

# HUMAN RESOURCES MANUAL

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## **PURPOSE OF THE MANUAL**

This manual summarizes all major human resources policies and procedures that are currently in force in Hong Kong Exchanges and Clearing Limited (HKEx) and its subsidiaries. Any terms and conditions of employment not covered, in part or in whole, in this manual shall be subject to the provisions of labour legislation in force in Hong Kong.

The manual is intended to serve as a reference guide to full-time employees on the human resources policies and procedures of HKEx as well as the rationale and principles of how they should be implemented and enforced. The provisions stipulated in this manual shall be subject to change from time to time at the discretion of HKEx.

Where appropriate and specified, certain sections of this Manual, in particular Sections 10 and 11 on House Rules & Ethical & Legal Responsibilities, are also applicable to temporary employees.

## 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.

## **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, sex, 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.

## **MANPOWER PLAN & CONTROL**

### **1. PURPOSE**

The aims of manpower planning of HKEx are:

- to ensure that HKEx acquires and retains the optimum number of employees with the required skills, expertise and competence;
- to exercise effective control of staffing and the associated cost; and
- to assist in optimum resources allocation so that potential manpower surplus or shortage can be anticipated and alleviated as much as possible.

### **2. MANPOWER PLAN**

Heads of Division/Department are required to conduct a thorough review of the operations, structure and manpower of their Divisions/Departments each year, and furnish recommendations of manpower plan for the following financial year to the Human Resources Department.

The Human Resources Department is responsible for reviewing the recommendations and compiling a corporate manpower plan for the financial year. The manpower plan sets out the number of posts by level and by Division /Department.

### **3. CHANGES TO APPROVED MANPOWER PLAN**

The manpower plan for the financial year, once approved by the Executive Committee/Board, is regarded as official. No change is permitted unless major developments or functional requirements emerge. Any requisition of unbudgeted headcount needs the approval of the Chief Executive.

### **4. MANPOWER CONTROL**

In order to optimize human resources utilization and to maintain cost effectiveness, stringent manpower control should be exercised. Recruitment should only be carried out in accordance with the bases of operational needs and approved manpower plan.

Whenever an employee leaves HKEx, the Head of Division/Department should assess the manpower of his Division/Department to see if a replacement is necessary. Where a replacement is required, internal transfer or promotion should be considered before pursuing external recruitment.

## **RECRUITMENT**

### **1. PURPOSE**

The purpose of recruitment of HKEx is to acquire, in a cost effective manner, the optimum number of high quality employees for the operations and development of HKEx. In order to appoint the most appropriate persons for the positions, it is crucial that potential candidates are drawn from a wide pool and equal opportunities are ensured for all candidates. The following guidelines seek to ensure transparency and fairness throughout the recruitment process and maximize the diversity of applicants.

### **2. RECRUITMENT FOR THE CHIEF EXECUTIVE, THE SENIOR MANAGEMENT STAFF, THE COMPANY SECRETARY AND THE HEAD OF INTERNAL AUDIT**

#### **2.1 Definition of Senior Management Staff**

Senior management staff herein refer to the Chief Operating Officer (“COO”), the Chief Executive of SEHK (“CE of SEHK”), the Chief Executive of HKFE (“CE of HKFE”), the Chief Executive of HKSCC (“CE of HKSCC”) and the Executive Vice Presidents (“EVP”) which include the Chief Financial Officer (“CFO”), the Chief Technology Officer (“CTO”), the Chief Counsel, the Chief Marketing Officer (“CMO”), the Head of Listing, the Head of Market Development and, the Head of Corporate Communications.

#### **2.2 Selection Committee**

Selection Committees of different compositions shall be constituted by the Board to shortlist and interview the prospective candidates for the positions of CE and senior management staff. The Selection Committee shall consist of a minimum of 5 members.

2.2.1 For the position of CE, the Selection Committee shall comprise:

- a. the Chairman of HKEx (Chairman of the Selection Committee);
- b. the Chairman of the Remuneration Committee;
- c. the Chairman of the Nomination Committee;
- d. two other directors appointed by the Board. However, if any of the above happens to be the same person, three more directors shall be appointed by the Board.

2.2.2 For the position of COO and DCOO, the Selection Committee shall comprise:

- a. the Chairman of HKEx (Chairman of the Selection Committee);
- b. the CE of HKEx;
- c. a member of the Remuneration Committee;
- d. a member of the EXCO; and
- e. one other director appointed by the Board.

2.2.3 For the position of other senior management staff, the Company Secretary and the Head of Internal Audit, the Selection Committee shall comprise:

- a. a member of the Remuneration Committee (Chairman of the Selection Committee);
- b. the CE of HKEx;
- c. a member of the EXCO;
- d. the Chairman of the relevant Board committee<sup>1</sup>; and
- e. one or two other director(s) appointed by the Board.

## 2.3 Sourcing Methods

Generally, one or more of the following recruitment approaches, to be decided by the Selection Committee, can be adopted to identify interested and suitable candidates.

### 2.3.1 Advertising the Post

Advertising the post helps communicate clearly and openly to the public the requirements of the position and the selection criteria which apply. The methods for advertising the post shall include:

- a. advertising in the local and international press and journals; and/or
- b. advertising on HKEx website and/or recruitment websites.

### 2.3.2 Executive Search

Recruitment consultants can tap into private sector networks and are skilled at promoting opportunities to potential candidates. They can reach a wide pool of candidates, and can reduce the time burden on the Selection Committee. In using executive search, the following points shall be considered:

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<sup>1</sup> For instance, Chairman of the Investment Advisory Committee should be a member of the Selection Committee for the CFO.

- a. in selecting the search consultant, international search firm with good reputation, extensive global search experience and proven track record shall be considered;
- b. the consultant should show a commitment to diversity and equality issues, and demonstrate how such commitment is reflected in its practice and approach; and
- c. precise job descriptions and person specifications should be agreed between the consultant and the Selection Committee.

### 2.3.3 Network Referrals

Referral is one of the widely used methods for identifying potential candidates in both the public and private sectors. Possible referral sources may include senior executives of other business and public organizations.

### 2.3.4 Internal Candidates

Given that having continuity at the senior management level can be beneficial to the operation of HKEx, internal candidates with the relevant technical expertise and management experience may be recommended for the consideration of the Selection Committee, by the Chairman for the CE position, and by the CE in consultation with the Senior Management Committee for other senior management positions. Any internal candidates will be evaluated on the same basis vis-à-vis other candidates. Where an internal candidate and an external candidate for the same position are deemed to have comparable qualifications, experience, and competencies, etc., the internal candidate will be given preference.

## 2.4 **Selection Criteria**

The following two sets of selection criteria shall be considered in the recruitment process:

### 2.4.1 Shortlist Criteria

The shortlist criteria shall focus on the factual requirements of the person specification. In short-listing candidates for interview, the following factors shall be considered:

- a. academic, professional and technical qualifications;
- b. relevant work experience; and
- c. leadership and management experience.

There shall be no discrimination on the grounds of age, sex, marital status, family status, sexual orientation, disability, race, nationality or religion in any circumstances. All candidates shall be assessed fairly and equally irrespective of the sources they come from.

#### 2.4.2 Final Selection Criteria

The final selection criteria are applied to evaluate the evidence gathered through interviews and discussions following the initial shortlist. The final selection criteria shall focus on, inter alia, personal qualities, attributes and competencies, past performance, aspirations, potentials, communication and interpersonal skills, professional and personal integrity.

### 2.5 **Reference Check**

Reference check shall be conducted at the final stage of the selection process with prior permission of the selected candidate or shall be conducted immediately after the candidate has accepted HKEx's offer of employment, whichever is practicable. All offers shall only be finalised subject to the receipt of satisfactory references. If a candidate is found to have provided false information or have misrepresented any information or have not disclosed any material facts in his or her application, it shall be deemed to be sufficient grounds for HKEx to withdraw the offer or terminate his or her service summarily, as the case may be.

### 2.6 **Offer and Approval**

#### 2.6.1 Offer

Remuneration packages for the CE and the senior management staff shall be negotiated and set on an individual basis.

#### 2.6.2 Approval

- a. The appointments of the CE of HKEx, the COO of HKEx, the CE of SEHK and the CE of HKFE are subject to the approval of the Board and the Securities and Futures Commission (“SFC”).
- b. The appointments of other senior management staff, the Company Secretary and the Head of Internal Audit are subject to the approval of the Selection Committee.

### **3. RECRUITMENT FOR THE OTHER STAFF**

#### **3.1 Staff Requisition**

Where replacement or additional employee(s) is required, the Head of Division/Department should complete and forward a Staff Requisition Form to the Human Resources Department to initiate recruitment. The form should specify clearly the job summary and job requirements of the vacant position and be endorsed by the Head of Division/Department.

If the request for additional employee(s) is unbudgeted, the Chief Executive's approval has to be sought. For Divisions/Departments which are reporting to the Chief Operating Officer, the request has to be endorsed by the Chief Operating Officer before submitting to the Chief Executive for final approval.

Where the headcount is approved, the Head of Division/Department should first consider internal transfer or promotion before pursuing external recruitment.

#### **3.2 Sourcing**

##### **3.2.1 Internal Sourcing**

The Human Resources Department will issue an internal vacancy announcement to invite applications from employees. Employees may apply to the Human Resources Department in accordance with the policy for Transfer as provided in Section 2-5 or Promotion as provided in Section 2-6. Employees may also refer their friends or relatives to the Human Resources Department if they are interested in the vacant position. The referrals will be considered together with other candidates and undergo the same selection process.

##### **3.2.2 External Sourcing**

If it is decided that an external recruitment advertisement is necessary, the Human Resources Department will adopt one or a combination of the following external sources of recruitment which is/are considered to be appropriate and cost effective. The Head of Division/Department may suggest other sources if he/she thinks appropriate.

###### **a. Media**

The Human Resources Department will liaise with the Division/Department to prepare the recruitment advertisement and place it in the:

- Job Opportunities Section of HKEx's Web Site or other recruitment web site(s) as appropriate; and
- most appropriate and effective newspaper(s) and/or other publication(s).

b. University/College Recruitment

For fresh graduate or summer job vacancies, the Human Resources Department will approach the Appointment Services of universities or colleges.

c. Recruitment Consultant

Where there are genuine difficulties in finding suitable candidates, a recruitment consultant may be used with the approval of the Head of Human Resources.

### **3.3 Selection Guideline and Criteria**

#### **3.3.1 Shortlist Criteria**

In shortlisting candidates for interviews, the following factors should be considered:

- academic, professional and technical qualifications;
- working experience;
- job knowledge and technical know-how; and
- management experience for managerial positions.

There should be no discrimination on the grounds of age, sex, marital status, pregnancy, family status, disability, race, nationality or religion unless these will impede the prospective appointees' abilities to carry out normal job duties. All candidates will be assessed fairly and equally irrespective of whether they are referrals or direct applicants.

#### **3.3.2 Information Gathering during Interviews**

During the interviews, interviewers should only ask questions that relate directly to the job requirements. Where it is necessary to assess whether personal circumstances will affect job performance, interviewers should discuss these objectively without questioning the candidates about their age, marital status, pregnancy, family status, race, nationality or religion.

In case of a disabled applicant, job-related information on disability and medical history can be asked to determine the applicant's ability, and the need for special services and facilities, to carry out normal

duties. It is however unlawful to request medical information for the purpose of discriminating against applicants on the basis of pregnancy or disability.

Assessment of the candidates and due recommendation of the interviewers should be properly documented on the Interview Assessment Form after interviews. All forms and documents containing personal data of applicants should be returned to Human Resources Department for further handling, irrespective of whether the applicants are appointed.

### 3.3.3 Final Selection Criteria

Judging from information gathered through interviews, the final selection criteria including desirable personal attributes, potential for further development, past performance, job expectation and career aspiration are applied to further evaluate the suitability of the candidates to the job.

If all things are equal, preference will be given to internal candidates taking into consideration the recommendation of their Heads of Division/Department in addition to all other criteria.

## 3.4 **Offer and Approval**

### 3.4.1 Offer

When a suitable candidate is identified, the Human Resources Department will discuss with the recruiting officer and/or the Head of Division/Department, as appropriate, on the terms and conditions to be offered to the candidate. In determining the entry grade and salary of a prospective employee, the following factors will be considered:

- academic, professional and technical qualifications and working experience;
- job knowledge and technical know-how;
- recent earnings;
- prevailing market rate of the vacant position;
- availability of suitable candidates in the market;
- internal relativity of HKEx; and
- job grade and salary range of the vacant position.

### 3.4.2 Approval

The selection process and approval authority for the recruitment of all positions should involve at least two levels to ensure that a fair selection process has taken place.

<b>Positions</b>	<b>Approval Authority</b>
Heads of Division/Department reporting to the Chief Executive *	Chief Executive and Chairman/Executive Committee
Heads of Division/Department reporting to the Chief Operating Officer *	Chief Operating Officer and Chief Executive
Employees reporting to Heads of Division/Department	Head of Division/Department and Chief Executive/Chief Operating Officer
Other Employees	Recruiting officers and Heads of Division/Department

\* *Except for senior management staff, the Company Secretary or the Head of Internal Audit Department where the approval authority mentioned in Clause 2.6.2 should apply*

## 3.5 **Employment Formalities**

### 3.5.1 Vetting of Documents

Prior to confirmation of appointment, the Human Resources Department will ensure that the candidates are lawfully employable and hold a valid Hong Kong Identity Card or other valid identity documents that are acceptable to the Immigration Department. Candidates are required to certify their qualifications and working experience by producing the original copies of their academic and professional credentials, reference letters from previous employers and other relevant documentation.

### 3.5.2 Employment Visa

For prospective employees who require an employment visa to work in Hong Kong, the offer of appointments will be subject to their obtaining a valid employment visa from the Government of the Hong Kong

Special Administrative Region. The Human Resources Department will assist in the process of visa application when necessary.

### 3.5.3 Reference Check

With the written authorization of the new employees, HKEx will conduct reference checks with their previous employer as far as practicable, immediately after they have accepted HKEx's offer of employment. This is to ensure that the information provided by employees in their applications is correct and that their supervisors are alert at an early stage to any adverse comments about them. If it is impracticable to make a reference check with their latest employers, a reference check with their second latest employers will be conducted first while the reference check with the latest employers will be processed immediately after the employees have reported for duty.

If an employee is found to have provided false information, misrepresented or not disclosed any material facts in his application, it shall be deemed to be sufficient grounds for HKEx to terminate the employee's service summarily, unless the employee can give a satisfactory explanation.

## 3.6 **Reporting Duty**

On their first day of employment, new recruits will usually report to the Human Resources Department to complete the engagement formalities and attend a brief company induction before they report for duty to the designated Division/Department.

Heads of Division/Department should arrange for new employees' job induction once they have reported for duty. New employees will also be invited to attend a Staff Orientation Program conducted by the Human Resources Department to help them better understand the mission, objectives and organization structure of HKEx, as well as its rules and regulations, and code of conduct.

## PROBATIONARY PERIOD

### 1. PURPOSE

The purpose of the probationary period is to allow time for new employees and HKEx to ensure their expectations on employment and job performance are met.

### 2. POLICY

2.1. Unless otherwise stated in the contract of employment, all employees are required to undergo a probationary period of three months.

2.2. If a resigned employee rejoins HKEx in the same Division/Department or in a capacity in which the job nature is similar to his previous position with HKEx, the probationary period may be waived at the discretion of HKEx. However, if an employee rejoins HKEx in a different Division/Department or in a position where the job nature is different from his previous position, a probationary period may be required in order to ensure that the employee is suitable for the job.

2.3. Subject to satisfactory performance, employees will be confirmed after the probationary period as permanent employees of HKEx and eligible for employee benefits as appropriate.

2.4. During the probationary period, the notice period required to terminate employment by either HKEx or the employees is as follows:

Grade	Notice Period	
	Within the first month of probationary period	After the first month but before confirmation as permanent employee
Manager level and above	Nil	1 month
Other staff	Nil	7 days

### 3. EXTENSION OF PROBATIONARY PERIOD OR TERMINATION OF EMPLOYMENT

If the Head of Division/Department considers that the performance or working attitude of a new employee is not satisfactory and a longer period of observation is required, the employee will be requested to undergo an extended probationary period, normally for another three months. Employees who perform unsatisfactorily or are not suitable for the job may be terminated at any time in accordance with the policy for Termination.

## **TRANSFER**

### **1. PURPOSE**

Internal transfer is encouraged by HKEx as it gives employees opportunities to widen their exposure and pursue development in other streams within HKEx. It also enables HKEx to deploy employees to areas where they can best contribute to and meet the manpower requirement and planning of HKEx.

### **2. POLICY**

2.1. It is the policy of HKEx to consider internal transfer for existing employees whenever a suitable job opportunity arises. All things being equal, preference will be given to internal candidates so that employees are provided with opportunities to widen their exposure and further their career development within HKEx.

All employees should have equal opportunities for transfer. It should be non-discriminatory and based on job related factors. Age, sex, marital status, pregnancy, family status, disability, race, nationality or religion should not be considerations for transfer.

2.2. Employees may be transferred from one post to another or from one Division/Department to another for career development or operational/structural reasons. Requests for transfer may be made either by Heads of Division/Department or by employees. Transfer should not, however, be used as a means to shift undesirable or problem employees to another Division/Department. Neither should it be used for internal staff poaching.

2.3. Transfer can only be successful if agreed by both the releasing and the recruiting Heads of Division/Department. A waiting period is normally required to enable the releasing Division/Department to find a replacement.

2.4. In principle, no probationary period is necessary for transfer. Termination notice will be adjusted, if applicable, to the employment conditions of the new position. If a probationary period is deemed necessary and the termination notice differs from that of the previous position, the new termination notice will apply only upon completion of probation.

2.5. As one of the main reasons for transfer is career development, frequent transfer is not encouraged. Employees should remain in their positions for at least one year before any transfer is considered.

## PROMOTION

### 1. PURPOSE

HKEx aims to provide career advancement opportunities for employees to develop and utilize their potential whenever possible, while at the same time recognizing their outstanding performance.

### 2. POLICY

2.1. It is in the interest of both the Company and the individual that employees be encouraged to seek and gain advancement within the Company. Whilst the management reserves the right to appoint the most suitable person to any particular post, whether an internal candidate or external one, it is the Company's policy to promote from within whenever and wherever possible.

