary actions to be taken against member firms when disciplinary action is triggered, namely ① reprimand, ②imposition of a negligence fine, ③limitation of membership, ④suspension of membership and ⑤ expulsion.</p> <p>When employees of the member firm are to be disciplined, JSDA may rescind the registration or order suspension of the business of a registered Sales Representative by specifying a period not exceeding two years when he or she violated laws and regulations or was found to have conducted extremely inappropriate acts concerning his or her duties of Sales Representatives.</p> <p>However, when employees have their registration revoked, normally they also lose their sales representative qualification at the same time. So, they have to requalify as sales representatives. Of course, even if they do again acquire the qualification, they will have to wait five (5) years after the revocation of their registration to become a registered sales representative again.</p> <p>Recently, JSDA introduced a “permanent expulsion” system for officers or employees committing insider trading violations.</p>
6	Kazakhstan	FSA	<p>In the cases when FSA identifies violations of the prudential requirements and other standards and limits, which are obligatory for compliance, violations of the normative legal acts of FSA, or disclosure of unlawful acts or failure to act by officials and employees of a security organisation, which may threaten its financial safety and stability, as well as non-fulfilment of any other requirements of FSA, FSA shall have a right to apply to the security organisation one of the following restricted enforcement measures:</p> <ul style="list-style-type: none"> <li>- to require a letter of commitment;</li> <li>- to compile a written agreement with the security organisation;</li> <li>- to issue a warning;</li> <li>- to issue a written prescription, obligatory for execution</li> <li>- penalty</li> </ul> <p>There is no special disciplinary action to the individual sales persons, but only to the company as a whole and to company's top managers</p>



7	Korea	KOFIA	<p>KOFIA may, when a financial investment company and its employees violate the Regulations or do not actively implement them, impose sanctions by the Association's Articles of Association.</p> <p>The types of sanctions that can be imposed on the members(a financial investment company) by the Self-Regulation Committee(hereinafter referred to as the Committee) are any of the following Items, and the sanction of Item 4 may be imposed with other sanctions when deemed necessary:</p> <ol style="list-style-type: none"> <li>1. Request for the member to be barred from the general meeting;</li> <li>2. Suspension of the qualification of the member;</li> <li>3. Suspension of the whole or part of the duties provided to the member by the Committee;</li> <li>4. Imposing sanctions;</li> <li>5. Warning; or</li> <li>6. Caution.</li> </ol> <p>The types of sanctions that can be recommended on the employees of the member by the Committee are any of the following Items:</p> <ol style="list-style-type: none"> <li>1. Disciplinary dismissal;</li> <li>2. Suspension</li> <li>3. Salary reduction</li> <li>4. Reprimand; or</li> <li>5. Caution.</li> </ol>
8	Malaysia	ASCM	<p>In its commitment to deter and reduce breaches of the industry law, both Securities Commission and Bursa Malaysia play their respective roles in enforcing the CMSA and Bursa Malaysia Rules. In undertaking enforcement action, due process will be accorded where the defaulting parties are given opportunity to provide explanation to Securities Commission and/or Bursa Malaysia.</p> <p>In deciding the appropriate sanction to be imposed, a variety of factors are taken into consideration according to the circumstances of each individual case. The factors taken into consideration include, amongst others, public interest/deterrent element of the proposed penalty, antecedent character and background of the defaulting party, nature of the breach and circumstances and manner under which the breach was committed, mitigating and aggravating factors. As such, depending on the outcome of the assessment of the various factors in relation to the facts and circumstances of each individual case, the actions/ sanctions imposed may also vary even for the same breach by different parties.</p> <p>The type of sanctions that may be imposed for the breach include:</p> <ul style="list-style-type: none"> <li>▪ reprimand fines</li> <li>▪ remedial actions</li> <li>▪ suspension</li> <li>▪ any other action deemed appropriate</li> </ul>
9	Mongolia	FRC	<p>Penalties to be imposed to the violators of the legislation on Securities Market:</p> <p>If the violators of the legislation on securities market are not be prosecuted under criminal offence, the state inspector of the securities transaction</p> <ul style="list-style-type: none"> <li>• <u>in case of violation of the provisions mentioned below a fine in amount of 20,000-40,000 tugrug to citizen; 30,000-50,000 tugrug to government official and 100,000-200,000 to legal entity.</u></li> </ul> <p>Provisions:</p> <p>7.2. In case of issuing additional IPOs through closed trading shall be registered with the FRC.</p> <p>9.5. Accumulated fund resulted from issuing of securities shall only be disbursed for the purpose specified in the prospectus on the issuing of securities.</p> <p>9.6. An issuer of securities shall submit the report of securities transaction to the FRC within 30 days after the completion of trading of its securities. The securities transaction report shall contain the following information:</p> <ol style="list-style-type: none"> <li>9.6.1. The start and completion dates of securities trading;</li> <li>9.6.2. The number and price traded securities;</li> <li>9.6.3. Total income earned from trading /by tugrug, by foreign currency, by the property type and by the types of options/and the state of payment effectuated;</li> </ol> <p>10.1.2. Information about securities transactions and reports shall be prepared honestly in accordance with related methodology and format and shall be submitted to the FRC on time specified;</p> <p>10.1.3. An issuer of securities shall submit its semi annual and audited annual financial statements to the FRC and Stock Exchange on time specified by the Accounting Law;</p> <p>10.1.4. shall publish its balance sheets in conformity with regulation set by the FRC;</p> <p>10.1.5. joint stock companies with registered securities shall submit the minutes of their ordinary shareholders meeting with decisions notes attached to it before 1 June and minutes of extraordinary shareholders meeting within 20 days after the meeting was held.</p> <p>11.7. A person making a tender offer shall disclose the information related to tender offer to all interested persons.</p> <p>11.8. When a person making a tender offer and filed an application for tender offer with the Commission shall notify shareholders who own more than 10 percent of shares and the company management.</p> <p>14.1. An issuer of securities has obligation to disclose information specified in related laws to the investors and to the public.</p> <p>14.2. A professional institution involved in the securities market shall disclose the following information to investors at their request:</p> <p>15.1. Regulations issued by the Commission to implement legislative acts shall be followed by all</p>

			<p>participants in the securities market.</p> <p>19.2.1. submit to the Commission in due course the information and reports related to securities transactions prepared in compliance with the relevant methodology and forms;</p> <p>19.2.4. inform the Commission and the public in case its member, an issuer of the securities and other participants in the securities market violate the legislation;</p> <p>19. 2.5. submit its audited semi-annual and annual financial statements elaborated on time as specified by the Accounting law to the Commission and to the professional participants in the securities markets publish its summarized annual balance sheets and inform the investors;</p> <p>19.2.6. Maintain the list of inside information holder and monitor the performance of their legal duties.</p> <p>19.2 7. provide promptly the true information related to the securities market to the interested parties;</p> <p>19.2.8. make fair, prompt and transparent transactions related to securities trading and transfer of ownership rights certified by securities;</p> <p>19.2.11. has risk protection fund. The sources of the fund shall come from shareholders' capital and company profits;</p> <p>21.3.1. to be engaged in securities trading activities in fair, transparent and timely manner trough providing its members and the public the information related to timing of trading, the list, code of securities permitted to be traded at the Stock exchange, results of trading and also providing by other necessary information specified in the law;</p> <p>21.3.3. provide the public with regular information related to trading and securities prices and rates.</p> <p>21.4. The following procedure shall be used for organizing securities trading:</p> <p>21.4.1. start the trading in case of selling of securities from its minimum price and in case of purchasing of securities from its maximum price;</p> <p>21.4.2. during trading hours, follow the principle of "first-in-first-out" in event where the selling price offer is identical with purchasing price;</p> <p>26.8 In accordance with the procedure established by the Commission, the Trust and Investment Funds shall be responsible for informing the Fund shareholders about the Fund net capital, unit price of a share, service fee, clearing and settlement rules as well as changes in the structure of the of the investment management company that is implementing the Fund Accredited Management and shareholders who own more than 5% of issued securities by the Fund on semi-annual basis.</p> <p>27.3 In addition to those stated in the Article 19 of this law, the Broker and Dealer Company shall implement the following duties:</p> <p>27.3.1. to have detailed registration of the customers;</p> <p>27.3.2. to trade the cash capital and securities of the clients only with the prior request and permission of the clients;</p> <p>27.3.3. only after the completion of client's order to sell and purchase securities, complete own or affiliated group's request.;</p> <p>27.3.4. if there is conflict of interest among the clients, broker, dealer and the affiliated group during the completion of the order, the company is required to inform the client about the conflict immediately;</p> <ul style="list-style-type: none"> <li>• <u>In case of violation of the provisions mentioned below a fine in amount of 40,000-60,000 tugrug shall be imposed to government official and 200,000-250,000 tugrug to legal entity.</u></li> </ul> <p>Provisions:</p> <p>5.6. A decision about issue of securities shall not be changed after it has been registered.</p> <p>7.4. Introduction notes on issuing of securities shall consist of the following information:</p> <p>7.4.1. the name and the address of an issuer /founder/;</p> <p>7.4.2. copy of the Certificate of State Registration;</p> <p>7.4.3. information on securities holders who holds more than 5 percent of shareholders capital of an issuer;</p> <p>7.4.4. information on numbers and the percentage of the securities held by official of an issuer, if they hold any;</p> <p>7.4.5.audited financial statements of an issuer and information on issuer debt and loans.</p> <p>7.4.6. the size of the shareholding capital of an issuer, the number of total securities, the indicative price per security; the list of securities holders holding the controlling package of securities;</p> <p>7.4.7. information on professional intermediary institution to be dealing with securities trading;</p> <p>7.4.8. information on large transaction agreements of an issuer with others, economic justification for issuing of issuing of securities and the projections on earnings and revenues;</p> <p>7.4.9. Other requirements provided by the Commission.</p> <p>9.3. It is prohibited to sell securities on credit.</p> <p>13.1. The disclosure of information on number of securities owned by an investor, related information, which was not disclosed for the public and the offer of selling such securities to party without the owner's permission, shall be prohibited.</p> <p>17.2. It is prohibited that an inside information holder to participate in securities market transactions using inside information or transfer it or disclose it to others for profit making purpose.</p> <p>22.6. It is prohibited for officials of the Stock Exchange to be engaged in securities dealing.</p> <p>25.5. It is prohibited for Depository Organization to be engaged in activities other than securities depository and payment service activities licensed by the Commission.</p> <p>26.9. The Trust and Investment Fund are prohibited to deal with the following activities:</p> <p>29.3. The Investment Management Company is prohibited to deal with types of activities and services other than provided in this law and using the Fund capital to earn income other than service fee as stipulated in the management contract on securities market.</p>
10	Philippines	PSE	With respect to brokers, however, the pertinent rules are found in the Amended MRD Rules, particularly Article V thereof on Code of Conduct and Professional Ethics. For violations, the broker/s involved is subjected to investigation proceedings and corresponding sanctions as provided in the said rules.

			Violations by brokers of this particular rule are usually discovered through complaints initiated by customers, which complaints are then lodged with the MRD. The usual investigation proceedings then follow, consisting of submission of documents, defenses, arguments and pieces of evidence for parties, hearing and other due process requirements before submission of the complaint for resolution. If the broker is found to be in violation, the corresponding penalty as provided in the rules is then imposed, which penalty is published in the website of the Exchange. Violation of the provision of Article V of the Amended MRD Rules is considered a major violation.
11	Sri Lanka	SEC	The Colombo Stock Exchange has a Disciplinary & Arbitration Committee(D.C ) A Broking Company found guilty of any violation shall be liable to a public reprimand and/ or fine and/or suspension from trading which shall be determined by the Board. The maximum fine not to exceed Rs.100,000. On the other hand SEC Act empowers the Commission to cancel or suspend the License/Registration granted to stock broker, stock dealer or any other Market Intermediary.
12	Taiwan	CTSA	If any member fails to perform any obligations, the CTSA may, through resolution of the directory board, request correction, give a warning or order the member to impose appropriate self disciplinary sanctions on its responsible person or employee. Any or all of the following sanctions may also be imposed based on the level of gravity and reports may be filed with the authority governing the specific business: 1. Impose penalty for breach in the amount of no less than 300,000 and no more than 10,000,000 NT Dollars. The amount of penalty may be increased by 100% each time for consecutive sanctions until correction is made or required actions are undertaken. 2. Suspend all or part of the entitlements enjoyed by the member. 3. Report the case to the governing authority for proper sanction.
13	Thailand	ThaiBMA	Under ThaiBMA's rule, there are two categories of administrative disciplinary action. One is applied to member firms. The other is applied to individual registered trader affiliated with those member firms. There are five kinds of disciplinary actions to be taken against member firms when disciplinary action is triggered, namely (1) warning (2) probation (3) fine (4) suspension (5) revocation.
14	Turkey	TSPAKB	The member intermediary institutions shall be subject to the provisions of the Disciplinary Regulation. A member which acts contrary to professional honor, professional principles and rules, to legislations related to the capital market activities and to resolutions of the TSPAKB can be fined according the measures of the Disciplinary Regulation. The following disciplinary penalties shall be applied, depending on the nature and importance of the act, to members who breach professional honor, principles and rules, or fail to fulfill their obligations towards their customers without a valid cause, or fail to act in honest manner required for their duties, or breach the order of, or trust in the capital market, or commit fraudulent acts, or breach regulations and resolutions concerning fulfillments of transactions in a transparent, orderly, and honest manner: a) Warning: a written notice to the concerned member that it has to act more diligently and carefully in performing its activities, liabilities and in its behavior. b) Censure: a written notice to a member that it is faulty in its profession and in its behavior. c) Fine: an amount payable by the liable parties to Investors Protection Fund within 30 days following the date of the notice. d) Temporary exclusion from the Association membership: direct or indirect restriction of professional activities of a member whose penalty has become determinate for a temporary period of time to be designated according to the nature and importance of the action, not exceeding a period of 6 months. e) Permanent discharge from the Association membership: Permanent withdrawal of the title of the Association membership, which cannot be acquired ever again.  The actions requiring temporary exclusion are insider trading and market manipulation facilities. The actions requiring permanent exclusion using the cash or capital market instruments of customers in favor of the member or third parties by issuing counterfeit documents or forging documents.
15	UAE (DIFC)	DFSA	Laws and rules of the DIFC administered by DFSA are enforced by the Enforcement Division. The Division takes action in circumstances where misconduct may cause damage to the DIFC's reputation or to the financial services industry in the DIFC. A wide range of enforcement powers are available to the Division. The DFSA may accept enforceable undertakings, impose fines or censures, take licensing action or commence proceedings in the Financial Markets Tribunal or the DIFC Courts. The Division also proactively tries to prevent misconduct through education and outreach programs. The Enforcement Division frequently provides assistance to other international regulators, and takes every opportunity to work closely with local regulators. <i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i>
16	Uzbekistan	CSM	In case of violations of the securities market legislation economic sanctions and measures of administrative responsibility can be applied to the securities market participants. Also according to the Law "On Securities Market" CSM has the right in the event of violations of the law on securities market, within its powers to suspend some of the operations of the securities market participant, without suspending all of its activities.
17	Vietnam	HNX	According to Decree No. 85/2010/ND-CP dated 02/08/2010 on penalties of administrative violations in the field of securities and securities markets, where Domestic and foreign individuals, agencies and institutions (hereinafter referred to as individuals and institutions) found guilty of administrative violations in the field of securities and securities markets shall be subject to penalties in accordance with this Decree, unless otherwise stipulated in international conventions of which Vietnam is a signatory or participant. Violations the field of securities and securities markets are categorized as follows:

