

HONG KONG EXCHANGES AND CLEARING LIMITED
(“Company”)

TERMS OF REFERENCE AND MODUS OPERANDI OF
NOMINATION COMMITTEE
(“Committee”)

Membership

1. The Committee shall consist of five independent non-Executive Directors (at least two of them shall be Elected Directors) appointed by the Company’s board of directors (“Board”) from time to time.
2. The Board shall designate one of the five members as the Committee’s Chairman.
3. The Company Secretary or his nominee shall act as the Committee’s Secretary.

Frequency and proceedings of meetings

4. The Committee shall meet at least annually. Additional meetings shall be held as the work of the Committee demands.
5. In addition, the Committee’s Chairman may convene additional meetings at his discretion.
6. The quorum of a meeting shall be three Committee members.
7. Proceedings of the Committee’s meetings shall be governed by Article 105 of the Company’s Articles of Association.

Duties, powers and functions

8. The Committee shall –
 - (a) formulate nomination policy for the Board’s consideration and implement the Board’s approved nomination policy; and
 - (b) without prejudice to the generality of the foregoing:
 - (i) review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually; and make recommendations on any proposed changes to the Board to implement the Company’s corporate strategy;
 - (ii) consider the selection criteria of non-Government Appointed Directors, and develop procedures for the sourcing and selection of candidates to stand for election by HKEx’s shareholders (“Shareholders”) or to fill casual vacancies of Directors (other than Government Appointed Directors). In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;

- (iii) identify and nominate candidates to the Board for it to recommend to Shareholders for election as non-Government Appointed Directors. Sufficient biographical details of nominated candidates shall be provided to the Board and Shareholders to enable them to make an informed decision;
- (iv) consider the skills mix needed in respect of Government Appointed Directors with due regard for the benefits of diversity on the Board, and make recommendations to the Board;
- (v) identify and nominate candidates to fill casual vacancies of Directors (other than Government Appointed Directors) for the Board's approval;
- (vi) assess the independence of Independent Non-executive Directors and review the Independent Non-executive Directors' annual confirmations on their independence; and make disclosure of its review results in the Corporate Governance Report;
- (vii) regularly review the time required from a Director to perform his responsibilities;
- (viii) review the Board Diversity Policy, as appropriate; and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually;
- (ix) review succession planning for the Chairman, the Chief Executive as well as the senior management, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate;
- (x) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (xi) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.

9. The Committee shall be provided with sufficient resources to enable it to perform its functions, including the resources for seeking independent professional advice.

Reporting Procedures

10. The Committee shall report to the Board on a regular basis. At the next Board meeting following a Committee's meeting, the Committee's Chairman shall report the Committee's findings and recommendations to the Board.

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July 2014