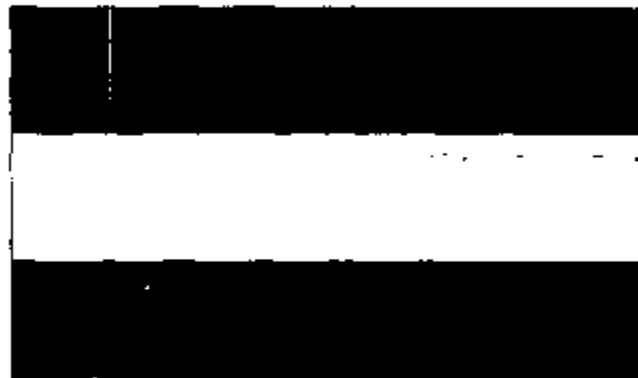


MEMORANDUM OF UNDERSTANDING



*The United States
Securities and Exchange Commission*



*The Republic of Hungary
State Securities Supervision*

The Budapest Stock Exchange

*Regarding the Provision
of Technical Assistance
for the Development of the
Hungarian Securities Markets*

*Budapest
June 22, 1990*

UNDERSTANDING
BETWEEN THE
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
AND
THE REPUBLIC OF HUNGARY STATE SECURITIES SUPERVISION
AND
THE BUDAPEST STOCK EXCHANGE
REGARDING
THE PROVISION OF TECHNICAL ASSISTANCE FOR THE
DEVELOPMENT OF THE HUNGARIAN SECURITIES MARKETS

Recognizing the significance of independent securities markets for economic development and growth;

Believing that the development of securities markets in Hungary will facilitate privatization of state-owned institutions and the raising of capital by privately owned companies;

Sharing the common goal of developing and maintaining open, fair, efficient and sound securities markets;

The United States Securities and Exchange Commission and the Republic of Hungary State Securities Supervision and the Budapest Stock Exchange ("the Authorities") hereby express their mutual intentions regarding efforts to promote the development of sound securities regulatory mechanisms and the integration of the Hungarian securities system into a broader international framework.

In furtherance of this objective, and subject to the availability of personnel and other resources, the Securities and Exchange Commission intends to consult with and to provide advice to the Republic of Hungary State Securities Supervision and the Budapest Stock Exchange with a view to establishing and implementing an ongoing technical assistance program for the development, administration and operation of the Hungarian securities markets.

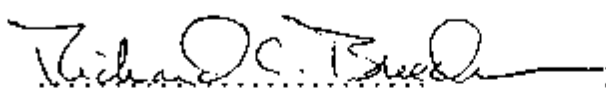
Such consultations will identify specific types of technical assistance which the Authorities believe necessary and reasonable. Such assistance may include the training of personnel as well as the provision of information and advice relating to the development of:

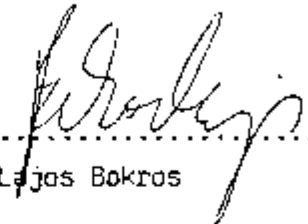
- (i) order handling systems;
- (ii) trade recording and comparison systems;
- (iii) quotation and transaction data transmission systems;
- (iv) clearance and settlement mechanisms;
- (v) regulatory requirements relating to market professionals and capital adequacy;
- (vi) systems and related regulatory mechanisms relating to accounting and disclosure;
- (vii) systems necessary for effective market surveillance and enforcement programmes; and
- (viii) procedures and practices to protect investors.

The Authorities consider that it is essential to establish a framework to enhance the provision of technical assistance on a continuing basis as well as communication and cooperation about all matters relating to the operation of their markets and the protection of investors. In furtherance of these objectives the Authorities intend to use their best efforts to provide each other assistance to facilitate the effective administration and enforcement of their respective laws and regulations relating to securities matters.

The Authorities recognize that specific assistance may be subject to the availability of resources as well as domestic authorizing legislation and that this Understanding does not create any binding international legal obligations. Accordingly, the Authorities understand that a further understanding regarding the specific terms and conditions for the provision of assistance is essential for the initiation of assistance pursuant to this Understanding. To further ensure the effective operation of this Understanding, the Authorities will designate contact officials.


This Understanding shall remain in effect unless terminated by any one of the Authorities.


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Mr. Richard C. Breeden

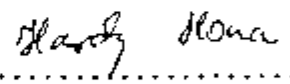

.....
Mr. Lajos Bokros

Chairman of the Securities
and Exchange Commission
United States of America

Chairman of Stock Exchange
Council of the Budapest
Stock Exchange


.....
Mr. Zoltán Pácsi

Chairman of the State
Securities Supervision
Republic of Hungary


.....
Ms. Ilona Hardy

Managing Director of the
Budapest Stock Exchange

Signed this 22nd day of June 1990