		<ul style="list-style-type: none"> <li>a. Violations of rules and regulations of public offering of securities;</li> <li>b. Violations of rules and regulations of public companies;</li> <li>c. Violations of rules and regulations of listing of securities on Stock Exchanges;</li> <li>d. Violations of rules and regulations of organizing securities market;</li> <li>e. Violations of rules and regulations of securities business activities and securities business practicing certificate;</li> <li>f. Violations of rules and regulations of securities trading;</li> <li>g. Violations of rules and regulations of securities business, securities registration, securities depository; clearing and settlement of securities transactions; custodian banks; depository banks;</li> <li>h. Violations of the rules and regulations of reporting regime and information disclosure;</li> <li>i. Violations of the rules and regulations of auditing issuers, listing companies and business organizations in the field of securities;</li> <li>j. Violations of rules and regulations of inspection and examination of authorities;</li> </ul> <p>Jurisdiction of giving administrative penalties</p> <ul style="list-style-type: none"> <li>1. The SSC's Chief Inspector may: <ul style="list-style-type: none"> <li>a) Give a warning;</li> <li>b) Impose a fine of up to VND 70,000,000;</li> </ul> </li> <li>2. The SSC's Chairman may: <ul style="list-style-type: none"> <li>a) Give a warning;</li> <li>b) Impose a fine of up to VND 500,000,000;</li> <li>c) Apply forms of additional penalties and other measures for correction as stipulated in the Decree.</li> </ul> </li> </ul> <p>Transferring the case with signs of crime to criminal prosecution:  The procedures of transferring the case with signs of crime to criminal prosecution are complied with as stipulated in Article 62 the of Decree-Law of Treatment of Administrative Violations.  Disciplinary Action and Measures against misconducts in the fields of securities and securities market will be announced on the website of SSC.</p>
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### III – 5. Dispute Resolution System between Securities Firms and Customers

No.	Country	Name of Organization	Dispute Resolution System between Securities Firms and Customers
1	China	SAC	1, the company level: the company can freely negotiate with customers, reach a settlement; 2, Association level: Association mediate disputes between securities company and its customers; 3, the judicial level: if mediation can't be reached, involved persons may apply for arbitration or sue.
2	Hong Kong	HKSA	If there is suspected crime or misconduct, customers may officially file a complaint with the Securities and Futures Commission. Examples of some of these activities include market manipulation, unlicensed activities, unauthorized trading, mis-selling, etc. HKSA has not direct authority in this point.
3	India	ANMI	The SEBI regulations require all exchanges to organize a grievance redress cell for customers. At first, the exchange attempts to conciliate between the disputants. In case conciliation is frustrated, the disputants can refer the dispute to arbitration under the Indian Arbitration Act. The exchanges specify the rules for Arbitration in accordance to the Arbitration Act. The disputants may appeal against the arbitration award. The final award is binding on the disputants.
4	Indonesia	APEI	Investors in the Indonesia Capital Market always can resort to dispute to Capital Market Supervisory Agency & Financial Institution (Bapepam-LK) and Bapepam-LK will acting as intermediary in dispute settlement via negotiation or reconciliation. If this measures unsuccessful, the dispute will be brought to the court.
5	Japan	JSDA	In April 2009, FINMAC (Financial Instruments Mediation Assistance Center: NPO) was established as a new financial ADR organization for disputes between customers and financial instruments service providers. FINMAC evolved out of the previous "Securities Mediation and Consultation Center", which was an internal organ of JSDA. The previous organization accepted complaints and consultations from customers about operations performed by JSDA member firms and conducted "mediation" between member firms and their customers to solve disputes concerning securities businesses operated by the members. After migrating to FINMAC, the above mentioned services are being offered through contracted based business operators such as members of Financial Futures Trading Association, Investment Trust Association, JSDA, Japan Commodities Investment Sales Association and to the Specific Business Operators (individually registered Type 2 financial instruments business operators, etc.)
6	Kazakhstan	FSA	Financial Institutions' Association of Kazakhstan (FIAK) was established in May, 1999. FIAK is an independent non-government institution whose aim is to represent the interests of the member firms. In case a member firm has a complaint, it may address it to FIAK which in its turn delivers the message to the Agency. In the meantime, if a customer has a complaint deriving from their security transactions with member firms, the precedent is resolved by the Department of Individual Complaints within the Agency, not FIAK.
7	Korea	KOFIA	This aims to provide Customers in the Market with convenience by solving the problem of cost and time of disputes regarding to business action between members and leading an amicable and prompt dispute resolution between Securities Firms and Customers. Disputing Parties will be available to use dispute Settlement of Dispute Settlement Committee which are composed of members having expert knowledge and experience for Financing & Investing Product and have chance to promptly and fairly resolve the dispute. In case Parties accept an Arbitration Proposed by Dispute Settlement Committee, it will construe the effect of reconciliation in Korean Civil Law (Korean Civil Law Article No. 732)
8	Malaysia	ASCM	Any dispute will be handled as case per case basis by Bursa Malaysia which acts as the frontline regulator of Malaysia capital market. In cases related to the CMSA, the Securities Commission will lead the investigation task. Both the Securities Commission and Bursa Malaysia have their respective Complaints Bureau department to handle customer reports against the securities firm. The report is then relayed to the investigation units for further actions. Investigation reports will then be used as the basis to resolve the dispute.
9	Mongolia	FRC	FRC accepts complaints and consultations from customers about operations performed by securities firms and accordingly conduct "mediation" between the firms and their customers to solve disputes concerning securities businesses.
10	Philippines	PSE	Dispute resolution comes in the form of a hearing, in instances when a case is filed by a customer against the broker for violation of the rules. After the filing of the complaint, pertinent documents and evidence, the issues are considered joined and the parties are called to appear before the Prosecution and Enforcement Department (PED) for a hearing, the purpose of which, among others, is primarily to explore any possible amicable settlement between the parties. Should the parties be not able to come into any agreement, however, the case shall be considered submitted for resolution and the PED will decide whether or not a violation was indeed committed by the broker, imposing the corresponding sanctions as warranted. You can say therefore that dispute resolution is only a minor part of the whole investigation proceedings of the PED. And it is only to that extent that dispute resolution is observed and possible amicable settlement is explored. Dispute resolution is also possible only in cases of investors' complaints. All other cases before the MRD are not subject to dispute resolution proceedings.
11	Sri Lanka	SEC	Basically the disputes between the securities firms and the customers are resolved by the Colombo Stock Exchange. First the client has to make the complaint in writing to the compliance officer of the member firm, and if he's not satisfied with the decision client can refer the complaint to the Colombo Stock Exchange. Exchange secretariat deals with the complaint and if the client is even not satisfied client can appeal to the Dispute Resolution Committee of the Exchange for review the decision. Failure of a member firm to comply with the decision reached by the Exchange will render the member firm liable to a reprimand and/or a fine and/or a suspension from trading.

12	Taiwan	CTSA	Disputes arising from business related to securities between CTSA's members and investors, or between members will be mediated by CTSA's Discipline Committee. In some cases, CTSA may select members having expert knowledge in laws, accounting or securities and with good reputations to settle the dispute. Besides that, on July 17, 2002, the President of Taiwan promulgated the Securities Investors and Futures Traders Protection Act, which became effective on January 1, 2003. The Securities and Futures Investors Protection Center is an organization set up under the Act to provide consultation on the trading of securities and futures as regulated by related laws and regulations; mediation of disputes arising from the trading of securities and futures; and litigation services on behalf of investors. In addition, the Center manages a protection fund to compensate investors if a securities or commodities firm is unable to do so due to financial difficulties.
13	Thailand	ThaiBMA	In case of bond trading disputes between members or between members and its client, the parties may seek arbitration proceeding or mediation provided by ThaiBMA. Panel of Arbitrators shall be appointed for this matter.
14	Turkey	TSPAKB	Investors in the Turkish capital markets can always resort to courts for all complaints. However, if the customer prefers alternative dispute resolution methods, the procedure is determined according the nature of the complaint. If the complaint relates to exchange transactions, the customer can resort to the related exchange (Istanbul Stock Exchange (ISE) or Turkish Derivatives Exchange (TurkDex)). The dispute resolution method is similar to arbitration. The customer can decide to go to the court at any stage. The decision taken by the exchange is binding for the parties. Appeals on the ISE and Turkdex decisions can be made to the Capital Markets Board (CMB). CMB decisions can be appealed to administrative courts. If the complaint relates to off-exchange disputes, the customer can resort to The TSPAKB. TSPAKB offers two alternative dispute resolution methods; arbitration and mediation. Arbitration: If the related parties agree to do so, arbitrators are chosen from TSPAKB's list of arbitrators. The decision is binding. Appeals against arbitrators' decisions can be made to the Court of Appeals. Mediation: TSPAKB helps the parties in solving complaints. TSPAKB's mediation decisions are not binding. The CMB is not directly involved in customer complaint resolution. However, in case an investor reports a complaint, CMB may initiate an inspection.
15	UAE (DIFC)	DFSA	The Financial Markets Tribunal (FMT) serves as an independent financial services disciplinary tribunal to determine breaches of DFSA administered legislation and related regulatory proceedings. It is broadly empowered with a remit and powers comparable to other international integrated financial services regulatory tribunals. The FMT is operationally independent of the DFSA Board and Executive. Decisions on originating proceedings before the FMT may be appealed to the DIFC Court. Decisions of the FMT on appeals of Exchange decisions may be appealed to the DIFC Court on a point of law.  <i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i>
16	Uzbekistan	CSM	If customers of the professional participant of securities market think that their rights was encroached they can turn to CSM. CSM will examine their application and in case infraction of the law take measures against the professional participant of securities market. Also disputes can be resolved in court.
17	Vietnam	HNX	To protect the rights and lawful interest of investors: The SSC is responsible for: <ul style="list-style-type: none"> <li>- Dealing with complaints and claims from investors and market participants.</li> <li>- Acting as intermediary in dispute settlement</li> </ul> The Exchanges are responsible for: <ul style="list-style-type: none"> <li>- Answering questions, complaints and claims by investors and listing organizations;</li> <li>- Acting as intermediary when requested to settle any disputes related to securities traded on the exchanges;</li> </ul> In securities trading, compensation for damages caused by trading mistakes are stipulated as follows: Members who make trading mistakes which lead to the elimination of trading results must compensate for the damages incurred. The compensation is negotiated by two trading partners but not exceeds 10% of the value of the faulty transaction. In other cases, when there are disputes between securities and Customers, the SSC and the exchanges will act as intermediary for dispute settlement via negotiation or reconciliation. If this measure is not successful, the dispute will be brought to the court.

### III – 6. Investor Education Activities

No.	Country	Name of Organization	Investor Education Activities
1	China	SAC	China Securities Regulatory Commission have made arrangements to strengthen investor education and market supervision. Securities Association of China made a lot of work, issuing Securities Companies Investor Education Business Norms, "Indispensable Terms to GEM Market Investing Risk, launching a special inspection and patrol for investor education, advocating and training focusing on stock index futures and margin purchase and short sale.
2	Hong Kong	HKSA	Hong Kong Government has separately consulted on proposals for the establishment of an Investor Education Council to take up the role of investor education across different sectors of the financial industry and markets.
3	India	ANMI	The association regularly conducts investor education and financial literacy programs. Soon we will collaborate with SEBI for a comprehensive move on investor literacy programs aimed at the emerging classes of investors from schools and colleges.
4	Indonesia	APEI	Indonesia Stock Exchange (IDX) collaborate with APEI regularly conducts investor education and financial literacy programs likes seminars, workshops, training program etc to educate and enhance the knowledge of the capital market of all the market participants.
5	Japan	JSDA	<p>Currently, Japan envisages the following issues:</p> <ol style="list-style-type: none"> <li>1. Need to change money flow from savings to investment</li> <li>2. Continued low interest rates in a mature economy and growing difficulty to build wealth through deposits and savings</li> <li>3. Growing concerns about public pension system in an aging society</li> <li>4. Complex financial products supplied through various sales channels (unexpected losses, financial fraud, etc.)</li> </ol> <p>Under these circumstances, JSDA acknowledges the increasing need for upgrading financial literacy among Japanese citizens and has been conducting investor education activities as mentioned below;</p> <ul style="list-style-type: none"> <li>· Supports school teachers by providing experience-based teaching materials, education programs and information magazines, and holding seminars.</li> <li>· Set up websites for teachers and students</li> <li>· Supports securities research activities by university students</li> <li>· Offers donated courses on securities through the Open University of Japan</li> <li>· Holds "Investment Day" commemorative events, "Spring Securities Investment Seminars" and IR seminars</li> </ul>
6	Kazakhstan	FSA	<p>- The purpose of Regional Financial Center in Almaty (hereinafter - RFCA) is to create a special educational system aimed at improvement of the financial knowledge of the population.</p> <p>- RFCA functions include training and provision of information on the following:</p> <ul style="list-style-type: none"> <li>√ the securities markets and financial services market (pension, banking and insurance services markets);</li> <li>√ ways of capital and investment attraction by the domestic companies through the stock market.</li> </ul>
7	Korea	KOFIA	<p>KOFIA enhances the settlement of long-term diversified investment culture and retirement preparation education to an aging society in order to recover trust in the capital market and developing the capacity of the reasonable asset management of the investors and plans to develop the investor education infra such as setting up the network of global investor education and expansion of lifetime investment education program per lifetime and etc.</p> <p>KOFIA intends to expand the Program named " Field Visit Education" in response to the increasing demand of common people and young people after global financial crisis.</p> <p>"Field Visit Education Program" is the Program which dispatches suitable lecturer and proceed its program when more than certain number of individuals or groups apply investment education association to have a lecture with subject to economics or finance related, and of which demand is recently increasing for merit to reflect the need of education applicant.</p> <ul style="list-style-type: none"> <li>● 176 times : 15,534 people (2007) → 156 times 13,450 people (2008) → 200 times 23,831 people (2009)</li> </ul>
8	Malaysia	ASCM	<p>The industry's investor education role is spearheaded by Bursa Malaysia which also acts as the promoter of Malaysia capital market. The investor education activities are fully supported by the stockbroking community and public listed companies as industry players. The followings are the investor education initiatives observed in the capital market.</p> <ol style="list-style-type: none"> <li>1. Retail Investor Engagements</li> </ol> <p>Bursa Malaysia's Market Chat program goes on the road. These road-shows are conducted in conjunction with the stockbroking community. This initiative concentrates on raising the profile of</p>