2.2. The basic principles of promotion in HKEx are equal opportunities, non-discriminatory and the best person for the job. Selection for promotion should be based on merit with due consideration of the following factors:

- job knowledge and technical know-how;
- competence and potential;
- performance and quality of work;
- academic/professional/technical qualifications;
- honesty, integrity and commitment to work;
- working attitude and interpersonal skills; and
- personal attributes and tact.

Age, sex, marital status, pregnancy, family status, disability, race, nationality or religion should not be considerations for promotion.

2.3. Promotion based on merit provides pathways or potential avenues for employees to aspire for higher grades, so as to maintain a clear and stable career development structure enabling the advancement and retention of quality staff.

2.4. Whenever vacancies arise, the Heads of Division/Department should consider the possibility of promoting existing employees from within before recruiting externally.

2.5. Under normal circumstances, Heads of Division/Department may recommend promotion for their employees, if they meet the requirements of and are suitable for the vacant positions.

- 2.6. Alternatively, employees who fulfill the requirements of and consider themselves suitable for the vacant positions may apply for the positions by responding to internal vacancy announcements.
- 2.7. Under exceptional circumstances, promotions driven by business/operational needs, individual merit and competency, and/or added responsibilities will be considered on a case-by-case basis. Heads of Division/Department should provide full justifications when making recommendation of the promotion.
- 2.8. To be eligible for promotion to the next higher grade, employees should have demonstrated potential for further development and possess relevant experience, qualifications and attributes prescribed for the position. As a general rule, they should have served in their present job for a minimum of 12 months.
- 2.9. In general, promotion driven by vacancy is subject to approval of the Heads of Division/Department. In the case of employees reporting directly to the Heads of Division/Department, approval from both the Heads of Division/Department and the Chief Executive/Chief Operating Officer has to be sought. Promotions other than vacancy driven are subject to approval of the Chief Executive.
- 2.10. Normally, employees will be promoted to positions which are one grade higher than their current ones, and their new job titles have to be in line with HKEx's titles.
- 2.11. On promotion to a higher grade, employees will normally receive the entry pay of the new grade or a promotional increase which is equitable to other employees of the new grade. They will also be eligible for benefits applicable to the new grade.

### **3. PROCEDURE**

- 3.1. For promotion recommendation, the Head of Division/Department should complete and forward a Personnel Movement/Contract Renewal/Salary Revision Form with full justification to the Human Resources Department.
- 3.2. The Human Resources Department will review the recommendation and ensure that appropriate approval is granted.
- 3.3. Upon approval of the promotion, the Human Resources Department will prepare a letter incorporating all changes in terms and conditions of employment and send the letter to the promoted employees. They are required to sign and return a copy of the letter to the Human Resources Department, signifying acceptance of the new terms and conditions.

## TERMINATION

### 1. PURPOSE

This policy sets out the conditions and procedures relating to termination of employment with HKEx. It aims to ensure that HKEx is in line with good employment practice and complies with the statutory requirements.

### 2. RESIGNATION

#### 2.1. Notice Period

A contract of employment may be terminated by either party giving notice in writing or payment in lieu as specified in the contract of employment. Unless otherwise specified in the contract of employment, the notice or payment in lieu to be given by either party for termination of employment is as follows:

Grade	Notice Period	
	During Probation	After Confirmation
Grade 6 and above	<ul style="list-style-type: none"> <li>• No notice required in the first month</li> <li>• 1 month in subsequent months</li> </ul>	3 months
Grade 7 and below	<ul style="list-style-type: none"> <li>• No notice required in the first month</li> <li>• 7 days in subsequent months</li> </ul>	1 month

The length of notice to be given by either party in the event of an extended probationary period shall be the same as during probation.

Employees who fail to fulfill the required notice period will have their final payment deducted in proportion to the period of short notice.

Employees may not extend their notice period to take advantage of rest days or public holidays falling immediately after the expiry of their required notice period. Extended notice is only accepted with valid reasons and the approval of their Heads of Division/Department and the Head of Human Resources Department.

Employees are not allowed to use outstanding compensation leave or annual leave in lieu of termination notice without the approval of their Heads of Division/Department. Similarly, maternity leave cannot be served as notice for termination of employment.

If an employee has applied for annual leave prior to submission of his resignation and the approved leave falls within the notice period, he must obtain re-approval from his Head of Division/Department.

Any request to waive the whole or part of the termination notice must be provided with justification and approved by the Head of Division/Department.

## 2.2. Procedure

### 2.2.1. Submission of Resignation

- An employee who wishes to terminate his employment must submit a letter of resignation to the Human Resources Department with a copy to his Head of Division/Department. The Head of Division/Department should endorse the letter to signify his acknowledgement of the resignation and send his copy to the Human Resources Department.
- Upon receipt of the letter of resignation, the Human Resources Department will acknowledge the resignation in writing and confirm with the employee the last working day and the effective date of his resignation with a copy to his Head of Division/Department.

### 2.2.2. Return of Company Property

- Upon leaving the service with HKEx, the employee must handover to his Head of Division/Department or designated officer all accounts, contacts, data, records and documents, whether in paper, tape, diskette or electronic form, related to his job.
- On his last working day, the employee is required to return all company property (please refer to Section 10-2 on House Rules for the definition of company property) to his Head of Division/Department, the Administration Department, the Exchange Library and/or the Human Resources Department as appropriate. HKEx reserves the right to deduct from the resigned employee's final payment an amount equivalent to the value of any property which is not returned or is damaged and any amount due to HKEx.

### 2.2.3. Exit Interview

- The Human Resources Department will normally conduct an exit interview with the resigning employee to obtain a better understanding of his needs and to solicit his feedback in HKEx's policies and practices so as to improve the overall working environment and conditions.

### 2.2.4. Final Payment

- The final payment including basic salary, job related payments or reimbursements, payment in lieu of accrued annual leave and money due to the employee, if any, will be paid to the resigned employee by cheque or autopay into his bank account within seven days from his effective date of resignation.

### **2.3. Calculation of Salaries**

- 2.3.1. Salary payment in lieu of termination notice (calculated on the basis of calendar days)

$$\frac{\text{Monthly basic salary}}{\text{No. of calendar days in the month}} \times \text{No. of calendar day(s) in lieu of notice}$$

- 2.3.2. Final salary payment (calculated on the basis of calendar days)

$$\frac{\text{Monthly basic salary}}{\text{No. of calendar days in the month}} \times \text{No. of day(s) employed in that month}$$

- 2.3.3. Salary payment in lieu of accrued annual leave or salary deduction for advanced annual leave (calculated on the basis of working days)

$$\frac{\text{Monthly basic salary}}{21} \times \text{No. of working day(s) of accrued/advanced annual leave}$$

### **2.4. Reference Letters**

Reference letters will be issued by the Human Resources Department to former employees who have completed their probationary periods. Employees who wish to have their reference letters made under the official titles of their Heads of Division/Department can apply direct to their Divisions/Departments. A copy of the reference letter should be sent to the Human Resources Department for record purpose.

### **2.5. Leaving Hong Kong upon Resignation**

In accordance with the statutory requirements of the Inland Revenue Department, employees are required to notify HKEx if they are going to leave Hong Kong for more than one month following their resignation. The Human Resources Department is responsible for filing an IR56G Form for settlement of salaries tax with the Inland Revenue Department. Employees are required to settle their outstanding salaries tax with the Inland Revenue Department before leaving Hong Kong. Final payment will only be made to employees upon submission of a letter of release issued by the Inland Revenue Department.

### **2.6. Withdrawal of Resignation**

Withdrawal of resignation must be made in writing by employees and approved by their Heads of Division/Department. A copy of the approved withdrawal should be sent immediately to the Human Resources Department.

### 3. DISMISSAL

While the law recognises an employer's right to terminate the employment of an employee with legitimate reasons, Heads of Division/Department must cautiously exercise the right in order to minimize the adverse impact on other employees, their Divisions/Departments or HKEx.

Unless the subject matter is of a very serious nature where termination of employment is inevitable, Heads of Division/Department are advised to adopt the disciplinary procedures as specified in Section 12.

#### 3.1. Approach

If a Head of Division/Department wishes to terminate the employment of an employee, he should consult the Human Resources Department about the approach to be adopted.

##### 3.1.1. Termination by Notice or Payment in lieu

If an employee's performance is unsatisfactory or not up to the required standard; or his working attitude is poor; or he is found to be unsuitable for the job; or under any other circumstances other than those specified for Summary Dismissal in Clause 3.1.2, HKEx may lawfully terminate his contract of employment with notice in writing or payment in lieu as specified in the contract of employment.

This is the most common approach to termination of employment by an employer for minor and/or trivial transgressions.

##### 3.1.2. Summary Dismissal (Without Notice or Payment in lieu)

If an employee, in relation to his employment:

- wilfully disobeys a lawful and reasonable order;
- misconducts himself, such misconduct being inconsistent with the due and faithful discharge of his duties;
- is guilty of fraud or dishonesty;
- is habitually neglectful in his duties;
- becomes involved in improper securities transactions, or without approval discloses to a third party any confidential information obtained from his employment; or

on any other grounds which would entitle HKEx to terminate the employment without notice, HKEx may lawfully terminate his contract of employment without notice or payment in lieu.

This approach of termination of employment by an employer should only be applied to cases where an employee has committed very serious misconduct or fails to improve himself after the employer's repeated warnings.

### **3.2. Suspension of Employment**

If an employee is suspected of a violation that could lead to summary dismissal, HKEx may, during the investigation, suspend his employment for a period not exceeding 14 days. However, where the investigation is of a criminal nature and proper criminal proceedings cannot be concluded within 14 days, the suspension may be extended till the conclusion of the criminal proceedings.

During the period of suspension, the employee will be paid salary as normal and will be given an opportunity to state his case. During the hearing of the case, he may be accompanied by a colleague if he so wishes. In exceptional cases, suspension without pay may be warranted but such a decision can only be made by the approval of the Head of Division/Department and Head of Human Resources Department.

### **3.3. Prohibition against Termination**

The Employment Ordinance imposes the following limitations on termination:

#### **3.3.1. Maternity Protection**

After an employee's pregnancy has been confirmed by a medical certificate and has served notice of her pregnancy, termination of employment, on grounds other than summary dismissal due to the employee's serious misconduct, is prohibited from the date on which she gives notice of her intention to take maternity leave until the date on which she is due to return to work.

If a pregnant employee is dismissed before she has served notice of pregnancy, she may serve notice immediately after being informed of her dismissal. Under these circumstances, the dismissal or notice of dismissal must be withdrawn.

Where it has been explicitly agreed that the employment is on probation, dismissal during the probationary period is not prohibited. However, the employee cannot be dismissed by reason of her pregnancy.

#### **3.3.2. Sick Leave Protection**

An employer shall not dismiss an employee whilst the employee is on paid sick leave. This restriction does not apply to summary dismissal due to the employee's serious misconduct.

### 3.3.3. Annual Leave

When an employee is taking accrued statutory annual leave, neither HKEx nor the employee is permitted to terminate employment by giving the other party notice of termination during the period which is being taken as annual leave. This restriction does not apply to annual leave which is in excess of the provisions under the Employment Ordinance.

### 3.3.4 Giving Evidence or Information to the Labour Department

An employer shall not dismiss an employee for giving evidence or information in any proceedings or inquiry in connection with the enforcement of labour legislation, industrial accidents or breach of work safety regulations.

### 3.3.5 Injury at Work

An employer shall not dismiss an injured employee before having entered into an agreement with the employee for his compensation or before the issue of a certificate of assessment.

## 3.4. Procedure

3.4.1. Before any dismissal decision is made, the Head of Division/Department is advised to study all the facts leading to dismissal and seek advice from the Human Resources Department with regard to the approach and action to be taken.

3.4.2. If dismissal is deemed necessary, the Head of Division/Department should complete and forward a Personnel Movement/Contract Renewal/Salary Revision Form with reason(s) to the Human Resources Department.

3.4.3. The Human Resources Department is responsible for determining the approach to be taken, issuing the dismissal letter and final payment.

3.4.4. A dismissal interview should be conducted by the Head of Division/Department or his designated officer and the Human Resources Department, if required.

## **RETIREMENT**

### **1. PURPOSE**

HKEx values the contributions made by its employees during their service with HKEx and provides benefits at their retirement.

### **2. POLICY**

#### **2.1. Normal Retirement**

The retirement age for employees of HKEx is 60. Employees will normally retire on the last day of the calendar month in which they attain age 60.

Retirees are entitled to the normal retirement benefits of the Staff Provident Fund Scheme upon retirement. The normal retirement benefits will include a lump sum equal to the full amount of the member's balance, employer's balance and any prior service balance. Details of the normal retirement benefits are provided in Section 5-2, Clause 2.6.1.

If the amount of the employer's balance plus prior service balance under the Scheme is less than the long service payment to which the retirees would be entitled under the Employment Ordinance, they will receive the retirement benefits under the Scheme plus the difference between their statutory long service payment and their employer's balance plus prior service balance under the Scheme.

As a recognition of retirees' contributions to HKEx, a gold medal will be presented to them on their last working day.

#### **2.2. Post-Retirement Employment**

Under the following special circumstances, where it is mutually agreed between the employees and HKEx, post-retirement employment may be considered, provided that the health of the retiring employees and their performance are satisfactory, subject to:

- needs of HKEx;
- difficulty of finding a replacement; and
- special skills and knowledge of the job.

Post-retirement employment must be recommended by Heads of Division/Department and approved by the Head of Human Resources Department, and is subject to the retirees' health and fitness for employment.

Post-retirement employment will be offered to retirees on a contract basis, normally for a period of one year subject to renewal by mutual consent on an annual basis until age 65.

The terms and conditions including fringe benefits of the post-retirement employment may not be the same as those of employment under age 60. Retirees should refer to their contracts of employment for the specific terms and conditions applicable to their post-retirement employment.

## **HOURS OF WORK**

### **1. Normal Working Hours**

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

8:30 a.m. to 5:30 p.m.  
or  
9:00 a.m. to 6:00 p.m.

### **2. Lunch Hour**

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

### **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 4 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.

### **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 Section 4-6.

### **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 Section 4-6.

## **REST DAYS**

The rest days are generally Sundays for employees with normal working hours. For employees on shift work, rest days will be in accordance with the shift schedules arranged by their supervisors above Senior Manager grade. Supervisors should inform them of the appointed rest days before the beginning of each month.

In case of urgent business needs, employees may be required to work on their rest days. The extra hours worked may be compensated in accordance with the policy on overtime compensation as detailed in the Section of Job Related Payments and Reimbursements.

## **PUBLIC HOLIDAYS**

Employees are granted paid public holidays as gazetted by the Government of Hong Kong Special Administrative Region. These gazetted holidays are inclusive of statutory holidays.

For employees on shift work, if the normal shift working hours fall on public holidays, they are required to report for duty on these days. They will be compensated by time-off on other working days.

## TYPHOON ARRANGEMENTS

The work arrangements of employees in times of typhoons are set out below:

### 1. TYPHOON SIGNAL NO. 1 OR 3

When Typhoon Signal No. 1 or 3 is hoisted, employees shall observe working hours to report for duty or continue their duties as usual.

When a warning being broadcasted that Typhoon Signal No. 8 will be hoisted within two hours and public transport services will be suspended shortly, Heads of Division/Department should begin a staggered release of employees, giving priority to those who live in remote areas or places where public transport is not easily accessible.

### 2. TYPHOON SIGNAL NO. 8 OR ABOVE

Signal Status	Arrangements
Signal is hoisted before working hours	Employees (except those essential staff who are required to perform duties necessary for operational or contingency matters or special incidental duties during the typhoon period) are not required to report for duty.
Signal is hoisted during working hours	Employees (except those essential staff who are required to perform duties necessary for operational or contingency matters or special incidental duties during the typhoon period) shall be released.  If weather condition is so adverse that it is unsafe for employees to leave after their work, supervisors above Senior Manager grade should liaise with the Administration Department to ensure that the office remains open as shelter for them until weather conditions have improved.
Signal is lowered at or before 1:00 p.m. on weekdays	Employees have to return to work as soon as practicable within two hours.  Employees should call their supervisors above Senior Manager grade if they have difficulties in returning to work.

Employees who are required to report for duty during typhoons are covered by the Employee Compensation Insurance Scheme.

## RAINSTORM WARNING ARRANGEMENTS

The work arrangements of employees in times of rainstorm warnings are set out below:

Warning Status	Arrangements	
	Amber or Red Rainstorm Warning	Black Rainstorm Warning
Warning is in force before working hours	<p>Employees shall observe normal working hours and report for duty as usual.</p> <p>Should an employee be unable to report for duty on time due to circumstances arising from rainstorm (e.g. disruption of public transport), he shall report his situation to his supervisors above Senior Manager grade as soon as practicable.</p>	<p>Employees (except those who are required to perform duties necessary for operational or contingency matters or special incidental duties during the rainstorm period) shall stay home until the warning is lowered and traffic conditions have improved.</p>
Warning is in force during working hours	<p>Employees working in the office shall continue their duties.</p> <p>Outdoor work in exposed areas shall be suspended as far as practicable if weather conditions so warrant. Supervisors above Senior Manager grade shall arrange for employees to take shelter temporarily and resume duties when weather conditions permit.</p>	<p>Employees working in the office shall continue their duties.</p> <p>Outdoor work in exposed areas shall be suspended as far as practicable. Supervisors above Senior Manager grade shall arrange for employees to take shelter and resume duties when weather conditions permit.</p>
Warning is lowered at or before 1:00 p.m. on weekdays	<p>Employees should work as normal.</p>	<p>Employees should return to workplace and resume duties as soon as practicable within two hours.</p> <p>Employees should call their supervisors above Senior Manager grade if they have difficulties in returning to work.</p>
Warning is in force by the end of the working hours	<p>Employees shall be released as usual.</p>	<p>Employees shall be released as usual. However, in case any employee chooses to stay in the company premises due to bad weather, supervisors above Senior Manager grade should liaise with the Administration Department to ensure that the office remains open as shelter for them.</p>

Employees who are required to report for duty during rainstorm warnings are covered by the Employee Compensation Insurance Scheme.

## **SALARY POLICY**

### **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.

### **2. PRINCIPLES**

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

#### **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.

#### **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.

#### **2.3. Individual Profile**

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

#### **2.4. Performance**

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

#### **2.5. Cost Efficiency**

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

**3. SALARY ON TRANSFER AND REDEPLOYMENT**

Employees transferring between divisions/departments on the same grade or to a different professional business stream without taking up a higher level of responsibility will not receive a salary increase.

