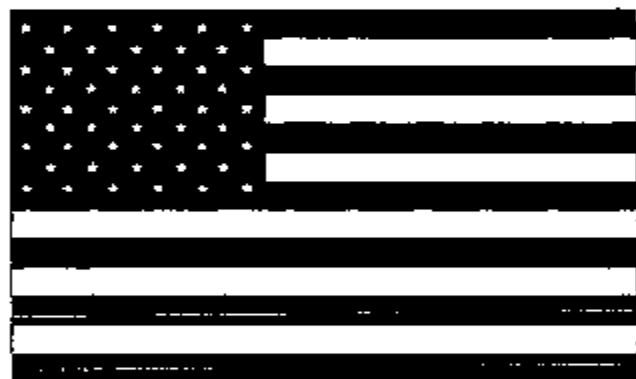


UNDERSTANDING

*Regarding the Establishment
of a Framework for Consultations*

AND

ADMINISTRATIVE AGREEMENT



*The United States
Securities and Exchange Commission*



*The Commission des
Operations de Bourse
of France*

*Paris
December 14, 1989*

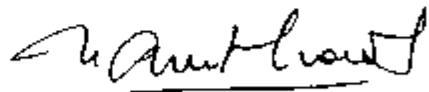
UNDERSTANDING REGARDING THE ESTABLISHMENT
OF A FRAMEWORK FOR CONSULTATIONS BETWEEN
THE SECURITIES AND EXCHANGE COMMISSION
AND
THE COMMISSION DES OPERATIONS DE BOURSE

Recognizing the significance of close cooperation in matters relating to the enforcement and administration of the securities laws of their respective nations, the Securities and Exchange Commission ("SEC") and the Commission des Opérations de Bourse ("COB") (collectively the "Authorities") today have signed an Agreement on mutual assistance ("Agreement"). The Agreement will strengthen the ability of the SEC and the COB to sanction persons and entities engaging in fraudulent practices and therefore to protect investors in the markets of each nation.

Transactions in French corporate stock attributable to the United States increased from \$1.2 billion in 1985 to \$4 billion in 1988. Transactions in United States corporate stock attributable to France increased from \$6 billion in 1985 to \$12 billion in 1988. These increased flows of capital are an important factor for both nations' economies. Given the interdependence of the United States and French securities markets, the SEC and the COB have determined that it is essential to establish a further framework to enhance communication about all matters relating to the operation of the securities markets of their respective countries.

The SEC and the COB share a common goal of developing and maintaining open, fair, efficient and secure markets. To that end, the Authorities recognize that cooperation and consultation will create the balance between market regulation and competition necessary to the continued evolution of their domestic markets. The Agreement signed today provides a framework for the Authorities to exchange information necessary to maintain the integrity of the securities markets of the United States and France. This Understanding reflects the Authorities' additional agreement to engage in mutual consultations about subjects of common interest in order to coordinate market oversight, and to resolve differences that may exist between their respective regulatory systems. These consultations will assist in the development of mutually agreeable approaches for ensuring the continued strength and growth of the securities markets of the United States and France.


Richard C. Breeden
Chairman
Securities and Exchange Commission
United States of America


Jean Saint-Geours
Président
Commission des Opérations
de Bourse
France

Executed this 14th day of December 1989

UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION

REPUBLIQUE FRANCAISE
COMMISSION DES
OPERATIONS DE BOURSE

ADMINISTRATIVE AGREEMENT

The Securities and Exchange Commission ("SEC") and the Commission des Operations de Bourse ("COB");

Considering, in light of the increasing international activity in the securities markets, the need for mutual cooperation and consultation in order to facilitate the performance of their functions in the matters mentioned hereinafter;

Considering the importance of ensuring compliance with and enforcement of the securities laws and regulations of the United States and France;

Willing therefore to establish the fullest mutual assistance in order to facilitate the performance of the functions they are entrusted with in their respective States to enforce or secure compliance with any law or regulation, as that term is defined herein,

Have agreed as follows:

Article 1: Purpose of the Agreement

The purpose of this Agreement is to establish a system for mutual assistance between the administrative Authorities designated hereinafter, in order to facilitate the performance of the functions they are entrusted with in their respective States and to enforce or secure compliance with any law or regulation, as that term is defined herein, including those which:

- (1) create and protect the rights of investors to obtain timely and accurate information regarding the issuers of securities;
- (2) prohibit and provide sanctions against the abusive use of confidential information and other manipulative market practices;
- (3) ensure compliance by all market participants with the laws and regulations governing market procedures and organization; and

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- (4) ensure compliance by all securities and investment professionals with the laws and regulations governing their profession and their operations on the stock markets, including laws and regulations concerning the transmission and execution of orders or the management of individual or collective portfolios of securities.

