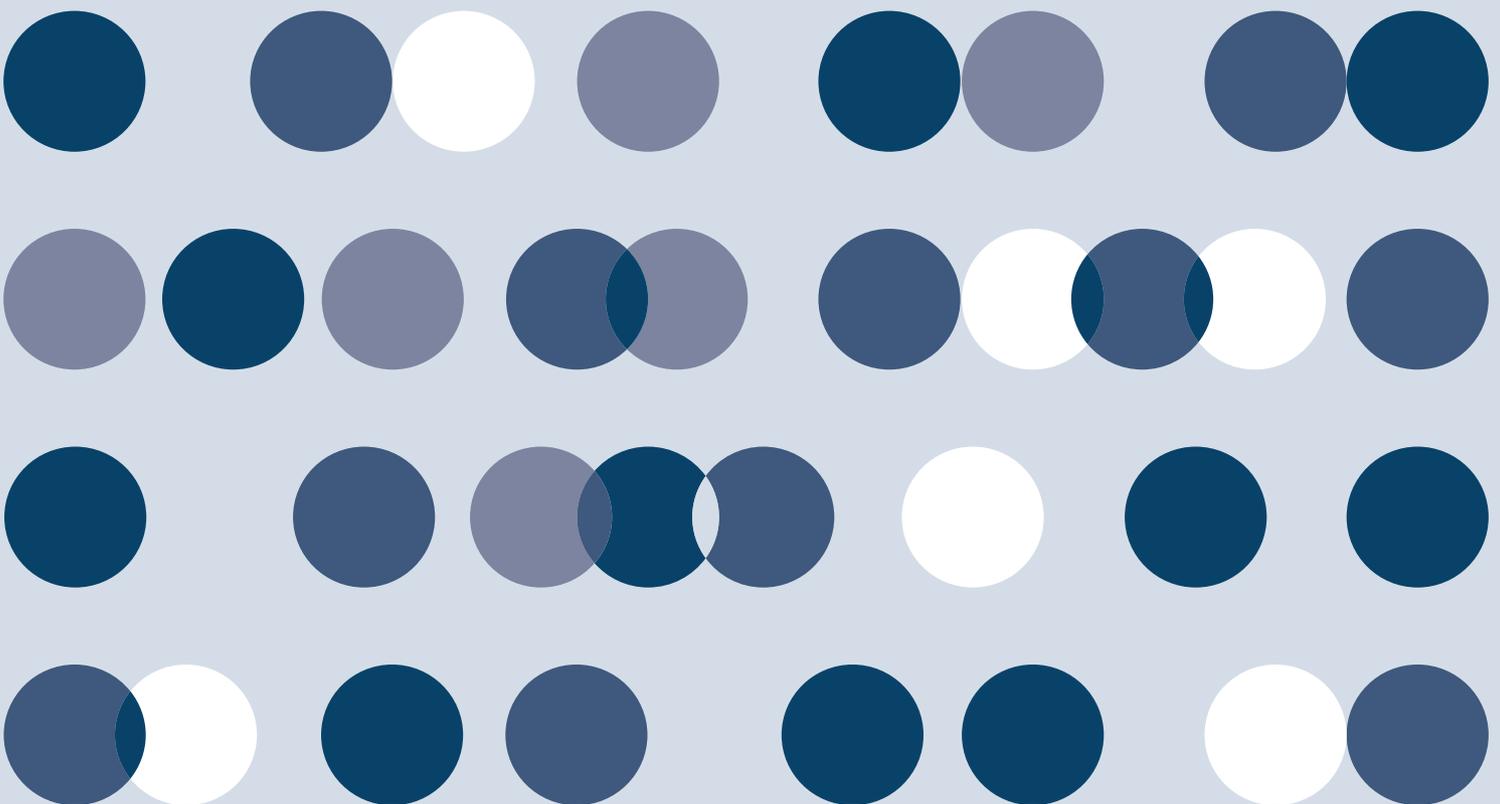


KEY POLICIES AND GUIDELINES FOR HKEX EMPLOYEES





Key Policies and Guidelines for HKEX Employees

This document is an excerpt of HKEX's full HR Manual

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1 Introduction

1.1 Human Resources Philosophy

HKEX recognizes the contributions of its employees and treats each individual employee fairly and consistently in all matters, with a uniform application of the following human resources philosophies:

- Human resources are best allocated to achieve optimum productivity and efficiency.
- Pay and benefits offered are fair, equitable and competitive.
- Employees are always encouraged to well-equip themselves for the present job and future development of HKEX.
- Reward is based on merit. High performers are given priority to take up more responsible positions.
- Two-way communications between employees and the management are promoted as a means of building mutual understanding and trust.
- Workplace safety is given top priority to protect human health and enable employees to deliver their best performance.
- The protection of human rights in employment is supported, as guided by relevant internationally accepted principles such as those in the Universal Declaration of Human Rights (<http://www.un.org/en/documents/udhr/>), and is reflected in our Employment Policy and Equal Opportunities Policy. Employees' freedom of speech and association are respected as long as they are within the legal boundaries.

2 Employment

2.1 Employment Policy

It is the policy of HKEX to recruit the best qualified people and to maintain a pool of human resources according to the manpower requirement and planning of HKEX.

It is also the policy of HKEX to transfer or promote well performing and capable employees to fill vacancies so that employees are provided with opportunities to widen their exposure and further their career development within HKEX.

