

**TERMS OF REFERENCE AND MODUS OPERANDI OF
THE BOARD (“Board”) OF
HONG KONG EXCHANGES AND CLEARING LIMITED (“HKEx”)**

Membership

1. The Board shall consist of not less than 2 and not more than 13 members (“Directors”), subject to a maximum of 6 directors elected by shareholders (“Elected Directors”) and 6 directors appointed by the Financial Secretary of the Government of Hong Kong Special Administrative Region (“Government Appointed Directors”).
2. The term of a Director shall be not more than approximately 3 years expiring at the conclusion of the annual general meeting held in the third year following the year of his or her appointment.
3. HKEx’s Chief Executive shall, ex-officio, be a Director and whose term will be tied to the term of his employment as the Chief Executive established in his employment contract.
4. The Chairman shall be a non-executive Director and appointed by the Board, subject to the approval of the Chief Executive of Hong Kong Special Administrative Region, and whose term shall be for an initial term coinciding with his term as a non-executive Director and may be re-appointed for a further period or periods up to a maximum of the longer of 6 consecutive years or 6 consecutive annual general meetings.
5. The Company Secretary shall be the secretary to the Board.

Frequency and proceedings of meetings

6. The Board proceedings shall be governed by HKEx’s Articles of Association.
7. The Board normally meets twice quarterly. Additional meetings should be held as the work of the Board demands. The Chairman may convene additional meetings at his discretion. Notice of meetings shall be given to all Directors.
8. Four Directors shall be a quorum provided always that not less than half of them shall be Government Appointed Directors.
9. The Chairman shall have a second or casting vote in the case of an equality of votes, and this power shall be exercised at the Chairman’s own discretion.
10. The Chief Operating Officer shall normally attend the meeting. Other executives will from time to time be invited to attend the meeting to provide information on matters to be addressed at such meeting.

Duties, powers and functions

11. The duties, powers and functions of the Board shall be as follows:

- (a) To manage the business of HKEx and its subsidiaries (“Group”) in accordance with HKEx’s Articles of Association;
- (b) To ensure compliance with HKEx’s Articles of Association and the laws, rules and regulations governing the Group;
- (c) To lead and supervise the Group’s management to act in the interest of the public as well as its shareholders, but in case of conflict, the former shall prevail; and
- (d) Without prejudice to the generality of the foregoing:-
 - (i) to establish, adopt and review the Group’s vision, mission, principles, policies and values;
 - (ii) to oversee and enhance the Group’s development, to adopt and monitor its strategic and annual operating plan, and to approve its financial budget;
 - (iii) to nominate candidates to fill any casual vacancies and to stand for election by shareholders;
 - (iv) to review the Board’s performance and its members’ independence;
 - (v) to form any committee(s) or panels, appoint members thereto, delegate at any time and from time to time to any person or committee(s) or panel(s), any of its powers and functions conferred on it hereunder, review and approve the reports of the committees(s) and panel(s), review their performance and revise their composition and terms of reference as appropriate;
 - (vi) to oversee all matters and to formulate policies in relation to the Group’s internal control, businesses and corporate accommodation, investment, succession plans, remuneration and compensation for Directors and employees, risk management, corporate governance and corporate social responsibility, and to supervise the Group’s management to implement such policies;
 - (vii) to select, appoint, evaluate and if necessary, remove any Group’s senior executives, including without limitation the Chief Executive, the Chief Operating Officer and the Company Secretary;

- (viii) to review the Group's performance against targets and objectives, in particular its performances on finance, business, corporate governance and corporate social responsibility;
- (ix) to be responsible for the preparation and the true and fair presentation of the financial statements in accordance with the prevailing accounting standards and laws, to approve the financial statements and to appoint and liaise with the Group's external auditor;
- (x) to consider and, if appropriate, declare or recommend to shareholders on appropriation of profit, payment of dividend and allocation to reserve account;
- (xi) to interpret and supervise compliance with those parts of the Group's Rules, Regulations and Operational Procedures (collectively, "Rules"), review the Rules and approve amendments to the Rules for the approval of the Securities and Futures Commission;
- (xii) to liaise with all regulatory authorities and organisations on all matters relating to the Group, and to monitor changes in their policies relating to and affecting the Group;
- (xiii) to convene general meetings and to make proposals for the approval of shareholders thereat;
- (xiv) to ensure accountability towards and sufficient communication with the Group's stakeholders, in particular its shareholders;
- (xv) to engage such external legal or other professional advisers to assist and/or advise it on issues as it considers necessary;
- (xvi) to have full and free access to the Group's information to ensure informed decision making; and
- (xvii) to do any such things to enable the Board to discharge its obligations and responsibilities.

Review

12. The Board shall periodically review the adequacy of these Terms of Reference and make appropriate amendments, as and when required, to ensure that they remain relevant to the Group's objectives.

- END -