**4. SALARY ON PROMOTION**

On promotion to a higher grade, a promotional increase which is equitable to other employees of the new grade, or a salary progression scheme will be worked out by their Heads of Division/Department and the Human Resources Department.

**5. SALARY FOR TEMPORARY APPOINTMENTS**

The salaries to be offered for temporary appointments such as student trainees, temporary assistants, part-time employees or secondees, do not fit into the salary structure for permanent employees. Their salaries will be determined by taking into consideration the prevailing market rates and cost-planning of HKEx.

**6. CONFIDENTIALITY OF SALARY INFORMATION**

Salary information is strictly confidential. Only the individual employee, his Head of Division/Department or his designated officer and employees who process salary and benefit administration will have access to the employee's salary information. Employees should not disclose their salaries to persons other than their Heads of Division/Department or his designated officer. Employees who have access to salary information in the course of their duties must handle the information with extreme care to ensure confidentiality.

## **PAY REVIEW**

### **1. PURPOSE**

The objectives of pay review are to reward employees in accordance with their responsibilities and performance throughout the year, and to review their remuneration against the market so that they are rewarded equitably internally and competitively with the market.

### **2. ELIGIBILITY**

It is not mandatory for HKEx to conduct pay review for individual employees. Generally, employees who have successfully completed the probationary period on 31 December of the year may be considered for pay review.

Employees who are not entitled to pay review or have submitted their resignation letters prior to the formal notification of the pay adjustment will not be granted any increase.

### **3. PAY REVIEW**

The pay review will normally be conducted on 1 January each year.

In order to ensure that reasonable and equitable pay adjustments are made, the Human Resources Department will issue guidelines to all Heads of Division/Department. Heads of Division/Department are required to make their recommendations in accordance with the guidelines.

The Human Resources Department may provide indicative adjustment rates for specific job grades or positions that require special attention. While the Heads of Division/Department are to use the guidelines for reference, they should make adjustments in their recommendations to accommodate specific circumstances in their division/departments. However, they should provide justification to the Human Resources Department for any exceptional pay increase or promotion.

As recommendations for pay review and promotion are subject to final approval of the Chief Executive and the Executive Committee, Heads of Division/Department should not make any premature commitment or disclosure to employees.

## **JOB RELATED PAYMENTS & REIMBURSEMENTS**

### **1. PURPOSE**

This Section sets out the compensation to eligible employees for hours worked in excess of normal working hours as specified by management in the form of compensation leave, or job related payments and reimbursements when granting of compensation leave is not feasible.

### **2. 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 4 or above is required for performance of overtime work with compensation. Overtime work should be compensated by compensation leave whenever situation permits.

### **3. OVERTIME COMPENSATION**

#### **3.1. Compensation Leave**

Compensation leave is calculated on a one-to-one basis. Eligible employees may apply for compensation leave provided that they work for at least one hour beyond normal working hours and without overtime payment or meal allowance claim. After the first hour of overtime, the compensation leave is calculated on a half-hourly basis. Compensation leave should be arranged at such times that will cause minimum interruption to the operations of the Division/Department subject to approval by supervisors. It should be scheduled on where situation allows.

Compensation leave must be taken within twelve months after overtime work has been performed, and will be forfeited automatically if not taken within the specified period of time. A detailed record on the overtime work and compensation leave of each employee should be maintained by a designated staff member of each Division/Department.

Unless under very special circumstances where approval of Head of Division/Department is obtained, compensation leave should not be used for notice of termination. Under no circumstances shall the accrued compensation leave be compensated by payment.

**3.2. Overtime Payment**

Eligible employees may be compensated by overtime payment whenever compensation leave cannot be granted. Eligible employees may apply for overtime payment provided that they work for at least one hour beyond the normal working hours. After the first hour of overtime, the payment is calculated on a half-hourly basis.

**3.3. Meal Allowance**

On top of overtime or checklog payment, eligible employees will be paid meal allowance under the following circumstances:

Conditions	No. of Overtime Hours
Monday – Saturday	2.5 consecutive hours of overtime, or more
Sunday/Public Holiday/From 12:00 midnight to 6:00 a.m./The period when Typhoon Signal No. 8 or above is hoisted/The period when Black Rainstorm Warning is issued before or after working hours	4 consecutive hours of overtime, or more

Eligible employees who work overtime for eight consecutive hours or more will be given allowance up to a maximum of two meals.

**3.4. Shift Allowance**

Employees will be granted a shift allowance equivalent to a maximum of 24 per cent of the monthly basic salary/cash package for performing regular overnight shift duties on a 24-hour basis. Since shift hours vary due to operational requirements, different shift allowances will apply. The rate of shift allowances will be determined by the respective Heads of Division/Department and Human Resources Department. Employees will not be eligible for reimbursement of meal or travelling expenses as stipulated in Clauses 3.5 and 3.6 for performing overnight shift duties in accordance with the duty roster. The allowance will be automatically withdrawn if they no longer be required to perform overnight shift duties.

**3.5. Checklog Payment**

Employees in the Information Technology Division may be required to check the console logs from the trading host systems to ensure the trading systems' integrity at the end of each trading day. For each checklog performed after normal working hours, eligible employees will be paid a checklog payment instead of overtime payment.

### **3.6. Reimbursement of Travelling Expenses**

Reimbursement of travelling expenses between the employees' residence and workplace will be given to them if they are required to work overtime before 7:00 a.m., after 10:00 p.m., after Typhoon Signal No. 8 or above is hoisted or Black Rainstorm Signal is issued, or perform on-call duties after normal working hours. For employees on shift duties, reimbursement of travelling expenses will apply for the period from 12:30 a.m. to 6:00 a.m. when they are required to work overtime at least one hour beyond their normal shift working hours. Reimbursement of travelling expenses under other circumstances will be subject to approval of their Heads of Division/Department.

The reimbursement depends on the actual expenses subject to submission of original receipt.

## LEAVE

### 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 set out in this Section 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.

Details of the leave policy are set out in the following paragraphs. The policy shall be subject to change from time to time at the discretion of HKEx.

### 2. ANNUAL LEAVE

#### 2.1. Entitlement

Employees are entitled to paid annual leave according to their grade and seniority as follows:

Grade	Number of Working Days of Annual Leave	
	Under 8 Years Service	8 Years Service or More
Grade 1 (only for CE, COO of HKEx & CE of SEHK, HKFE or HKSCC)	33	33
Grade 1 -5	21	23
6	18	20
7-8	16	18
9	14	16
10-11	12	14

Employees who are employed or promoted during a calendar year will have their annual leave calculated on a pro-rata basis. Employees are only eligible for annual leave upon completion of three months' service.

## **2.2. Duration of Leave**

Employees of grade 5 and below must take their annual leave for a minimum of seven consecutive days, including rest days and public holidays, at one time and the remaining days either consecutively or separately at other times. Employees of grade 4 and above must take their annual leave for a minimum of 14 consecutive days, including rest days and public holidays, at one time and the remaining days either consecutively or separately at other times. Supervisors should ensure that their subordinates take leave in such a manner. Nevertheless, annual leave shall be taken at such time(s) as approved by their supervisors of grade 4 or above.

If an employee is sick during the approved period of annual leave, the sick days will be counted as part of the annual leave.

To help arrange work schedules, at the beginning of the year, an employee is requested to input his provisional annual leave schedule into the HR e-Leave. The annual leave planner will be available for viewing by Head of Division/Department, approving manager(s) and leave administrator. Annual leave should be taken according to the leave planner as far as practicable.

## **2.3. Accumulation of Leave**

The maximum annual leave employees can carry forward to the following year will be their one year's entitlement. If an employee's annual leave entitlement changes during the year, the maximum annual leave to be accumulated will be his new entitlement. Leave balance carried forward will be forfeited if it is still not taken by the end of the following year.

Notwithstanding the above, employees should be encouraged to clear their annual leave as far as possible during the year. Accumulation of annual leave should be due to work-related reasons such as:

- The employee is required to work on a major or special project with a deadline to meet and cannot be released.
- The superior(s), subordinate(s) of the employee or several employees within the same Division/Department are on leave or absent from the office for a long period and the presence of the employee is required in the office.
- The workload at the Division/Department is particularly heavy which makes the employee impossible to be released.

#### 2.4. Leave Balance upon Termination of Employment

Employees, upon submitting their resignation letters, are not allowed to use their outstanding annual leave in lieu of termination notice unless approval is obtained from their managers in charge of the department or above.

If an employee has applied for annual leave prior to submission of his resignation letter and the approved leave falls within the period of termination notice, he must re-obtain approval from his manager in charge of the department or above before taking leave.

If an employee terminates his employment with HKEx after completion of three months' service, he will be paid salary in lieu of any accrued annual leave. Calculation of salary payment in lieu is as follows:

$$\frac{\text{Monthly basic salary}}{21} \quad \times \quad \text{No. of working day(s) of accrued/advanced annual leave}$$

If an employee terminates his employment, he is required to compensate HKEx for any advanced leave taken in excess of his annual entitlement, calculated in accordance with the above formula.

### 3. SICK LEAVE

Employees will be granted paid sick leave for reasons of physical or dental illness as certified by registered medical/Chinese medicine/dental practitioners. The maximum sick leave that can be taken by employees is governed by the provisions as stipulated in the Employment Ordinance.

Employees are required to notify their supervisors of grade 4 or above by telephone in the first instance of any illness precluding them from work.

Sick leave applications for half a day or more must be submitted to supervisors of grade 4 or above immediately upon resumption of duties. Sick leave applications for one day or more must be supported by medical certificates issued by registered medical/ Chinese medicine/dental practitioners. Otherwise, the leave taken will be counted as annual leave or no pay leave.

Employees taking sick leave exceeding their statutory entitlement and supported by medical certificates issued by registered medical/ Chinese medicine/dental practitioners will have their salaries deducted as follows:

$$\frac{\text{Monthly basic salary}}{\text{No. of calendar days in the month}} \quad \times \quad \text{No. of day(s) of sick leave exceeding statutory entitlement}$$

## **4. EDUCATION/EXAMINATION LEAVE**

### **4.1. Eligibility**

Education and Examination leave will be granted to employees subject to the job relevance of the program and examination, career development, and/or other conditions specified in Section 7 - Training & Development. For the avoidance of doubt, an employee who has submitted notice of resignation is not eligible to apply for education/examination leave. If an employee's application for education/examination leave has been approved prior to his submission of notice of resignation and the approved leave falls within his notice period, the approved leave will be subject to cancellation.

### **4.2. Education Leave**

For training programs that are initiated and/or fully sponsored by HKEx, employees are not required to apply for leave. They will be granted time-off to attend the programs.

For training programs that are partially/not sponsored by HKEx, employees are required to apply for leave. Time-off will only be granted subject to the job relevance of the program at the discretion of their supervisors of grade 4 or above and the Human Resources Department.

For academic programs with regular scheduled sessions or residential sessions held within office hours, employees are required to apply for annual leave to cover their time-off.

Applications for Education Leave must be accompanied by supporting documents including program confirmation notice/timetable and/or the approved sponsorship notice issued by the Human Resources Department.

### **4.3. Examination Leave**

For examinations that are held within office hours, employees are required to apply for examination leave. For examinations that are held in the morning or afternoon, only a half day's leave will be granted.

Applications for Examination Leave must be accompanied by supporting documents including examination notice/timetable and/or the approved sponsorship notice issued by the Human Resources Department.

### **4.4. Amendment of Leave**

Employees granted time-off for training or examination should undertake to complete the program or to sit for the examination.

If an employee is absent from the training program or examination due to operational or contingency needs, he should report for duty and cancel the applied education/examination leave; otherwise, the leave taken will be counted as annual leave or no pay leave.

If the absence is due to sickness, the employee should notify the Human Resources Department for leave cancellation and submit a sick leave application and doctor's certificate upon resumption of duty.

## **5. MATERNITY LEAVE**

### **5.1. Eligibility**

5.1.1. Unpaid maternity leave will be granted to female employees who

- a. have completed four weeks of continuous service with HKEx immediately before the commencement of maternity leave;
- b. have properly given notice of pregnancy to their supervisors of grade 4 or above; and
- c. have produced a medical certificate issued by a registered medical/Chinese medicine practitioner specifying the expected date of confinement.

5.1.2. Paid maternity leave will be granted to employees who have completed 40 weeks of continuous service with HKEx immediately before the commencement of maternity leave and satisfied conditions as specified in Clause 5.1.1.b and Clause 5.1.1.c.

### **5.2. Entitlement**

5.2.1. Paid maternity leave should be a maximum period of 10 weeks:

- With the agreement of her supervisor of grade 4 or above, a pregnant employee may decide to commence her maternity leave from two to four weeks before the expected date of confinement. The employee should, as soon as possible, reach a mutual agreement with her supervisor on the commencement date of her leave so that appropriate work arrangement during her absence can be made in advance;
- If the employee does not decide on the date, or the date is not agreed between the employee and her supervisor of grade 4 or above, the employee shall commence her maternity leave four weeks before the expected date of confinement; or

- Maternity leave commences on the date of confinement if it occurs before the scheduled maternity leave. In this case, the employee should give notice of the date of confinement and her intention to take 10 weeks' maternity leave to her supervisor of grade 4 or above within seven days of her confinement.

5.2.2. Apart from the 10 weeks paid leave, if confinement occurs later than the expected date of confinement, the employee may apply annual leave or no pay leave for a further period equal to the number of days from the day after the expected date of confinement to the actual date of confinement. In addition, the employee may apply no pay leave for a further period of not more than four weeks on grounds of illness or disability due to the pregnancy or confinement.

### **5.3. Procedure**

Application for maternity leave must be made as soon as the expected date of confinement is known but not later than 12 weeks prior to the expected date of confinement. The employee must produce a medical certificate issued by a registered medical/Chinese medicine practitioner, specifying the expected date of confinement. A copy of the birth certificate must be submitted to the Human Resources Department upon resumption of duty for enrollment for employee benefits.

### **5.4. Prohibition of Assignment of Heavy, Hazardous or Harmful Work**

A pregnant employee may, on producing a medical certificate with an opinion as to her unfitness to handle heavy materials, decline to work in places where gas injurious to pregnancy is generated, or do other work injurious to pregnancy as specified in the medical certificate, and request the Head of Division/Department to refrain from giving her such work during her pregnancy.

After a pregnant employee has produced a medical certificate, the Head of Division/Department may not allocate such work to the employee. If the employee is already performing this work, the Head of Division/Department shall within 14 days remove her from such work.

## **6. PATERNITY LEAVE**

A male employee who is the expecting father of an expecting child or father of a new born child will be granted a maximum of five days paid paternity leave subject to the following criteria:

- The male employee has completed not less than 40 weeks of continuous service with HKEx immediately before the expected date of birth of the child.
- Application for paternity leave must be supported by documents proving the eligibility of the employee to the satisfaction of HKEx. The supporting documents include a medical certificate issued by a registered medical/Chinese medicine practitioner specifying the expected date of birth of the child, a medical certificate issued by a registered medical practitioner specifying the date of birth of the child if so required by HKEx and a copy of the birth certificate of the child showing that the employee is the father of the child.
- The period within which paternity leave must be taken is one month immediately before the expected date of birth of the child up to one month immediately following the birth of the child. Leave can be taken in one single block or in blocks of day or days during the eligible period.
- Where more than one child is born as a result of the same pregnancy, the child in this policy shall refer to the first child born only and a maximum of five days paid paternity leave will be granted in respect of the same pregnancy.

For the avoidance of doubt, an employee who has submitted notice of resignation is not eligible to apply for paternity leave. If an employee's application for paternity leave has been approved prior to his submission of notice of resignation and the approved leave falls within his notice period, the approved leave will be subject to cancellation.

## **7. MARRIAGE LEAVE**

Employees who plan to get married will be granted a maximum of five working days paid marriage leave for their wedding preparations subject to the following criteria:

- completion of one year of service with HKEx at the time of registration of marriage; and
- resumption of duties with HKEx after the marriage.

Marriage leave, if granted, must be taken within one month before or after the registration of marriage.

Application for marriage leave must be supported by a copy of the marriage certificate or marriage notice issued by the marriage registry or authorised body, stating the date of marriage.

For the avoidance of doubt, an employee who has submitted notice of resignation is not eligible to apply for marriage leave. If an employee's application for marriage leave has been approved prior to his submission of notice of resignation and the approved leave falls within his notice period, the approved leave will be subject to cancellation.

#### **8. COMPASSIONATE LEAVE**

A maximum of three working days paid compassionate leave will be granted to employees in the event of death of any close relative including spouse, child, parents, grandparents, brother, sister, parents-in-law, or grandparents-in-law.

Employees may be requested to supply evidence in support of their applications.

#### **9. JURY LEAVE**

Paid leave will be granted to employees who are summoned for jury service.

Applications for jury leave must be supported by a copy of the Summons To Juror issued by the Court.

#### **10. EMPLOYEE VOLUNTEERING LEAVE**

Employees will be granted one-day paid leave per annum for the purpose of participating in community service/volunteering activities for the benefit of our society subject to the following criteria:

- Employee Volunteering Leave is only applicable to community service/volunteering activities without pay or any tangible rewards. In principle, Employee Volunteering Leave will apply to employees' participation in HKEx sponsored/organised/approved community service/volunteering activities or other community service/volunteering activities organised by recognised charitable organisations. For the avoidance of doubt, volunteering service does not include activities designed to promote religious or political beliefs or in raising funds to support religious or political activities.
- Employees will be entitled to one day or half-day Employee Volunteering Leave/compensatory time off for performing at least 8 hours or at least 4 hours of community service/volunteering activities respectively per annum. Pre-event and post-event briefings and meetings held on other dates before or after the event date will not be counted as volunteering hours.

- Employee Volunteering Leave can be taken as a whole day or two half days. The Leave, if not taken on the event date, must be taken within 2 months after the event has taken place or within two months after a whole day's leave has been accumulated. In any event, the Leave must be taken before end of each calendar year.
- Employee Volunteering Leave that is not taken will be forfeited at the conclusion of each calendar year and will not be carried over into the following year.
- Employees must seek the approval of supervisor/Division/Department Head and apply at least one week in advance for the Leave, so that appropriate work arrangement during the employee's absence can be made in advance.
- Application for Employee Volunteering Leave must be supported by documents proving the employee's eligibility to the satisfaction of HKEx. The supporting documents include written evidence specifying the nature of the community service/volunteering activity, the date and time of the service/activity held, its duration as well as certifying the employee's attendance, issued and signed by the person in authority overseeing/supervising the community service/volunteering activity. Failure to provide the appropriate evidence document will result in the leave being counted as "Annual Leave"
- Under no circumstances shall the Employee Volunteering Leave be compensated by payment
- For community service/volunteering activities that are initiated and/or fully sponsored by HKEx and held during office hours, employees are not required to apply for Employee Volunteering Leave. They will be granted time-off to attend the activities subject to the approval of supervisor/Division/Department Head.
- This Employee Volunteering Leave policy is subject to change from time to time at the full discretion of HKEx

## **11. ADVANCED ANNUAL LEAVE**

Employees are not encouraged to apply for advanced annual leave unless they have valid reasons. In addition, advanced annual leave will only be granted provided that there is sufficient manpower in their Division/Departments during their absence and approval is obtained from their supervisors of grade 4 or above. However, if advanced annual leave exceeds 14 consecutive days, including rest days and public holidays, further approval from their Heads of Division/Department is required.