All applicants have equal opportunities of employment irrespective of their age, gender, marital status, pregnancy, family status, disability, race, nationality or religion (provided that these do not impede the abilities of the prospective appointees to carry out normal job duties or affect the health and safety of fellow employees).

Job applicants are treated fairly and equally. Employment is offered only to the best qualified applicants with reference to their merits and abilities to meet the requirements of the jobs irrespective of whether they are referrals or direct applicants.

The Human Resources Department provides recruitment advice and services to all Divisions/Departments and is responsible for the entire process leading to employment. HKEX will not be bound by offers of employment other than by the Human Resources Department.

3 Work Schedule

3.1 Hours of Work

3.1.1 Normal Working Hours

The normal office hours of HKEX are Monday to Friday, between 8:30a.m. and 6:00 p.m. with lunch hour from 1:00 p.m. to 2:00p.m.

Employees will work either one of the following staggered office hours depending on the job requirements and subject to Head of Division/Department's approval:

8:30a.m. to 5:30p.m.

or

9:00 a.m. to 6:00p.m.

3.1.2 Lunch Hour

By arrangement with Heads of Division/Department, employees may have lunch, not exceeding one hour, at flexible times.

3.1.3 Shift Duties

Employees who are required to work on shift owing to the nature of their duties should refer to their supervisors of grade C or above for their shift schedules and should comply with the duty roster. Supervisors who are responsible for setting the schedules should inform the employees well in advance of any changes in the roster.

3.1.4 Overtime Work

Employees may be required to work additional hours when operational or contingency needs arise, or during typhoons or rainstorms, to carry out their duties. The policy and procedure governing overtime compensation are detailed in the Remuneration section.

3.1.5 On-call Duties

In exceptional cases, there may be a need for employees to be on-call outside normal working hours to handle operational or contingency matters. If the matters cannot be dealt with over the telephone,

HKEX may require the employees to return to the workplace for emergency action. Extra hours worked may be compensated in accordance with the policy and procedure governing overtime compensation as detailed in the Remuneration section.

4 Remuneration

4.1 Salary Policy

4.1.1 Purpose

HKEX aims to provide employment which offers fair and equitable remuneration in relation to responsibility and performance. The salary policy of HKEX is designed to attract, motivate and retain a high-calibre workforce.

This policy sets out the guidelines for salary administration in HKEX. It should be noted that while the Human Resources Department formulates the salary policy and oversees the salary administration, it is primarily the responsibility of Heads of Division/Department to execute the policy in accordance with the principles set out.

4.1.2 Principles

HKEX's salary policy is governed by the following principles:

4.1.2.1 External Competitiveness

HKEX aims to pay salaries which are competitive in the market for similar jobs. Consideration is given to the market pay levels, pay trend and supply and demand in the labour market.

4.1.2.2 Internal Equity

All jobs are categorised into job grades with reference to the job contents and job sizes. The same salary range should apply to individuals of the same job grade.

4.1.2.3 Individual Profile

Salary should commensurate with the individual employee's qualifications and experience.

4.1.2.4 Performance

Results achieved and personal effort are prime factors in determining the salary progression of individual employees.

4.1.2.5 Cost Efficiency

HKEX aims to achieve these principles at a reasonable cost and within budget.

4.2 Job Related Payments & Reimbursements

4.2.1 Policy

It is the management's responsibility to ensure that overtime work is only performed when necessary and unavoidable. Regular or perpetual overtime is discouraged and considered inappropriate. Management should review the circumstances leading to regular overtime and should look for other means to alleviate the situation. Consideration should be given to "shift" or staggered working hours. Prior approval from supervisors of grade C or above is required for performance of overtime work with compensation. Overtime work should be compensated by compensation leave whenever situation permits.

5 Leave Policy

5.1 Policy

The objectives of providing leave benefits by HKEX are to release its employees from the pressure of work and to provide them time-off under circumstances such as sickness, marriage and pregnancy. The leave benefits are applicable to full-time permanent employees. Application for leave is subject to the approval of HKEX and must be supported by relevant documents proving the eligibility of the employee to the satisfaction of HKEX.

The policy shall be subject to change from time to time at the discretion of HKEX.

6 Training and Development

6.1 Training & Development Guidelines

6.1.1 Purpose

The main objective of training and development in HKEX is to help develop key competencies which enable individuals to perform current or future jobs successfully.

In this regard, all training and development programs organized by the Human Resources Department will be geared towards the following objectives:

- strengthening the job skills/knowledge of employees;
- improving operational efficiency and productivity; and or
- developing the potential of employees for maximizing mutual benefit to individuals and HKEX.

6.1.2 Policy

The basic policy in administering and implementing any type of training or development activity is in accordance with the strategic business objectives of HKEX. The Human Resources Department will work closely with Heads of Division/Department in assessing areas that need training and development support.

7 Staff Relations & Communication

7.1 Communication

7.1.1 Purpose

HKEx encourages open and candid two-way communications between employees at all levels. It believes that effective communication helps build mutual understanding and trust, and contributes to a constructive and cheerful working environment, high performance and organizational success.

7.1.2 Policy

7.1.2.1 All employees are required to support the communication initiatives implemented by HKEx.

7.1.2.2 All employees have rights and obligations to express their views to their superiors about HKEx activities and vice versa.

7.1.2.3 Views raised by employees should be well respected, listened and considered carefully.

7.1.2.4 Questions raised by employees should be attended to by the management in an effective and efficient manner and be treated in strict confidence.

7.1.2.5 There should not be any prejudice against individuals due to differences in opinions.

7.1.2.6 Employees should be well informed of the development and major events of HKEx, in particular those that may have an impact on their jobs and/or welfare.

