

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE ESTONIAN FINANCIAL SUPERVISION AUTHORITY
AND
THE DANISH FINANCIAL SUPERVISORY AUTHORITY**

As commercial banks and saving banks (hereinafter referred to as credit institutions), insurance companies, insurance brokers undertakings, Collective Investment Undertakings (UCITS), special-purpose associations (non-UCITS), investment companies, stock exchanges, authorised markets, securities brokers, money-market brokers, clearing centres and central securities depositories authorised in Estonia or in Denmark may have operations in each jurisdiction provided that relevant prerequisites are met, the Estonian Financial Supervision Authority (“the EFSA”) and the Danish Financial Supervisory Authority (“the DFSA”) have reached the following understanding in order to establish an arrangement for the exchange of supervisory information and the conduct of on-site inspections in order to facilitate the performance and the fulfilling of their supervisory responsibilities:

EXCHANGE OF INFORMATION

1. The EFSA will endeavour to notify the DFSA and provide relevant information regarding a material supervisory concern that it may have in respect of:

(a) A branch or subsidiary in Estonia of a Danish credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository; and

(b) A branch or subsidiary in Denmark of an Estonian credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository.

2. The DFSA will endeavour to notify the EFSA and provide relevant information regarding a material supervisory concern that it may have in respect of:

(a) A branch or subsidiary in Denmark of an Estonian credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT,

investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository; and

(b) A branch or subsidiary in Estonia of a Danish credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository.

3. The term “material supervisory concern” encompasses all matters relating to (a) whether the operations of an entity mentioned in paragraph 1 and 2 are conducted in a safe and sound manner and substantially in conformity with applicable prudential standards; (b) whether there has been evidence of a violation of law which could potentially materially affect the operations of an entity mentioned in paragraph 1 and 2; or (c) any activity, action, course of conduct or other event that could have a material adverse effect on the financial stability of an entity mentioned in paragraph 1 and 2 in the jurisdiction of the other authority.

A material supervisory concern as described herein would include concerns that arise from actions of associates or other subsidiaries of the parent company.

4. Where the EFSA or the DFSA plans to take remedial action to address a material supervisory concern, each authority will endeavour to notify the competent authority in the other jurisdiction prior to the appropriate action or as soon as possible, thereafter.

5. In carrying out any of paragraphs 1, 2, and 4 in the case of an Estonian or Danish credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository facing serious financial difficulties that could have a material adverse impact on the operations of such financial institution or company, the EFSA and the DFSA recognise that close co-operation between the authorities would be mutually advantageous. The EFSA and the DFSA will endeavour to communicate appropriate information, taking into account all factors, including the status of efforts by the supervisory authority to resolve the difficulties and restore confidence in the financial institution or company.

6. In addition to the procedures outlined in paragraphs 1-5 above, upon written request to the EFSA signed by an authorised official of the DFSA, the EFSA may, to the extent permitted by law, provide to the DFSA information contained in on-site inspections or other reports concerning the entities mentioned in paragraph 1; and any other confidential information regarding these entities obtained as part of the supervisory process.

7. In addition to the procedures outlined in paragraphs 1-5 above, upon written request to the DFSA signed by an authorised official of the EFSA, the DFSA may, to the extent permitted by law, provide to the EFSA information contained in on-site inspections or other reports concerning the entities mentioned in paragraph 2; and any other confidential information regarding these entities obtained as part of the supervisory process.

8. When the authorities perceive a need for expedite action, requests for information under

paragraph 6 and 7 may be initiated in any form, including orally, but should subsequently be confirmed in writing. The recipient of such a request will endeavour to respond in a timely manner.

9. The EFSA intends to provide to the DFSA, and the DFSA intends to provide to the EFSA, either upon request or as they may mutually agree: (a) such information as is reasonably required by the other party to facilitate a determination of whether a proposed branch or subsidiary meets or continues to meet the requirements for authorisation; (b) information regarding the extent and nature of each authority's consolidated or supplementary supervision of credit institutions, insurance companies, insurance brokers undertakings, UCITS, non-UCITS, investment companies, stock exchanges, authorised markets, securities brokers, money-market brokers, clearing centres or central securities depositories with operations in the other jurisdiction; (c) information concerning material changes in or developments with respect of each authority's supervisory regime.