Applications for advanced annual leave must not exceed the employees' next calendar year's annual leave entitlement.

Salary deduction in lieu of advanced annual leave upon termination of employment is calculated on the basis of working days in accordance with the following formula:

$$\frac{\text{Monthly basic salary}}{21} \times \text{No. of working day(s) of advanced annual leave}$$

## 12. NO PAY LEAVE

Employees are not encouraged to apply for no pay leave unless they have valid reasons. In addition, no pay leave will only be granted provided that there is sufficient manpower in their Division/Departments during their absence and approval is obtained from their supervisors of grade 4 or above. However, if no pay leave exceeds 14 consecutive days, including rest days and public holidays, further approval from their Heads of Division/Department is required.

No pay leave taken will result in a salary deduction, calculated on the basis of working days, in accordance with the following formula:

$$\frac{\text{Monthly basic salary}}{21} \times \text{No. of working day(s) of no pay leave}$$

## 13. APPLICATION FOR LEAVE

### 13.1. HR e-Leave

To apply via e-Leave, the employee :

- should first logon the HR e-Leave system which is available on the Enterprise Information Portal (EIP);
- should follow the instructions in the HR e-Leave User Guide posted at HKEx's EIP and submit a leave application to the approving supervisor(s) designated by his manager in charge of the department or above; and
- will be notified by e-mail when the application has been approved or rejected.

If the application is approved, the data will be stored in the leave database. Complete set of leave record will be maintained centrally by the Human Resources Department.

### **13.2. Leave Application Form**

Employees who do not possess e-mail account should use the paper form for leave application. The Human Resources Department will maintain their leave records in the HR e-Leave for viewing purpose.

To apply for leave, the employee should:

- obtain a Leave Application Form from the Human Resources Department or download it from the homepage on EIP;
- complete and submit the form to his approving supervisor designated by his manager in charge of the department or above for approval; and
- forward the approved form to the Human Resources Department for record purpose.

Application for leave of over one week, except sick leave, should be applied for at least two weeks in advance. HKEx may accept or reject leave application and make alternative arrangements if necessary.

## **14. CANCELLATION**

### **14.1. HR e-Leave**

The employee can cancel a leave application through HR e-Leave. To cancel an approved leave application, approval from approving manager(s) is required.

### **14.2. Leave Application Form**

Employees who do not possess e-mail account should use the paper form for leave amendment and cancellation. The Human Resources Department will maintain their leave records in the HR e-Leave for viewing purpose.

To amend or cancel a leave application, the employee should

- revise the approved leave application, specifying the change;
- obtain approval from his approving manager; and
- re-submit the amended Leave Application Form to the Human Resources Department as soon as practicable.

## **PROVIDENT FUND**

HKEx sponsors a staff provident fund scheme which is registered under the Occupational Retirement Schemes Ordinance (ORSO) and has obtained Mandatory Provident Fund (MPF) exemption. The ORSO scheme, being the Hong Kong Exchanges and Clearing Provident Fund Scheme (the Plan) is for all full-time permanent employees. In compliance with the MPF Ordinance, HKEx has participated in a MPF master trust scheme namely the AIA-JF Premium MPF Scheme (the MPF Scheme) to provide retirement benefits for all temporary or part-time employees who are not eligible to join the ORSO Schemes and new full-time permanent employees who elect to join the MPF Scheme.

## **GROUP MEDICAL INSURANCE SCHEME**

### **1. POLICY**

HKEEx has established a comprehensive Group Medical Insurance Scheme which provides 24-hour worldwide medical coverage to employees and their dependants on a non-contributory basis.

### **2. ELIGIBILITY**

All full-time permanent employees aged below 65 are eligible to join the Group Medical Insurance Scheme upon joining HKEEx.

All dependants will become eligible on the day the employees become eligible. If an employee or dependant is in hospital on the date that coverage should become effective, the coverage will commence on the date following discharge from the hospital.

Dependants include the spouse of the employee aged under 65 and unmarried children from the age of 15 days to 17 years inclusive, or under 23 years old if they are full time students (copy of student identity card is required upon enrollment).

## **GROUP DENTAL INSURANCE SCHEME**

### **1. POLICY**

As part of the employee benefits package, HKEx provides all employees and their dependants 24-hour worldwide coverage for dental treatment on a non-contributory basis.

### **2. ELIGIBILITY**

All full-time permanent employees aged below 65 are eligible to join the Group Dental Insurance Scheme upon joining HKEx.

All dependants will become eligible on the day the employees become eligible.

Dependants include the spouse of the employee aged under 65 and unmarried children from the age of 4 to 17 years inclusive, or under 23 years old if they are full time students (copy of student identity card is required upon enrollment).

## **GROUP LIFE & PERSONAL ACCIDENT INSURANCE SCHEMES**

### **1. POLICY**

HKE<sub>x</sub> has established Group Life Insurance & Personal Accident Insurance Schemes to provide 24-hour worldwide coverage to employees on a non-contributory basis. All full-time employees aged below 65 are covered by the Schemes from the date they join HKE<sub>x</sub>.

### **2. MEDICAL EVIDENCE**

Medical evidence will not be required in most cases for enrollment under the Schemes. However, medical evidence may be required for employees whose sum assured under the Group Life Insurance exceeds the No-Evidence Limit of the insurance company. No-Evidence Limit is the maximum sum assured that the insurer will provide automatic coverage to an eligible employee without requiring medical evidence. If medical evidence is necessary, the confirmation of the insurance coverage or the maximum sum assured of the employee will be determined by the insurance company subject to the assessment result of the medical evidence.

### **3. BENEFITS**

#### **3.1. Group Life Insurance Scheme With Total & Permanent Disability Benefit**

The maximum sum assured for life insurance is at 36 times current monthly basic salary or cash package. The life benefit will be payable regardless of the cause of death.

All employees who are covered by the Group Life Insurance Scheme are simultaneously covered by a supplemental Total & Permanent Disability insurance benefit.

An insured Member shall be considered totally and permanently disabled (TPD) when he is and shall presumably be permanently unable to engage in his own occupation or in any other reasonable occupation in relation to his education, training or experience for a period of at least 6 months as a result of sickness or injury. The insurance coverage is also at a maximum of 36 times current monthly basic salary or cash package and is payable in one lump sum payment.

### **3.2. Group Personal Accident Insurance Scheme**

The sum assured for personal accident insurance is at 36 times current monthly basic salary or cash package. The actual benefit payable will depend on the severity of any loss or losses directly caused by an accident. Notwithstanding the above, the benefit payable will be subject to an aggregate limit or the maximum indemnity payable by the insurance company in any one accident.

## **EMPLOYEES' COMPENSATION INSURANCE SCHEME**

### **1. PURPOSE**

All employees of HKEx are covered under an Employees' Compensation Insurance Scheme which is required by the Hong Kong Employees' Compensation Ordinance in the event of temporary or permanent disability or death as a result of accident arising out of and in the course of employment.

### **2. ADDITIONAL COVERAGE**

The following additional coverage also extends to employees:

- whilst they are travelling directly to and from their place of work by any means of transport service (excluding motor cycle) if they are instructed to execute duties of HKEx outside their normal hours of work;
- whose attendance at their place of employment is required by HKEx during extraordinary weather conditions whilst proceeding directly to and from their place of work;
- whilst they are staying within HKEx premises during meal and lunch time;
- when participating in any recreational sport or social activities organised or sponsored by HKEx; or
- working overseas or in China.

### **3. COMPENSATION**

The amount of compensation will be assessed by the Commissioner for Labour or the Assessment Board. The Human Resources Department is responsible for forwarding the payment to the employee.

## **BUSINESS TRAVEL INSURANCE SCHEME**

HKEEx provides a Business Travel Insurance Scheme to all employees who are required to travel outside Hong Kong on business purposes. The Scheme provides 24-hour worldwide coverage with an aggregate limit for any one accident. It provides benefits for accidental death/permanent disablement, medical and hospital expenses for accident and sickness, and claims related to the business travel.

## **MEDICAL CHECK-UP**

Eligible employees will be provided with a medical check-up arranged by the appointed medical service providers of HKEx every one or two years.

## PERFORMANCE DEVELOPMENT

### 1. PURPOSE

HKEx has developed a Performance Development Process which aims at:

- driving HKEx to become a high performance and commercially focused organisation
- aligning individual objectives with HKEx's objectives and core values
- encouraging employees to think about and communicate their performance objectives/targets
- focusing on performance improvement
- helping staff to continue self value-adding
- tracking and rewarding high performers

### 2. PERFORMANCE DEVELOPMENT PROCESS

Performance Development is a systematic approach to maximizing both individual and organizational performance. Performance is defined as a combination of **Results** (*Achievement of Objectives*) plus **Behaviours** (*Competency Development*).

#### 2.1. Achievement of Objectives

HKEx uses a “cascading objectives” system, which links individual objectives to department objectives. In turn, department objectives are linked to HKEx's strategic objectives. By linking individual performance to HKEx's strategic objectives, HKEx ensures that:

- Individuals at all levels of the organization will work towards achieving HKEx's objectives and financial success
- Managers effectively communicate division/department objectives to employees
- Employees learn how to set their performance objectives in direct support of division/department objectives
- The performance development schedule is aligned with the strategic planning and budgeting schedule

In setting individual objectives, employees should follow their Division/Department's objectives as set out in the Division/Department's Annual Operating Plan.

## 2.2. Competency Development

**2.2.1** *Competencies* are observable and applied *knowledge, skills and behaviours* important for the success of the organization, personal performance and enhanced contribution.

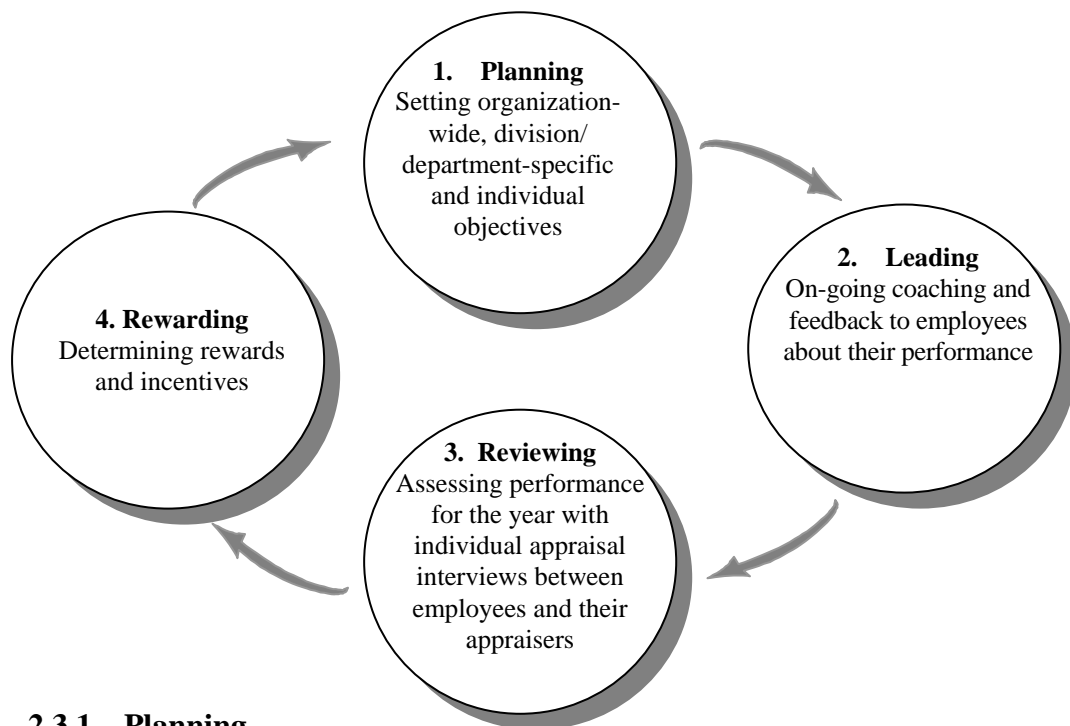
**2.2.2** *HKEEx's Competency Model* is directly linked to its core values and vision/mission. By linking competencies to HKEEx core values, HKEEx ensures that employees are focused on the "right" behaviours. In summary, the corporate competencies include:

<b>HKEEx Core Values</b>	<b>Core Competencies</b>
Commercial Focus	<ul style="list-style-type: none"> <li>● Commercial Orientation</li> <li>● Work Planning / Organization Skills</li> <li>● Problem Solving</li> <li>● Analytical Skills</li> </ul>
Customer Matters	<ul style="list-style-type: none"> <li>● Customer Focus</li> <li>● Technical Excellence</li> <li>● Attention to Details</li> </ul>
Team Collaboration	<ul style="list-style-type: none"> <li>● Teamwork and Collaboration</li> <li>● Communication Skills</li> <li>● Interpersonal Skills</li> </ul>
People Count	<ul style="list-style-type: none"> <li>● Leadership / Delegation</li> <li>● Supervisory Skills</li> </ul>
Fairness and Integrity / Public Responsibilities	<ul style="list-style-type: none"> <li>● Judgement and Decision Making</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>● Innovation / Change Orientation</li> <li>● Initiatives / Motivation</li> </ul>
Competitive Technology	<ul style="list-style-type: none"> <li>● Technology Literacy</li> </ul>

Detailed description of each competency for staff at Grade 1 to 5 and Grade 6 to 11 can be found in the Competency Matrices in Section [13-3](#).

## 2.3. Key Phases of The Performance Development Process

HKEEx follows four phases to achieving performance development success: Planning, Leading, Reviewing and Rewarding. Through these phases, HKEEx follows a systematic, scheduled approach, from setting overall corporate objectives at the beginning of the year to rewarding employees at the end of the year.



### 2.3.1 Planning

- **Set HKEx Objectives** –An organization-level Annual Operating Plan comprising strategic objectives and initiatives for HKEx will be set by top management.
- **Set Division/Department Objectives** – Each Division/Department will set its own activities and objectives through the preparation of the Division/Department's Annual Operating Plan.
- **Set Individual Objectives** – Division/Department objectives will be cascaded to individual employees to facilitate their setting of individual objectives. The objectives should include business objectives, personal & career development initiatives and training plan for the upcoming year.

### 2.3.2 Leading

- It is the **on-going process** of giving realistic evaluations of employees' performance, through **coaching** and **performance feedback** throughout the year, to ensure that performance strengths and needs for improvement are identified and/or corrected.
- **Effective feedback** should be:
  - **Supportive** which reinforces "excellent" behaviours
  - **Constructive** which influences change in "unacceptable/poor" behaviours and encourages better skills/behaviours

- Managers are also expected to review employees' objectives throughout the year to ensure alignment with division/department objectives or modification of objectives.

### 2.3.3 Reviewing

- It is the process of appraising past performance, assigning ratings, and reviewing the employee's personal & career development status and training progress through a performance appraisal exercise. The process effectively accommodates both the **Results** and the **Behaviours** necessary to achieve performance objectives and provide information to the management for making informed decisions on compensation, reward and career planning.
- An **individual appraisal interview** between the employee and appraiser should be conducted to discuss the individual achievements. Previously established performance expectations, and the assessment of actual performance against the expectations provides a foundation for a strong link between performance and reward as well as training and development.
- The following should be discussed and recorded:
  - Ad hoc project
  - Change of job/appraiser
  - Change of priority
  - Special circumstances that have affected performance
  - Special contributions/strengths
  - Any disagreement and appeal

### 2.3.4 Rewarding

- It is the process of linking performance with rewards. A strong link requires maximum effectiveness in planning, leading, and reviewing individual performance.
- Assessment results will influence:
  - base pay increases
  - variable bonus decisions
  - promotions
  - transfer and secondment

## **TRAINING & DEVELOPMENT GUIDELINES**

### **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.

### **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.

### **3. TYPES OF TRAINING/DEVELOPMENT ACTIVITIES**

- 3.1. Staff training/development activities can be employer- or employee-initiated. In either case, it has to be approved by the manager in charge of the department or above with additional endorsement from the Human Resources Department or the Chief Executive.
- 3.2. Employee-initiated training/development activities may include external programs that are organized by external training institutes or by HKEx or with other institutes for the general public.
- 3.3. Employer-initiated programs may take the form of offering sponsorship for employees to attend external programs or organizing such programs in-house.
- 3.4. Depending on the nature of needs and operational requirements, training/development programs may also be implemented as job induction, job rotation, on-the-job coaching, counseling, individual or group projects, and secondment.

#### **4. CONDITIONS FOR SPONSORSHIP**

Employees are eligible to apply for sponsorship under the following conditions:

##### **4.1. External Training Programs**

- 4.1.1. They have satisfactorily passed the probationary period. However, exception can be made if an employee on probation is highly recommended by his Head of Division/Department to attend a program urgently required for his job.
- 4.1.2. They have not previously been sponsored for the same or similar programs. Refresher programs will normally not be sponsored.
- 4.1.3. They have the capacity to receive and complete the training and have satisfactory overall work performance.
- 4.1.4. They will normally be sponsored for only one program at a time unless the additional program is a luncheon or short seminar, an in-house program or a sit-in securities/derivatives-related program that is highly recommended by their Heads of Division/Department and urgently required for their jobs.
- 4.1.5. The program is related to their jobs and/or the operation/development of their Division/Department.  
  
Private interest or personal career aspirations are not sufficient reasons for seeking training sponsorship.
- 4.1.6. If training is conducted after office-hours, the time taken to attend training will not be considered as overtime.
- 4.1.7. If the program is initiated by employees and takes place within office hours, they are required to apply for annual leave to cover their absence.
- 4.1.8. Their release to attend the program will not adversely affect the operation of their division/departments.
- 4.1.9. Overseas training will be granted subject to the following conditions:
  - the training is genuinely required and not available locally;
  - manager or above with a minimum one year service with the company;
  - staff with consistently good performance record (overall performance rating "A" or better); and
  - flight passage and hotel arrangement should follow HKEx Business Travel Guide.