7.1.2.7 Suggestions regarding improvement of communication and staff relations in HKEx are most welcome.

7.2 Grievance Procedure

7.2.1 Purpose

As a Company policy, HKEX is committed to ensuring fair treatment of all employees when dealing with their grievances with a view to addressing problems in the best possible manner.

7.2.2 Policy

HKEX's policy is that employees should

- be provided a fair treatment on their grievances by the management of the Company;
- be given a fair hearing concerning any grievances;
- have the right to channel their grievances to the Chief Executive and in the case of grievances against the Chief Executive to the Chairman; and
- have the right to appeal to the Chairman against a decision made by the Chief Executive.

The aim of this policy is to establish a proper channel for employees to voice out their grievances and to settle grievances. Employee grievances may include but are not limited to management deficiency, unfair treatment to staff, sexual harassment and concerns about possible improprieties in financial reporting or internal control. Regardless of the issues and/or individuals involved, no one shall suffer retaliation for involvement in employee grievances. All grievances shall be handled independently and treated in strictest confidence. Grievances which are made anonymously shall not be handled.

8 Safety & Health

8.1 Occupational Safety and Health Policy

HKEX is committed to achieving a high standard of occupational safety and health. It will adhere to the principle that occupational safety and health of employees should be given the first and foremost consideration at work.

8.1.1 Employer's Role

- 8.1.1.1 The Administration Department will assign responsible persons to attend risk assessment training, identify any actual and potential hazards and risks to each individual and work towards a safe and hygienic work environment for employees by reducing, eliminating and controlling hazards at workplace.
- 8.1.1.2 The Administration Department will monitor and review the safety management system and perform regular audit on safety and health performance.
- 8.1.1.3 The Administration Department will maintain a complete set of emergency procedures and see to it that the procedures are being tested, drilled and updated systematically as required by law.
- 8.1.1.4 The Human Resources Department will, from time to time, organize safety and health programs to equip employees with the knowledge and skills to perform their duties in a safe manner.

8.1.2 Employees' Role

- 8.1.2.1 Employees should comply with the safety and health measures instituted by HKEx and cooperate in all safety-related tests, drills and auditing.
- 8.1.2.2 Employees should be fully aware of their personal responsibilities regarding occupational safety and health. They must be constantly alert to potential risks and hazards related to their activities, and should avoid improper behaviour or operation that may lead to accidents or occupational diseases or injury.
- 8.1.2.3 Employees liaising with external contractors should ensure that those contractors will meet the same safety standards and requirements as HKEx.

8.2 Smoke-free Workplace Policy

8.2.1 Purpose

HKEX is committed to providing a healthy workplace for its employees. In view of the harmful effects that are caused by smoking as well as secondhand smoke, it is considered necessary to have a smoke-free workplace policy in HKEX.

8.2.2 Policy

HKEX's smoke-free workplace policy is that:

- Smoking is prohibited in the entire office premises covering enclosed offices, open office areas, conference rooms, pantries, toilets and lift lobbies.
- Host employees should take the initiative to advise their guests and visitors of HKEX's smoke-free policy, where appropriate.
- Non-Compliance to the policy may result in disciplinary action.

9 Ethical & Legal Responsibilities

9.1 Code of Conduct

9.1.1 Purpose

Professionalism, high ethical standards, integrity and honesty of employees are crucial for HKEX in pursuing and maintaining its regulatory role in the securities market. The purpose of this Code is to set down the employees' legal obligations while under the employment of HKEX and which they are required to comply. This Code also provides guidelines to assist employees in understanding and complying with such legal obligations.

Compliance

All employees must comply with all the requirements set out in this Code in addition to the terms and conditions of employment set out in their contracts of employment. They include permanent, contract and temporary employees of HKEX Group, including HKEX, LME and LMEC. If any inconsistency exists, this Code shall prevail. **Those who are in breach of any provision of this Code may be subject to summary dismissal.** Employees are required to comply with the latest policies which will be amended from time to time as appropriate. If you have any questions, please consult with Compliance or Human Resources Departments of HKEX, LME and LMEC respectively.

Ethics at Work

Employees must devote to their work with a high degree of dedication, enthusiasm and professionalism. It is important that employees:

- accomplish and discharge their duties and responsibilities prudently and diligently to the best of their professional knowledge, skills and abilities in order to meet the time, quality and productivity standards of work;
- engage faithfully only in activities that are consistent with their official responsibilities and authority and which do not damage the business interests of HKEX;
- utilize time, supplies, equipment and office facilities with due caution solely for the benefit of HKEX;
- behave properly at all times with integrity and courtesy to upkeep the HKEX's public image as a respectable high performance organization; and
- co-operate with fellow employees and work as a team for the benefit of HKEX.

9.1.2 Securities, Futures Contracts & Derivatives Transactions

9.1.2.1 Definitions

The following definitions, unless the context otherwise specifies, prevail throughout this Code of Conduct on Securities, Futures Contracts and Derivatives Transactions.

9.1.2.1.1 **Related person or entity** means, in relation to an employee

- spouse, or any person with whom the employee is living in a regular union as if husband and wife;
- any unmarried child(ren) under the age of 18 years, or under 23 years old if he/she is a full-time student and unmarried;
- a trust of which he/she is a trustee, and which includes himself/herself, his/her spouse or child(ren) as a beneficiary; and
- a company over which the employee or his/her spouse exercises management control either through shareholding or management.