10. Furthermore the EFSA and the DFSA shall provide each other with the fullest mutual assistance concerning securities matters falling within their competence, including in particular the following areas:

- a. investigation and enforcement in connection with applicable laws or regulations relating to insider dealing, market manipulation and other fraudulent manipulative practices in the securities field,
- b. investigation and enforcement of, and monitoring compliance with, applicable laws or regulations relating to dealing in, advising on and the management, administration and safekeeping of securities,
- c. checking that the conditions for the taking up of (or continuing in) business as an intermediary are met (including e.g. the enforcement of requirements to be authorised)
- c. enforcing and monitoring compliance with applicable laws and regulations relating to the disclosure of interests in securities, take over bids or the acquisition of influence over financial intermediaries,
- d. the supervision of the Financial Markets, including the clearing and settlement, the monitoring and surveillance of OTC-transactions in securities listed on the Estonian regulated markets and the Danish regulated markets,
- e. enforcing and monitoring compliance with applicable laws relating to the duties of issuers and offerers of securities in relation to the disclosure of information.

11. The provision of or request for information under this Memorandum of Understanding may be denied: (a) where compliance would require the EFSA or the DFSA to act in a manner that would violate applicable law or any agreement entered into before the date of this memorandum; (b) on grounds of public interest or national security; or (c) when compliance with a request or provision of information would interfere with an ongoing investigation in circumstances where the prejudice to the investigation is likely to outweigh the adverse

effects of denying the information

12. In case of a Danish or Estonian credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository facing serious financial difficulties that could have a material adverse impact on the foreign operations of such credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depositories and subject to final agreement at the time, the DFSA and the EFSA expect that the home supervisory authority would co-ordinate the dissemination to other host supervisory authorities of whatever information the home supervisory authority judges appropriate, subject to the provisions of paragraphs 18-25 below.

PERIODIC MEETINGS AND ONGOING CONTACTS

13. Representatives of the DFSA and the EFSA will endeavour to meet periodically to discuss general supervisory developments as well as issues concerning credit institutions, insurance companies, insurance brokers undertakings, UCITS, non-UCITS, investment companies, stock exchanges, authorised markets, securities brokers, money-market brokers, clearing centres or central securities depositories, which maintain operations in both Estonia and Denmark. In addition, the EFSA and the DFSA may promote their co-operation through visits to the other jurisdiction for informational purposes. Every effort will be made to encourage continuous informal contacts between staff at the DFSA and the EFSA.

ON-SITE INSPECTIONS

14. The EFSA intends to give one month prior notice to the DFSA of plans to inspect any branch or subsidiary of an Estonian credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository located in Denmark and the DFSA intends to give one month prior notice to the EFSA of plans to inspect any branch or subsidiary of a Danish credit institution, insurance company, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository in Estonia as part of each authority's supervision on a consolidated basis or as part of supplementary supervision*. In case of emergency shorter notice period will be acceptable. The competent authority in the jurisdiction where such on-site inspections are to take place may inform the other authority of any subject matter in which it has a particular concern or interest.

15. The DFSA may request on an exceptional basis the EFSA to conduct an examination of the Estonian offices of a Danish credit institution, insurance company, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market

* The DFSA does not conduct on-site inspections of insurance brokers undertakings.

broker, clearing centre or central securities depository. The EFSA may request on an exceptional basis the DFSA to conduct an examination of the Danish offices of an Estonian credit institution, insurance company, insurance brokers undertaking, UCIT, non-UCIT, investment company, stock exchange, authorised market, securities broker, money-market broker, clearing centre or central securities depository. The DFSA and the EFSA as the case may be, would endeavour to establish the basis and terms upon which such examinations are to be conducted.