Prior written approval by Chief Executive is required for all overseas travel. Overseas training should be approved by Heads of Division/Department and Head of Human Resources. Any exceptions to the above conditions should be approved by the Chief Executive.

4.1.10. A completed Training Sponsorship Form must be submitted to the Human Resources Department at least two weeks prior to the commencement of the program or its enrollment deadline, whichever is earlier. Failure to do so, the applications may not be approved or the applicants will be required to pay the institute first if the application is approved.

4.1.11. They must agree to the payment method of sponsorship, undertake to fulfil the required obligatory service, if any, and refund HKEx if circumstances require in accordance with the policies stated in Clause 6, 7 and 9.

#### **4.2. Academic Programs**

In addition to conditions specified under External Training Programs in Clause 4.1, employees applying for sponsorship to pursue academic programs are required to fulfill the following criteria at the time of program commencement:

- having at least one year services with the company;
- overall performance rating is "A" or better;

Doctoral degrees will not be sponsored.

### **5. AMOUNT/LEVEL OF SPONSORSHIP**

#### **5.1 External Training Program**

The level of sponsorship will be 100% or 75% or 50% depending on the job relevancy of the program.

#### **5.2. Academic Programs**

##### **5.2.1. Master degree program**

- level of sponsorship will be 50 per cent of the program fee with a maximum reimbursement amount of HK\$80,000 for the whole program.

##### **5.2.2. Bachelor degree program**

- level of sponsorship will be 50 per cent of the program fee with a maximum reimbursement amount of HK\$50,000 for the whole program.

5.2.3. Other tertiary program

- level of sponsorship will be 75 per cent of the program fee with a maximum reimbursement amount of HK\$25,000 for the whole program.

For all categories of programs, the sponsored fee will only include tuition fees. Examination fees, registration fees and expenses incurred for the purchase of books will not be included. Exceptions, however, are allowed when the associated expenses are inseparable from the tuition fee.

For sponsorship of examination fees, employees can apply for reimbursement under the Examination Fee Reimbursement Policy.

**6. OBLIGATORY SERVICE**

For all categories of programs, if the sponsorship exceeds HK\$10,000, the employee will be required to serve an obligatory service period upon satisfactory completion of the whole program, counting from the calendar date after the last training session or the issuance date of result/certificate, whichever is later.

**7. REFUND OF SPONSORED FEE**

7.1. Under normal circumstances, employees will be required to refund the sponsored fees to HKEx by cheque under any of the following conditions:

- failure to attend or complete the program;
- failure to pass the examination of the program;
- tendering resignation before the program commencement and HKEx is unable to find suitable staff to take the place;
- resigning before completing the program; or
- resigning before completely fulfilling the required obligatory service.

7.2. The amount of refund will be equivalent to the full amount of pre-payment made by HKEx or the amount already reimbursed to the employee.

## **EXAMINATION FEE REIMBURSEMENT**

### **1. PURPOSE**

HKEx encourages and assists employees to further their technical or professional standards by sponsoring them for relevant public examinations.

### **2. POLICY**

All applications for examination fee reimbursement will be considered on their degree of importance to employees' jobs and their relevance to the operational requirements of the employees' Divisions/Departments. Private interest or personal career aspirations will not be valid grounds for receiving company sponsorship for examination fee.

### **3. CONDITIONS FOR REIMBURSEMENT**

Employees are eligible to apply for examination fee reimbursement under the following conditions:

- 3.1. They have satisfactorily passed the probationary period. Employees who have tendered resignation will not be eligible to apply for reimbursement, and the application they submitted before will be automatically cancelled if it has not been reimbursed.
- 3.2. The qualification acquired is related to their jobs and/or the operation/development of their divisions/departments.
- 3.3. The examination is held by the Hong Kong Examinations Authority or a recognised examination board/professional institute.
- 3.4. A completed Examination Fee Reimbursement Form must be submitted to the Human Resources Department at least two weeks prior to the examination or its enrollment deadline, whichever is earlier.

The application should have:

- approval from the manager in charge of the department or above ; and
- details on the examination, e.g. the subject and level of examination, examination/professional body, breakdown of the examination fee for each subject, examination time table.

Late application will not be processed.

- 3.5. Reimbursement will be subject to passing the examination and provision of a copy of the result slip, certificate and payment supporting documents.

- 3.6. All reimbursement requests should be made within six months of the issuance of examination results. Late requests will not be processed unless valid justification is provided.
- 3.7. All reimbursements will be paid in Hong Kong dollars. If an employee has paid the examination institute in foreign currency, the exchange rate indicated on the bank receipt will be used as the conversion rate to Hong Kong dollars; otherwise the prevailing rate adopted by HKEx will be used.

#### **4. AMOUNT OF REIMBURSEMENT**

The amount will normally be 100 per cent of the examination fee, exclusive of registration fee and evaluation fee. Exception will be made when associated fees are inseparable from the examination fee.

Exemption fees will not be reimbursed.

#### **5. METHOD OF REIMBURSEMENT**

Reimbursement will be by cheque or deposit in employee payroll account.

## **PROFESSIONAL MEMBERSHIP FEE REIMBURSEMENT**

### **1. PURPOSE**

HKEEx encourages and assists employees to further their technical or professional standards by sponsoring them for professional membership.

### **2. POLICY**

All applications for professional membership fee reimbursement will be considered on their degree of importance to employees' jobs and their direct relevance to the operational requirements of the employees' divisions/departments. The application will be reviewed each year based on the prevailing situation. History of reimbursement of professional membership fee will not be valid grounds for receiving it again each year.

### **3. CONDITIONS FOR REIMBURSEMENT**

Employees are eligible to apply for reimbursement under the following conditions:

- 3.1. They have satisfactorily passed the probationary period. Employees who have tendered resignation will not be eligible to apply for reimbursement, and the application they submitted before will be automatically cancelled if it has not been reimbursed.
- 3.2. The professional designation is related to their job and/or operation/development of their divisions/departments.
- 3.3. Annual subscription fee of one professional membership per calendar year can be applied for reimbursement.
- 3.4. The membership must be of a recognized professional institute.
- 3.5. Applications for reimbursement must be made within the subscription year, unless late application is due to the fault of the professional institute.
- 3.6. Applications received before the subscription year will not be processed until the first month of the subscription year.
- 3.7. Reimbursement for any two consecutive subscription periods that overlap in some months is permitted only on condition that the two periods concerned must designate different subscription years.

Reimbursement for the second subscription will be processed only upon completion of the first subscription period.

Example

- a. First subscription : 7/98-6/99 (is regarded as subscription for 1998)
- b. Second subscription : 4/99-3/00 (is regarded as subscription for 1999)

In the above example, the second subscription should be processed in July 1999.

- 3.8. A completed Professional Membership Fee Reimbursement Form must be sent to Human Resources Department.

The application should have:

- approval from the manager in charge of the department or above; and
- a copy of professional designation and original payment supporting documents.

- 3.9. All reimbursements will be paid in Hong Kong dollars. If an employee has paid the professional institute in foreign currency, the exchange rate indicated on the bank receipt will be used as the conversion rate to Hong Kong dollars; otherwise the prevailing rate adopted by HKEx will be used.

#### **4. AMOUNT OF REIMBURSEMENT**

- 4.1. The amount reimbursed will include membership/renewal fee but exclude any penalty fee, bank charges, magazine subscription or other associated expenses, unless they are inseparable in a lump-sum amount.
- 4.2. Reimbursement will be the full amount of the membership subscription fee except for the following cases:
  - If the subscription period commenced before the employee joined HKEx, reimbursement will be pro-rated from the date of joining HKEx.
  - As specified in Clause 3.7, where the applications for two different subscription years have overlapping subscription periods, reimbursement for the second subscription will be pro-rated from the day after the expiry of the first subscription.

**5. METHOD OF REIMBURSEMENT**

Reimbursement will be by cheque or deposit in employee payroll account.

## **STAFF SOCIAL CLUB**

### **1. OBJECTIVES**

The objectives of the Staff Social Club are:

- to build and maintain harmonious relationships, and to strengthen communication and understanding among employees of different divisions/departments;
- to cultivate a sense of belonging; and
- to enhance the morale of employees.

### **2. ROLES**

The Staff Social Club representatives will achieve its objectives by

- proposing, planning and organizing staff social activities for staff members and, if resources allow, their guests
- promoting the staff social activities for wider participation
- contributing to company events for the well being of staff members

The Human Resources Department will play the following roles in different occasions as appropriate:

- budget allocation
- driving
- facilitator
- advisor
- official interface between HKEx and external parties in relation to organising activities

### **3. COMPOSITION**

The Staff Social Club is governed by a committee which comprises representatives from each Division/Department. The committee members will be nominated by the Heads of Division/Department once a year.

**4. ELIGIBILITY**

All full-time employees will become members of the Staff Social Club automatically upon joining HKEx.

**5. ACTIVITIES**

The Staff Social Club organizes social and recreational activities for employees throughout the year. All employees are informed of the details through internal announcements and are encouraged to participate in the activities.

## **COMMUNICATION**

### **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.

### **2. POLICY**

- 2.1 All employees are required to support the communication initiatives implemented by HKEx.
- 2.2 All employees have rights and obligations to express their views to their superiors about HKEx activities and vice versa.
- 2.3 Views raised by employees should be well respected, listened and considered carefully.
- 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.
- 2.5 There should not be any prejudice against individuals due to differences in opinions.
- 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.
- 2.7 Suggestions regarding improvement of communication and staff relations in HKEx are most welcome.

### **3. MANAGEMENT'S ROLE**

The management (employees at managerial level and above) of all divisions/departments are responsible for understanding their staff's concerns at work, sharing information and encouraging suggestions.

The management should treat communication as equally important to other business priority.

The management should treat matters raised by employees in a balanced and fair manner and in strict confidence.

#### **4. EMPLOYEES' ROLE**

Employees are encouraged to discuss their views of HKEx with their immediate supervisors, Heads of Division/Department, the Human Resources Department and/or the Chief Executive.

Employees are responsible to clarify with the management about the issues of which the hearsay may hamper the employee relations and de-motivate the staff morale.

Employee should actively communicate their views, express their opinions, and raise their concerns verbally or in writing through the following communication channels as appropriate:

- staff communication groups;
- staff briefing sessions;
- private interviews with superiors or Human Resources personnel;
- HKEx's publication or newsletter;
- training and development activities; and
- lunches, dinners or other company social functions.

## **GRIEVANCE PROCEDURE**

### **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.

### **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.

### **3. PROCEDURE**

- 3.1 If an employee considers that his grievance is unlikely to be resolved through discussions with his supervisor, the Head of Division/Department, the Chief Operating Officer or the Human Resources Department or is of a very sensitive or serious nature which requires the attention of the management, he can raise his grievance direct with the Chief Executive in the form of a signed letter. In the case of a grievance against the Chief Executive, the employee can lodge it to the Chairman.

- 3.2 The Chairman/Chief Executive, as the case may be, shall acknowledge receipt of the grievances in the first instance. He or his designate shall review and examine the case and decide whether any meeting with the employee and/or other relevant parties is required so as to obtain further information or better understanding of the case. All cases shall be handled independently and treated in strictest confidence.
- 3.3 Having reviewed and evaluated all the facts relating to the grievance, the Chairman/Chief Executive, as the case may be, shall come to a conclusion. The aggrieved employee shall duly be advised of the views/decisions of the Chairman/Chief Executive as well as any follow up actions, if warranted. A written report of the conclusion shall be issued by the Chairman/Chief Executive, as the case may be, and shall be filed as an official record by the Company Secretary, for grievances against the Chief Executive, and by the Chief Executive Office, for all other grievances.
- 3.4 In the case of a grievance lodged to the Chief Executive, if the employee is not satisfied with the decision made by the Chief Executive, he may appeal to the Chairman. The Chairman shall render the final resolution to the employee. This represents the final decision of HKEx.

## **OCCUPATIONAL SAFETY AND HEALTH POLICY**

HKEEx 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.

### **1. EMPLOYER'S ROLE**

- 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.
- 1.2. The Administration Department will monitor and review the safety management system and perform regular audit on safety and health performance.
- 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.
- 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.

### **2. EMPLOYEES' ROLE**

- 2.1. Employees should comply with the safety and health measures instituted by HKEEx and cooperate in all safety-related tests, drills and auditing.
- 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.
- 2.3. Employees liaising with external contractors should ensure that those contractors will meet the same safety standards and requirements as HKEEx.

## **SMOKE- FREE WORKPLACE POLICY**

### **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.

### **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.

## **PURPOSE**

This policy sets out the general rules and regulations that employees should observe during their employment with HKEx for achieving an orderly and harmonious working environment.

## **STAFF RECORD**

Employees should inform the Human Resources Department of any change in their personal data. They should complete and submit a Change in Personal Data Form with copies of supporting documents, if any, to the Human Resources Department. Timeliness of submission of the form is important as it may affect the payroll arrangements and/or benefit entitlements of the employees and their dependants.

All data provided by employees before and during their employment of HKEx are recorded in personal files kept at the Human Resources Department. These files are strictly confidential and access is restricted to the employees themselves, employees' Heads of Division/Department or their designated officers, and the employees' potential Heads of Division/Department if they are being considered for a transfer. The ways in which HKEx deals with personal data of employees are detailed in Section 11-3 for Personal Data (Privacy) Policy.

## **STAFF CARD**

Employees will be issued a staff card with access control function upon commencement of service with HKEx. They are required to carry their staff card while discharging duties in HKEx's premises or at HKEx's functions. They should be able to produce it for inspection when requested.

Loss of staff card must be reported immediately to the Human Resources Department for cancellation. In addition, employees should apply for a replacement card by completing a Card Replacement Application Form. A non-refundable replacement fee of HK\$100 will be charged for each card.

The staff card is the property of HKEx and is not transferable. It must be returned to the Human Resources Department on the employee's last working day.

## **COMPANY PROPERTY**

Company property includes but not limited to:

- Office furniture, computer, printer, mobile phone, pager, stationery, staff card, medical card, corporate card, telephone card and other office equipment and facilities;
- Company records and documents including memos, correspondences, forms, Board/Committee papers & minutes, library reference materials, company accounts, client related information, contacts, etc. in paper, tape, diskette or electronic form.

Employees should take good care of and avoid waste when using company property. It is employees' responsibility to safeguard the company property being used by them from damage and loss. They are liable for the replacement cost of damaged or lost items. Upon termination of employment, they should return all company property in their possession to their Heads of Division/Department, the Administration Department, the Exchange Library and/or the Human Resources Department as appropriate.

## **USE OF PERSONAL COMPUTER**

Employees should be aware of the IT security standards and guidelines established and communicated by Information Technology Division, especially those relevant to their daily work on PC and various computer application systems. Employees shall observe the following corporate policies and standards regarding the use of corporate PC hardware, software and related system services.

### **1. PROPRIETARY OR LICENSED SOFTWARE/HARDWARE**

- Must not bring in any illegal/unauthorized software and/or hardware;
- Must not install any special PC software/hardware for testing or evaluation purposes without obtaining prior approval from their Heads of Division/Department;
- Must never disassemble, add or alter the hardware configuration of their assigned PC;
- Must not make unauthorized copies of HKEx's software by whatever means; and
- Must ensure their software is properly licensed and only used in accordance with the rights of the software licensing conditions and agreements.

## 2. SYSTEM SECURITY

- Should have responsibility for protecting and maintaining integrity of HKEx information and data resided on their desktop PCs;
- Should ensure that virus checking programs are always active on their desktop PCs and scan all import data files to ensure they are free from virus;
- Must not develop, write, generate, copy, propagate, execute or be involved with introducing virus or malicious code;
- Should change their PC, LAN, e-mail and system passwords at least once every 3 months and should not use passwords, which can be easily guessed. The password length should have at least 6 characters;
- Should ensure that their passwords are kept confidential and not known to others;
- Should not connect dial-up modems to PCs on the LAN. All PCs having dial-up modems for remote access must be stand-alone PCs without connectivity to the PC/LAN file servers;
- Should logoff their PCs after work; and
- Should activate a screen saver with password protection when he/she is away from the machine for a long time (more than 15 minutes).

## 3. DATA BACKUP

- Should backup their PC data regularly to minimize data loss due to hard disk failures

## 4. PC/LAN USAGE AND CONTROL

- Should not use their office PC to do personal work not relevant to their company job duties. All data and files are sole properties of HKEx; and
- Should report any irregularities on their PC hardware and software to the IT Help Desk.

## 5. GUIDELINES ON THE USE OF E-MAIL

- E-mail communication is becoming more and more common due to its convenience and efficiency. **HKEx provides e-mail to its employees for the purpose of conducting business-related activities.** It is important to note that any misuse of e-mails or use of improper statements in the e-mails may expose the employee and the Company to liabilities and result in disciplinary action being taken against the employee. It is therefore considered necessary to establish some general guidelines on the use of e-mail.