			<p>new products and online trading, as well as encouraging investors to consider derivatives as an attractive addition to their investment options. The industry players also organize Malaysia Day in Singapore, a seminar to raise awareness of Malaysian companies and generate interest in Malaysian stocks amongst the regional investors. Besides this seminar, the industry also took part in other retail based conference that include Minggu Saham Amanah Malaysia, Invest Fair and Asia Trader &amp; Investor Convention.</p> <p>2. Institutional Investor Engagements</p> <p>Institutions make up the bulk of investors in Malaysia securities market. The annual Invest Malaysia conference has become a permanent date in the calendars of many institutional investors from home and abroad. As a follow-through to this conference, Invest Malaysia road-shows were held in the US and UK with an objective to maintain existing business and grow new institutional business by elevating the profile with key international stakeholders.</p> <p>On top of the segmented initiatives stated above, continuous series of dialogues and seminars are also held to promote investor education and address other key issues such as corporate governance and capital market development.</p>
9	Mongolia	FRC	<p>FRC conducts following educational activities:</p> <ul style="list-style-type: none"> <li>• To develop and distribute handouts to high school students in order to provide them general knowledge and understanding of financial and capital market.</li> <li>• To provide and publish training materials to general public in order to enhance their financial and capital market knowledge.</li> <li>• To consolidate and publicize legal pamphlet about capital market.</li> <li>• To provide academic professors, researchers and university students with necessary timely information in due time.</li> <li>• Every year FRC organizes science and research conference under the theme of Capital market development among universities and apart from giving the price to best selected speeches publicizes it.</li> <li>• Also FRC organizes international open forum every year. For instance, this year FRC in collaboration with Prime Info LLC has hosted Mongolia: Money&amp; Markets Financial Forum on 5-6 October, 2010 in Ulaanbaatar, Mongolia.</li> </ul>
10	Philippines	PSE	<p>As a testament to PSE's efforts in this area, the Market Education Department (MED) has completed 337 market education events and projects aptly categorized under its three main programs enumerated below:</p> <p>SHORT TERM "AWARENESS" CAMPAIGNS - "below-the-line" (non-traditional marketing) events designed to draw huge numbers of participants with whom stock investments may be promoted. With the benefits of equity investments as the main message for this type of event, awareness campaigns also aim to entice prospective investors to participate in the PSE's medium and long term market education programs.</p> <ol style="list-style-type: none"> <li>a) Maximizing free media channels</li> <li>b) By penetrating corporate and professional websites and newsletters</li> </ol> <p>MEDIUM TERM "IMPACT" PROGRAM - learning events designed to encourage interested individuals to gain sufficient knowledge of the basics and get into actual investing. Participants are usually those reached through the Short Term "Awareness" events. Others are reached through standard MED communication channels</p> <ol style="list-style-type: none"> <li>a) Overseas Filipino Program</li> <li>b) Promotional Competitions</li> <li>c) Impact Seminars</li> <li>d) Inclusion of PSE topics in corporate and institutional communication channels</li> <li>e) Local Road shows</li> <li>f) Industry Briefings</li> </ol> <p>LONG TERM "CORE AND FOUNDATION" PROGRAM - cutting edge programs designed to produce enduring results. Because of its nature, this program is expected to yield results in the long term. Mostly academe-based, these programs are aimed at addressing the root problem of ignorance about the stock market and promoting financial literacy among Filipinos. In the advanced stage of this program are continuing education courses for market participants and serious investors.</p> <ol style="list-style-type: none"> <li>a) Integration of Capital Markets topics in High School Subjects</li> <li>b) Integration of "Savings &amp; Investments" subject in College General Education</li> <li>c) Implementation of Commission on Higher Education (CHED) Memorandum Order 39 (CMO 39)</li> <li>d) Institutionalization of Master of Business Administration (MBA) Specializing in Capital Markets</li> <li>e) PSE Certified Securities Specialist Course</li> </ol>
11	Sri Lanka	SEC	<p>The SEC has a separate division called Financial Services Academy (FSA) which conducts a wide range of Investor Education Activities for all the market participants including Investors, Broking companies, and School children. University students. General public etc. It conducts seminars, workshops, training programs etc to educate and enhance the knowledge of the capital market of all the market participants.</p>
12	Taiwan	CTSA	<p>To assist in the promotion of accurate financial concepts to investors, CTSA has been conducting investor</p>



			<p>educations as follows:</p> <ul style="list-style-type: none"> <li>-organized "Capital Market Workshops" to enable campus instructors' teaching capability on the finance subject. This workshop was intended to enable teachers to teach students the right finance concepts, and a total of 278 high school teachers had attended the workshop in 2009.</li> <li>-subsidized the organization of "personal investment finance overview courses" by non-finance departments of tertiary institutions. These subsidies were intended to help promote the right financial concepts to tertiary students. A total of 1,127 students participated in these courses in 2009.</li> <li>-promoted education on investment and finance. Subsidized the teaching of proper investment and financial concepts during high school morning gatherings.</li> <li>-printed the monthly and quarterly periodicals of CTSA and distributed to security companies, securities-related institutions, academic groups, libraries, and the authority. The electronic copies of these publications were made available for download from CTSA's website.</li> </ul>
13	Thailand	ThaiBMA	<p>As part of our role in promoting investor education, ThaiBMA has established website to provide information in both the primary market and secondary market for investors through <a href="http://www.thaibma.or.th">www.thaibma.or.th</a> and <a href="http://www.thaibond.com">www.thaibond.com</a>. Our websites also provide research and articles about the bond market knowledge and investment.</p> <p>ThaiBMA regularly organizes free seminar for both retail and institutional investors. Advanced training courses in the area of bond and financial market are also offered to professionals in the bond market at minimal cost. Moreover, ThaiBMA holds monthly training for members to promote their practical understanding on the bond market operation.</p>
14	Turkey	TSPAKB	<p>TSPAKB works on a broad based financial literacy survey. The results of the survey will help the Association to develop an effective investor education program to assist investors in making financial decisions. The Association plans to organize a comprehensive investor education program, in cooperation with relevant financial sector institutions.</p>
15	UAE (DIFC)	DFSA	<p>The DFSA participates in investor education forums such as the DIFC Knowledge Series, outreach sessions, etc.</p> <p><i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i></p>
16	Uzbekistan	CSM	<p>In order to inform people about securities market development CSM publishes analytical reviews, every week broadcast radio and TV programs, conducts different seminars.</p>
17	Vietnam	HNX	<ul style="list-style-type: none"> <li>- Securities firms organize training programs for investor, guiding the trading process. Many firms hold weekly seminars to update economic and social situations and introduce new products on the market. All firms have daily or weekly bulletins to summarize the trading on the stock market, to provide investment consultancy, and provide brief information of listed companies.</li> <li>- The SSC and Exchanges periodically hold investor training program to introduce new legal documents, new regulations on the stock market as well as new trading system. They also run the Investor support service, publish publications, leaflets about the market.</li> </ul>

## IV. Market Structures

### IV – 1. Share of Bank Deposit, Equity and Bond Investment

No.	Country	Name of Organization	Share of Bank Deposit, Equity and Bond Investment																														
1	China	SAC	By June 30, 2010, bank deposits reached 67.4 trillion yuan, the total stock market value of 19.513 trillion yuan, total amount of bond is 18.094713 trillion yuan bonds at par.																														
2	Hong Kong	HKSA	Although <b>no specific statistics is readily available</b> , the current low interest rate environment and Hong Kong's lack of capital gains tax make equities still a predominate choice for idle cash. Moreover, for some of the same reasons, investors or speculators may also be interested in derivatives products or investing in commodities like precious metals (i.e. gold and silver) for example.																														
3	India	ANMI	With Households (Source McKinsey) <table border="0"> <tr> <td>Bank Deposits</td> <td>42%</td> </tr> <tr> <td>Insurance &amp; Pension Reserves</td> <td>16%</td> </tr> <tr> <td>Direct Equity</td> <td>14%</td> </tr> <tr> <td>Currency with public</td> <td>13%</td> </tr> <tr> <td>Mutual Funds</td> <td>6%</td> </tr> <tr> <td>Others</td> <td>9%</td> </tr> </table>	Bank Deposits	42%	Insurance & Pension Reserves	16%	Direct Equity	14%	Currency with public	13%	Mutual Funds	6%	Others	9%																		
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4	Indonesia	APEI	Although no specific statistics is readily available, in the Indonesia, a significant part of the financial assets of household are placed in cash deposits. Stocks and bonds occupying a smaller portion.																														
5	Japan	JSDA	The financial assets of households at the end of FY2009 amounted to ¥1,456 trillion, increasing approximately ¥46 trillion over previous year. The breakdown (%) is as follows: <table border="0"> <tr> <td>Cash Deposit</td> <td>55.2%</td> </tr> <tr> <td>Insurance and Pension Reserves</td> <td>27.3%</td> </tr> <tr> <td>Stocks</td> <td>4.4%</td> </tr> <tr> <td>Investment Trusts</td> <td>3.6%</td> </tr> <tr> <td>Government Bonds</td> <td>2.6%</td> </tr> <tr> <td>Other Equities</td> <td>2.3%</td> </tr> <tr> <td>Corporate Bonds</td> <td>0.1%</td> </tr> </table>	Cash Deposit	55.2%	Insurance and Pension Reserves	27.3%	Stocks	4.4%	Investment Trusts	3.6%	Government Bonds	2.6%	Other Equities	2.3%	Corporate Bonds	0.1%																
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6	Kazakhstan	FSA	No information available in this form																														
7	Korea	KOFIA	The financial assets of households at the end of FY2009 amounted 2004 trillion won. The breakdown(%) is as follows : <table border="0"> <tr> <td>Cash Deposit</td> <td>46.2%</td> </tr> <tr> <td>Insurance and Pension Reserves</td> <td>24.2%</td> </tr> <tr> <td>Stocks</td> <td>18.3%</td> </tr> <tr> <td>Bonds</td> <td>10.5%</td> </tr> <tr> <td>Other Equities</td> <td>0.2%</td> </tr> </table>	Cash Deposit	46.2%	Insurance and Pension Reserves	24.2%	Stocks	18.3%	Bonds	10.5%	Other Equities	0.2%																				
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8	Malaysia	ASCM	The Central Bank of Malaysia reported that in 2009, the household financial assets expanded strongly by 14.9% as compared to the previous year. However, the Central Bank and other financial authorities in Malaysia <b>do not publish the information</b> according to the requested breakdown.																														
9	Mongolia	FRC	n/a																														
10	Philippines	PSE	In the Philippines, a significant part of the financial assets of household are placed in cash deposits, with stocks and bonds occupying a smaller portion of the pie. But recent statistics showed that stocks and bonds are starting to gain recognition from the investing public.																														
11	Sri Lanka	SEC	n/a																														
12	Taiwan	CTSA	The financial assets of households at the end of FY2009 amounted to NT\$669,890 billion, subdivided as follows: <table border="0"> <tr> <td>Bank Deposits</td> <td>54%</td> </tr> <tr> <td>Stocks</td> <td>16%</td> </tr> <tr> <td>Insurance &amp; Pension Reserves</td> <td>15%</td> </tr> <tr> <td>Mutual Funds</td> <td>11%</td> </tr> <tr> <td>Bonds</td> <td>2%</td> </tr> <tr> <td>Others</td> <td>2%</td> </tr> </table>	Bank Deposits	54%	Stocks	16%	Insurance & Pension Reserves	15%	Mutual Funds	11%	Bonds	2%	Others	2%																		
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13	Thailand	ThaiBMA	(unit: billion baht) <table border="1"> <thead> <tr> <th>Unit: THB Bln</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>Mar-10</th> </tr> </thead> <tbody> <tr> <td>Equity</td> <td>5078.7</td> <td>6636.07</td> <td>3,568.65</td> <td>5,873.10</td> <td>6,334.70</td> </tr> <tr> <td>Bank Loan</td> <td>5738.38</td> <td>6221.76</td> <td>7,368.65</td> <td>7,675.57</td> <td>8,014.86</td> </tr> <tr> <td>Domestic Bond</td> <td>3,843.85</td> <td>4,667.56</td> <td>5,080.05</td> <td>5,982.29</td> <td>6,259.52</td> </tr> <tr> <td>GDP at Current Price</td> <td>7,841.29</td> <td>8,493.31</td> <td>9,104.96</td> <td>9,050.72</td> <td>9,426.60</td> </tr> </tbody> </table>	Unit: THB Bln	2006	2007	2008	2009	Mar-10	Equity	5078.7	6636.07	3,568.65	5,873.10	6,334.70	Bank Loan	5738.38	6221.76	7,368.65	7,675.57	8,014.86	Domestic Bond	3,843.85	4,667.56	5,080.05	5,982.29	6,259.52	GDP at Current Price	7,841.29	8,493.31	9,104.96	9,050.72	9,426.60
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14	Turkey	TSPAKB	The figures are provided below.																														

			Domestic Investors Investments				
			Million TL	2008	2009	2010/06	%Δ
			TL Deposits	268,803	305,201	328,393	7.6%
			FX Deposits	127,823	139,334	133,807	-4.0%
			Non-Interest Deposits	18,796	26,625	28,879	8.5%
			Treasury Bills and Bonds	62,747	64,761	59,955	-7.4%
			Eurobond	4,478	5,237	5,037	-3.8%
			Mutual Funds	24,200	29,606	29,562	-0.1%
			Repo	2,199	1,383	1,983	43.4%
			Individual Retirement Accounts	6,042	9,105	10,348	13.7%
			Equities	19,623	40,666	45,551	12.0%
			<b>Total</b>	<b>534,711</b>	<b>621,918</b>	<b>643,515</b>	<b>3.5%</b>
15	UAE (DIFC)	DFSA	The data below shows the relevant market cap of securities listed on NASDAQ Dubai.				
			Class of Securities	Value (USD)			
			Ordinary Shares	13,934,423,886			
			GDR's and ADS's	12,313,279,314			
			Bonds	6,129,925,000			
			Sukuks	16,246,226,157			
			<i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i>				
16	Uzbekistan	CSM	n/a				
17	Vietnam	HNX	n/a				

