

The Stock Exchange of Hong Kong Limited

Terms of Reference of Disciplinary Committee

The powers and functions and limitations thereon of the Disciplinary Committee shall be as follows:-

1. To exercise all the powers and functions of the Board on all disciplinary matters relating to the holders of Stock Exchange Trading Rights/Exchange Participants.
2. Without prejudice to the generality of the foregoing:-
 - a) to exercise all the powers and functions reserved to the Disciplinary Committee in the "Disciplinary Procedures" approved by the Board from time to time;
 - b) to convene and conduct hearings of charges against holders of Stock Exchange Trading Rights/Exchange Participants and to decide whether those charges are proven or not;
 - c) to impose such penalty as the Disciplinary Committee may think fit on a holder of Stock Exchange Trading Right/an Exchange Participant against whom charges are so proven provided that such penalty shall be within the range of penalties set out in the Rules of the Exchange and the "Disciplinary Procedures" approved by the Board from time to time;
 - d) to summon holders of Stock Exchange Trading Rights/Exchange Participants and their representatives or employees to attend and make representations before the Disciplinary Committee;
 - e) to review the operation of the "Disciplinary Procedures" approved by the Board from time to time, on a regular basis and to report with recommendations to the Board on any proposals for the improvement of those procedures which the Disciplinary Committee consider necessary;
 - f) to commence and conduct hearings of appeals made against disciplinary decisions made by members of the staff of the Exchange or the Chief Executive; and
 - g) to request holders of Stock Exchange Trading Rights/Exchange Participants or their employees to produce their books and records for inspection by the Disciplinary Committee.

3. To liaise with the Securities & Futures Commission (or their successors) as the Disciplinary Committee shall think fit in relation to its powers and duties.
4. To review the provisions of the Rules of the Exchange relating to the disciplinary matters of holders of Stock Exchange Trading Rights/Exchange Participants from time to time and to consider and advise on any amendments to those provisions and to recommend such amendments as it sees fit for the approval of the Board and the Securities & Futures Commission.
5. To submit written and/or oral reports to the Board or the board of Hong Kong Exchanges and Clearing Limited regarding its activities and proceedings as and when requested by it.
6. To conform to any written and/or oral regulation (which shall include any direction) that may from time to time be prescribed by the Board or the board of Hong Kong Exchanges and Clearing Limited.
7. To delegate at any time and from time to time all or any of its power to a sub-committee of itself and/or the Chief Executive and/or any member or members of the staff of the Exchange, subject to such requirements, directions or regulations as it may think fit.