- Beware of what is said in the e-mail. Improper statements (including sexually offensive statements, abusive or defamatory messages) may expose the employee and the Company to liabilities and result in disciplinary action being taken against the employee.
- Always remember that e-mail, however confidential, may have to be disclosed in court proceedings or investigations (hard copies should be retained as documentary proof for business or regulatory record-keeping purposes). E-mails will be treated as a formal communication and scrutinized thoroughly when there are challenges. Employees should be careful in the wordings when communicating via e-mail.
- Do not forward internal e-mails, which are meant for internal review, to external parties. **If it is considered absolutely necessary to forward an internal e-mail to an external party, the consent of the originating person must be obtained.**
- Do not automatically forward incoming e-mails to any external e-mail account(s) (including other personal e-mail account(s) owned by the employee.).
- Avoid sending sensitive or confidential message through e-mail.
- Do not create e-mail congestion
  - by sending trivial or personal messages to a large group of recipients;
  - by sending or copying e-mails to a wider group of recipients than is necessary.
- Do not disclose e-mail login password to others.
- Do not attach big files (total size exceeding 2 MB) to e-mails. Large attachment which is to be sent to a large number of recipients should be posted on the EIP and distributed via a link to the EIP as far as possible.
- Change e-mail password regularly at least once every 3 months.
- The following standard disclaimer should be attached to all outgoing email (this process will be automated by the Information Technology Division):

*“This e-mail is confidential and is intended solely for the addressee. Any unauthorized use of the contents is expressly prohibited. If you are not the intended recipient, you are hereby notified that any use, distribution, disclosure or copying of this e-mail is strictly prohibited. If you have received this e-mail in error, please immediately notify the sender and delete it from your system. E-mail communication cannot be guaranteed to be reliable, secure, error-free or virus-free. Accordingly, we cannot accept liability for any damage sustained as a result of any virus, error or incompleteness of this e-mail or any failure to deliver promptly or at all information exchanged between you and us by this means. If you suspect that this e-mail may have been intercepted or amended, please contact the sender.”*

- The out of office message should be confined to business purpose, any personal, political or religious messages should be avoided. The following standard auto-reply message can be used as a reference:

*“I will be out of the office starting [date] and will not return until [date]. For urgent matters, please contact [name of designated officer] at [telephone number].”*

- The Company acknowledges that it may be necessary for employees to send personal messages from time to time via e-mail but these should be kept to a minimum.
- As no guidelines can cover all possible issues that may arise in handling e-mail communication, employees should exercise their good judgement in protecting the best interest of HKEx in handling such matters. **The most essential criterion is that the piece of information to be transmitted by e-mail should never cause any embarrassment or inconvenience to HKEx.**

## 6. GUIDELINES ON THE USE OF INTERNET

- Internet access is provided for the purposes of research, keeping up-to-date on work related information and other work-related assignments.
- The public internet and the corporate intranet should be used for business purposes and in a manner that is consistent with HKEx's standards of business conduct. They should support the goals and objectives of HKEx and its divisions/departments.
- Employees are not permitted to display, download or distribute defamatory, discriminatory, offensive or obscene materials. HKEx Internet access must not be utilized to communicate information that may infringe any intellectual property rights or violate the terms of any applicable laws or regulatory requirements.
- Visits to unlawful or inappropriate web sites and chat rooms are strictly prohibited.

## 7. NON-COMPLIANCE TO THE PC USAGE POLICIES AND STANDARDS

- Non-compliance to the PC usage policies and standards may result in disciplinary action such as reprimand, warning, suspension or summary dismissal as circumstances and severity may require

## **USE OF TELEPHONE**

Telephones are for business use. Employees should minimize private phone calls during working hours for personal interests in order to avoid interruption to the work and operations of their Divisions/Departments.

## **EMPLOYMENT OF FAMILY MEMBERS**

In general, HKEx has no restriction on the employment of family members including spouse, children, parents, brothers, sisters and in-laws of serving employees. However, due to the sensitive nature of our business, employees of the same family are not encouraged to work in the same division/department. Whenever and wherever possible, HKEx will assign employees from the same family to work in different divisions/departments.

Employees in the same division/departments who are contemplating marriage should inform their Heads of Division/Department and the Human Resources Department as soon as possible.

## **CONTACT WITH THE MEDIA**

News media contacts should be centralised through the Corporate Communications Department.

Employees should avoid making personal comments to or answering queries about HKEx from members of the media. They should refer all media enquiries to the Corporate Communications Department. All media enquiries will be answered by the Chief Executive, the Head of the Corporate Communications Department or other authorized spokesman.

## **DELIVERY OF SPEECHES OR LECTURES**

Employees should seek the Chief Executive's approval or advice from the Head of the Corporate Communications Department before accepting invitations from external parties or organisations to speak or lecture on topics related to their duties or HKEx's business. They should also inform the Corporate Communications Department of the date, venue and target audience of the speech or lecture.

Speeches or lectures should contain no confidential or sensitive issues and no defamatory text which will expose HKEx to legal liability. In case of doubt, the advice of the Head of the Legal Department, or the Chief Executive, should be obtained in advance.

Employees are reminded to use their common sense when speaking in public and to say or do nothing to embarrass themselves or HKEx.

## **ARRANGEMENT OF HONORARIUM REWARDED FOR DELIVERY OF SPEECHES OR LECTURES**

At times, our staff will be invited by various external parties or organisations to speak or lecture on topics related to their duties or HKEx's business. They may be rewarded with an honorarium in the form of cash payment for these speaking engagements. While HKEx recognises the importance of external speeches to communicate HKEx's policies and services, in consideration of propriety and public confidence in the integrity of HKEx, retention of cash compensation by individual staff for engaging in these activities should be governed by certain guidelines.

Staff should not solicit or retain any cash honorarium for services or external speaking engagements that relate to their official positions or duties, even those services may be rendered, at times, after office hours. Staff should decline to accept the offer of cash honorarium in the very first instance. Having regarded to the occasion the honorarium is offered, if it is considered inappropriate to decline the offer or impolite to do so, the honorarium should be accepted by HKEx only on condition that the related cash payment should be used by the division/department of the staff speaker for funding its social functions

such as Christmas party, Chinese New Year party, etc; or sharing among colleagues for perishable food and drinks. In such cases, approval from the respective Heads of Division/Department, the Chief Operating Officer or the Chief Executive, as the case may be, must be sought vide the Approval and Declaration of Honorarium Rewarded for Delivery of Speeches or Lectures Form.

Staff concerned should advise the host organisation to make a cheque payable to “Hong Kong Exchanges & Clearing Limited”. Upon receiving the cheque, the staff concerned should forward it to the Finance Department for crediting to the Staff Welfare Fund account of the respective division/department, together with the completed Approval and Declaration of Honorarium Rewarded for Delivery of Speeches or Lectures Form. A copy of the form should also be sent to the Human Resources Department for record.

Where staff speakers receive non-cash gifts, they should refer to the guidance on acceptance of advantages as specified in Section 11-1-3 of the Human Resources Manual on Soliciting & Accepting Advantages.

For those employees taking up outside business employment not related to their positions or job duties for any reward, they should seek prior written approval of their Heads of Division/Department, the Chief Operating Officer or the Chief Executive and the Head of Human Resources Department as provided in Section 11-1-5 of the Human Resources Manual on Outside Business/Employment.

## **BEHAVIOUR IN PUBLIC**

HKEx expects its employees to behave with integrity and act lawfully on or off duty, and at social or private occasions. Employees must be careful when expressing views and opinions about the operations of HKEx. They should refrain from commenting on individual cases and from disclosing or discussing information which may be market sensitive.

## **ATTIRE**

Employees should dress in an appropriate and presentable way while discharging duties inside or outside the HKEx's premises. Except for those who are required to wear uniforms, employees may wear business casual attire to work; however, full business attire, i.e. business suits, shirts and ties for male employees and dresses, skirts or trousers suits for female employees, is required when interacting with external parties or attending formal meetings or events. Following is the business casual attire guideline which is subject to review from time to time:

- For male employees, short or long sleeved shirts with collar, full length trousers, shoes with socks; and
- For female employees, shirts, blouses, tops with sleeves, business style skirts, pants and dresses.

The wearing of casual wear such as jeans, T-shirts, and sports shoes etc. is not permissible except on Saturdays and Sundays if employees are required to report for duty or in special circumstances as approved by their Heads of Division/Department. At all times, tank tops, low cut shirts, mini shirts, mini skirts, hot pants, slippers, and other inappropriate items should not be worn in the workplace.

Heads of Division/Department should ensure that their subordinates are dressed in an appropriate manner when discharging duties. This would help create a positive and professional image for HKEx.

## **PUNCTUALITY**

All employees must be punctual for work every morning and after lunch. Employees who attend office late without justifiable reasons or have a poor attendance record will be subject to disciplinary action.

## **ABSENCE**

Employees must strictly observe their working hours and should not be absent from work, even for a short while, without the prior approval of their supervisors of grade 4 or above.

Employees who cannot attend office for any reason without prior approval should notify their supervisors of grade 4 or above:

- before 9:30 a.m. if absent in the morning or throughout the whole day; and
- before 2:30 p.m. if absent in the afternoon.

Employees should submit a Leave Application Form upon return to work.

Absence not approved or without justifiable reasons will be considered unauthorized absence for which salary may be withheld or employees may be subject to disciplinary action.

## CODE OF CONDUCT

### 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

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. 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 who have any doubt about any provision specified in this Code should consult the Human Resources Department.

### 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.

## 2. SECURITIES, FUTURES CONTRACTS & DERIVATIVES TRANSACTIONS

### 2.1 DEFINITIONS

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

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 is a full-time student and unmarried;
- a trust of which he is a trustee, and which includes himself, his spouse or child(ren) as a beneficiary; and
- a company over which the employee or his spouse exercises management control either through shareholding or management.

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.

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

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.

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

## 2.2 PURPOSE

Employees may deal in securities, futures contracts and derivatives for the purpose of investment but they must seek prior approval from their Head of Division/Department or the Chief Operating Officer or the Chief Executive or the 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.

## 2.3 APPROVAL/DECLARATION CHANNEL

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

Applicant	Approving Authority
Chief Executive	Chairman
Employees reporting to the Chief Executive	Chief Executive
Employees reporting to the Chief Operating Officer	Chief Operating Officer
Other Employees	Respective Heads of Division/Department

If the approving authority is absent or unavailable, the designated alternate approving officer will approve on his 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.

## 2.4 OBLIGATIONS

### 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 2.3. The declaration shall include securities holdings, futures contract positions and derivatives positions known to be held by his related person or entity. A nil return is required should there be no such holdings and positions.

### 2.4.2 Prior Approval Before Transacting

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 Heads of Division/Department, the Chief Operating Officer, the Chief Executive or the 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 of the Chief Executive.

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.

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:

<b>Transaction</b>	<b>Reporting Date</b>
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
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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.

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.

### 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 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 Head of Division/Department of the relevant employees by the Human Resources Department.

## 2.5 **PROHIBITION**

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 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.

### 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 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 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.

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 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.

## **2.6 APPROVAL/DECLARATION PROCEDURES**

### **2.6.1 Approval/Declaration through e-SDA System**

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.

2.6.1.2 The employee will be notified by e-mail whether his application has been approved or disapproved by the approving authority.

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 2.4.2.3.

### **2.6.2 Approval/Declaration via printed forms**

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 EIP.

2.6.2.2 To apply for an approval or to make a declaration, employees should complete and submit the relevant form to his approving authority in accordance with the Approval/Declaration Channel provided in Clause 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.

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.

## **2.7 RECORD KEEPING AND DATA ACCESS**

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.

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 Chief Executive, the Chief Operating Officer, the relevant Head of Division/Department 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.

### 3. SOLICITING & ACCEPTING ADVANTAGES

#### 3.1 PREVENTION OF BRIBERY ORDINANCE

HKEx is included in the Schedule to the Prevention of Bribery Ordinance (Chapter 201 of Laws of Hong Kong) as one of the Public Bodies governed by the Ordinance. All employees of HKEx, whether full-time or part-time, permanent or temporary, are therefore **public servants** for the purpose of the Ordinance and are subject to its provisions. The solicitation or acceptance of any advantage given on account of any act performed by a public servant in his public capacity may render him liable to prosecution under Section 4 of the Ordinance.

The purpose of this Code of Conduct on Soliciting and Accepting Advantages is to provide guidance to employees in situations where advantages may be solicited, offered or accepted. However, it is the responsibility of each employee to ensure that he complies with the letter and spirit of the Ordinance. Employees should note that this Code does not bind the Independent Commission Against Corruption (ICAC) or the Department of Justice with whom the decision to investigate and prosecute lies. Ultimately, the decision as to whether an offence has been committed is a matter for the courts. For the avoidance of doubt, the HKEx does not, by virtue of issuing this Code, give any advice or assume any responsibility to any person for any proceedings that may be brought under the Ordinance or any other ordinance.

Employees are advised to take particular note of the following sections of the Ordinance:

- 3.1.1. Section 2(1): definition of **advantages** which includes but not limited to
  - 3.1.1.1 gifts, both of money and in kind;
  - 3.1.1.2 discounts (including vouchers or coupons expressed to have monetary value in exchange for which goods to that value may be obtained and also including goods so obtained);
  - 3.1.1.3 loans of money;
  - 3.1.1.4 air, sea and overland passage; and
  - 3.1.1.5 commission, employment, contract, service, etc.
- 3.1.2 Section 4: which provides that any public servant who, whether in Hong Kong or elsewhere, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his

- 3.1.2.1 performing or abstaining from performing, or having performed or abstained from performing, any act in his capacity as a public servant;
- 3.1.2.2 expediting, delaying, hindering or preventing, or having expedited, delayed, hindered or prevented, the performance of an act, whether by himself or by any other public servant in his or that other public servant's capacity as a public servant; or
- 3.1.2.3 assisting, favouring, hindering or delaying, or having assisted, favoured, hindered or delayed, any person in the transaction of any business with a public body, shall be guilty of an offence.
- 3.1.3 Sections 5, 6 and 7: which prohibit the bribing of public servants in relation to certain specific dealings with public bodies, namely contracts, tenders and auctions.
- 3.1.4 Section 8: which prohibits the offering of any advantage by a person having dealings with a public body.

### **3.2 SOLICITING AND ACCEPTING ADVANTAGES**

HKEx prohibits the solicitation and/or acceptance of any advantage by employees from listed companies, Participants of HKEx, suppliers, or any person in connection with any business dealing with HKEx.

### **3.3 ACCEPTING ADVANTAGES**

Employees should decline to accept an advantage if:

- the acceptance could affect employees' objectivity or induce them to act against HKEx's interests;
- the acceptance could lead to questions or complaints of bias, favouritism or impropriety; and
- employees feel that they would be obliged to reciprocate an advantage by returning a favour in connected with any business dealing.

Where an advantage is voluntarily given and the offeror has official dealings with HKEx, employees could consider accepting it only if:

- it is not on account of their performing or not performing particular acts in their capacity as employees;
- they will not feel obliged to do something in return for the offeror;

- they are able to openly discuss the acceptance without reservation;
- the nature (e.g. advertising or promotional gifts or lucky money given during festive occasions) of the advantage is such that refusal could be seen as unsociable or impolite; and
- under the following conditions:
  - advertising or promotional gifts not exceeding HK\$2,000 in value;
  - non-cash gifts not exceeding HK\$2,000 in value presented to them attending social functions on behalf of HKEx;
  - gifts not exceeding HK\$2,000 in value presented to them during Chinese New Year, Christmas or festive occasions when gifts are traditionally exchanged;
  - discounts which are equally available to other persons outside HKEx; or
  - cash gifts or lucky money not exceeding HK\$100.

Acceptance of non-cash gifts exceeding HK\$2,000 in value must be approved by the Head of Division/Department, the Chief Executive or the Chairman by completing a Declaration of Advantage(s) Form. A copy of the approval must be sent to the Human Resources Department.

Lai Sees, or other cash gifts exceeding HK\$100 should be returned to the donor with an appreciation letter explaining that it is against HKEx's policy for its employees to accept cash gifts.

Entertainment as defined in the Ordinance is not an advantage for the purposes of that Ordinance. However, this does not mean that employees are free to accept lavish or unreasonably generous or frequent entertainment, or indeed any entertainment that is likely to lead to the embarrassment of the employees in the discharge of their official duties or to bring the employees or HKEx or its employees into any disrepute or lead to any real or apparent conflict of interests.

This Code does not restrict the exchange of gifts from family members, and friends who have no official dealings with HKEx.

### **3.4 OFFERING ADVANTAGES**

Under no circumstances should an employee offers advantages to any person or company for the purpose of obtaining or retaining business. It is also illegal to offer advantages to influence public servants and in relation to public contracts, tenders and auctions.

In case of doubt on solicitation and acceptance of any advantage, employees should refer the matter to their Heads of Division/Department or the Head of Human Resources Department for advice.

## **LOANS TO & 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, including games of mahjong, 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.

## **4. CONFLICT OF INTERESTS**

### **4.1 SITUATIONS OF CONFLICT OF INTERESTS**

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

### **4.2 POLICY**

- 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.
- 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.
- 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.

### **4.3 DECLARATION**

Employees must declare to HKEx:

- all directorships held by them in companies, whether formed in Hong Kong or overseas, which have dealings with HKEx;
- their interests in any company whether formed in Hong Kong or overseas 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.

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 Heads of Division/Department or the Chief Executive and sent to the Human Resources Department for record.

#### **4.4 COVENANT OF DESENSITIZATION**

##### **4.4.1 Scope**

4.4.1.1 All employees of grade 3 and above and employees of grade 4 and 5 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 4.4.1.2 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 in Hong Kong 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 in Hong Kong 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 within Hong Kong.

The above restrictions are also applicable to employees, who are required to abide by the Covenant of Desensitization, entering into business on his 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 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 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 employment with HKEx

4.4.1.2 For employees of grade 3 and above, the desensitization period shall span across a period of three months from the date of termination of their employment; and for employees of grade 4 and 5 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.

4.4.1.3 Employees who are required to abide by the Covenant of Desensitization shall notify their Heads of Division/Department of their taking up any appointment, employment or work immediately upon giving notice of termination of employment to enable their Heads of Division/Department 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.

4.4.1.4 For the avoidance of doubt, the desensitization period specified in Clause 4.4.1.2 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.

#### 4.4.2 Declaration Procedures

- 4.4.2.1 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 Head of Division/Department of his 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 Head of Division/Department.
- 4.4.2.2 Upon receiving the completed Covenant of Desensitization Declaration Form from the employee the Head of Division/Department 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 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.
- 4.4.2.3 In the case where the Head of Division/Department 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 duties in HKEx, the Head of Division/Department 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.
- 4.4.2.4 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 duties in HKEx during the desensitization period. In case of doubt, the employee should consult his own professional advisers or seek clarification from his Head of Division/Department or the Head of Human Resources.

This Code of Conflict of Interests 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 Heads of Division/Department or the Head of Human Resources.

## 5. 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 Heads of Division/Department 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 Head of Division/Department, or in his 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 EIP of HKEx intranet at <http://eip.hkex/PoliciesGuidelines/Project/Guidelines.doc>.

## 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 Heads of Division/Department, the Chief Operating Officer, the Chief Executive or the 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 Heads of Division/Department, the Chief Operating Officer, the Chief Executive or the 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 performance or give rise to actual or perceived conflict of interests with his duties in HKEx. Details of the guidelines on conflict of interests are set out in Section 11.1.4 of this Manual on "Code of Conduct – Conflict of Interests".

## **6. WHISTLEBLOWING POLICY**

### **6.1 PURPOSE**

HKEx is committed to achieving and maintaining the highest standards of openness, probity and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. It is every employee's responsibility and in all interest of the Company to ensure that any inappropriate behaviour or organizational malpractice that compromise the interest of the shareholders, investors, customers and the wider public does not occur. To this end, the Company has devised a Whistleblowing Policy. The term 'whistleblowing' refers to a situation where an employee decides to report serious concerns about any malpractice which he/she has become aware or genuinely suspects that the Company has been or may become involved in. This policy is designed to encourage employees to raise serious concerns internally, without fear of reprisal or victimization, in a responsible and effective manner rather than overlooking a problem or blowing the whistle outside.