**IV – 2. Share of Foreign Investors**

No.	Country	Name of Organization	Share of Foreign Investors																																																																																										
1	China	SAC	No statistics																																																																																										
2	Hong Kong	HKSA	Distribution of securities trading by investor type: EP principal trading 8.5%, <b>Overseas institutional investors 37.5%, Overseas retail investors 4.3%</b> , Local retail investors 25.2%, Local institutional investors 24.5% (Source: HKEx, Oct 2008 – Sep 2009)																																																																																										
3	India	ANMI	<p><b>(Amount USD million)</b></p> <table border="1"> <thead> <tr> <th rowspan="3">Financial Year (April-March)</th> <th colspan="6">FOREIGN DIRECT INVESTMENT (FDI)</th> <th rowspan="3">Investment by FII's Foreign Institutional Investors Fund (net)</th> </tr> <tr> <th colspan="2">Equity</th> <th rowspan="2">Reinvested earning +</th> <th rowspan="2">Other capital +</th> <th colspan="2">FDI FLOWS INTO INDIA</th> </tr> <tr> <th>FIPB Route/ RBI's Automatic Route/ Acquisition Route</th> <th>Equity capital of unincorporated bodies#</th> <th>Total FDI Flows</th> <th>%age growth over previous year (in USD terms)</th> </tr> </thead> <tbody> <tr> <td>2007-08</td> <td>24,573</td> <td>2,291</td> <td>7,679</td> <td>292</td> <td>34,835</td> <td>(+)53%</td> <td>20,328</td> </tr> <tr> <td>2008-09 (P) +</td> <td>27,329</td> <td>666</td> <td>6,428</td> <td>757</td> <td>35,180</td> <td>(+)01%</td> <td>(-) 15,017</td> </tr> <tr> <td>2009-10 (P) (+) (+)</td> <td>25,609</td> <td>1,540</td> <td>8,080</td> <td>1,953</td> <td>37,182</td> <td>(+)06%</td> <td>29,047</td> </tr> <tr> <td>2010-11 (up to June '10)</td> <td>5,772</td> <td>-</td> <td>-</td> <td>-</td> <td>5,772</td> <td>-</td> <td>3,539</td> </tr> <tr> <td>Cumulative Total (From April '00 to June '10)</td> <td>118,672</td> <td>6,830</td> <td>38,967</td> <td>5,854</td> <td>170,323</td> <td>-</td> <td>74,381</td> </tr> </tbody> </table> <p>Source: (i) RBI's Bulletin August 2010 dt.11.08.2010 (Table No. 44 – FOREIGN INVESTMENT INFLOWS).  (ii) # Figures for equity capital of unincorporated bodies for 2009-10 are estimates.  (iii) "+" (P) All figures are provisional &amp; data in respect of 'Re-invested earnings' &amp; 'Other capital' for the years 2008-09 &amp; 2009-10 are estimated as average of previous two years.  (iv) During December 2006, include Swap of Shares USD 3.1 billion.  (v) Monthly data on components of FDI as per expend coverage are not available.  (vi) + RBI has included the amount of USD 92 million for the month of April 2007 during this Bulletin.  (vii) ++ Data on equity capital of unincorporated bodies, reinvested earnings and other capital are pertains to the period from April 2009 to December 2009.  (viii) Updated by RBI up to June 2010.</p>	Financial Year (April-March)	FOREIGN DIRECT INVESTMENT (FDI)						Investment by FII's Foreign Institutional Investors Fund (net)	Equity		Reinvested earning +	Other capital +	FDI FLOWS INTO INDIA		FIPB Route/ RBI's Automatic Route/ Acquisition Route	Equity capital of unincorporated bodies#	Total FDI Flows	%age growth over previous year (in USD terms)	2007-08	24,573	2,291	7,679	292	34,835	(+)53%	20,328	2008-09 (P) +	27,329	666	6,428	757	35,180	(+)01%	(-) 15,017	2009-10 (P) (+) (+)	25,609	1,540	8,080	1,953	37,182	(+)06%	29,047	2010-11 (up to June '10)	5,772	-	-	-	5,772	-	3,539	Cumulative Total (From April '00 to June '10)	118,672	6,830	38,967	5,854	170,323	-	74,381																																
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4	Indonesia	APEI	<p><b>The Table Indicates The Market Shares Traded - Equity</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>2008 (%)</th> <th>2009 (%)</th> <th>2010* (%)</th> </tr> </thead> <tbody> <tr> <td>Domestic Investor</td> <td>46,39</td> <td>49,47</td> <td>38,05</td> </tr> <tr> <td><b>Foreign Investor</b></td> <td><b>53,61</b></td> <td><b>50,53</b></td> <td><b>61,95</b></td> </tr> </tbody> </table> <p>* Until June</p>	Year	2008 (%)	2009 (%)	2010* (%)	Domestic Investor	46,39	49,47	38,05	<b>Foreign Investor</b>	<b>53,61</b>	<b>50,53</b>	<b>61,95</b>																																																																														
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5	Japan	JSDA	<p><b>Market Share &amp; Trading Balance by Types of Investors -Tokyo, Osaka, Nagoya -</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Member Account</th> <th>Individuals</th> <th><b>Foreigners</b></th> <th>Investment Trusts</th> <th>Business Cos.</th> <th>Life &amp; Non-life</th> <th>Citi BK &amp; Regional BK</th> <th>Trust BK</th> <th>Other Financial Institutions</th> </tr> </thead> <tbody> <tr> <td colspan="10"><b>Market Share</b></td> </tr> <tr> <td>2007</td> <td>26.4%</td> <td>19.1%</td> <td><b>44.8%</b></td> <td>1.9%</td> <td>1.3%</td> <td>0.2%</td> <td>0.1%</td> <td>5.0%</td> <td>0.1%</td> </tr> <tr> <td>2008</td> <td>26.7%</td> <td>16.7%</td> <td><b>46.4%</b></td> <td>1.9%</td> <td>1.0%</td> <td>0.2%</td> <td>0.1%</td> <td>5.0%</td> <td>0.1%</td> </tr> <tr> <td>2009</td> <td>26.5%</td> <td>21.5%</td> <td><b>39.0%</b></td> <td>2.4%</td> <td>1.2%</td> <td>0.3%</td> <td>0.1%</td> <td>5.7%</td> <td>0.1%</td> </tr> <tr> <td colspan="10"><b>Net Selling (-)/Buying (+) (¥billion)</b></td> </tr> <tr> <td>2007</td> <td>-1,617</td> <td>-3,229</td> <td><b>5,423</b></td> <td>-545</td> <td>1,556</td> <td>68</td> <td>-211</td> <td>-1,683</td> <td>32</td> </tr> <tr> <td>2008</td> <td>-3,537</td> <td>982</td> <td><b>-3,708</b></td> <td>301</td> <td>1,632</td> <td>-328</td> <td>-36</td> <td>-4,502</td> <td>-193</td> </tr> <tr> <td>2009</td> <td>-1,987</td> <td>-866</td> <td><b>1,777</b></td> <td>76</td> <td>-184</td> <td>-418</td> <td>-277</td> <td>1,440</td> <td>-184</td> </tr> </tbody> </table> <p>Source: TSE Monthly Statistics Report</p>	Year	Member Account	Individuals	<b>Foreigners</b>	Investment Trusts	Business Cos.	Life & Non-life	Citi BK & Regional BK	Trust BK	Other Financial Institutions	<b>Market Share</b>										2007	26.4%	19.1%	<b>44.8%</b>	1.9%	1.3%	0.2%	0.1%	5.0%	0.1%	2008	26.7%	16.7%	<b>46.4%</b>	1.9%	1.0%	0.2%	0.1%	5.0%	0.1%	2009	26.5%	21.5%	<b>39.0%</b>	2.4%	1.2%	0.3%	0.1%	5.7%	0.1%	<b>Net Selling (-)/Buying (+) (¥billion)</b>										2007	-1,617	-3,229	<b>5,423</b>	-545	1,556	68	-211	-1,683	32	2008	-3,537	982	<b>-3,708</b>	301	1,632	-328	-36	-4,502	-193	2009	-1,987	-866	<b>1,777</b>	76	-184	-418	-277	1,440	-184
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6	Kazakhstan	FSA	n/a																																																																																										

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			2008	Market Share	2009	Market Share																															
7	Korea	KOFIA	Government	5,593	0.9	1,187	0.1																														
			Government management	11,495	1.8	15,477	1.6																														
		Institutional Investors	Security Firms	987	0.2	1,787	0.2																														
			Insurance Firms	12,710	2	6,673	0.7																														
			Funds	7,642	1.2	14,356	1.5																														
			Banks	40,821	6.6	61,931	6.4																														
			Mutual Savings Banks	1,864	0.3	1,842	0.2																														
			Fund deduction	8,676	1.4	30,501	3.1																														
			Total	72,701	11.7	117,090	12																														
		General Company	176,213	28.3	206,603	21.2																															
		Individuals	186,256	30	336,165	34.6																															
		<b>Foreigners</b>	<b>169,422</b>	<b>27.3</b>	<b>296,004</b>	<b>30.4</b>																															
		<b>Total</b>	<b>621,680</b>	<b>100</b>	<b>972,526</b>	<b>100</b>																															
			<b>Source : Korea Exchange</b>																																		
8	Malaysia	ASCM	The table below indicates the market demography by trading value (in %) for domestic and foreign investor categories since the past five years.																																		
			<table border="1"> <thead> <tr> <th>Year</th> <th>2005</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>Foreign Investors (%)</td> <td>37</td> <td>34</td> <td>37</td> <td>42</td> <td>26</td> </tr> <tr> <td>Domestic Investors (%)</td> <td>63</td> <td>66</td> <td>67</td> <td>63</td> <td>74</td> </tr> </tbody> </table>					Year	2005	2006	2007	2008	2009	Foreign Investors (%)	37	34	37	42	26	Domestic Investors (%)	63	66	67	63	74												
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9	Mongolia	FRC	State owned "Securities Clearing Settlement House for Central Depository" Co.LTD (SCSHCD) which carries out the operation of securities settlement and savings activities has 559,464 share holders' accounts in total by the end of the year.																																		
			Account survey of SCSHCD co.ltd.																																		
			Open		Not open		Overall																														
			443,928		79%		115,536																														
			21%		559,464																																
			Citizen		Entity																																
			Mongolia	Foreign	Mongolia	Foreign																															
10	Philippines	PSE	Foreign investors still continue to occupy a significant part of the market share this indeed would tell that PSE has a small yet growing retail investor base. But PSE is optimistic that with the advent of the new trading system, online trading and increased efforts on investor education its local investors will definitely improve significantly.																																		
			<table border="1"> <thead> <tr> <th></th> <th>TOTAL FOREIGN BUYING (Php)</th> <th>TOTAL FOREIGN SELLING (Php)</th> <th>NET FOREIGN BUYING (SELLING)</th> <th>TOTAL VALUE TRADED (Php)</th> <th>Foreign Activity</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>680,327,184,716.23</td> <td>624,758,963,452.91</td> <td>55,568,221,263.32</td> <td>1,338,252,424,663.95</td> <td>48.8%*</td> </tr> <tr> <td>2008</td> <td>361,002,678,556.56</td> <td>383,165,755,696.06</td> <td>(22,163,077,139.50)</td> <td>763,901,383,786.43</td> <td>48.7%</td> </tr> <tr> <td>2009</td> <td>329,284,581,630.32</td> <td>314,369,505,041.93</td> <td>14,915,076,588.38</td> <td>994,150,277,564.80</td> <td>32.4%</td> </tr> <tr> <td>Jan-Sep 2010</td> <td>300,182,982,954.54</td> <td>288,811,823,474.01</td> <td>11,371,159,480.53</td> <td>842,953,891,762.92</td> <td>34.9%</td> </tr> </tbody> </table>						TOTAL FOREIGN BUYING (Php)	TOTAL FOREIGN SELLING (Php)	NET FOREIGN BUYING (SELLING)	TOTAL VALUE TRADED (Php)	Foreign Activity	2007	680,327,184,716.23	624,758,963,452.91	55,568,221,263.32	1,338,252,424,663.95	48.8%*	2008	361,002,678,556.56	383,165,755,696.06	(22,163,077,139.50)	763,901,383,786.43	48.7%	2009	329,284,581,630.32	314,369,505,041.93	14,915,076,588.38	994,150,277,564.80	32.4%	Jan-Sep 2010	300,182,982,954.54	288,811,823,474.01	11,371,159,480.53	842,953,891,762.92	34.9%
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			* - percentage of foreign activity (%FA) is arrived using this formula: %FA= [(Total Foreign Buying and Selling)/ Total Value Traded x 2]																																		
11	Sri Lanka	SEC	<b>For the period January to July 2010</b>																																		
			Shares Traded- Equity		9,347,852,368																																
			Domestic		8,298,571,863		88.8%																														
			<b>Foreign</b>		<b>1,049,280,505</b>		<b>11.2%</b>																														

12	Taiwan	CTSA	Investors Structure in terms of Trading Value on TWSE Market							
			Unit: NT\$ Billion							
Year		Domestic Juridical Investors		Foreign Juridical Investors		Domestic Individual Investors		Foreign Individual Investors		
		Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	
2007		8,648.72	13.0	11,721.40	17.6	44,732.66	67.3	1,406.62	2.1	
2008		7,366.42	14.0	11,661.25	22.1	32,514.44	61.7	1,189.42	2.3	
2009		6,985.38	11.6	9,827.97	16.3	43,399.31	72.0	23.58	0.0	
Highlights of Juridical Investors on TWSE Market								Unit: NT\$ Billion		
Year		Accumulated Amount of Net Buy/Sell (unit:NT\$100 millions)			Proportion to Total Trading Amounts (%)					
		Securities Investment Trust Funds	Dealers	Foreign Investors	Securities Investment Trust Funds	Dealers	Foreign Investors			
2007		1,554	158	741	2.7	2.9	19.6			
2008		440	433	-4,700	3.4	3.1	24.3			
2009		-289	100	4,801	2.7	2.3	16.4			
Source: Securities and Futures Bureau, Financial Supervisory Commission										
Shareholding by Type of Investors (2005-2009)								Unit: %		
		2009	2008	2007	2006	2005				
<b>Domestic Investors:</b>		<b>77.43</b>	<b>73.68</b>	<b>74.18</b>	<b>76.34</b>	<b>81.25</b>				
Government		3.83	4.00	4.24	3.86	4.73				
Financial Institutions		5.02	4.55	4.26	4.10	4.38				
Trust Fund		1.89	1.82	1.29	0.98	1.49				
Corporations		21.51	21.21	21.87	22.16	22.15				
Other Juridical Persons		2.88	2.60	2.54	2.46	2.56				
Individuals		42.30	39.50	39.98	42.78	45.94				
<b>Foreigners:</b>		<b>22.57</b>	<b>26.32</b>	<b>25.82</b>	<b>23.66</b>	<b>18.75</b>				
Trust Fund		10.96	12.42	12.67	10.79	8.42				
Financial Institutions		0.72	0.86	0.55	0.80	0.47				
Juridical Persons		9.81	12.24	11.42	10.60	8.47				
Individuals		0.45	0.34	0.60	0.60	0.64				
<b>Share Buy-backs</b>		<b>0.63</b>	<b>0.46</b>	<b>0.58</b>	<b>0.87</b>	<b>0.75</b>				
<b>Total</b>		<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>				
13	Thailand	ThaiBMA								
			<p>For the first half year of 2010, foreign investors (FCO) account for 8% of total trading. In term of bond holding, foreign investors accounted for only 2% of total outstanding value of Thai bond market or by 113,419 million baht. However, the figure has been continuously increased since Q2 due to foreign fund flows into the region.</p>							