16. The host authority may accompany the home authority during an examination of a branch or subsidiary in the host jurisdiction, subject to consideration and agreement by the relevant authority on a case-by-case basis.

FINANCIAL CRIME

17. DFSA and EFSA shall co-operate closely when they identify suspected financial crime activities in supervised institutions. For the purposes of this agreement, financial crimes are in particular: money laundering and all violations of law on financial markets. This also includes e.g. unauthorised banking or investment business. DFSA and EFSA share information on financial crime concerning respective institutions which carry out cross-border activities in the other state or which could affect the other state to the extent allowed under their legislation.

CONFIDENTIALITY AND USE OF INFORMATION

18. Any confidential information exchanged pursuant to this Memorandum is to be used only for lawful supervisory purposes.

19. To the extent permitted by law, the DFSA shall treat as confidential all such information received from the EFSA pursuant to this Memorandum and shall not disclose such information other than in accordance with such conditions (if any) attached by the EFSA to the provision and such information and as necessary to carry out its lawful supervisory responsibilities.

20. To the extent permitted by law, the EFSA shall treat as confidential all such information received from the DFSA pursuant to this Memorandum and shall not disclose such information other than in accordance with such conditions (if any) attached by the DFSA to the provision of such information and as necessary to carry out its lawful supervisory responsibilities.

21. Subject to paragraphs 18-20 above, where a party is legally compelled to disclose confidential information provided pursuant to this Memorandum, that party will promptly notify the party that provided the information and will co-operate in seeking to preserve the confidentiality of the information.

22. Subject to paragraphs 18-21 above, where a party receives a request from a third party for confidential information provided pursuant to this Memorandum, that party will promptly notify the party that provided the information, and will solicit the providing party's views as to the propriety of releasing such information to the third party and will co-operate in seeking to preserve the confidentiality of the information.

23. If the DFSA is requested by the EFSA to disclose confidential information originating from another supervisory authority or body in the European Union, the DFSA being a member state of the European Union, may only do so to the EFSA not being a member state of the European Union, if such authority or body has given express permission. Such information disclosed to the EFSA may only be used for the purpose for which the permission from the relevant authority or body was granted. In this connection, the DFSA will use all reasonable endeavours to obtain the necessary express permission from the relevant authority or body to such disclosure.

24. The exchange of confidential information pursuant to this Memorandum is done in reliance on the foregoing assurances and shall not constitute a waiver of any legally cognisable privilege as to any person other than the parties to this Memorandum.

25. The EFSA and the DFSA, in providing confidential written materials pursuant to this Memorandum, should mark every page of the material provided with a legend reading substantially as follows:

“Confidential -- provided pursuant to EFSA/DFSA Memorandum of Understanding”

GENERAL PROVISIONS

26. By executing this Memorandum, neither party waives any immunity from suit to which it may be entitled nor submits to the jurisdiction of any court that would not have been a court of competent jurisdiction if this Memorandum had not been agreed.

27. No provision of this Memorandum is intended to create a right for any person, entity or governmental authority, directly or indirectly, to obtain any information or to challenge the execution of a request for information under this Memorandum.

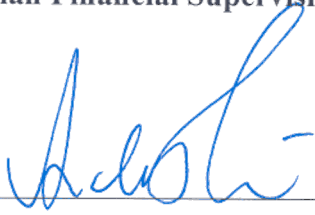
28. This Memorandum is valid for a period of one year from the latest date entered below and will automatically be renewed each year subject to modifications by the mutual consent of the EFSA and the DFSA, provided, however, that the provisions set forth under the headings “Confidentiality” and “General Provisions” continue to apply to any information provided or actions taken under this Memorandum prior to its termination.

29. This Memorandum is a statement of intent and does not create any legally binding obligations on either party.

CONFIRMED:

Estonian Financial Supervision Authority

By



Dated:

August 13, 2002

Danish Financial Supervisory Authority

By



Dated:

13/8. 2002