



# **MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**Colombo Stock Exchange of Sri Lanka**

**AND**

**Korea Exchange of Republic of Korea**

**THIS MEMORANDUM OF UNDERSTANDING** (hereinafter referred to as “**MOU**”) is entered into as of 20<sup>th</sup> November, 2017 (hereinafter referred to as “**Signing Date**”)

**BETWEEN:**

- (1) **Colombo Stock Exchange** (hereinafter referred to as “**CSE**”), a company incorporated under the laws of Sri Lanka, bearing registration number GL 12, licensed under the Securities Exchange Commission Act of the Democratic Socialist Republic of Sri Lanka and having its registered office at #04-01 West Block, World Trade Center, Echelon Square, Colombo 01, Sri Lanka; and,
- (2) **Korea Exchange** (hereinafter referred to as “**KRX**”), a company incorporated under the laws of Republic of Korea (hereinafter “**Korea**”), bearing business registration number 602-81-35420, licensed under the Financial Investment Services and Capital Markets Act of Korea and having its registered office at BIFC 40 Munhyeongeumyung-ro, Nam-gu, Busan 48400, Korea.

**WHEREAS** CSE and KRX wish to, in accordance with the terms set out in hereinafter, cooperate with each other to broaden mutual understanding and create new relationships between Korean and Sri Lankan capital markets. The potential areas of co-operation include exchanging Information to have a better understanding on each other's market and exploring Knowledge Sharing Program opportunities for consultancy areas from KRX to CSE.

Hereinafter CSE and KRX are collectively referred to as “**Parties**” and each referred to as a “**Party**”.

**1. PURPOSE**

CSE and KRX have agreed on this understanding to establish co-operational relationship between the Parties and to pursue Areas of Cooperation stipulated in Clause 2 of this MOU for the development of respective capital market industries in both Sri Lanka and Korea. Both CSE and KRX shall endeavor to achieve the Purpose of this MOU under the spirit of mutually beneficial cooperation.

**2. AREA OF COOPERATIONS**

- 2.1. Both Parties shall perform reasonable efforts, upon other Party’s request and under the conditions stipulated in Clause 3 of this MOU, to provide general information on respective securities markets including organizational structure, legal/regulatory framework, IT infrastructure, and operational functionalities in order to promote better understanding of capital markets in both Sri Lanka and Korea.
- 2.2. Both Parties shall organize at least 2 Joint Workshops for knowledge sharing on topics of Central Counterparty for Derivatives and Information Technology and Business model.
- 2.3. Both Parties shall put forth best efforts to jointly lay out any specific proposal or business projects upon discussions from Joint Workshops within term specified in the MOU. In the event

that any potential business cooperation arises, the Parties shall enter into separate Agreements in respect of such arrangements on terms and conditions to be agreed between the Parties.

- 2.4. Both Parties shall put forth best efforts to draft, consult with relevant government organizations and make necessary application to Korean government funded 'Knowledge Sharing Program' or any other similar program supported by Korean government for potential co-operational projects in Sri Lanka capital market.
- 2.5. The Parties agree to consider further co-operation in the regional or global community where the specific act does not stand against the interest of either parties.

### 3. PROVISION OF INFORMATION

- 3.1. As stipulated in Clause 2 of this MOU, either Party from time to time may provide upon request in writing their general information and market information (collectively hereinafter referred to as "**Information**") to the other Party on the understanding that each Party may evaluate the Information in order to make research and use such Information to further develop the markets operated by each Party. For the avoidance of doubt, general information shall mean any information which is not confidential including but not limited to any information related to each Party, and market information shall mean any market data that is publicly available including stock price data and data feeds.
- 3.2. The Parties acknowledge that nothing in this MOU shall be construed as granting the other Party the right to develop any investment product, including but not limited to Derivatives Products, from the Information. In the event either Party intends to develop or create any investment product from the Information, such Party shall require a prior written consent from the other Party and/or enter an agreement with the other Party regarding such matters.

### 4. CONFIDENTIALITY

- 4.1. The Parties agree to keep all sensitive matters coming to their attention or that of their personnel who are involved in any project carried out in terms of this MOU, arising from, or pursuant to, or in the course of performance of the terms of this MOU, secret and confidential (hereinafter referred to as "**Confidential Information**") and not for any reason whatsoever to disclose such Confidential Information or to permit such Confidential Information to be disclosed to any third party except with the prior written consent of the respective Party.
- 4.2. Each Party undertakes to use the same standard of care (which shall not amount to less than a reasonable standard of care) in protecting the Confidential Information, as it uses to protect its own Confidential Information.
- 4.3. The obligation of confidentiality shall not apply to any Confidential Information that the other Party can demonstrate that:
  - (a) at the time of disclosure was generally available to the public;