14	Turkey	TSPAKB	<table border="1"> <thead> <tr> <th rowspan="2">Milyon \$</th> <th colspan="3">Domestic Investors</th> <th colspan="3">Foreign Investors</th> <th colspan="3">Total</th> </tr> <tr> <th>2008</th> <th>2009</th> <th>2010/06</th> <th>2008</th> <th>2009</th> <th>2010/06</th> <th>2008</th> <th>2009</th> <th>2010/06</th> </tr> </thead> <tbody> <tr> <td>Deposits</td> <td>272.981</td> <td>316.789</td> <td>312.054</td> <td>6.553</td> <td>7.782</td> <td>9.634</td> <td>279.534</td> <td>324.571</td> <td>321.688</td> </tr> <tr> <td>Treasury Bills and Bonds</td> <td>41.232</td> <td>43.543</td> <td>38.098</td> <td>19.859</td> <td>20.685</td> <td>25.289</td> <td>61.091</td> <td>64.228</td> <td>63.387</td> </tr> <tr> <td>Eurobond</td> <td>2.943</td> <td>3.521</td> <td>3.201</td> <td>609</td> <td>825</td> <td>906</td> <td>3.552</td> <td>4.346</td> <td>4.107</td> </tr> <tr> <td>Equities</td> <td>12.895</td> <td>27.342</td> <td>28.945</td> <td>23.273</td> <td>55.558</td> <td>56.891</td> <td>36.168</td> <td>82.900</td> <td>85.836</td> </tr> <tr> <td>Mutual Funds</td> <td>19.873</td> <td>26.028</td> <td>25.361</td> <td>0</td> <td>0</td> <td>0</td> <td>19.873</td> <td>26.028</td> <td>25.361</td> </tr> <tr> <td>Repo</td> <td>1.445</td> <td>930</td> <td>1.260</td> <td>0</td> <td>0</td> <td>0</td> <td>1.445</td> <td>930</td> <td>1.260</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>351.367</b></td> <td><b>418.152</b></td> <td><b>408.918</b></td> <td><b>50.294</b></td> <td><b>84.850</b></td> <td><b>92.720</b></td> <td><b>401.661</b></td> <td><b>503.002</b></td> <td><b>501.638</b></td> </tr> </tbody> </table>	Milyon \$	Domestic Investors			Foreign Investors			Total			2008	2009	2010/06	2008	2009	2010/06	2008	2009	2010/06	Deposits	272.981	316.789	312.054	6.553	7.782	9.634	279.534	324.571	321.688	Treasury Bills and Bonds	41.232	43.543	38.098	19.859	20.685	25.289	61.091	64.228	63.387	Eurobond	2.943	3.521	3.201	609	825	906	3.552	4.346	4.107	Equities	12.895	27.342	28.945	23.273	55.558	56.891	36.168	82.900	85.836	Mutual Funds	19.873	26.028	25.361	0	0	0	19.873	26.028	25.361	Repo	1.445	930	1.260	0	0	0	1.445	930	1.260	<b>TOTAL</b>	<b>351.367</b>	<b>418.152</b>	<b>408.918</b>	<b>50.294</b>	<b>84.850</b>	<b>92.720</b>	<b>401.661</b>	<b>503.002</b>	<b>501.638</b>
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#### IV – 3. Settlement and Clearing Systems for Securities Transaction

No.	Country	Name of Organization	Settlement and Clearing Systems for Securities Transaction
1	China	SAC	<p>Securities Law of the People's Republic of China stipulates that the securities registration and settlement institution is a non-profit institution providing centralized registration for securities transactions, custody and settlement services. Securities registration and settlement takes unified national operation mode and the securities registration and settlement institution shall establish central securities settlement accounts and capital settlement accounts. As offering net amount settlement services to securities transactions, it should require the participants to deliver the securities and funds in full-amount and provide delivery guarantees in accordance with the principle of equivalence on money and goods. The various types of settlement funds and securities collected by the securities registration and settlement institution under business rules must be deposited in special accounts of settlement and delivery, which only be used for settlement of securities transactions in accordance with business rules.</p> <p>Securities Registration and Settlement Management Measures stipulates that the securities companies which participate in the centralizing clearance and settlement of securities must apply for the clearance qualification, sign an agreement with securities registration and settlement institutions and definite the rights and obligations to both sides. Securities registration and settlement institution shall select the qualified commercial banks as settlement banks for funds pay business.</p> <p>The settlement on securities and capital practices settlement classification. If the clearance result is wrong caused by securities registration and settlement institution, settlement participants can ask for collection by the securities registration and settlement institution after performing settlement obligations and undertaking the losses suffered by settlement participants.</p>
2	Hong Kong	HKSA	<p>Settlement and clearing is done through the Hong Kong Exchanges and Clearing. Stock transactions settle T + 2. Customers can also deposit/transfer stocks into exchange participants or conduct stock withdrawals through Central Clearing and Settlement System (CCASS).</p>
3	India	ANMI	<p>The Indian settlement system works under the T+2 compulsory 'rolling-settlement cycle' i.e. transaction on the trade day are settled on the second business day after the trade day. India has two Clearing Corporations; the National Securities Clearing Corporation (NSCCL) organized by the National Stock Exchange and the Bank of India Services Limited (BOISL) set up by the Bombay Stock Exchange.</p> <p>In case the settlement is not completed on T + 2 day, the shares are auctioned. The auction is done on T + 3 day and auction payout is done on T + 4 day. The auction standard will be T + 1 day price for NSE and T day price for BSE. Default in auction payout then the closing out price would be 20% higher than the standard auction price.</p> <p>All trades on the exchange platform are in the dematerialized form. There are two Depositories in India viz the National Securities Depository Limited (NSDL) organized by the National Stock Exchange and the Central Depository Services Limited (CDSL) set up by the Bombay Stock Exchange. Final settlement of trades takes place on the depositories in the book entry format.</p> <p><b>Trade Guarantee Fund:</b> - SEBI requires the exchanges to have a system of guaranteeing settlement of trades or set up a Clearing Corporation to take up counter party risk to ensure that payment default by the members does not disturb the market equilibrium.</p>
4	Indonesia	APEI	<p>In Indonesia, the settlement services for securities transactions are provided mainly by Indonesian Clearing and Guarantee Corporation (KPEI) and Indonesian Central Securities Depository (KSEI). KSEI service products are provided for Account Holders comprising of Securities Company and Custodian Bank. In accordance with its function, KSEI provides service products comprising of electronic Securities depository, Securities Account administration, Securities transaction settlement, distribution of corporate action proceeds, and other relevant services such as: Post Trade Processing (PTP) and central depository service reports.</p> <p>KPEI was established based upon the Law No. 8/1995 concerning the Indonesian Capital Market to provide for regulated, appropriate, and efficient clearing services and transaction settlement guarantee.</p> <p>The Settlement period for stock transactions is T+3</p>
5	Japan	JSDA	<p>In Japan, the settlement services for securities transactions are provided mainly by Japan Securities Depository Center, Inc. (JASDEC). Its services consist of the registration of securities, settlement by book-entry transfer of securities, custody and its related operations such as general shareholders notification, conversion agency service (CB), dividend payments and proxy services for foreign stocks. In addition to those services, JASDEC provides settlement matching services, and pre-settlement matching services.</p> <p>On the other hand, Japan Securities Clearing Corporation (JSCC) provides clearing services such as obligation assumption, netting of cash securities positions, settlement instruction to CSDs/Settlement Banks for securities/cash, and settlement guarantees</p> <p>In Japan, the settlement period for stock transactions is T+3.</p> <p>The Bank of Japan settles JGB transactions.</p>
6	Kazakhstan	FSA	<p>In Kazakhstan, the settlement services for securities transactions are provided mainly by the Central depository.</p> <p>Its services consist of the following functions:</p> <ul style="list-style-type: none"> <li>- render to deponents services associated with the nominal holding of financial instruments;</li> <li>- carry out settlements in financial instruments in relation to transactions concluded in the organized securities market and in relation to transactions concluded in the over-the-counter market with the participation of its deponents (between deponents themselves; between a deponent on the one hand and a client of another deponent on the other hand; between clients of two different deponents), as well as other persons carrying out broker and (or) dealer activities without an appropriate license in accordance with legislative acts of the Republic of Kazakhstan;</li> </ul>



			<ul style="list-style-type: none"> <li>- carry out depository services with regard to state securities in accordance with the Republic of Kazakhstan legislation and its compendium of rules;</li> <li>- render consultative, information services and other types of services not contradicting the Republic of Kazakhstan legislation;</li> <li>- clearing for deals in financial instruments in form of financial instruments and (or) in money.</li> </ul>
7	Korea	KOFIA	<p>All trading orders submitted to the KRX by member firms shall be traded in accordance with the matching principles specified in business regulations of the KRX. Immediately after the transaction, KRX shall inform (in electronic format) member firms of the trading results which shall then be notified to respective customers.</p> <p>Customers shall conduct settlement of their transaction with member firms by deposit of money or relevant securities for buying or selling securities on T+2 (exact time for settlement deadlines are set by each member firms). Entire process of a trade will be complete when every member firms complete their required settlement transaction with KRX (as a CCP) by 16:00 of T+2. KRX shall, as a clearing institution, perform transaction confirmation, debt acquisition, deduction, confirmation of settlement securities, settlement item, and settlement amount, settlement execution guarantee, follow-up measures on settlement failure, or settlement instruction as a result of transactions on the securities market and derivatives market.</p>
8	Malaysia	ASCM	<p>The settlement services for securities transactions are provided by Bursa Malaysia Depository. Its services consist of the registration of securities, settlement by book-entry transfer of securities, custody and its related operations such as general shareholders notification, electronic dividend payments, electronic share application and provision of depositors' records service. In Malaysia, the settlement period for shares transactions is T+3.</p> <p>On the other hand, Bursa Malaysia Clearing provides clearing services such as obligation assumption, netting of cash securities positions, settlement instruction to settlement banks for securities/cash, and settlement guarantees.</p>
9	Mongolia	FRC	<p>In Mongolia, the settlement services for securities transactions is provided by <b>MONGOLIAN SECURITIES CLEARING HOUSE &amp; CENTRAL DEPOSITORY</b> Co., Ltd. Its services consist of the registration of securities, settlement by book-entry transfer of securities, custody and its related operations such as dividend payments, proxy services and settlement and clearing between Mongolian stock market and other stock markets.</p>
10	Philippines	PSE	<p>The Securities Clearing Corporation of the Philippines (SCCP), a wholly-owned subsidiary of PSE, was established to ensure the orderly settlement of equity trades executed at the PSE.</p> <p>SCCP acts as a Central Counterparty, and therefore guarantees the settlement of all PSE trades up to the extent of its Clearing and Trade Guaranty Fund (CTGF).</p> <p>Clearing Members are limited to Trading Participants of the PSE. There are presently 132 active Clearing Members, of which 122 are Local, and 10 are Foreign.</p> <p>The settlement period is T+3.</p>
11	Sri Lanka	SEC	<p>Central Depository Systems (Pvt) Ltd (CDS) is the sole Clearing House in Sri Lanka which is a fully owned subsidiary of Colombo Stock Exchange. CDS provides depository facilities and clearing services for securities traded on the Colombo Stock Exchange. It also provides a safe keeping facility and an electronic record of all listed securities that are dematerialized.</p> <p>In Sri Lanka settlement period for stock transactions is T+3.</p> <p>There are four banks as settlement Banks of the CDS.</p>
12	Taiwan	CTSA	<p>All payment and settlement operations for securities traded on the Taiwan Stock Exchange or through OTC Center shall be handled on a centralized basis by Taiwan Depository &amp; Clearing Corporation (TDCC). TDCC's major services includes 1) Custody of securities and short-term bills; 2) Book-entry for uncertificated securities and registration of short-term bills; 3) Settlement, pledge and book-entry operations for securities and short-term bills; 4) Computerizing book-entry operation for securities; 5) Distribution of securities by book-entry; 6) Clearing and settlement of emerging stocks; 7) Payment processing of offshore fund transactions; 8) Payment processing for underwriting and redemption of short-term bills; 9) Clearing, settlement and confirmation of short-term bills transactions; 10) Maintaining a short-term bills interest index and so on.</p> <p>In Taiwan, the settlement day is T+2. In case of block trade, investors can choose the settlement day to be either T+2 or T.</p>
13	Thailand	ThaiBMA	<p>In Thailand, clearing and settlement of bond transactions are centralized at Thailand Securities Depository Co. (TSD), a subsidiary of the Stock Exchange of Thailand (SET). The Bank of Thailand (BOT) acts as the registrar for government bonds and is responsible for the operation of BAHTNET, a high value transaction clearing network. Clearing and settlement of government transactions are done on DVP and real time gross settlement basis (RTGS).</p> <p>Bond Settlement convention is T+2 but can be varied upon counterparty agreement.</p>
14	Turkey	TSPAKB	<p>Takasbank is the "Clearing and Settlement Center for the Istanbul Stock Exchange", the "Clearing House for the Turkish Derivatives Exchange" and the "National Numbering Agency of Turkey". Established under the Turkish Banking Law and incorporated as a non-deposit taking bank, Takasbank is a specialized bank dedicated to securities services in Turkey. Apart from these functions, Takasbank operates the money market and the securities lending &amp; borrowing market, provides banking services including cash loans to members, and other services such as cross-border settlement and custody. Takasbank is recognized by the UK FSA as an "Approved Depository" and an "Approved Bank". It also complies with the "Eligible Foreign Custodian" definition of the US SEC. Clearing and settlement rules are specified by the ISE, in accordance with the general rules and regulations of the CMB. Due to Takasbank's status as a bank, the Banking Regulation and Supervision Authority and the Central Bank of Turkey also regulate Takasbank. Settlement of transactions is done through Delivery Versus Payment, with daily netting.</p>

			<p>The Central Registry Agency Inc. (CRA) is the only central depository for all dematerialized capital market instruments. It was established in 2001 as a private company. The communiqué about the terms and conditions for the registration of dematerialized capital market instruments was enacted in December 2002. The dematerialization process was completed in 2006 for equities and in 2007 for mutual funds and corporate bonds. Main functions of the CRA are to</p> <ul style="list-style-type: none"> <li>• Dematerialize and register capital market instruments and the rights attached, in electronic form, with respect to issuers, intermediary institutions and rights holders</li> <li>• Protect the integrity and consistency of records</li> <li>• Ensure confidentiality of records</li> <li>• Manage the Investors' Protection Fund (IPF)</li> <li>• Liquidate insolvent intermediary institutions when necessary on behalf of the IPF.</li> </ul> <p>The IPF was established in 2001 to cover the obligations to investors of bankrupt brokerage firms and banks, with respect to equity transactions. Receivables from trading other securities, such as government bonds, are not covered. The Fund also carries out the liquidation process of intermediaries.</p> <p>The settlement of equities and cash is done on T+2 by Takasbank, through delivery-versus-payment (DVP) system. The securities settlement operations are carried out via Takasbank Settlement Pool Account with the CRA. CRA and Takasbank systems are fully interlinked in real time, so securities transfers are reflected in the CRA instantaneously.</p>						
15	UAE (DIFC)	DFSA	<p>The DIFC has 2 exchanges, Dubai Mercantile Exchange (DME) and NASDAQ Dubai. The rest of the United Arab Emirates has 3 exchanges, Abu Dhabi Securities Exchange (ADX), Dubai Financial Market (DFM), and Dubai Gold and Commodities Exchange (DGEX). DFSA regulates DME and NASDAQ Dubai as they are established in the DIFC. The legal and regulatory environment of the DIFC exchanges is aligned to meet international best practice. NASDAQ Dubai licensed from 20<sup>th</sup> Sept 05 for the financial service of operating and exchange and operating a clearing house in respect of shares, debentures, warrants, certificates, units, rights in those investments, designated investments, options (but not on commodities) and futures (but not on commodities). DME licensed from 26 Apr 07 for the financial services of operating an exchange in respect of commodity derivatives.</p> <p>Following the consolidation with DFM on 11<sup>th</sup> July, 2010, NASDAQ Dubai has outsourced its trading, clearing, settlement and custody functions for equities to DFM. Trades, for instance, have moved from a T+3 to a T+2 settlement cycle of DFM, whilst settlement timings have also changed in line with DFM. Trading hours of NASDAQ Dubai for the equity market from Sunday to Thursday are now from 10.00 to 14.00 for continuous trading whilst the pre opening auction period is from 9.30 to 9.55. In terms of clearing, NASDAQ Dubai remains the central counterparty (CCP) for the clearing and settlement of trades in NASDAQ Dubai equities to the extent that if there is a payment default, the bank guarantee defaults, CCP will meet the obligations of its member.</p> <p>DME lists the DME Oman Crude Oil Futures Contract, which is an exchange traded contract for crude oil price transparency in the east of Suez crude markets. Additionally, DME lists the DME Oman Crude Oil Financial Contract, which is settled with reference to the benchmark DME Oman Crude Oil Futures contract. All trades executed on the DME are cleared through and guaranteed by NYMEX, a member of the CME Group, which is regulated by the U.S. Commodity Futures Trading Commission (CFTC). DME markets trade electronically, opening at 1800 (EST) and closing 1715 (EST) the next day, Sunday to Friday to mirror the trading hours for NYMEX products on CME Globex.</p> <p><i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i></p>						
16	Uzbekistan	CSM	There are 2 clearing chambers in Uzbekistan.						
17	Vietnam	HNX	<p>Securities are deposited at the Vietnam Securities Depository (VSD). Securities are firstly deposited at depository members and then securities members deposit these securities at the VSD.</p> <p>In terms of securities settlement and clearing, the VSD will carry out the settlement and clearing of securities among depository members and depository members will transfer them back to investors' account.</p> <p>In terms of payment for securities, the designated settlement bank will settle the payment to depository members.</p> <p>Currently, VSD is applying the following clearing and settlement methods:</p> <p>Regarding the trades conducted at Exchanges:</p> <ul style="list-style-type: none"> <li>- Bonds: multilateral netting with the settlement cycle is T+1.</li> <li>- Shares and fund certificates:</li> </ul> <table border="1"> <thead> <tr> <th>Trading volume</th> <th>Settlement methods and cycles</th> </tr> </thead> <tbody> <tr> <td>Under 100,000 stocks</td> <td>Multilateral netting with the settlement cycle is T+3.</td> </tr> <tr> <td>Over 100,000 stocks</td> <td>Optional: - Multilateral netting with the settlement cycle is T+3. - Trade by trade netting with the settlement cycle is T+1.</td> </tr> </tbody> </table>	Trading volume	Settlement methods and cycles	Under 100,000 stocks	Multilateral netting with the settlement cycle is T+3.	Over 100,000 stocks	Optional: - Multilateral netting with the settlement cycle is T+3. - Trade by trade netting with the settlement cycle is T+1.
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#### IV – 4.. Current Status of Off-Exchange Transaction