9.1.2.1.2 **Transaction** includes all dealings in securities, futures contracts and derivatives, application for new issues, and subscription of securities through an approved monthly stock investment plan.

9.1.2.1.3 **Trading day** means a day on which trading is conducted in accordance with the Rules of the Exchange.

9.1.2.1.4 **Securities, futures contracts and derivatives** have the same meanings as defined in the Securities and Futures Ordinance (SFO). “Securities” and “futures contracts” are defined under Section 1 of Part 1 of Schedule 1 to the SFO whereas “derivatives” is defined under Section 285 of Division 1 of Part XIV of the SFO. However, the Code is only applicable to the following transactions:

- all transactions including transactions that are effected overseas in securities, futures contracts and derivatives listed and/or traded on SEHK or HKFE (as the case may be);
- all transactions in securities, futures contracts and derivatives listed and/or traded on other exchanges if the same are also listed and/or traded on SEHK or HKFE (as the case may be), or if they are derived from securities, futures contracts and derivatives listed and/or traded on SEHK or HKFE (as the case may be);
- all exchange traded funds listed and/or traded on SEHK including but not limited to the Tracker Fund, the China Tracker Fund, i-shares and Equity Linked Instruments.

9.1.2.1.5 **e-SDA system** means the electronic Securities Declaration and Approval System set up on HKEX’s iExchange for processing all approvals and declarations in respect of securities, futures contracts and derivatives transactions via electronic means.

9.1.2.2 Purpose

Employees may deal in securities, futures contracts and derivatives for the purpose of investment but they must seek prior approval. For HKEX employees, approval can be obtained from the Head of Division/Department. For LME employees, approval can be obtained from the LME Company Secretary. For LMEC employees, approval can be obtained from the LMEC Company Secretary. For all employees, approval can be obtained from the HKEX Chief Executive or HKEX Chairman as the case may be, or if he is absent or unavailable, the designated alternate approving officer, before transacting. Employees should exercise their reasonable judgment and are not encouraged to engage in frequent or habitual dealing in securities, futures contracts and derivatives.

9.1.2.3 Approval / Declaration Channel

The approval/declaration channel for securities, futures contracts and derivatives transactions is as follows:

Applicant	Approving Authority
HKEX Chief Executive	HKEX Chairman
Employees reporting to HKEX Chief Executive	HKEX Chief Executive
Other Employees	Respective HKEX Heads of Division/Department or LME/LMEC Company Secretary

If the approving authority is absent or unavailable, the designated alternate approving officer will approve on his/her behalf. If both the approving authority and alternate approving authority are absent or unavailable, the employee should seek the approval from an officer who is acting for the approving authority and in the absence of the acting approving authority, approval should be sought from the approving authority who is one level higher.

9.1.2.4 Obligations

9.1.2.4.1 Initial Declaration of Securities Holdings, Futures Contracts Positions and Derivatives Positions

Upon commencement of employment, all employees shall declare all their securities holdings, futures contracts positions and derivatives positions in accordance with the Approval/Declaration Channel as stipulated in Clause 9.1.2.3. The declaration shall include securities holdings, futures contract positions and derivatives positions known to be held by his/her related person or entity. A nil return is required should there be no such holdings and positions.

9.1.2.4.2 Prior Approval Before Transacting

9.1.2.4.2.1 All employees must seek prior approval for all transactions to be carried out by or for themselves and/or their related persons or entities from their HKEX Heads of Division/Department, LME Company Secretary, LMEC Company Secretary, HKEX Chief Executive or HKEX Chairman as the case may be, or if he is absent or unavailable, the designated officer, before transacting. A response to an application for approval shall be given to the employee within five trading days following the date of application. However, employees of the Listing Division are prohibited to subscribe for securities relating to Initial Public Offerings except with the prior approval from the HKEX Chief Executive.

9.1.2.4.2.2 Any proposed transaction for which approval has been obtained shall be made within 5 trading days following the date of approval, failing which the approval for that proposed transaction will lapse.

9.1.2.4.2.3 Employees shall confirm and report details of the transaction for which approval has been obtained to the approving authority according to the following schedule:

Transaction	Reporting Date
Acquisition or disposal of securities, futures contracts and derivatives	within 5 trading days following the transaction
Application for new issues	within 5 trading days following notification of share allotment
Acquisition of securities through investment in Equity Linked Instruments or similar investment schemes	within 5 trading days following notification of the acquisition
Monthly stock investment plan	by the last day of the month during which notification of acquisition is received

Prior approval is not required for the receipt of scrip dividend. However, employees shall report the details of the shares received by the last day of the year during which notification of acquisition is received.

9.1.2.4.2.4 For the avoidance of doubt, no approval is required for the acquisition of HKEX shares by employees through HKEX's Share Option Schemes and HKEX's Share Award Scheme.

9.1.2.4.3 Annual Confirmation of Securities Holdings, Futures Contracts Positions and Derivatives Positions

Employees are required to confirm to the Human Resources Department their securities holdings, futures contract positions and derivatives positions (including those held by his/her related person or entity) on or before 31 January of each year for their holdings and positions as at 31 December of the preceding year. Employees' holdings and positions of the preceding year as recorded in the Company's database will be provided by the Human Resources Department in January each year to employees for making such confirmation. Any discrepancies between their actual holdings/positions and those recorded in the Company's database shall be fully explained by employees when making the confirmation, and such discrepancies and explanations would be reported to the HKEX Head of Division/Department of the relevant employees, LME Company Secretary or LMEC Company Secretary by the Human Resources Department.