Article 2: Definitions

For the purposes of this Agreement:

- (1) "Authority" means:
 - (a) the Securities and Exchange Commission of the United States; or
 - (b) the Commission des Operations de Bourse of France.
- (2) "requested Authority" means an Authority to whom a request under this Agreement is made.
- (3) "requesting Authority" means an Authority making a request under this Agreement.
- (4) "person" means a natural person or legal entity, partnership or unincorporated association.
- (5) "security" means a stock, bond, debenture, note, or any other right, contract or document which falls within the jurisdiction of a requested Authority.
- (6) "issuer" means a person who issues or proposes to issue any security.
- (7) "stock markets" means markets maintained for the purchase and sale of securities, including national securities exchanges and associations, and over-the-counter markets.
- (8) "investor" means a person who directly or indirectly has, holds or places an order to obtain, a beneficial interest in securities.
- (9) "professionals carrying out operations on the stock markets" means:
 - (a) any person who engages in the business of purchasing, selling, transferring, clearing or settling securities; collecting, executing or transmitting orders given by investors concerning

the purchase or sale of securities; engaging for his own account, or for the accounts of investors, in the management of individual or collective securities portfolios; or advising others in these matters; and

(b) any person who is associated with another person who performs any function listed in subparagraph (a) including, without limitation, an employee or authorized representative.

(10) "laws or regulations" means the provisions of the laws of the United States and France or any rule adopted thereunder by one of the Authorities, concerning:

(a) the prohibition and investigation of, and sanctions applicable to, insider trading, misrepresentation, or the use of fraudulent, deceptive, or manipulative practices in connection with the offer, purchase, or sale of any security;

(b) the prohibition and investigation of, and sanctions applicable to, any failure by any issuer of securities, or by persons related, directly or indirectly, to such issuer to comply with any requirement to make timely and accurate disclosure of information; and

(c) the prohibition and investigation of, and sanctions applicable to, any failure by a professional carrying out operations on the stock markets pertaining to his profession or his function in the stock markets, including failures pertaining to the handling, transmission and execution of orders, the management of any securities portfolio, the settlement of securities transactions, the safeguarding and custody of customer securities, and any financial or operational requirements.

Article 3: Scope of Assistance

1. The Authorities agree to provide each other the fullest assistance under this Agreement, in order to facilitate the exchange of information between such Authorities relating to facts in connection with investigations to determine whether any

person has violated the laws or regulations of the State of the requesting Authority. For that purpose, they agree to:

- (a) provide access to information in their files;
- (b) take the evidence of persons; and
- (c) obtain documents from persons.

2. In order to comply with any request for assistance relating to issuers, investors or professionals carrying out operations on the stock markets, as well as any person likely to have information in connection with the facts contemplated by the request, the requested Authority shall use all its powers and means according to procedures provided under the law of the requested State.

Article 4: General Principles

1. This Agreement does not prohibit either Authority from taking measures, to the extent permitted by international law, otherwise than as provided herein to obtain information necessary to ensure compliance with or enforcement of the laws or regulations of their respective States.

2. No provision of this Agreement shall be construed as conferring the right to ask for, or challenge, the execution of a request for assistance upon any person or authority other than those designated in Article 2.

3. Assistance under this Agreement may be denied where:

- (a) the execution of the request would prejudice the sovereignty, security, fundamental economic interests, or public order of the State of the requested Authority;
- (b) the request is not in accordance with the provisions set forth in this Agreement;
- (c) the information requested concerns facts which originated before the date of effect of this Agreement;
- (d) a criminal proceeding has already been initiated in the State of the requested Authority based upon the same facts and against the same persons, or the same

persons have already been finally sanctioned on the same charges by the competent authorities of the State of the requested Authority, unless the requesting Authority can demonstrate that the relief or sanctions sought in any such proceeding would not be duplicative of any relief or sanctions obtained in the State of the requested Authority.

Article 5: Requests for Assistance

1. Requests for assistance must be made in writing and addressed to the requested Authority's contact officer listed in Appendix A. Requests shall be accompanied by a translation into English in the case of a request to the Securities and Exchange Commission and into French in the case of a request to the Commission des Operations de Bourse.

2. The request for assistance shall specify the following:

- (a) the information sought by the requesting Authority;
- (b) a general description of both the matter which is the subject of the request and the purpose for which the information is sought;
- (c) the persons or entities suspected by the requesting Authority of possessing the information sought, or the places where such information may be obtained, if the requesting Authority is knowledgeable thereof;
- (d) the laws or regulations pertaining to the matter which is the subject of the request; and
- (e) the desired time period for the reply and, where appropriate, the urgency thereof.

3. In the event of urgency, requests for assistance and replies to such requests may be transmitted by summary or emergency procedures defined by mutual agreement of the Authorities, provided that they are confirmed in the manner prescribed in paragraphs 1 and 2 of this Article.