No.	Country	Name of Organization	Current Status of Off-Exchange Transaction
1	China	SAC	<p>At present, China's OTC equity market is consisted of hundreds of independent market, which be divided into markets of property right transaction and equity transaction.</p> <p>Property right transaction market is made up by more than 200 institutions of property rights transaction. The transaction object includes the unlisted state-owned, holding, holding company's property rights, and shares listed on the transfer.</p> <p>Some agencies went in for stock custody and transference of non-listed high-tech Co., Ltd. and Limited liability company and try to the membership agency system, which means members will act as buyers and sellers to transact at OTC market. The most use measures is listing online transacting below the line. The markets for Equity transaction are mainly the Tianjin Equity Exchange and Tianjin Binhai International Equity Exchange. The former's trading partners for the high-tech industrial Corporation and non-listed public limited corporation in the high-tech park with the implementation of market maker system; the later for any stock ownership of ownership corporation, carrying out membership agent system.</p> <p><b>At present, the characteristics of China's OTC market transactions include:</b></p> <ol style="list-style-type: none"> <li>1, the property rights trading market is expanding and unceasing business innovation;</li> <li>2, property rights organizations strengthen regional cooperation, such as the "common market in North property rights" and "Common Market of Western property rights" and so on;</li> <li>3, increasing services for SMEs, which promote the development of high-tech of SMEs;</li> <li>4, trading mechanism has become more rational; negotiated transfer, auction, auction bidding and network bidding are more and more reasonable .</li> </ol>
2	Hong Kong	HKSA	<p>For the time being, stock transactions are all conducted on either the Main Board or Growth Enterprise Market within the Hong Kong Stock Exchanges and Clearing Ltd. Other transactions related to structured products for example are conducted off exchange and has been a major source of investor complaints (i.e. Lehman Brothers mini-bonds).</p>
3	India	ANMI	<p>Off-Exchange transactions are few in number. Such transactions take place directly between the two parties who give direct instructions to the Depositories to conduct the transactions. These transactions mainly take place in case of an open offer or takeover of a company. Such transactions do not require reporting to the exchange.</p> <p>In case the off-exchange transaction is executed through a registered stockbroker on a principal-to-principal basis, the stockbroker must report such transactions to the Exchanges.</p>
4	Indonesia	APEI	<p>Bond trading in Indonesia is mostly on the Over The Counter (OTC) basis. All OTC trading is requiring reporting to Indonesia Stock Exchange (IDX) through Central Trading Platform (CTP) within 30 minutes.</p>
5	Japan	JSDA	<p>Since the 1998 abolishment of the obligation to trade stocks on exchanges in Japan, off-exchange transactions have been gradually increasing.</p> <p>However, in Japan, unlike US and European market, most stock orders are still executed through the stock exchanges and market fragmentation is not so notable.</p> <p>Having said that, the PTS (proprietary trading system) operators are gradually entering the Japanese market as order placement through DMA, algorithm trading, etc. grow.</p>
6	Kazakhstan	FSA	<p>The share of Off-Exchange Transactions with securities is only c.2.4% of all transactions including both stock and bond transactions.</p>
7	Korea	KOFIA	<p>For the transaction of the stock unlisted the KOSPI market and KOSDAQ market, KOFIA is establishing and operating the "FREE-BOARD" in accordance with FISCMA and this is an institutionalized curb market.</p> <p>The FREE-BOARD is simple in the requirement and procedure of the entrance compared to the KOSPI market and KOSDAQ market and minimize the requirement of maintenance such as a public announcement.</p>
8	Malaysia	ASCM	<p>In Malaysia, all securities transactions are traded through Bursa Malaysia with the exception of government securities and unlisted corporate debt securities which are traded through the Central Bank's Scripless Securities Trading System (SSTS) and settled at the Central Bank's Real Time Electronic Transfer of Funds and Securities (RENTAS) settlement system.</p>
9	Mongolia	FRC	<p>Currently in Mongolia there is no such type of transaction.</p>
10	Philippines	PSE	<p>In the Philippines, most stock transactions are still executed through the stock exchange due to lower transaction cost relative to OTC transactions.</p> <p>The government has been supportive of the stock market as an avenue for investing by completely abolishing Documentary Stamp Tax (DST) for exchange trades.</p>
11	Sri Lanka	SEC	<p>At present Sri Lanka does not have any Off-Exchange Transaction.</p>
12	Taiwan	CTSA	<p>According to the "Securities and Exchange Act", trading of listed securities shall be conducted on a centralized securities trading market operated by a stock exchange. However, the Act empowers the Competent Authority to make provisions for permitting off-exchange transactions in exceptional situations. For example, a foreign investor who has received approval from the Investment Commission of the Ministry of Economic Affairs under the Act Governing Investment by Foreign Nationals to transfer assets to another foreign investor may do so through off-exchange trading. Many foreign investors have invested in Taiwan stocks through such off-exchange channels over the years.</p>
13	Thailand	ThaiBMA	<p>Bond trading in Thailand is mostly on the over-the-counter (OTC) basis. Although an electronic trading platform is offered by the Stock exchange to be an alternative for trading, it accounts for only less than 5% of total trading.</p> <p>All trading (no matter where it takes place) is required to report to ThaiBMA within 30 minutes. ThaiBMA</p>

			then disseminates these executed transactions to the market to provide for intraday market movement information.
14	Turkey	TSPAKB	<p>According to the Article 55 of the Regulations Pertaining To The Foundation Of Stock Exchanges And Their Principles of Operation (General Regulation) the buying and selling of listed stocks and/or securities at the Exchange is fundamental. However, upon the proposal of the relevant exchange and the necessary arrangements by the CMB, authorization may be granted for non-exchange trading. Unless an exception has been made to such trading, exchange members cannot buy or sell the stocks and/or securities of their customers without directing them to the exchange.</p> <p>Right now all equities, rights coupons and exchange-traded funds and the derivatives based on equities or the equity indices must be traded on the exchanges.</p> <p>However, Turkish Treasury Bills and Bonds and derivatives based on the assets other than the equities and the equity indices can be transacted off-exchange with the obligation that the off-exchange transacted T-Bills and Bonds must be registered to the ISE by paying higher fee compared to the exchange traded ones.</p>
15	UAE (DIFC)	DFSA	<p>Securities listed on NASDAQ Dubai can also be traded over the counter, (OTC).</p> <p>The activity of operating an alternative trading system (ATS) falls is a financial services activity that could only be carried on by an AF in the DIFC. As an intermediary, an ATS provider will have to comply with the regulation such as standards for applicants, requirements on conduct in terms of disclosures, systems and controls, monitoring, etc. However, there is no ATS which is operating at the moment in the DIFC.</p> <p><i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i></p>
16	Uzbekistan	CSM	Buying and selling of stocks on secondary market can be made only or organized market (Stock exchange and OTC). Other transactions can be held on Off-Exchange.
17	Vietnam	HNX	<p>Off-exchange Transactions in OTC market were very lively but rather risky. To regulate the trading of stocks of unlisted public companies and minimize the risks investors may encounter during the registration, securities depository, clearing and settlement, UPCoM (Unlisted Public Company Market - UPCoM) was established on 24/06/2009 and operated by Hanoi Stock Exchange.</p> <p>Commodities traded on UPCoM:</p> <ul style="list-style-type: none"> <li>➤ Unlisted or delisted stocks of public companies;</li> <li>➤ Convertible bonds of public companies;</li> </ul> <p>Eligibilities for UPCoM registration:</p> <ul style="list-style-type: none"> <li>➤ Public companies having unlisted or delisted securities;</li> <li>➤ Public companies having registered and deposited securities at Vietnam Securities Depository;</li> <li>➤ Public companies receiving assistance commitment of a member securities company;</li> </ul> <p>On 11/01/2010, the SSC asked securities firm to stop services where investors can carry out transactions in OTC market since 28/01/2010 to support the development of UPCoM. In fact, it is estimated that there are about 4000 public companies. Currently, there are above 600 listed companies on the listed securities market and 99 companies trading on UPCoM. Thus, off-exchange transactions still happen, but less lively. Unlisted public companies will gradually register for trading on UPCoM or have stocks listed on exchanges.</p>

#### IV – 5. Share of On-line Trading

No.	Country	Name of Organization	Share of On-line Trading
1	China	SAC	At present, China allows online securities transactions. Securities regulatory authorities and Association issued the relevant regulations, for protecting the security of online transactions from the identity of investors, trading software, security information to investors and supervision.
2	Hong Kong	HKSA	Internet trading has become more common since the advent of the internet and advancement in computer technologies. Although to a much lesser extent, mobile trading on hand held devices are also gaining popularity but it represents a very small fraction of the overall transactions.
3	India	ANMI	All transactions in India take place online through the exchanges. There is no floor trading in India. The exchanges offer connectivity to its trading members through V-SAT connectivity or through leased lines. The members in turn extend connectivity to trading terminals across India through computer-to-computer links (CTCL) again through V-SAT connectivity or through leased lines. The broker using his computer link directly executes transactions on the exchange. Besides Brokers are permitted to offer internet based trading to their clients. Securities and Exchange Board of India (SEBI) in August granted the brokers registered with SEBI to provide Internet-based trading are eligible to provide securities trading using wireless technology (Mobile based trading). This is the next push forward to encourage increased retail participation and has started in India.
4	Indonesia	APEI	The positive performance of the introduction of Online trading and Direct Market Access (DMA) facilities. Out of 120 members of the Indonesia Stock Exchange (IDX), 33 members are now using online trading facility and & members are using DMA facility. The introduction of Online trading system has no doubt brought positive impact for the investing community in Indonesia in terms of trading access.
5	Japan	JSDA	Japan has witnessed a rapid increase in the number of Internet users and the PC market penetration rate since the latter half of the 1990s. In addition, in October 1999, the Japanese stock market entered a new era of complete liberalization of commissions and fees in the stock brokerage business. And these two factors have led to the birth of online brokers in Japan. Since then, competition among online brokers has been severe. Most of them cut commissions and fees in stock trading significantly to increase their customer base. In October 1999, there were around 300,000 internet brokerage accounts in Japan, but by March 2009, this number had reached 15 million accounts. If we only consider the retail equity market, 90% of stock trading is now conducted over the Internet. Currently, the top 6 online brokers (SBI, Monex, Matsui, Rakuten, Kabu.com, Nomura/Joinvest) account for 75% of all Internet trading.
6	Kazakhstan	FSA	Nowadays the average level of on-line trading is about 1.9%
7	Korea	KOFIA	As Home Trading System based on Internet has been developed since 1997, almost private investors in Korea play the market by e-Trading online. The E-Trading portion of KOSPI and KOSDAQ is 47.66% increased by 7.12% and 81.36% increased by 2.86% at the end of 2009 compared to the last year respectively. Recently, Trading by Smart Phone is increasing and the related marketing is actively aggressive in Korea.
8	Malaysia	ASCM	Since the advent of online trading in Malaysia, the growth has been steadily increasing. Currently, online trading contributes to about 15% of the total trades executed through Bursa Malaysia. It was also reported that 18% to 20% of total retail transactions were performed through online broking.
9	Mongolia	FRC	Currently in Mongolia there are no online broker and dealer trading.
10	Philippines	PSE	In the Philippines, online TPs haven't gained significant market share yet. Among the 132 active TPs, only 9 have online trading facility. These TPs cater mostly to retail clientele belonging to the younger generation. With the goal of capturing a considerable market share, the online TPs are designing an attractive online trading. Most of them offer low commission charges, intensive investor education and are equipped with research tools/analysis. One of the online TPs also decided to go public.
11	Sri Lanka	SEC	In Sri Lanka On-Line Trading is not that significant as the investors are not that keen on On-Line Trading. However it's gradually getting popular.
12	Taiwan	CTSA	Since the open of on-line trading services in 1997, Taiwan's securities companies have scrambled to launch on-line transaction. On-line trading not only provides easy-access information and commission discounts for investors but also reduces operating costs of securities firms, users of on-line trading services are increasing sharply, the internet accounts reached 5,500,000 as of December 31, 2009. However, competition among securities firms has been severe, most of them cut down their commissions and fees to increase their market shares. As of December 31, 2009, there were 64 securities firms providing on-line trading, which accounted for 24.51% of total amount of transactions as of December 31, 2009.
13	Thailand	ThaiBMA	
14	Turkey	TSPAKB	Internet based transactions have an increasing weight in the total. In the first quarter of 2010, 19% of the equity transactions and %25 of the derivative transactions were realized via Internet. The numbers of brokerage houses providing Internet based transactions are 61. Only one of them is online broker and the rest provides other means of transactions as well. The figures about the internet based transactions are provided below.