### **6.2 POLICY**

This policy is intended to assist individual employees (permanent or temporary employees) to disclose internally and at a high level, information which the individual believes shows malpractice or impropriety. It is not designed to further any personal disputes, question financial or business decisions taken by the Company nor should it be used to reconsider any staff matters which have been addressed under the grievances procedure already in place. Whistleblowing matters may include but are not confined to:

- Breach of legal or regulatory requirements
- Criminal offences, breach of civil law and miscarriage of justice
- Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters
- Endangerment of the health and safety of an individual
- Damage caused to the environment
- Violation of rules of conducts applicable within the Company
- Improper conduct or unethical behaviour likely to prejudice the standing of HKEx
- Deliberate concealment of any of the above

### 6.2.1 **Protection and Confidentiality**

It is the Company policy that employees should not suffer any form of intimidation, reprisal, retaliation or adverse reaction organizationally as a consequence of reporting a concern about any of the above matters. The Company will make every effort to treat all disclosures in a confidential and sensitive manner. The identity of the individual employee making the allegation will not be divulged without the employee's consent. However, there may be circumstances in which the Company may be required or legally obliged to reveal the employee's identity, for example, where an investigation leads to legal proceedings being initiated. If this is the case, the Company will take all reasonable steps to ensure that the employee suffers no detriment. Harassment or victimization of a genuine whistle blower will be treated as gross misconduct, which if proven, may result in dismissal.

### 6.2.2 **Untrue Allegations**

In making a disclosure, individual employee should exercise due care to ensure the accuracy of the information. If the employee is mistaken, he/she will not be at risk of losing his/her job or suffering any form of retribution as a result provided that he/she is acting in good faith. On the other hand, disciplinary action will be taken against employee deliberately raising false and malicious allegations. In an extreme case vexatious or wild allegations could give rise to legal action on the part of the persons complained about.

### 6.2.3 **Acknowledgement and Recognition**

The Company places great value upon creating an environment where employees would maintain the highest standard of ethics, honesty, openness and accountability. The Company recognizes that it requires courage and personal quality such as righteousness, loyalty and impeccable integrity for an employee to step out and blow the whistle. These personal qualities and positive behaviours demonstrated by the whistleblowers are well acknowledged by the Company and will be taken into consideration, among others, for the employee's career opportunities and advancement.

## **6.3. PROCEDURE**

### **6.3.1 Reporting Channel**

Employee who has a legitimate malpractice concern can inform the respective Head of Division/Department of the concern. The Head of Division/Department should then raise the matter with the Chief Operating Officer or the Chief Executive. If the concern involves the Head of Division/Department, or for any reason the employee would prefer the Head of Division/Department not to be told, the employee may raise the matter direct with the Chief Operating Officer or the Chief Executive. In the case of a concern about the Chief Operating Officer, the employee can raise the matter with the Chief Executive. The Chief Executive may designate an appropriate person or set up an inquiry to investigate the matter.

If the concern involves the Chief Executive or a Director, the employee can report directly to the Chairman. The Chairman, in consultation with the Board, depending upon the circumstances, may consider nominate an appropriate investigating officer or set up a special committee to investigate the matter independently.

If for any reason the employee would prefer not to raise the malpractice concern with the Head of Division/Department, the Chief Operating Officer, the Chief Executive and the Chairman, the employee may take the complaint direct to the Chairman of the Audit Committee. The Chairman of the Audit Committee will review the complaint and decide how the investigation should proceed.

Disclosures can be made in person or in writing. If the disclosure is made in writing, it should be sent to the Head of Division/Department at his/her office or the Chief Operating Officer, the Chief Executive, the Chairman or the Chairman of the Audit Committee as appropriate at 12/F., One International Finance Centre, 1 Harbour View Street, Central, in a sealed envelop clearly marked “Strictly Private and Confidential – To be Opened by Addressee” to ensure the confidentiality. Employees are required to put their name to any disclosures they make. Anonymous complaints would usually not be considered. The Company will hold it a serious disciplinary offence for any person to seek to prevent a communication of malpractice concern reaching to the Chief Executive, the Chairman or the Chairman of the Audit Committee, or to impede any investigation which he/she or anyone on his/her behalf may make.

If there is evidence of criminal activity, activity on solicitation and acceptance of advantages or breach of legal and regulatory requirements, the party responsible for the internal investigation may legally be obliged to inform the relevant public or regulatory bodies such as the police, the Independent Commission Against Corruption, the Security and Futures Commission and etc., as appropriate.

### 6.3.2 **Investigation Procedure**

The format and the length of an investigation will vary depending upon the nature and particular circumstances of each complaint made. The matters raised may

- be investigated internally;
- be referred to the Police;
- be referred to the External Auditor; and/or
- form the subject of an independent inquiry.

The Chief Executive, the Chairman, the Chairman of the Audit Committee or the person designated to investigate the complaint will write to the complainant wherever reasonably practicable of the concern being received:

- acknowledging that the concern has been received;
- advising whether or not the matter is to be investigated further and if so what the nature of the investigation will be;
- giving an estimate of how long the investigation will take to provide a final response; telling the complainant whether any initial enquiries have been made, and whether further investigations will take place, and if not, why not.

## 7. CONTINUOUS DISCLOSURE AND COMMUNICATION POLICY

### 7.1 PURPOSE

The purpose of the Continuous Disclosure and Communication Policy (“Policy”) is to provide guiding principles, practices and procedures to assist HKEx’s employees in (a) relaying potential price sensitive information to the Board to enable it to make timely decisions on disclosure, if necessary, and (b) communicating with our stakeholders, in ways which are in strict compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and best practices.

### 7.2 HKEX’S COMMITMENT

HKEx is committed to:

- (a) complying with the disclosure requirements, as set out in the Listing Rules, and prevailing best practices;
- (b) preventing inadvertent or selective disclosure of price sensitive information (“PSI”) and/or potential PSI; and
- (c) ensuring shareholders and the public being provided with full, accurate and timely information about HKEx’s activities and its financial condition.

### 7.3 ROLES AND RESPONSIBILITIES

#### 7.3.1 The parties responsible for administering the Policy are:

- (a) **the Board** is responsible for approving the Policy. The authority to make subsequent amendments thereto is delegated to the Executive Committee (“Exco”). The Board decides whether or not a transaction, development or event constitutes PSI and disclosure of which shall be made immediately, and when a trading suspension is required. The Chairman shall be the authorised spokesperson for the Board and HKEx unless resolved otherwise by the Board.
- (b) **Chief Executive** is responsible for assessing materiality and advising the Board on whether or not a transaction, development or event constitutes PSI. The Chief Executive shall be the authorised spokesperson for HKEx unless resolved otherwise by the Board.

- (c) **Chief Operating Officer** is responsible for monitoring the activities of the Secondary Market and the operational data of HKEx's core business activities and providing a critical insight into the likely operational performance of HKEx. Failing the Chief Executive, the Chief Operating Officer shall be the authorised spokesperson for HKEx unless resolved otherwise by the Board.
- (d) **Chief Financial Officer** is responsible for establishing and maintaining the financial reporting framework and procedures to ensure a structured flow of financial and operational data required for appraising HKEx's financial position, and monitoring any material changes in HKEx's financial performance which are required to be brought promptly to the Board's and/or the Chief Executive's attention. The Chief Financial Officer shall be the authorised spokesperson for HKEx in respect of its financial information unless resolved otherwise by the Board.
- (e) **Head of Corporate Communications** is the authorised spokesperson for HKEx to communicate with the media, analysts and investors (Head of Investor Services of the Corporate Communications Department is also an authorised spokesperson to communicate with analysts and investors) and is responsible for ensuring that there is balanced and timely disclosure of the relevant information to them. He/she shall coordinate closely with the Company Secretary in the release of PSI.
- (f) **Company Secretary** is the authorised spokesperson for HKEx to communicate with the regulators in respect of matters related to HKEx as a listed issuer and is responsible for ensuring that there is full, accurate and timely release of PSI in accordance with the disclosure requirements. The Company Secretary is also responsible for conducting periodic reviews of the Policy and making recommendations on amendments thereto, if necessary, in order to ensure strict compliance with the changing regulatory requirements.
- (g) **Division/Department Heads** are responsible for establishing effective systems, controls, and procedures within their Divisions/Departments to (i) enable them to monitor continuously any changes in their respective areas of operation that would result in potential PSI which is required to be brought to the Chief Executive's and/or the Chief Operating Officer's attention in a timely manner, and (ii) ensure that there are proper safeguards to preserve the confidentiality of any unpublished or potential PSI. They are the authorised spokespersons for HKEx to communicate with its stakeholders in respect of their respective areas of operations.

## 7.4 Materiality Guidelines

The following **Materiality Guidelines** are provided to assist employees in identifying potential PSI which shall be escalated and reported to the Chief Executive Officer and/or Chief Operating Officer for consideration as to whether or not the relevant information constitutes PSI and disclosure of which shall be made immediately. It is important to note that the examples of material information given herein below are not exhaustive, and employees shall exercise their own judgment in determining materiality.

### 7.4.1 Examples of Material Information

#### 7.4.1.1 Changes in corporate structure

- (a) changes in share ownership that may affect control of HKEx
- (b) major reorganisations, amalgamations or mergers, or take-over bids

#### 7.4.1.2 Changes in capital structure

- (a) offers of warrants or rights to buy HKEx's shares
- (b) entering into an agreement for the issue of options convertible into securities
- (c) share consolidation or share exchange
- (d) change in dividend policy

#### 7.4.1.3 Changes in financial results

- (a) a substantial increase or decrease in near-term earnings prospects (for example: profit turn into loss (or vice versa); net profit increase or decrease by 50% or more against that for the preceding quarter)
- (b) unexpected material changes in the financial results for any period
- (c) material changes in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- (d) any changes in HKEx's accounting policies that may have a significant impact on the financial results
- (e) substantial loss in foreign exchange or forward contracts
- (f) being aware that its auditor will issue a qualified opinion on the financial results

#### 7.4.1.4 Changes in business and operations

- (a) entering into significant new contracts, products, patents, or services
- (b) losing significant contracts or business
- (c) entering into a significant joint venture
- (d) cancellation of an agreement which was the subject of a previous announcement
- (e) exceptional matters (such as acquisition, realisation transactions with connected persons)
- (f) any developments which may have a material impact on current or future income, cash flow or the ability to generate profits (including where there would be a long-term effect even if the effect in any one year may not be material)
- (g) premature removal of auditor before the end of its term of office
- (h) changing in senior executive personnel or structure (such as a change in the Chairman or CE)
- (i) commencement of, or developments in, material legal proceedings or regulatory matters, whether civil or criminal, committed or alleged to be committed by HKEx or any of its Directors or employees
- (j) comments on the prospects of future earnings or dividends
- (k) any events beyond HKEx's control, which are of material significance to HKEx's business, operations or financial performance

For items (a) to (e) above, reference shall be made to the percentage ratios, as set out in Rule 14.07 of the Listing Rules (i.e. assets ratio, profits ratio, revenue ratio, consideration ratio or equity capital ratio with the materiality reference point at 3% or more) but it is important to note that they are not conclusive. In assessing materiality, it is necessary to take into account a number of factors such as the nature of the information, HKEx's state of the business and operations, the volatility of HKEx's securities at the relevant time, prevailing market conditions, and the market expectation. The Board shall, where appropriate, with independent professional advice, determine the materiality of the relevant information.

#### 7.4.1.5 Changes in market conditions

- (a) major market upheaval in the industries, countries or regions where HKEx has significant operations or transactions
- (b) major changes in the applicable laws or regulations including, accounting standards of the countries or regions where HKEx has significant operations or transactions

#### 7.4.2 **Review of the Guidelines**

The Guidelines shall be reviewed periodically by the Company Secretary who will make recommendations on amendments thereto, if necessary.

#### 7.4.3 **Queries**

If at any time, employees have any questions about the application of the Guidelines, they shall contact the Company Secretary immediately.

### 7.5 **Reporting and Dissemination of Material Information**

#### 7.5.1 **Regular reports**

Regular reports are prepared by employees for a variety of functional reasons, which help identify material information. The regular reports include-

- (a) monthly management reports provided by each Division/Department to the Chief Executive, which include updates and analyses of the ongoing development and performance of the projects and initiatives being undertaken;
- (b) monthly management accounts provided by the Chief Financial Officer to Board members upon request, which include variance analyses of HKEx's financial and operational performance against the budget and the results of the corresponding period of the preceding year; and
- (c) monthly reports provided by the Chief Executive to the Board, which include a review of HKEx's major events, projects and initiatives.

#### 7.5.2 **Events occur between regular reporting**

7.5.2.1 An employee who becomes aware of a matter, development or event that he/she considers it to be material or potentially price-sensitive shall report it promptly to his/her Division/Department Head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report it to the Chief Executive and/or the Chief Operating Officer.

7.5.2.2 Upon being notified, the Chief Executive and/or the Chief Operating Officer shall assess the materiality of the relevant information, determine the appropriate course of actions and, if considered appropriate, consult the Chairman who may convene a Board meeting to consider and decide whether or not the

information constitutes PSI and disclosure of which shall be made immediately.

- 7.5.2.3 When considering a disclosure, the Board shall decide on the scope of information to be released and the timing of the release. If the matter is being developed, such as, when negotiations are at a stage that makes it impossible to be more forthcoming, and more precise details could only be released at a later stage, the Board might decide issuing a “holding” announcement or simply issuing a “no comment” statement. Directors may seek independent professional advice, if and when appropriate, to ensure that HKEx can timely comply with the disclosure requirements.
- 7.5.2.4 If the Chief Financial Officer becomes aware that the general market projections of HKEx’s financial performance are materially different from the in-house estimates, he/she shall promptly notify the Board of the differences, and the Board may consider, if and when appropriate, issuing a warning announcement.
- 7.5.2.5 If a matter, development or event, after assessment, is considered not price sensitive, the Chief Executive might consider, if and when appropriate, informing the market in order to facilitate stakeholders’ understanding of the HKEx’s ongoing developments. The information may be released in the form of news release, or as the Head of Corporate Communications considers appropriate, through other communication channels, such as corporate publications or presentations.

### **7.5.3 Accuracy and completeness of information**

- 7.5.3.1 According to Rule 2.13(2) of the Listing Rules, the information to be disclosed must be accurate and complete in all material aspects and not be misleading or deceptive. The Company Secretary who is responsible for ensuring compliance with the disclosure requirements, and the Head of Corporate Communications who is responsible for keeping the public informed through news releases, shall both take reasonable steps to verify the accuracy and completeness of the relevant information before it is publicly disclosed.
- 7.5.3.2 Heads of the relevant Division/Department where the to-be disclosed matter, development or event is identified and/or is being handled shall be responsible for (a) providing the Company Secretary and the Head of Corporate Communications with the precise details to enable to prepare the related announcement or news release, if necessary, and (b) confirming

the accuracy and completeness of the information before it is publicly disclosed.

#### **7.5.4 Delegation of authority to the Chief Executive**

7.5.4.1 There may be circumstances that HKEx is facing with an unexpected and significant event, such as, unusual price and/or trading movements in HKEx's securities, or market rumour which requires immediate clarification in order to avoid development of a false market in its securities, or inadvertent dissemination of PSI. As there will be no excuse for delaying an announcement due to the Board not being able to convene a meeting physically or the Chairman might not be reached, the Chief Executive, under such circumstances, is empowered to take appropriate actions to ensure compliance with the disclosure requirements, including but not limited to issuing a "clarification" or "holding" announcement, and making a request to the Securities and Futures Commission ("SFC") for a suspension in the trading of HKEx's securities pending publication of an announcement.

#### **7.5.5 Delay of disclosure**

7.5.5.1 In the case where the Board decided that the PSI shall temporarily be withheld from the public for legitimate business purposes (for example, if release of the information would prejudice negotiations in a corporate transaction), such a decision shall be documented by the Company Secretary who shall-

- (a) describe the matter in question;
- (b) include a statement as to the materiality of the matter; and
- (c) set out the reasons for delaying the disclosure.

7.5.5.2 Where HKEx relies on the conditional relief available under the Listing Rules to temporarily delay disclosure of PSI, HKEx must ensure that the strictest confidentiality is maintained. Under such circumstances, access to the withheld PSI shall be restricted, as far as practicable, to the highest level of management and on a need-to-know basis. The responsible senior executive shall (a) maintain a list of personnel who have access to the withheld PSI, and (b) closely monitor and regularly report to the Chief Executive and/or the Chief Operating Officer on the development or progress of the relevant matter with a copy to the Company Secretary and the Head of Corporate Communications. The Company Secretary shall, during the period before the withheld PSI is disclosed, closely monitor the

activity of HKEx's securities, and prepare a "holding" announcement to be released when there is growing rumour of the undisclosed information whilst the Head of Corporate Communications shall closely monitor market response and issue a news release, if necessary. In the case if the withheld PSI is or is likely leaked, the procedures as set out in paragraph 7.9 herein below shall be closely observed.

7.5.5.3 An announcement of the withheld PSI shall be published without further delay once the matter, development or event has been concluded and finalised.

## **7.6 Maintaining Confidentiality and Dealing Restrictions**

### **7.6.1 Directors and employees**

7.6.1.1 Directors and employees who possess unpublished PSI must:

- (a) refrain from discussing that information with, or divulging that information to, any persons who are not authorised by the Board to receive that information; and
- (b) ensure that any documents or other written material in his/her possession in relation to that information are properly and securely stored and are not disclosed to any unauthorised persons.

7.6.1.2 Directors and employees must not deal in HKEx's securities when they are in possession of unpublished PSI. Details of dealing restrictions imposed on Directors and employees are respectively set out in the Director's Handbook under the "Restrictions on Securities Dealings" and the Human Resources Manual under the "Code of Conduct on Securities, Futures Contracts and Derivatives Transactions".