9.1.2.5 Prohibition

9.1.2.5.1 In order to protect employees against allegations of improper dealing in securities, futures contracts and derivatives, employees shall not:

- accept any preferential allotment of securities listed or to be listed on SEHK. Notwithstanding the foregoing, this prohibition does not apply to options granted to employees under HKEX's Share Option Schemes and HKEX share awarded to employees under HKEX's Share Award Scheme.
- engage in securities, futures contracts and derivatives dealings without having obtained prior approval in accordance with the Approval/Declaration Channel provided in Clause 9.1.2.3; and
- under any circumstances, deal in securities, futures contracts and derivatives on the basis of information acquired in the course of their employment, or otherwise directly or indirectly divulge or use for their own benefit, or for the benefit of any related person or entity any information that they may acquire by virtue of or incidental to their employment with HKEX except, in either case, where at the time of such dealing, divulgence or use the information has already been passed into the public domain.

9.1.2.5.2 Restriction on Dealings in HKEX Shares and Related Derivatives

- Save and except exercising the options granted under HKEX's Share Option Schemes and receiving the shares awarded under HKEX's Share Award Scheme, employees and their related persons and entities shall not deal in the securities of HKEX, futures contracts and its derivatives on such securities at any time when they are in possession of unpublished price-sensitive information in relation to those securities, futures contracts and derivatives.

- All employees and their related persons and entities shall not deal in any securities, futures contracts and derivatives of HKEX on any day on which HKEX's financial results are published and:
 - (i) during the period of 60 days immediately preceding the publication date of HKEX's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (ii) during the period of 30 days immediately preceding the publication date of HKEX's quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met. All transactions to be done under such exceptional circumstances (which must be supported by documentary evidence) would have to be approved in accordance with Clause 9.1.2.4.2.

- For the avoidance of doubt, sale of HKEX shares acquired through the exercise of share options pursuant to HKEX's Share Option Schemes or under HKEX's Share Award Scheme shall be subject to the restricted periods described above and the prior approval requirement in Clause 9.1.2.4.2.
- In addition, during the restricted periods described above, employees are not allowed to subscribe for any new monthly investment plan in HKEX shares or make any changes to their existing monthly investment plan in HKEX shares including giving instruction to increase or reduce the amount of monthly subscription, changing the date of purchase or termination of the plan. For the avoidance of doubt, employees who are granted approval to subscribe for a monthly investment plan in HKEX shares are allowed to purchase HKEX shares according to the terms of the plan on a monthly basis including the restricted period.

9.1.2.5.3 Employees who breach this Code of Conduct on Securities, Futures Contracts and Derivatives Transactions under the circumstances set out in this Clause 9.1.2.5 are likely also to be in breach of the insider dealing provisions of Division 4 of Part XIII of the SFO. Employees' attention is therefore drawn to those provisions under the SFO.

9.1.2.6 Approval / Declaration Procedures

9.1.2.6.1 Approval/Declaration through e-SDA System

- 9.1.2.6.1.1 An employee should first logon to the e-SDA system and follow the instructions in the e-SDA System User Guide to select the type of approval he intends to seek and submit the application to the approving authority accordingly.
- 9.1.2.6.1.2 The employee will be notified by e-mail whether his/her application has been approved or disapproved by the approving authority.
- 9.1.2.6.1.3 After effecting the transaction for which approval has been obtained, the employee shall confirm and report details of the transaction in accordance with the reporting requirement set out in Clause 9.1.2.4.2.3.
- 9.1.2.6.2 Approval/Declaration via printed forms
- 9.1.2.6.2.1 Employees who do not have access to the e-SDA system shall seek prior approval or make declaration on all securities, futures contracts and derivatives transactions by using the specified forms which are available at the Human Resources Department and the Exchange.
- 9.1.2.6.2.2 To apply for an approval or to make a declaration, employees should complete and submit the relevant form to his/her approving authority in accordance with the Approval/Declaration Channel provided in Clause 9.1.2.3 and also the guidelines provided in the form. The completed form should be returned to the Human Resources Department for recording in the e-SDA system.
- 9.1.2.6.2.3 The Annual Confirmation of Securities Holdings, Futures Contracts Positions and Derivatives Positions Form for the annual declaration exercise will be issued by the Human Resources Department to employees without access to the e-SDA system in January each year.

9.1.2.7 Record Keeping and Data Access

- 9.1.2.7.1 All securities holdings, futures contracts positions and derivatives positions declared by employees upon commencement of and during their employment and all securities, futures contracts and derivatives transactions approved or disapproved shall be kept in the e-SDA system maintained by the Human Resources Department.
- 9.1.2.7.2 The information kept in the e-SDA System shall in all cases be kept confidential. Access to the information relating to the securities, futures contracts and derivative transactions of an employee is restricted to the employee concerned and in relation to any human resource management process, disciplinary process or for any other justifiable reason, to the HKEX Chief Executive, the relevant HKEX Head of Division/Department, LME Line Manager, LMEC Line Manager and the Head of Human Resources. The information shall not be released to any other person whether that person is in the employment of HKEX or

not unless prior written consent is obtained from the employee concerned, or unless required by law.

9.1.3 Anti-Bribery and Anti-Corruption

At HKEX and its subsidiaries (together, the “Group”), management supports a culture of integrity, ethical conduct, fairness, honesty and openness when doing business, and zero tolerance of bribery. The business benefits of rejecting bribery are manifold and include reputational, customer, and business partner confidence. The Group is committed to ensuring that no bribes, kickbacks or similar gifts, payments or advantages are solicited from or given or offered to any person, whether in the public or private sector, for any purpose.