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15	UAE (DIFC)	DFSA	<p>NASDAQ Dubai and DME are essentially wholesale markets. Members of the exchanges are connected electronically to the trading platforms of the exchanges. Orders to the members can be made either electronically or through voice devices. DFM has more pronounced retail participation, comparatively. Members of DFM allow direct market access via internet to their clients.</p> <p><i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i></p>																																																																
16	Uzbekistan	CSM	Nowadays there is no online-trading in Uzbekistan																																																																
17	Vietnam	HNX	<p>Online trading was established between Hochiminh Stock Exchange with securities firms on 12/01/2009, and between Hanoi Stock Exchange and securities firms on 08/02/2010. Online trade between securities firms and investors has been long established. Since the application of online trading, most securities firms provide this service to customers and the number of accounts trading online is increasing rapidly and now online trading accounts for over 50 per cent of all transactions. Viet Nam, with an estimated 20 million internet users and 100 million mobile phone subscribers, was prime for the further development of online trading.</p> <p>Many securities firms now provide online trading via website-based Internet. Some companies used specialized software for online trading such as Home Trading System and Web Trading System.</p>																																																																

## V. Challenges of Securities Market

### V – 1. Major Recent Incidents and/or Challenges in Securities Market

No.	Country	Name of Organization	Major Recent Incidents and/or Challenges in Securities Market
1	China	SAC	1, the major events: the formal launch of stock index futures, to promote and gradually expand the pilot project of Margin Purchase and Short Sale ,to increase the efforts on combating insider trading and strengthen the norms on behavior of stock comments; 2, the challenge: China's economic structure and mode of development are unreasonable.
2	Hong Kong	HKSA	In the context of the global financial crisis and the collapse of Lehman Brothers, the local regulatory environment has dramatically tightened up. Recent trends also indicate much stricter enforcement on exchange participants and increased responses to protect investors. Preparations for RMB denominated products have been ongoing and exchange participants have been advised to be ready for when products will be launched. With that said, there have not been any announced plans for specifics products as of yet (i.e. lack of specifics on RMB-denominated, traded and settled equity products).
3	India	ANMI	The Indian financial market is shaping well and free from any financial crises. This is due to the pragmatic internal governance norms set up by the regulators.
4	Indonesia	APEI	The main challenge in security market are: <ul style="list-style-type: none"> <li>• Improvement of the security market likes Investor Protection Fund</li> <li>• Small number of local investors</li> <li>• few listed companies</li> <li>• Perception from the public that the stock market is likes gambling &amp; only for the rich</li> <li>• Introduction of continuous settlement, Single Investor ID and Straight-Through-Processing.</li> </ul>
5	Japan	JSDA	1. Ensuring investor confidence in securities companies A call center was established to provide consultation services for retail customers regarding illicit solicitation activities for non-listed stocks. 2. Setup of CCPs for OTC Derivatives In line with the global trend for regulating OTC products, discussions about setting up CCPs for CDS, etc. are underway. 3. Vitalization of Japanese corporate bond markets In many countries, the vitalization of the corporate bond market has been a particularly urgent issue. During the financial crisis, money markets dried up everywhere and corporate financing shifted to bank loans—and in some cases it was even difficult to get bank loans.
6	Kazakhstan	FSA	The main challenge in security market are: <ul style="list-style-type: none"> <li>- introduction of new liquid financial instruments in security market, securitized bonds, derivatives, infrastructure bonds, bonds guaranteed by the state;</li> <li>- widening the access to security market by individual investors;</li> <li>- improvement of the security market.</li> </ul>
7	Korea	KOFIA	- To prompt Finance Innovation and Competitiveness by enforcing FISCMA in 4 <sup>th</sup> of February, 2009 and enhance the competitiveness of Capital Market and Financing Service Industry and appease imbalance between Banks and Capital Market - To protect Investors by enforcing Regulation of Standard Investment Advice (“Best Practice”) including Principle of Suitability and Obligation of Explanation and establishing the Prevention System against the Conflict of Interest (“Chinese-wall”) - Growing Global Player to enhance Marketing and Risk Management Capacity
8	Malaysia	ASCM	The current state of retail participation in Malaysia capital market is less than encouraging that the retail segment contributed to only about 29% of the total trading value. In order to encourage retail participation, the Malaysia’s National Budget 2010 introduced several measures to liberalise the capital market which include the liberalisation of the commission sharing arrangements between stockbrokers and remisiers (commissioned dealers). The first stage, which takes effect immediately, allows flexible brokerage sharing at a minimum rate of 40% for remisiers. The commission sharing will be fully liberalized in the second stage, effective 1 January 2011. The other National Budget’s measure to enhance the retail participation is the full liberalisation of commission rates which will also be implemented in January 2011. This initiative aims to create a stiffer competition amongst the stockbrokers in offering lower brokerage that retail investors can eventually be enticed back to the market.
9	Mongolia	FRC	<ul style="list-style-type: none"> <li>• Introduction of stock trading over the Internet</li> <li>• Development of listing in securities market</li> <li>• Development of share holding companies’ governance</li> <li>• To standardize the companies operating in securities market consistent with international standards.</li> </ul>
10	Philippines	PSE	<u>Developments</u> <ul style="list-style-type: none"> <li>• The Philippine Stock Exchange (PSE) and NYSE Technologies, the commercial technology division of NYSE Euronext, today jointly announced the successful migration of the PSE to NYSE Technologies’ NSC V900 trading platform. The new innovative trading infrastructure will enhance</li> </ul>



			<p>PSE's product range, trading performance and volume capacity.</p> <ul style="list-style-type: none"> <li>• The creation of the "Maharlika Board" – this distinguishes listed companies from the rest by promoting a higher standard in corporate governance.</li> </ul> <p>With the launch of NSC V900 on July 26, 2010, the PSE is now able to handle larger trading volume and process trades 10 times faster than the previous system.</p> <p><u>Major Challenges</u></p> <ul style="list-style-type: none"> <li>• Small number of local investors</li> <li>• Few listed companies</li> <li>• Liquidity problems</li> <li>• High friction (transaction) costs relative to its neighboring exchanges</li> <li>• Perception from the public that the stock market is only for the rich</li> </ul>
11	Sri Lanka	SEC	<p>1. In September 2010 the SEC introduced a new formula to ensure the stability of the Securities Market and to safeguard the entire stakeholders of the capital market in Sri Lanka. Without a reasonable cause none of the stakeholders can increase or decrease the price of a share.</p> <p>Based on the last five trading days under the new formula, which takes into account both volume and price movements, shares that captured will get into a list and will remain there for 15 days. During this time there will be restriction placed on those shares such as the applicability of the 10 percent price band and the 50 percent margin upfront for trading such shares.</p> <p>2. The SEC has also directed all stock broking companies to refrain from extending credit to any investor beyond three days from January 1 of 2011. "If credit is to be extended beyond this specified period it could be done only through a Margin Provider duly registered with the SEC.</p>
12	Taiwan	CTSA	<p>1. Promoting foreign businesses to list in Taiwan</p> <p>The authorities passed a Plan for promoting "foreign businesses" to list in Taiwan. The purpose of this Plan is to promote and help facilitate the synchronization of these "foreign businesses" with Taiwan's capital market to fulfill the local investors' diversified needs. The purpose of this Plan is also to upgrade both the internationalization and competitiveness of Taiwan's capital market. Following that, the authorities further relaxed the restrictions on the qualifications of foreign issuers, the upper limit of investments in Mainland China, and the use of raising funds. This will help Taiwan to become the destination of choice for foreign issuers and Taiwanese businesses that are considering listing for the purpose of raising funds.</p> <p>2. Investors alert</p> <p>In order to provide local investors with convenient access to the investor alerts disseminated by the International Organization of Securities Commissions (IOSCO), CTSA sets up an investor alert section on its website on 1 June 2010 to inform website visitors of notices issued by securities and futures authorities around the world to warn investors of illegal financial institutions, unapproved financial instruments, and scams.</p>
13	Thailand	ThaiBMA	<p>1. Liberalization of securities business by the year 2012. This will create stronger competition in the business and allow for newcomers.</p> <p>2. Launching of 6-month interest rate futures and 5-year bond futures by October 2010</p> <p>3. Demutualization of Thailand's Stock Exchange</p>
14	Turkey	TSPAKB	<p>Turkish capital markets currently depend on a few products; namely equities, government bonds and bills, mutual funds and futures. However, the market is expanding and new products are being introduced and developed. The latest amendments and potential development areas for the near future are briefly summarized below.</p> <p><u>Harmonisation with the EU Regulations</u></p> <p>The CMB conducted a twinning project with the German BaFIN in 2006-2007. In that study, Turkish regulations were reviewed and their conformity to European Union regulations was analyzed. It has been concluded that Turkish regulatory structure is in line with the EU standards to a large extent. Yet, amendments to most regulations are being implemented gradually. In July 2010, a series of new regulations, aiming largely at hindering market manipulation were announced by CMB. They will be put in place as of October 2010. Principles regarding the procedures for voluntarily delisting were also recently released.</p> <p><u>Istanbul as a Financial Centre</u></p> <p>The government has undertaken a project in order to make Istanbul a regional financial center. Studies have started under the coordination of the government and working groups have been formed in early 2009, with the contribution of 81 public and private institutions, non-governmental organizations (including TSPAKB) and universities. These studies propose revisions and reforms in a wide range of areas including the justice system, regulatory and supervisory framework, diversification of financial services, taxation policies, human resources and infrastructure. The resulting Strategy Document was made public in October 2009.</p> <p><u>Introduction of New Investment Instruments</u></p> <p>Although the size of the corporate bond market is limited in the Turkish capital markets, the issuance of corporate bonds is reviving, as interest rates went down to historically low levels, and thanks to a recent</p>

			<p>amendment in the related regulations. On the other hand, new regulation regarding the issuance of company and covered warrants has been passed in 2009. The first covered warrant was listed in July 2010. The amazing growth of TurkDex indicates the appetite of Turkish investors for derivatives. Currently, the market is expecting the introduction of single-stock futures and options. In 2009, the ISE established the Emerging Companies Market in order to create a transparent and organized trading platform for companies with high growth potential. A sponsor-based system was put in place for SMEs. Nevertheless, there are no companies listed on this market as of July 2010. Although the mortgage regulation was passed in 2007, there are still no mortgage related securities, which is not a surprise given the global crisis.</p> <p><b>Market Infrastructure Reforms</b></p> <p>Regulations regarding trading procedures in the equity market were amended in last few years. Trading hours were extended gradually (by 30 minutes in 2008, and by an additional 30 minutes in 2009), in order to converge to developed markets' time zones. In addition, opening sessions were introduced for the first (2007), and the second (2009) trading sessions. In September 2008, ISE introduced new regulations to allow the listing of public companies on the stock market, without going through a formal IPO procedure. According to Turkey's regulations, companies with more than 250 shareholders are considered public, and have to be registered with the CMB. In June 2009, ISE introduced the "Automated Disclosure Platform", which is a website enabling listed companies to release any information, required to be publicly disclosed in compliance with the respective legislation. The website serves in Turkish and English. In November 2009, ISE launched the Collective Products Market. This market is dedicated to shares of investment trusts, real estate investment trusts, venture capital investment trusts, Exchange Traded Funds, warrants and other structured products. In May 2010, ISE introduced a new borrowing market for companies whose stocks are traded on ISE. Those companies (excluding watch list companies) will be able to issue debt instruments on the Offerings Market for Qualified Investors without issuing a prospectus and a circular.</p> <p><b>IPO Encouragement Campaign</b></p> <p>The ISE, the CMB, the Union of Chambers and Commodity Exchanges of Turkey, and the TSPAKB signed a protocol to encourage public offerings in 2008. Within the context of the protocol, a series of seminars, conferences and private meetings are organized across the country in order to increase the awareness among the companies about public offerings; inform them about the benefits and procedures of an IPO.</p>
15	UAE (DIFC)	DFSA	<p>The UAE and Dubai have not been immune to the fallout of the global credit crisis. In addition to the risk based assessment DFSA undertook various thematic reviews to assess the risk firms impose on its objective, e.g. regarding asset managers.</p> <p>A review of its Collective Investment Funds regime was initiated in mid 2009. A panel of leading industry experts (Market Practitioner Panel) was invited to highlight what modifications and improvements were needed to make the DIFC's funds regime more attractive to both the funds industry and investors. Based on this initiative, the new collective investment fund regime was introduced in July 2010, and the new regime also remains true to the International Organisation of Securities Commission (IOSCO) principles for regulating collective investments schemes.</p> <p>Islamic finance is an important area of focus, and the DFSA upgraded its activity significantly by becoming a full member of the Islamic Financial Services Board and participated in several working groups, including those on Shari'a Governance, Conduct of Business and Solvency Requirements for Takaful Operators. A series of electronic Islamic finance tailored handbooks were launched and were designed to help Firms undertaking Islamic finance activities in the DIFC. The five tailored handbooks relate to five different types of Islamic finance activities, each containing parts of the DFSA Rulebooks which apply to that particular area of activity namely Islamic Banking, Islamic Investment Business, Islamic Insurance, Islamic Insurance Intermediation and Management, and Operation of Islamic Funds.</p> <p><i>(The information in the table below in respect of UAE (DIFC) is accurate as at September 2010. Readers should refer to the website of the regulator in question to verify any information in this table)</i></p>
16	Uzbekistan	CSM	<p>Securities market total turnover reached 1 230,5 bln. UZS as of October 1, 2010;  Number of joint stock companies – 1430 as of October 1, 2010;  Total volume of issued share capital – 6 434,0 UZS as of October 1, 2010.</p>
17	Vietnam	HNX	<p>Generally, challenges Vietnam's stock market has been facing include:</p> <ul style="list-style-type: none"> <li>- The building of laws, regulations, and market regulating policies is passive, and does not keep pace with the rapid development of the market.</li> <li>- The number of organizations in the securities industry is increasing fast, which also implicates the systematic risk. The capability of many organizations is not good.</li> <li>- Listed commodities on the securities market are not attractive enough to draw the attention of big companies, especially banks and financial institutions. There are also risks in the grey market.</li> <li>- The integration with market in the region is limited, mostly because of infrastructure and legal base, which also reduces the access to Vietnam's stock market from foreign investors in the region.</li> </ul> <p>Recently, the macro economy of Vietnam has been improved but short-term uncertainties have been uncovered in the financial market. Stocks have been "diluted" because of many new listings, regulators have delayed the application of new trading mechanism, banks are required to increase minimum charter capital to VND3,000 billion. All these factors have slowed down the capital flow into the stock market.</p> <p>Besides, foreign capital into Vietnam's stock market is modest because the world financial crisis drained</p>

		<p>the resources, exchange risks stirred worries in investment into emerging stock markets including Vietnam's and the confidence in domestic fund investment has decreased in 2009 and first half year of 2010.</p> <p>Vietnam's stock market also meets challenges from outside. Many stock markets in the region are going to be launched. In the following years, ASEAN is expected to have a common stock market and cross listing will be performed. At that time, the fundraising of domestic companies will be more competitive.</p>
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## V – 2. Measures to cope with the Financial Crisis and Prevent its Recurrence