- (b) after disclosure, becomes generally available to the public without breach of this MOU by the other Party; or
  - (c) it has been developed by one Party as evidenced by that Party's contemporaneously maintained written records independently of the disclosures by the other Party.
- 4.4. No disclosure of Confidential Information shall be made by the Party to any third party without the written consent of the other Party except in circumstances where:
- (a) any third party has a legal right or duty to obtain or require such Confidential Information in accordance with the prevailing laws in the country of the respective Party; or
  - (b) for the purpose of any legal proceedings or arbitration involving either Party to this MOU.
- 4.5. In the event of disclosure being required under Clause 4.4 above-mentioned, the Party required to disclose the Confidential Information shall notify the other Party in writing of the disclosure of the Confidential Information prior to any disclosure taking place.
- 4.6. In this Agreement, unless the context otherwise requires, '**Confidential Information**' shall mean and include trade secrets, customer relationships, customer data, business methods, business processes, business techniques, business plans, data, graphs, charts, sound recordings, pictorial representations, inventions, details of systems and technology, prototypes, samples, finances, operations, methods and/or other Information and Material of any nature and in any form relating to the past, present or future business activities of the potential vendors, whether disclosed in writing, orally, or electronically, which the Receiving Party may have access to during the course of this Agreement.
- 4.7. The provisions under Clause 4 shall survive termination of this MOU.

**5. INTELLECTUAL PROPERTY RIGHTS**

The Parties acknowledge and agree that nothing in this MOU shall give a Party any rights to use any trade names, trademarks, service marks, logo, copyright, patent (or goodwill associated therewith) and other intellectual property rights of the other Party, registered or unregistered, in any manner, including in any advertising or promotional media, without the prior written consent of the other Party.

**6. CONTACTS**

6.1. Each Party shall appoint a representative person to act as a Contact responsible for coordinating the exchange of Information as specified hereunder and for facilitating co-operation between the Parties in the terms referred to hereof. These Contacts, who will act for the Parties as of the date of this MOU is stated in the table below:

KRX	CSE
Mr. Patrick Sang-uk Park Senior Vice President, Global Business Development	Ms. Nilma Ekanayake Head of Strategy

Telephone: 82-2-3774-4210	Telephone: 94 – 112356559
Fax: 82-2-3774-4209	Fax:94-112336272
E-mail: patrick@krx.co.kr	E-mail: nilma@cse.lk

6.2. All communication under this MOU shall be written in English and addressed to the Contacts mentioned above. In the event either Party chooses to change its Contact, the responsible Party shall immediately inform same, in writing, to the other Party.

**7. COMPLIANCE WITH NATIONAL LAWS AND INTERNATIONAL TREATIES**

7.1. Nothing in this MOU shall apply where such an application would be in breach of any national laws or regulations in force in either Korea or Sri Lanka, or where such cooperation would be contrary to the constitution or rules of either Party, or in breach of such treaties or accords as may be entered into from time to time between the governments of Korea and Sri Lanka.

7.2. Both Parties agree not to hold, use or disclose any Information that they may receive pursuant to this MOU in such a way as to cause that other Party or any of its related companies to be in breach of its obligations under laws and regulations of the other country.

**8. COST**

Unless otherwise agreed between the Parties, each Party will be responsible for its own costs in connection with any activities carried out under this MOU.

**9. EFFECT AND TERMINATION**

9.1. This MOU represents the cooperation and understanding between KRX and CSE and is not intended to have legal or binding effect.

9.2. This MOU shall take effect from the Signing Date and shall continue for a period of 5 (five) years unless otherwise terminated by either Party at any time and for any reason with a 3 (three) month prior written notice to the other Party.

**10. ALTERATION OF THE MOU**

Any alteration, modification or addition to this MOU nor any waiver of any of the terms hereof shall be valid unless made in writing and signed by the duly authorized representatives of both Parties.

**11. ASSIGNMENT**

Neither Party shall assign, sub-contract or delegate its rights or obligations under this MOU without the written consent of the other.

## 12. AUTHORITY

No partnership or joint venture is hereby created or will be deemed to exist between the Parties, and each Party agrees that it has no authority to and will not make, any contract or representation or give any warranty, undertaking or other commitment for or on behalf of, or purporting to be binding on, the other Party except same is expressly authorized by the other Party, in writing.

## 13. CONSTRUCTION

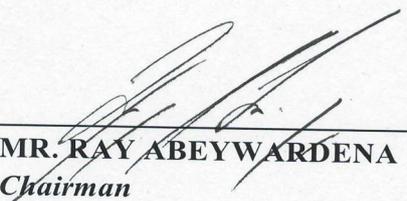
The entire agreement between CSE and KRX with respect to the subject matter herein contained in this MOU supersedes any other representation made between CSE and KRX prior to or during the operation of this MOU.

## 14. NON-EXCLUSIVITY

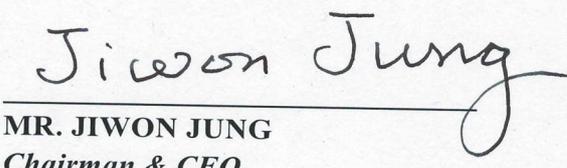
This MOU shall be on a non-exclusive basis and the Parties acknowledge that nothing in this MOU shall prevent either Party from pursuing similar initiatives with other Parties or exchanges without involving the other Party.

**IN WITNESS WHEREOF**, this MOU has been made in duplicate and signed by both Parties through their authorized representatives stated herein below, on the day, month and year first written above, for each Party to retain 1 (one) copy hereof.

**COLOMBO STOCK EXCHANGE**  
Sri Lanka

  
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**MR. RAY ABEYWARDENA**  
*Chairman*

**KOREA EXCHANGE**  
Republic of Korea

  
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**MR. JIWON JUNG**  
*Chairman & CEO*