All employees (including temporary, contract, seconded or work experience staff) and consultants of the Group, directors of HKEX and its subsidiaries and members of committees of the Group are required to adhere to high standards of business and professional and ethical conduct. The Group Anti-Bribery and Anti-Corruption Policy is intended to set out minimum standards to assist such persons in recognising circumstances which may lead to or give the appearance of involving corruption or unethical business conduct, to avoid conduct which is clearly prohibited, and promptly to seek guidance where it is not.

Persons should adhere to all applicable anti-bribery legislation, in particular the HK Prevention of Bribery Ordinance and the UK Bribery Act 2010.

Loans To and From Business Associates

Except for normal banking facilities, employees and their immediate family members (spouse and children) are not allowed to accept loans from or provide or guarantee loans to any individual or organization that has official dealings with HKEX.

Gambling

Employees are advised not to engage in frequent and excessive gambling of any kind with persons having business dealings or a business relationship with HKEX. In social games with customers, contractors or suppliers, employees must exercise judgement and withdraw from any high stake games.

9.1.4 Conflict of Interests

9.1.4.1 Situations of Conflict of Interests

- 9.1.4.1.1 Conflict of interest situations arise when the personal interests of employees compete or conflict with the interests of HKEX.

9.1.4.1.2 Employees can be regarded as having a conflict of interests where the companies or firms they are associated with derive a financial benefit from their association, by competing or conflicting with the interests of HKEX.

9.1.4.2 Policy

9.1.4.2.1 Employees should avoid conflict of interests, whether direct or indirect, or whether actual or potential, which may compromise their integrity and put the HKEX's interests and reputation at stake.

9.1.4.2.2 Employees are required at all times to declare conflict of interests, whether it is direct or indirect, or whether it is actual or potential and, if so required by HKEX, withdraw from any consideration or decision of a matter in which the employees may have an interest, or any consideration or decision on entry into any dealing with HKEX.

9.1.4.2.3 Employees shall not hold a financial interest, direct or indirect, in any stockbroking/futures brokerage firm or operate an agency on behalf of any stockbroking/futures brokerage firm.

9.1.4.3 Declaration

Employees must declare to HKEX:

- all directorships held by them in companies which have dealings with HKEX;
- their interests in any company when such interests are 10% or more of that company's issued share capital. Where the company is a company listed on SEHK, a declaration should be made when their interests are 5% or more of that company's issued share capital. Where there is a change in circumstances, a revised declaration must be submitted within 14 days of such change;
- when they are in their professional capacity, advise a company, firm or individual on any dealing with HKEX, including but without limitation to the award, by tender or otherwise, of a contract or concession;
- when they are a director or employee of a company, or a partner in or proprietor of a firm, which propose to have any dealing with HKEX including but without limitation tendering for any contract or concession;
- all directorships which their immediate family members (spouse, any person with whom the employee is living in a regular union as if man and wife, child, parent, brother and sister), hold in the business of dealing in securities and derivatives; and
- if to their knowledge, a member of their immediate family has any financial interest in any matter being considered by HKEX.

For London based staff of LME and LMEC, employees must also comply with all declaration requirements contained in their individual contracts of employment to comply with all UK contractual declaration requirements.

Employees who fail to make declaration of a conflict of interests required under this Code shall be liable to account to HKEX for any profit made or benefit received from or in respect of the failure or violation.

All declarations should be made in the Declaration of Conflict of Interests Form to their HKEX Heads of Division/Department, LME Line Managers, LMEC Line Managers or HKEX Chief Executive and sent to the Human Resources Department for record.

9.1.5 Outside Business / Employment / Committee Membership / Service

Employees are not permitted to take concurrent employment in the securities and derivatives fields or to advise or act for HKEX's Participants, representatives or associates. In addition, employees should seek prior written approval from their HKEX Heads of Division/Department, LME Line Managers, LMEC Line Managers, HKEX Chief Executive or HKEX Chairman for engaging in or taking up, whether directly or indirectly:

- any outside business/employment/committee membership/service with reward; or
- any outside business/employment/committee membership/service during office hours irrespective of whether there is any reward.

Employees who wish to apply for approval to engage in outside business/employment/committee membership/service should complete the Application for Approval to Engage in Outside Business/Employment/Committee Membership/Service Form and send it to their HKEX Heads of Division/Department, LME Line Manager, LMEC Line Manager, HKEX Chief Executive or HKEX Chairman for approval. The completed form should be returned to the Human Resources Department for record.

For the avoidance of doubt, no approval is required for engaging in or taking up any outside business/employment/committee membership/service without reward if it is not related to the employee's position or job duties in HKEX and it does not require the employee's commitment of time and efforts during office hours.

It is important to note that under no circumstances should an employee engage in or take up any outside business/employment/committee membership/service which may affect his/her performance or give rise to actual or perceived conflict of interests with his duties in HKEX.

9.1.6 Covenant of Desensitization

9.1.6.1 Scope

9.1.6.1.1 All employees of grade B and above and employees of grade C and D of the Listing Division are required to abide by the Covenant of Desensitization. They shall not, during the applicable desensitization period as specified in Clause 9.1.6.1.2 below, undertake,

carry on, engage in or take up any appointment, employment or work in, whether paid or unpaid, part time or full time,

- any business which or the principal part of which may constitute or likely to give rise to real or potential conflict of interest with HKEX or their duties in HKEX; or
- any business which or the principal part of which is competitive with or similar to the business of HKEX; or
- any business an objective or foreseeable prospect of which is to compete with the business of HKEX.