No.	Country	Name of Organization	Measures to cope with the Financial Crisis and Prevent its Recurrence
1	China	SAC	<p>1, The main measures to tackle the financial crisis: put in 4 trillion Yuan in two years to stimulate economic growth, the top ten industrial revitalization programs, encourage automobile consumption, home appliances going to the countryside, real estate tax incentives.</p> <p>2, The major initiatives to prevent the recurrence: transformation of economic development, adjustment of economic restructuring, development of low-carbon economy.</p>
2	Hong Kong	HKSA	<p>Although Hong Kong has not been as hard hit as some of its US and European counterparts, had no bank bailouts or failed brokers, local regulators nonetheless have used this time as an opportunity to focus on credit rating agencies, hedge fund managers and investor protection. Credit rating agencies are currently unregulated but may become regulated in the future. Unlike in the US for example, hedge fund managers carrying on business in Hong Kong are subject to our regulatory regime and are required to be licensed. Going forward, there may be increased attention to the hedge fund industry in addition to the asset management industry in general. Other future developments may include additional requirements, particularly in the area of structured products and proposed enhancements to the “know-your-client” process for intermediaries.</p>
3	India	ANMI	<p>India has not suffered from the adverse effects of the recent financial crises due to its pragmatic internal governance of markets. This is due to the country’s internal strength and market design. We consider our markets to be one of the safest in the world.</p> <p>In 2007-08, the market regulators were under enormous pressure to open up the markets even further due to the rapid growth, but post the slowdown of the world economy the pressure has reduced considerably and now we are looking at a gradual opening up of the markets.</p> <p>The following are some of the recent products introduced by the regulators which shows that liberalization is continuing:</p> <ul style="list-style-type: none"> <li>• Introduction of Currency Futures &amp; Options.</li> <li>• Increasing the Limits on Debt markets for Foreign Investors.</li> </ul> <p>Further work is under process to improve the Foreign flows in India.</p>
4	Indonesia	APEI	<p>Since the last financial crisis, the Indonesian government through the Capital Market Supervisory Agency-Financial Institutions (Bapepam-LK) together with the SROs (IDX, KPEI, KSEI) has introduced measures to build up the resilience of the capital market likes:</p> <ul style="list-style-type: none"> <li>▪ Enhancing the effectiveness of enforcement</li> <li>▪ improving the quality of Adjusted Net Working Capital</li> <li>▪ introducing Single Investor ID and Straight Through Processing (STP)</li> <li>▪ Improving the quality of the public listed companies</li> </ul> <p>Improving standard of disclosure by market participants</p>
5	Japan	JSDA	<p>Since the financial crisis, the Japanese government has taken a series of measures for these purposes, such as facilitating corporate financing; establishing a structure for government related organizations to purchase, in an emergency, stocks from the market; and strengthening the restriction on short-selling, etc. JSDA also made recommendations and established new self-regulatory rules to rebuild market integrity and investor confidence and to revitalize the market, such as enhancement of the traceability of securitized products, vitalization of corporate bond market, etc.</p>
6	Kazakhstan	FSA	<p>Main problems of the domestic stock market during the period of the global financial crisis were the worsening of the financial condition both in the organizations that carry out professional activities in the market and securities issuers, which gave rise to growing investment risks for the investors and, correspondingly, the aggravation of “crisis of investors’ confidence” in the securities market. In this connection, the Agency’s activities to regulate securities market players in 2009 were aimed at taking measures conducive to the financial health of the organizations that possessed licenses to carry out professional types of activities in the securities market, to reducing risks associated with their activities, to protecting the rights and interests of investors, and to increasing their financial literacy.</p> <p>The Agency’s another significant activity in the area of provision of the financial sustainability of professional securities market players and decrease of the risks associated with their activities was enhancement of the risk management system. E.g., the new wording has been adopted concerning relevant regulations defining the requirements for risk management in organizations engaged in broker and (or) dealer activities in the securities market and those engaged in investment portfolio management. In so doing, with a view to raising the liquidity of the national stock exchange and creating additional investment opportunities, including thorough development of new financial instruments, the regulator continued its efforts to help the issue and circulation of Islamic securities. In particular, to execute the Law on Islamic financing, the Agency has developed a legislative framework stipulating the procedures for state registration of the issue of Islamic securities, consideration of the reports on results of the securities placement and redemption, and also assignment of a national identification number to Islamic securities, defining requirements for the foundation and activities of an Islamic special purpose vehicle and for the content of a contract for representation of the interests of Islamic securities holders which is to be concluded between the issuer and the representative of Islamic securities holders, and also in terms of the establishment of the procedure for functions and responsibilities to be executed by the representative of the Islamic securities holders, as well as defining the procedure for, and cases of, an early termination of their powers.</p>

7	Korea	KOFIA	<p>In 2010, KOFIA is proceeding total of 6 times special lectures with the subject of fund and pension in order to settle the culture of long-term diversified investment and enhance capability of risk management of investors. And the Supervisory Authority establishes Risk Management System of security companies and its operating basis.</p> <p>The major policy of the Supervisory Authority is improvement of the Risk Assessment as follows:</p> <ul style="list-style-type: none"> <li>• The basic outline of the risk amount to be diversified to the Market Risk Amount, Credit Risk Amount and Management Risk Amount in accordance with the international standard</li> <li>• The assessment method for Management Risk Amount to be assessed by applying business profit per business plus the 12% - 18% of the risk amount in accordance with the new BIS standard and relieve the minimum amount from 20% to 10% of the currently legal capital</li> </ul> <p>In addition, by making maintain internal control standard to protect investors</p> <p>Permission of the establishment and advising act of the self- internal control standard of the KOFIA in order to set up the internal control as a self-regulation</p>
8	Malaysia	ASCM	<p>Since the late nineties financial crisis, the Malaysian Government through the Securities Commission and Bursa Malaysia has introduced measures to build up the resilience of the capital market which include enhanced investor protection policy and practice, high standard of conduct by industry players and efficient and effective regulations. In executing these measures, several broad based initiatives have been implemented which are as the followings:</p> <ul style="list-style-type: none"> <li>▪ Elevating the investors' level of education and awareness</li> <li>▪ Improving the quality of the public listed companies</li> <li>▪ Improving standard of disclosure by market participants</li> <li>▪ Promoting high standards of business conduct among market participants</li> <li>▪ Enhancing the standards of corporate governance among public listed companies</li> <li>▪ Enhancing the effectiveness of enforcement</li> </ul>
9	Mongolia	FRC	<p>FRC works focusing on improving the legal environment of the financial sector which is one of the important aspects of stabilizing and developing of non-banking financial institutions other than banking.</p> <p>Approving the rules, regulations and instructions were the primary work of the FRC within the framework of regulatory sector for 2009.</p> <p>In 2009, the FRC drafted a number of essential laws which are fundamental to stabilizing the development of sectors such as renewal of securities law, investment fund law, asset-backed securities law, amendment to company law and non banking financial law and worked effortlessly for approving these laws in 2010.</p> <p>In 2010 Commission will continue to put its attention to issues which are always in the center of attention such as legal persons who is working in financial market, improve the yields of monitoring in the operation of professional participants, their level of profession, ethics, financial discipline, capacity building for trained staff, enhance the public financial level of education and protect the rights of the customers and investors.</p>
10	Philippines	PSE	<p>PSE has approved its plan of spinning off its regulatory arm to further enhance the independence of its regulatory functions.</p> <p>MSD has enhanced its market surveillance procedures and is seeking to continually improve its policies and procedures to align it with international/regional best practices. MSD coordinates with SEC in relation to its surveillance reviews and functions.</p> <p>Also the SEC has strengthened its rules relating to corporate governance by requiring at least two (2) independent directors per trading participant (TP). Also the SEC has enhanced its rules towards investor protection by increasing TP's unimpaired paid up capital to Php20M.</p>
11	Sri Lanka	SEC	n/a
12	Taiwan	CTSA	<p>Since mid-2008, the global financial crisis has hindered Taiwan's economic growth like it has done on other countries in the world. Taiwan's government adopted expansionary fiscal policies (such as handing out consumption vouchers of \$110 US dollars to every citizen in Taiwan), looser monetary operations (such as lowering interest rate to provide market liquidities) and full guarantee policy on deposits to deal with the impacts from crisis.</p> <p>CTSA makes accommodations and revises self-regulatory rules to rebuild market order as well as assists in the risk management enhancements of security companies and their protection of investors' interests.</p>
13	Thailand	ThaiBMA	<p>After the financial crisis in 1997, the government has turned to raise funds via the bond market while the private sectors consider issuing corporate bond as fund raising alternative instead of bank loan or in stock market.</p> <p>Government has introduced many measures to develop the bond market. These included :</p> <ol style="list-style-type: none"> <li>1. Amending the Public Debt Act, so it allows the government to issue bonds continuously even without budget deficit, in order to provide benchmark and promote liquidity in the bond market.</li> <li>2. Allowing foreign entities to issue baht-denominated bonds in Thailand</li> <li>3. Exemption of tax of government bonds for foreign investors</li> <li>4. Promoting Private repo and Bond future as alternative tools for portfolio management</li> </ol>
14	Turkey	TSPAKB	<ul style="list-style-type: none"> <li>• Inaction of a law which extended the unemployment salary period from 3 months to 6 months and increased the payment rate by % 50; which prevented the seizure of the retirees monthly salaries;</li> </ul>

			<p>which extended the period of incentives for investments for 1 year.</p> <ul style="list-style-type: none"> <li>• Declaration of Economical Packet which enabled: <ul style="list-style-type: none"> <li>○ Decreasing the value added taxes for 3 months in durable goods, houses and automobiles,</li> <li>○ Cheap credits to small and mid-sized firms</li> <li>○ Decrease in the taxes levied on the foreign credits</li> <li>○ Decrease in the energy consumption fees in the manufacturing sector,</li> </ul> </li> <li>• Extended the period from 18 months to 24 months for agriculture sector credits and from 5 years to 7 years for the investment credits.</li> <li>• Decrease of Corporate Tax Rate for the areas which have a priority in development plan from %20 to the rates changing from 10% to 2% depending on the region.</li> <li>• Providing and increasing the government sponsored guarantee for the credits used by manufacturing sector.</li> <li>• A Law which addressed the restructuring of the credit card debts</li> <li>• Central Bank decreased the FX credit withdrawals rate and extended the period and postponed the open market foreign exchange purchases to provide FX liquidity.</li> </ul>
15	UAE (DIFC)	DFSA	<p>DFSA have increased its focus on the business of scrutinizing firms applying for authorization to conduct financial services business in the DIFC. Whilst the application form for authorization has been made more user friendly to make the process easier, the DFSA continues to maintain its rigorous risk based supervision of the firms. For instance, DFSA is keeping an appropriate number of on-site visits to understand the business of a firm at the ground level and to meet senior management face to face more frequently. This inspection is in addition to DFSA analysis of regulatory returns and the use of appropriately targeted theme reviews. Part of the focus of the on-site visits is to review a firm's systems and controls and to discuss risk management issues and mitigation.</p> <p>DFSA also conducted a similar thematic review on NASDAQ Dubai in respect of debt disclosure obligations.</p>
16	Uzbekistan	CSM	<p>Financial crisis has not affected the economy of Uzbekistan. The main macroeconomic indicators have shown steady growth.</p>
17	Vietnam	HNX	<p>In 2008, Vietnam's economy was confronted with two different sets of challenges. In the first half, Vietnam was combating a potential macroeconomic instability such as high inflation, a fragile financial system and surging twin deficits. In the second half, the country suffered external shocks from the global financial and economic crisis. The Vietnamese government had to make a swift shift in policy responses mid-way in the year.</p> <p>On April 17, 2008, the Government released <i>Resolution No.10/2008/NQ-CP</i> detailing measures to restrain inflation, stabilize macro economy and ensure social security and sustainable growth. The <i>Resolution</i> suggested 8 groups of solution, which focus especially on fiscal policy and monetary policy.</p> <p>The government carried out a tight fiscal policy with different measures such as (i) cutting down public expenditure to further reduce budget deficit; (ii) reducing public investment, especially investments of state-owned groups and enterprises; and (iii) giving priority to investment in economic sectors. Inefficient public investment projects have been cancelled while new projects were postponed.</p> <p>The government also took decisive and consistent measures on monetary tightening to effectively control inflation and stabilize the macro-economy. The State Bank of Vietnam (SBV) increased benchmark interest rate on VND three times in the first half of 2008, boosting benchmark rate from 8.25% to 14% per annum on June 11, 2008<sup>17</sup>. Refinancing rate and discount rate were also raised to 15% and 13% per annum respectively. Credit growth was expected to be brought down to 30% in 2008 by different measures, including raising interest rates. Additionally, the exchange rate management was relaxed by widening the trading band for USD/VIVD from <math>\pm 0.75\%</math> to <math>\pm 1\%</math> on March 10 and further to <math>\pm 2\%</math> on June 27. This aimed to promote export and reduce trade deficit.</p> <p>On December 11, 2008, the Vietnamese government released <i>Resolution 30/2008/NQ-CP on urgent measures</i> to deal with the economic recession, maintain economic growth and ensure social security. The <i>Resolution</i> focuses on boosting production and businesses; strengthening exports; stimulating investment and consumption; guaranteeing social security, and endeavoring to achieve an economic growth of 6.5% in 2009. The measures are likely to be included in broad policy initiatives such as (i) expansionary fiscal policy; (ii) easing monetary policy; and (iii) social security policy.</p> <p>On fiscal policy, the government announced several measures to support SMEs in Vietnam. For example, SMEs<sup>20</sup> may benefit from (i) 30% Corporate Income Tax (CIT) payable deduction; (ii) an extension of up to 9 months for the deadline of submission of the tax payables of 2009; and (iii) a temporary refund of 90% input Value Added Tax (VAT) for exported goods without justifiable payment documents.</p> <p>On monetary policy, since July 2008, Vietnam has gradually eased its monetary policy. From October 21, 2008 to January 23, 2009, SBV cut its benchmark interest rate six times from 14% to 7% per annum. The refinancing rate and discount rates were reduced to 8% and 6% per annum respectively.</p> <p>On social security policy, the Vietnamese government decided to launch an unemployment insurance scheme with effect from January 1, 2009. Accordingly, Vietnamese workers who signed contracts of at least one year with foreign, government or individual companies will be eligible for unemployment insurance, accounting for 60 percent of the average salary of the employee.</p> <p>In addition to the abovementioned measures, in December 2008, the Vietnamese government has announced a <b>fiscal stimulus package</b> to compensate for the effects of the global economic recession. The total value of the stimulus package is about US\$6 billion (VND 100 trillion), accounting for 6.8% of the GDP. The package aims to revive the slowing economy by promoting consumption and investment including tax cuts and interest rate assistance for business, infrastructure, housing, schools and hospitals.</p> <p>To prevent recurrence of financial crisis, according to many researchers, the Vietnamese government should focus on controlling public investment to ensure transparency, accountability and high efficiency.</p>

		<p>The fiscal deficit can thus be reduced giving Vietnam more space for fiscal stimulus and ensuring the effectiveness of its fiscal stimulus package.</p> <p>On monetary policy, Vietnam should not lose control over credit and money supply growth as it is carrying out a loose monetary policy. Besides, the exchange rate policy should be made more flexible by widening trading band for the USD/VND exchange rate. It will help to depreciate the VND gradually and boost Vietnamese exports, thus narrowing the trade deficit.</p> <p>On social security policy, the government would do well to provide more support for those most vulnerable in the global economic downturn. More measures need to be carried out to reduce unemployment, support retrenched workers, and provide subsidies for the poor in rural areas. The fiscal stimulus package should include measures dealing with social issues.</p> <p>Finally, restoring macroeconomic stability must be the primary concern of the government. Macroeconomic stability is important for Vietnam to restore consumer and investor confidence, and to stimulate consumption, especially when its US \$1 billion package focuses on investment stimulus.</p>
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