

HONG KONG EXCHANGES AND CLEARING LIMITED
(the “Company”)

TERMS OF REFERENCE AND MODUS OPERANDI
OF
CLEARING CONSULTATIVE PANEL
(“Panel”)

Membership

1. The Panel’s composition and its members’ term of service shall be subject to the Nomination Policy for Appointment of Members to the Consultative Panels as determined by the Panel Members Selection Committee (“Committee”).
2. The chairman of the Panel shall be appointed by the Board and shall be a director of the Company.

Frequency and proceedings of meetings

3. The Panel should meet at least once a year. Additional meetings should be held as the work of the Panel demands.
4. In addition, the chairman of the Panel may convene additional meetings at his discretion.
5. The quorum of a meeting shall be three members of whom at least one is a director of the Company.
6. Proceedings of meetings of the Panel shall be governed by the provisions of Article 105 of the Articles of Association of the Company.

Duties, powers and functions

7. The duties, powers and functions of the Panel shall be:
 - (a) to provide market expertise and advice to the Board on international trends, the needs of intermediaries, issuers, investors and other market participants, technology challenges and new product opportunities relating to the clearing;

- (b) to consider such other topics and matters relating to the clearing as may be requested by the Board and to report back thereon;
- (c) generally, to act as a sounding board for policy recommendations, strategic initiatives and major investments in relation to clearing; and
- (d) to discuss, formulate and advise the Board on the foregoing matters in accordance with the request of the Board from time to time.

Review

- 8. These terms of reference shall be subject to the Committee's review, as it considers necessary.

Reporting Procedures

- 9. The Panel should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Panel, the chairman of the Panel shall report to the Board on findings and recommendations of the Panel. At least annually, the Panel should present a report to the Board which addresses the work and findings of the Panel during the year.

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