The above restrictions are also applicable to employees, who are required to abide by the Covenant of Desensitization, entering into business on his/her own account, becoming a partner in a partnership, becoming a director of a company and becoming an employee. Examples of conflict of interest situation shall include but are not limited to the following:

- appointment by a company, firm or individual that has dealing with HKEX, including but without limitation to the award, by tender or otherwise, of a contract or concession by HKEX, or any matters relating to regulatory/compliance issues which have been or are being considered by HKEX, and that the dealing has been handled by the employee during his/her employment with HKEX.
- appointment by a listed issuer (or a professional firm involved in the listing application of the listed issuer) whose listing application has been handled by the employee during his/her employment with HKEX.
- appointment by a company, firm or individual whose application for registration as a Participant of HKEX has been handled by the employee during his/her employment with HKEX

9.1.6.1.2 For employees of grade B and above and employees of Grace C of the Listing Division, the desensitization period shall span across a period of three months from the date of termination of their employment; and for employees of grade D of the Listing Division, the desensitization period shall commence from the date of notice of termination of their employment and last for a period of three months.

9.1.6.1.3 Employees who are required to abide by the Covenant of Desensitization shall notify their HKEX Heads of Division/Department or LME/LMEC Line Managers of their taking up any appointment, employment or work immediately upon giving notice of termination of employment to enable their HKEX Heads of Division/Department or LME/LMEC Line Managers to evaluate whether the appointment, employment or work will or may constitute or likely to give rise to any real or potential conflict of interest with HKEX or their duties in HKEX, and, if necessary, to re-assign their duties.

- 9.1.6.1.4 For the avoidance of doubt, the desensitization period specified in Clause 9.1.6.1.2 shall apply irrespective of the circumstances under which the employment with HKEX is terminated (including retirement, completion/expiry of contract, termination by notice or payment in lieu of notice, resignation, etc.) and whether the desensitization period or any part of it falls in any leave period or short notice period of an employee.
- 9.1.6.1.5 For London based staff of LME and LMEC, employees must also comply with all individual contractual requirements contained in the Restrictive Covenants clauses in the LME and LMEC contracts of employment. The period of restriction imposed will fall in line with the LME and LMEC contractual requirements

9.1.6.2 Declaration Procedures

- 9.1.6.2.1 An employee who is required to abide by the Covenant of Desensitization should immediately upon giving or receiving notice of termination of employment notify his/her HKEX Head of Division/Department, LME Line Manager or LMEC Line Manager of his/her taking up any appointment, employment or work after the termination of his employment with HKEX. The employee should also declare whether the appointment, employment or work taken or to be taken up by him, if any, falls or may fall within the scope of the Covenant of Desensitization. The declaration should be made by the employee by completing a Covenant of Desensitization Declaration Form and sending it to his HKEX Head of Division/Department, LME Line Manager or LMEC Line Manager.
- 9.1.6.2.2 Upon receiving the completed Covenant of Desensitization Declaration Form from the employee, HKEX Head of Division/Department, LME Line Manager or LMEC Line Manager should evaluate whether the appointment, employment or work will or may constitute or likely give rise to any real or potential conflict of interest with HKEX or his/her duties in HKEX and, where necessary, re-assign the employee's duties during the notice period, if any, to prevent any conflict of interest with HKEX or the employee's duties with HKEX.
- 9.1.6.2.3 In the case where HKEX Head of Division/Department or LME Line Manager or LMEC Line Manager is of the view that the taking up of the appointment, employment or work by the employee will or may constitute or likely to give rise to real or potential conflict of interest with HKEX or his/her duties in HKEX, HKEX Head of Division/Department, LME Line Manager or LMEC Line Manager should indicate it in the Covenant of Desensitization Declaration Form completed by the employee and also remind the employee of the restriction against taking up such appointment, employment or work during the desensitization period.
- 9.1.6.2.4 Under no circumstances should an employee take up any appointment, employment or work which may constitute or likely to give rise to any real or potential conflict of interest

with his/her duties in HKEX during the desensitization period. In case of doubt, the employee should consult his/her own professional advisers or seek clarification from his HKEX Head of Division/Department, LME Line Manager, LMEC Line Manager, the Head of Human Resources, HKEX Head of Regulatory Compliance, LME Managing Director: Regulation and Compliance or LMEC Chief Legal and Compliance Officer.

This Code of Conduct on Conflict of Interest is drafted to cover a wide range of likely scenarios. If employees are uncertain as to whether a particular transaction, act or omission falls within association, they should consult their own professional advisers or HKEX Heads of Division/Department, LME Line Managers, LMEC Line Managers or the Head of Human Resources.

9.1.7 Confidentiality of Information

Employees have a contractual responsibility to safeguard any confidential or sensitive information to which they have had access during their employment. Employees should not, during or after termination of their employment, disclose such information to the media or to any person within or outside HKEX without the approval of their HKEX Heads of Division/Department, LME Line Managers or LMEC Line Managers except to colleagues who require such information in the proper course of their duties. In addition, employees who need access to confidential files and records of another division/department must obtain prior written approval from that HKEX Head of Division/Department, LME Line Manager, LMEC Line Manager, or in his/her absence, the designated officer.