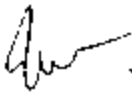


Article 6: Execution of Requests

1. Access to information held in the files of the requested Authority will be provided upon request of the requesting Authority according to Article 5.
2. If the requesting Authority so specifies in the request, the testimony or statement of any person who has participated directly or indirectly in the facts specified in the request, or who has information relating to those facts, shall be taken and the production of any relevant document shall be required. Testimony and statements shall be taken in the same manner and to the same extent as in investigations or proceedings in the State of the requested Authority.
3. A witness whose testimony or statement is taken pursuant to a request shall have the right to have counsel present during the taking of the testimony or statement.
4. While it shall not be the normal practice, if the requested Authority consents, representatives designated by the requesting Authority may be present when a statement or testimony is taken and may prescribe specific questions to be asked.
5. While it shall not be the normal practice, if the requested Authority consents, a verbatim transcript may be made of the testimony.

Article 7: Permissible Use of Information

1. The requesting Authority may use the information furnished solely:
 - (a) for purposes stated in the request, including ensuring compliance with or enforcement of the legal provisions specified in the request; or
 - (b) for purposes within the general framework of the use stated in the request, including conducting a civil or administrative enforcement proceeding, assisting in a self-regulatory enforcement proceeding, assisting in a proceeding, including a proceeding whose purpose is to permit a subsequent criminal prosecution, or conducting any investigation related thereto for any general charge applicable to the violation of the provision specified in the request.


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2. To use the information furnished for any purpose other than those stated in paragraph 1 of this Article, the requesting Authority must first inform the requested Authority of its intention and provide it the opportunity to oppose the utilization. If, under such conditions, the requested Authority does not oppose the use of the information for purposes other than those stated in paragraph 1 of this Article, it may subject the utilization of the information to certain conditions. If use of the information is opposed by the requested Authority, the Authorities agree to consult pursuant to Article 9 concerning the reasons for the refusal and the circumstances under which use of the information might otherwise be allowed.

Article 8: Confidentiality of Requests

1. Each Authority shall keep confidential requests made within the framework of this Agreement, the contents of such requests, and any other matters arising during the operation of this Agreement, including consultations between the Authorities.

2. In all cases, the requesting Authority shall keep confidential any information received pursuant to this Agreement to the same extent as such information would be kept confidential in the territory of the State of the requested Authority, except in the case where the information provided must be disclosed in the course of its use pursuant to Article 7 above.

3. However, the Authorities may, by mutual agreement, make an exception to the principle set forth in paragraphs 1 and 2 above, to the extent permitted by the law applicable to each Authority.

Article 9: Disputes and Consultations

1. In any case of dispute over the meaning of any term used in this Agreement, the Authorities shall define the terms herein by mutual agreement.

2. The Authorities will keep the operation of this Agreement under continuous review and will consult with a view to improving its operation and resolving any matters which may arise. In particular, the Authorities will consult upon request in the event of:


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- (a) a refusal by one Authority to comply with a request for information on the grounds set forth in paragraph 3 of Article 4, or a request to use information on the grounds set forth in paragraph 2 of Article 7; or
- (b) a change in market or business conditions or in the laws or regulations mentioned in paragraph 10 of Article 2 or any other difficulty which makes it necessary to amend or extend this Agreement in order to achieve its purposes.

3. The Authorities may agree on such practical measures as may be necessary to facilitate the implementation of this Agreement.

Article 10: Entry into Force

Each Authority shall inform the other Authority of the adoption of the domestic measures that may be necessary to implement the provisions of this Agreement. This Agreement shall immediately enter into force upon such exchange of letters of notification by the Authorities.

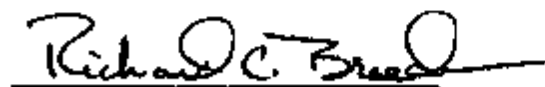
Article 11: Termination

This Agreement shall remain in force unless terminated by either Authority upon 30 days written notice to the other Authority.

IN WITNESS WHEREOF the Undersigned have signed this Administrative Agreement.

DONE at Paris, in duplicate this 14th day of December, 1989 in the English and French languages, each text being equally authoritative.

FOR THE SECURITIES AND
EXCHANGE COMMISSION



Richard C. Breeden
Chairman

FOR THE COMMISSION DES
OPERATIONS DE BOURSE



Jean Saint-Geours
President

APPENDIX A

The requested Authority's contact office pursuant Article 5 of the Agreement is the Director of the Division of Enforcement:

For the Securities and Exchange Commission:

Phone: (202) 272-2306

Fax: (202) 272-3636

For the Commission des Operations de Bourse:

Phone: 4578-3491

Fax: 4578-3056