

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

**TERMS OF REFERENCE AND MODUS OPERANDI**  
**OF**  
**INVESTMENT COMMITTEE**

**Membership**

1. The Committee shall consist of not less than four members appointed by the board of Directors of the Company (the “Board”) after considering the recommendations of the Nomination and Governance Committee.
2. The chairman of the Committee shall be appointed by the Board.
3. The Chief Executive and the Group Chief Financial Officer of the Company will be invited to attend the meetings.

**Purpose of the Committee**

4. The purpose of the Committee is to assist the Board in:
  - (a) reviewing investment performance of internally managed funds and advising the Treasury functions of the HKEX Group on their investment of cash, cash equivalents, financial assets, margin deposits, cash collateral and participants contributions to clearing house funds, taking into account of the necessary constraints on the deployment of the various sources and purposes of the funds to enhance the Group’s investment returns;
  - (b) reviewing investment performance of external portfolio and approving asset allocation, selection of external portfolio investment advisor/fund manager(s) and quantum to be invested with collective investment schemes/ fund managers; and
  - (c) reviewing investment policies and recommending changes it considers appropriate for the Board’s approval.

**Frequency and proceedings of meetings**

5. The Committee shall meet at least four times a year. Additional meetings shall be held as the work of the Committee demands.
6. In addition, the chairman of the Committee may convene additional meetings at his discretion.

7. The quorum of a meeting shall be three members of which at least two shall be Directors of the Company.
8. Proceedings of meetings of the Committee shall be governed by the provisions of Article 105 of the Articles of Association of the Company (i.e. decisions shall be determined by a majority of votes of the members present and, in the case of an equality of votes, the chairman of a meeting shall have a second or casting vote).

### **Duties, powers and functions**

9. The duties, powers and functions of the Committee shall be:
  - (a) to provide market expertise and advice to the Board on the investments of:
    - (i) Corporate funds
    - (ii) Clearing House funds
    - (iii) Margin funds
  - (b) to advise on the investment policies of the Company regarding (a) above;
  - (c) to discuss, formulate views and advise the Board on asset allocation, selection of external portfolio investment advisor/fund manager(s) and quantum to be invested with collective investment schemes/ fund managers and appointment of custodian(s);
  - (d) to seek professional advice from the securities/investment/professional community, as and when the Committee considers appropriate;
  - (e) to consider such other topics and matters relating to financial investments of the Company as may be requested by the Board; and
  - (f) to review these terms of reference on at least an annual basis and recommend any changes it considers appropriate for the Board's approval.

### **Reporting procedures**

10. The Committee should report to the board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on findings and recommendations of the Committee.

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