Employees should not make personal use of any confidential information which they have acquired in the course of their duties relating to listed companies' or Participants' businesses, or operations or affairs of HKEX. They should not use any confidential information for the benefits of themselves or any other person. The insider dealing provisions of Division 4 of Part XIII of the Securities and Futures Ordinance prohibits persons from insider information to deal in securities or their derivatives. Employees should take special precaution in complying with the provisions of the Ordinance.

The above two paragraphs set out the general obligation on confidentiality with which employees must comply. The guidelines on confidentiality of Strategic Initiatives and Related Information set out practical steps which are considered good practices in handling confidential information, and to help employees working on sensitive strategic initiatives to fulfill such obligation. The detailed guidelines can be viewed on the iExchange .

9.2 Equal Opportunities Policy

The application of the Equal Opportunities Policy aims to eliminate discrimination, harassment and vilification in employment on the grounds of age, gender, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality or religion. It also aims to comply with equal opportunities legislations including Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance, to promote equal employment opportunities and to follow good management practices.

9.2.1 Guidelines

9.2.1.1 Eliminating Discrimination in Employment

In preventing discrimination, employment related decisions such as recruitment, promotion, transfer, training, dismissal and redundancy as well as terms and conditions of employment should be based on consistent selection criteria. Individuals should be assessed according to their ability to carry out a given job and should not be judged by irrelevant considerations. Employees who make employment related decisions should not assume that persons of a particular age, gender, marital status, family status, race, colour, descent, national or ethnic origin, nationality or religion, or who are not pregnant or without a disability are only able to do certain kinds of work, and should ensure that these factors are not used as grounds for making decisions.

Records of notes of employment related decisions should be made and filed with the Human Resources Department. These notes will serve as a valuable explanation and defence against any unfounded suggestion of discrimination.

9.2.1.2 Eliminating Harassment in Employment

Harassment is not to be tolerated in HKEX. It is every employee's responsibility to recognize and take seriously the need to ensure that the workplace is free from any harassment and that all employees should treat their colleagues with respect. All employees have responsibilities as well as rights in the work environment that is created. Harassment, particularly in its less severe forms, may have been part of the usual code of behaviour in a workplace. To change this may require each employee to reconsider his or her own attitudes and conduct as well as those of his or her colleagues.

Employees can do much to discourage harassment by making it clear that they find it unacceptable and by supporting colleagues who suffer harassment and are considering making a complaint.

When telling the harasser that the behaviour is unwanted, if the employee does not want to confront the harasser alone, he or she may want to ask a colleague or a friend to be

present. An alternative to confronting the harasser in person is to write to him or her and keep a copy of the correspondence.

It is important for an employee subjected to harassment to keep a record of the incident(s) so as to be able to recall exactly what has happened.

Employees are also encouraged to come forward with complaints as soon as possible after the alleged incidents as a lapse in time may, in certain circumstances, weaken a complainant's case. All information and parties relating to the complaint will be kept in strict confidence.

9.3 General Guidelines on Compliance with Copyright Ordinance

9.3.1 Purpose

HKEX respects intellectual property rights and will not use infringing articles in its business. The General Guidelines on Compliance with Copyright Ordinance serve to outline the provisions of the Copyright Ordinance that all employees should pay attention to when discharging their duties.

9.3.2 Background

9.3.2.1 Where an employee knowingly uses an infringing copy of a copyright work in the course of his employment, the employee concerned and/or HKEX could be subject to civil liabilities.

9.3.2.2 Where the infringing copy involves a computer program (except in printed form), movie, television drama or musical recording (including a visual or sound recording), an employee who without the copyright owner's authorization possesses such infringing copy for use in the course of his employment could also be subject to criminal liabilities. The position relating to this type of business end-user criminal liability has been in operation since the coming into effect of the Intellectual Property (Miscellaneous Amendment) Ordinance in 2001.

9.3.2.3 The Copyright (Amendment) Ordinance 2007 ("Amendment Ordinance") introduced a new type of business end user piracy which may attract criminal liability. Under a specific provision in the Amendment Ordinance which will take effect on a day to be appointed by the Government (expected to be in the 2nd half of 2008), a person who makes copies of printed works regularly or frequently for distribution for the purpose of or in the course of business without authorization of the copyright owner could also result in criminal liabilities. The four types of printed works covered are newspapers, magazines, books and periodicals.

9.3.2.4 To promote corporate accountability and responsible governance against the use of infringing copies, the Amendment Ordinance further introduced a new offence against the

directors and partners responsible for the internal management of their organization if their organization has done any act which could attract criminal end-user liability. If there is no such director or partner, the persons under the immediate authority of the directors or partners who are responsible for the internal management of the organization may be liable.

9.3.3 Compliance by Employees

To ensure that no employee renders himself and/or the organization and/or any of its directors or other employees criminally or civilly liable for copyright infringement, it is important for employees to comply with the copyright law in the course of their employment.

10 Disciplinary Action

10.1 Policy

Unsatisfactory job performance, misconduct, habitual lateness, absenteeism, failure to comply with HKEX's policies and procedures or any other breaches of employer/employee relationship may result in disciplinary action.

HKEX's policy is that disciplinary action against employees should:

- be undertaken only in cases where good reason and clear evidence exist;
- be appropriate to the nature of the offence;
- be demonstrably fair and consistent with previous action in similar circumstances;
- take place only when employees are aware of the standards that are expected of them or the rules with which they are required to conform;
- allow employees the right to be accompanied by a colleague of their own choice;
- allow employees the right to answer charges against them; and
- allow employees the right to appeal against any disciplinary action.