### **7.6.2 External parties**

7.6.2.1 Any external parties who may become privy to HKEx's unpublished PSI shall be informed that they must not divulge such information to any unauthorised persons, other than in the normal course of business, without HKEx's prior written consent. Unless an obligation of confidentiality is implicit in the relationship with an external party, such parties who have access to unpublished PSI of HKEx shall (a) confirm their commitment to non-disclosure of the received information in the form of a written confidentiality agreement or in a standard clause within the contract signed with HKEx; (b) undertake not to deal in HKEx's securities whilst they are in possession of the unpublished PSI until such information has been publicly

disclosed. They, whilst in possession of the PSI, are considered insiders and are subject to the legal obligations under the Securities and Futures Ordinance; and (c) provide HKEx with a list of its personnel who, during the normal course of business, have access to the unpublished PSI.

## **7.7 Trading Suspension**

The Board may, if and when appropriate, apply for a suspension in the trading of HKEx's securities in order to maintain fair trading in its securities and to manage any disclosure issues before the PSI is publicly disclosed.

## **7.8 Communication Guidelines**

7.8.1 Whilst good and open relationship with the media, analysts and investors can often contribute to a well-informed market, selective disclosure of PSI before such information is publicly released must be avoided.

7.8.2 As a general principle, authorised spokespersons shall only explain information already in the public domain or discuss in general the markets in which HKEx operates, and shall avoid giving answers which individually or cumulatively may provide unpublished or potential PSI to the receiving party.

7.8.3 To reduce the risks of providing unpublished or potential PSI in meetings/briefings with the media/analysts/investors, the following procedures shall be closely observed-

- (a) authorised spokespersons shall seek clarification from the relevant parties, such as the responsible Division/Department Heads should there be any uncertainty to the extent and nature of information that they can disclose before attending an external interview or briefing in order to avoid any inadvertent disclosure of unpublished or potential PSI;
- (b) authorised spokesperson shall be accompanied by at least one representative from the Corporate Communications/Investor Services team during an external interview or briefing which includes discussions of HKEx's financial performance;
- (c) discussions of HKEx's financial performance in an external interview or briefing shall be recorded and kept for a reasonable period so that a reliable source of information is available in case of misreporting or when further clarification of information is needed; and
- (d) no interviews or briefings to discuss HKEx's financial performance shall be conducted during "black out" periods.

7.8.4 HKEx's comments on analysts' reports shall be limited to:

- (a) information that has been disclosed publicly; and
- (b) correction to factual errors or assumptions with reference to publicly available information.

7.8.5 As a guiding principle, HKEx shall give a "no comment" response to market speculation and rumours. HKEx may issue a "clarification" announcement to-

- (a) correct significant errors that have been circulating publicly, which leads to a widespread and serious misapprehension in the market; or
- (b) respond to a formal request for clarification from the SFC.

## **7.9 Inadvertent Dissemination of PSI**

In the case of an inadvertent disclosure of PSI by any employees, the incident must be reported immediately to the Chief Executive and/or the Chief Operating Officer with a copy to the Company Secretary and the Head of Corporate Communications. The Chief Executive shall, under its delegated authority, apply for a suspension in the trading of HKEx's securities for a period until an announcement of the PSI has been published. The Company Secretary shall inform every Director of the incident and issue an announcement of the PSI as soon as practicable, and the Head of Corporate Communications shall issue a news release simultaneously.

## **7.10 The HKEx's websites**

7.10.1 To enable stakeholders to appraise the position of the HKEx group, the following information shall be made available on the HKEx's website by the responsible parties-

- (a) all regulatory announcements;
- (b) financial statements and financial results announcements;
- (c) news releases;
- (d) newsletters;
- (e) fact books and other corporate publications; and
- (f) HKEx's profile and contact details.

7.10.2 The HKEx's website shall not reproduce or link to any analysts' reports.

7.10.3 Publications on the HKEx's Intranet shall not include unpublished or potential PSI.

**7.11 Review of the Policy**

The Policy shall be reviewed periodically by the Company Secretary who will make recommendations on amendments thereto, if necessary.

**7.12 Queries**

If, at any time, Directors or employees have any queries regarding their reporting obligations, they shall contact the Company Secretary immediately.

## EQUAL OPPORTUNITIES POLICY

### 1. PURPOSE

The application of the Equal Opportunities Policy aims to eliminate discrimination, harassment and vilification in employment on the grounds of age, sex, 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.

### 2. DISCRIMINATION IN EMPLOYMENT

Under this Policy, there are two types of discrimination: Direct and indirect discrimination.

- **Direct Discrimination** means treating a person less favourably than another person in comparable circumstances because of age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality or religion.
- **Indirect Discrimination** consists of applying the same treatment as between the sexes, persons with different age, marital status, family status, race, colour, descent, national or ethnic origin, nationality, religion and persons who are pregnant or with a disability, but is in practice discriminatory in its effect.

It is unlawful to discriminate in employment on the grounds of the employee's age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality or religion. Discrimination in employment includes the following situations:

- treating an applicant or an employee less favourably;
- discriminating against a person seeking or undergoing training which would help the person to fit for that employment;
- discriminating against a person in relation to services offered by an employment agency; and
- discriminating against a person who is a contract worker or a commission agent.

Acting upon stereotypical assumptions based on age, sex, marital status, pregnancy, family status or disability, race, colour, descent, national or ethnic origins, nationality or religion could lead to discrimination.

### **3. SEXUAL, DISABILITY, FAMILY STATUS AND RACIAL HARASSMENT IN EMPLOYMENT**

Sexual, disability, family status and racial harassment is unlawful. Without limiting the meaning of harassment defined, the following behaviour can be regarded as harassment:

#### **3.1. Sexual Harassment**

- unwelcome sexual advances -- leering and lewd gestures, touching, grabbing or deliberately brushing up against another person;
- unwelcome requests for sexual favours -- suggestions that sexual co-operation or the toleration of sexual advances may further a person's career;
- unwelcome verbal, non-verbal or physical conduct of a sexual nature -- sexually derogatory or stereotypical remarks; persistent questioning about a person's sex life; or
- conduct of a sexual nature that creates a hostile or intimidating work environment -- sexual or obscene jokes around the workplace, displaying sexist or other sexually offensive pictures or posters.

#### **3.2. Disability Harassment**

- insulting comments;
- offensive jokes;
- unnecessary gestures mimicking someone's disability; or
- intentionally disclosing or threatening to disclose information on disability or medical history in circumstances that would offend, humiliate, or intimidate the employees with a disability.

#### **3.3. Family Status Harassment**

- assumption of persons with family status would not commit their work;
- directly or indirectly discriminate against persons who have the responsibility for the care of an immediate family member; or
- refusing to offer a job, or stipulating restrictive terms in a job offered or restrictive conditions on existing employment.

#### **3.4. Racial Harassment**

- Racially derogatory remarks or insults; for example, name calling which people of certain racial groups may find offensive or impolite should be avoided;

- Display of graffiti or slogans or other objects offensive to certain racial groups;
- Racist jokes, banter, ridicule or taunts;
- Using a disparaging or offensive tone when communicating with people on the ground that they belonging to certain racial groups;
- Ostracize people on the ground that they belong to certain racial groups;
- Imposing excessive workloads or unrealistic performance targets on people on the ground of their race, colour, descent, national or ethnic origins;
- Unnecessarily picking on individuals from particular racial groups.

#### **4. DISCRIMINATION IN EMPLOYMENT BY WAY OF VICTIMIZATION**

It is unlawful to discriminate in employment by way of victimization. Victimization in employment may occur where a person:

- makes a complaint of discrimination under this Policy against the discriminator or another person;
- acts as a representative on behalf of a person complaining of discrimination;
- gives evidence or information in connection with any proceeding under this Policy;
- provides information to the Equal Opportunities Commission for the purposes of investigation by the Equal Opportunities Commission;
- provides information to an organization in respect of a complaint of discrimination;  
or
- alleges that someone has committed an act which is unlawful.

#### **5. EXCEPTION**

Positive action whereby, an act targeting persons of a particular age, sex, marital status, family status, race, colour, descent, national or ethnic origin, nationality or religion, or who are pregnant or with a disability would not be unlawful if it is reasonably intended to ensure that persons have equal opportunities in employment, or to provide them with goods, access to services, facilities, opportunities, grants, benefits or programmes to meet their special needs in relation to their employment.

## **6. GUIDELINES**

### **6.1. 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, sex, 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.

### **6.2. 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.

## **7. GRIEVANCE PROCEDURE**

- 7.1. Employees who are themselves recipients of harassment, where practicable, should tell the harasser that the behaviour is clearly unwanted and unacceptable. Once the offender understands clearly that the behaviour is unwelcome, this may be enough to put an end to it.
- 7.2. If the behaviour persists, employees should inform their Heads of Division/Department or the Human Resources Department and request assistance in stopping the harassment.
- 7.3. Employees who encounter direct or indirect discrimination, harassment or victimization, are encouraged to report the case to their Heads of Division/Department and the Human Resources Department immediately.
- 7.4. Together with the Head of Division/Department concerned, the Human Resources Department will conduct an investigation.
- 7.5. Filing a complaint in accordance with the internal grievance procedure shall not preclude an employee's right to apply to the Equal Opportunities Commission.

## **8. DISCIPLINARY ACTION**

Depending on the nature of the complaint, disciplinary action will be taken against employees who:

- have discriminated, harassed or victimized others;
- have instructed, induced, threatened or knowingly helped others to discriminate, harass or victimize others; and
- have made allegations which are false or not made in good faith.

The procedures in taking any disciplinary action will follow those stipulated under Section 12.

## **PERSONAL DATA (PRIVACY) POLICY**

### **1. PURPOSE**

The Personal Data (Privacy) Policy aims to protect the privacy of individual in relation to personal data, provides the individual with rights of access to personal data held by others and the opportunity to correct wrong information and safeguard the free flow of personal data to Hong Kong from countries with data protection legislation.

### **2. DEFINITION OF PERSONAL DATA**

Any data, whether recorded manually or processed electronically, that will lead to the identification of an individual are defined as personal data.

All personal information including facts and opinions held on past, current and prospective employees by HKEx are classified as personal data.

HKEx is a data user that controls the use and content of the data. The data subjects refer to past, current or prospective employees.

### **3. PRINCIPLES**

In compliance with the Personal Data (Privacy) Ordinance, the following data protection principles applicable to employment-related personal data in HKEx will be upheld by the Human Resources Department and all other divisions/departments.

- 3.1. Personal data will only be collected for a necessary purpose by lawful and fair means. Data subjects will be informed on or before the collection whether they are obliged to provide the data; the consequences if they do not do so; the purposes of collection; the classes of persons to whom the data may be disclosed; and of their access and correction rights.
- 3.2. Steps will be taken to ensure that personal data held are accurate and not kept longer than is necessary.
- 3.3. Personal data will only be used for the purpose for which they are collected or for a directly related purpose.
- 3.4. Personal data will be protected against unauthorized or accidental access, processing (including amendment and deletion) or other use.
- 3.5. Information on policies and practices in relation to personal data and the type of data kept and purpose of use will be made available upon enquiry.
- 3.6. Access or correction requests from data subjects will be complied with, and reasons for refusal (i.e. on the ground of an applicable exemption) will be given.

#### **4. EXEMPTIONS**

In general, employees are entitled to access their personal data. However, the Ordinance sets out the following exemptions for data in the context of employment.

- **Staff Planning:**  
personal data obtained for the purpose of staff planning are exempt from data access requests until the planning process is completed.
- **Employment:**  
personal data held by the Human Resources Department immediately before the commencement of the Ordinance are exempt until 3 August 2002.
- **Staff Evaluation:**  
personal data obtained for the purpose of staff evaluation are exempt from data access requests until the evaluation process is completed.
- **Personal References:**  
personal data provided as personal reference are exempt from data access requests unless the referee consents in writing or the data subject has written notice of the result of the job application.

Data obtained for the following purposes are also exempt from data access requests and the use restrictions:

- security in respect of Hong Kong;
- crime;
- health;
- legal professional privilege;
- news; and
- statistics and research.

#### **5. EMPLOYMENT RELATED PERSONAL DATA HELD BY THE EXCHANGE**

In order to enable HKEx to process employees' personal data, the following lists how these data are being used by HKEx and employees' rights to these data under the Ordinance.

- 5.1. It is necessary for HKEx to obtain and maintain data about individual employees in relation to their employment for various human resources purposes. These purposes include, but not limit to:
  - processing employment applications and decisions;

- reviewing salaries, bonuses, job related payments and reimbursements, or other employee benefits;
  - facilitating performance appraisals, promotion, transfer, secondment, dismissal or career development activities;
  - providing employee references (in circumstances where the express consent of the employee concerned has been obtained); and
  - providing information to statutory or regulatory bodies for compliance with all laws, regulations, court orders, or orders of any government or other competent authority.
- 5.2. Failure to supply the data will result in HKEx being unable to meet its objectives.
- 5.3. Subject to the terms of the Ordinance, data held by HKEx relating to employees will be kept confidential except that HKEx may release information to:
- its subsidiary and associate companies, any agent, contractor, or third party service provider who provides administrative, telecommunications, computer or other services to HKEx in connection with the operation of its business;
  - any other person who is contracted to provide benefits and service for employees, including workers, insurance brokers and underwriters, provident fund trustee and administrator;
  - persons seeking employee references (in circumstances where the express consent of the employee has been obtained); and
  - any person to whom HKEx is obliged to make disclosure under the requirements of any law, regulation, order of any government, court, tribunal, or other competent authority.
- 5.4. Subject to the terms of the Ordinance, employees have the right to:
- check whether HKEx holds data about them and access to such data;
  - request HKEx to correct any data relating to them which are inaccurate; and
  - ascertain HKEx's policies and practices in relation to data and to be informed of the kind of personal data held by HKEx.
- 5.5. In accordance with the terms of the Ordinance, HKEx has the right to charge a reasonable fee for processing any data access or correction request.
- 5.6. HKEx will delete the data of former employees on expiry of a period of seven years from the effective date of termination of their employment unless this is prohibited by law.

- 5.7. Requests for access to data, or correction of data, or information regarding policies and practices relating to, and kinds of, data held by HKEx should be addressed to the Head of Human Resources Department.

## 6. GUIDELINES

The Ordinance provides specific guidelines in handling personal data. To avoid contravening the Ordinance, the following guidelines will be observed.

### 6.1. Protection of Employees' Personal Data

- 6.1.1. Heads of Division/Department should use standard forms provided by the Human Resources Department when collecting personal information from employees. They should explain the purpose of the data collection clearly at the time of data collection.
- 6.1.2. When transferring employees' personal data, maximum care should be taken by Heads of Division/Department to ensure data protection. All documents and files containing personal data internally transferred within HKEx by in-house mail service should be by way of internal mail envelopes, sealed and stamped **private and confidential** or **to be opened by addressee only**.

If information is to be transferred urgently, the information should be delivered by hand in a sealed envelope stamped **private and confidential** or **to be opened by addressee only**. If transmission is by fax, care should be taken to ensure the outgoing or receiving fax is protected from disclosure to a third party. It is advisable to communicate with the sender/receiver prior to fax for personal data transfer.

If Heads of Division/Department wish to designate someone in the division/department to handle the personal data, they should ensure that the designated officials are fully aware of their responsibility to safeguard the confidentiality of the information.

- 6.1.3. All personal data should be centralized in the files kept by the Human Resources Department. Heads of Division/Department are not encouraged to retain copies of personal data of employees or job applicants unless required for a specific purpose. The data should be kept in cabinets and should not be left lying around the office. Cabinets and offices should be locked before leaving the office.
- 6.1.4. Copies of personal data should be disposed of immediately after use. The files and documents containing personal data or obsolete confidential information should be properly torn or shredded.

- 6.1.5. Copies of written information about employees sent to the Human Resources Department will be kept in their personal files and subject to their access upon request.

## **6.2. Access to Own Personal Data**

- 6.2.1. Telephone enquiries about personal data are restricted to non-sensitive information, such as leave balance, status of medical insurance claims, and progress of training sponsorship applications, upon verification of the employee's identity or staff number.

For access to data kept in personal file, employees are required to review the personal data in the Human Resources Department. No file, document or copy of document may be taken out of the Human Resources Department without the permission of the Head of Human Resources Department or his designated officer.

- 6.2.2. For certification of personal information or release of personal information to a third party, employees are required to fill in a Certification of the Personal Data Requisition Form. The Human Resources Department will issue the certification to the employees as soon as possible in writing, within 40 days after receipt of the employees' request in accordance with the terms of the Ordinance.
- 6.2.3. Personal data of employees who have resigned are kept for seven years from the effective date of termination of employment. Former employees requesting access to or release of information to a third party must write to the Head of Human Resources Department specifying details of the request. The Human Resources Department will release the information as soon as possible by post within 40 days after receipt of the request.

## **6.3. Correction Of Own Personal Data**

- 6.3.1. Both employees and HKEx have a shared responsibility to ensure that the personal data kept by the Human Resources Department are accurate.
- 6.3.2. Employees are required to inform the Human Resources Department immediately of any amendment to their personal data by filling in a Change In Personal Data Form. The Human Resources Department will update the records as soon as possible within 40 days after receipt of the form.
- 6.3.3. Employees who have resigned within the past seven years, are encouraged to keep HKEx posted of any change in their personal particulars.

## **GENERAL GUIDELINES ON COMPLIANCE WITH COPYRIGHT ORDINANCE**

### **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.

### **2. BACKGROUND**

- 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.
- 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.
- 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 2<sup>nd</sup> 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.
- 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.

### 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. Employees should note in particular the following areas which are relevant in the discharge of their duties.

#### 3.1. Computer software

Employees should comply with the circulars, memoranda, practice notes, guidelines and requirements issued by the IT Division and the management from time to time regarding proper management and use of computer software (including but not limited to the Guidelines on Personal Data, Confidentiality and IT Security Controls, the PC Usage Guide and other policies and guidelines posted by the IT Division on HKEx's intranet, as well as Section 10-2 of this Manual on General Rules and Regulations – Company Property, Use of Personal Computer and their subsequent updates). In particular, as users of computer software, you should note the following:

- The use of unlicensed or unauthorized software in the business of the HKEx group is strictly prohibited.
- Do not copy or modify the software installed in the office computers without prior written approval from the respective supporting IT Departments. Copying or adaptation of software programmes may result in violation of the license conditions.
- Do not install in your office computer (whether for office or personal use) any software licensed for your personal use. If you need to bring your own laptop or software for business use, you shall ensure that they are genuine copies and licensed for business use and shall obtain the prior written approval of your respective supporting IT Departments.
- Do not bring to the office any illegal or unauthorized software.
- Do not copy for your personal use any software installed in your office computer. Neither should you use your office computer to do any personal work not relevant to your official duties.
- Do not download any software (including “wall papers”, “sound files” or “screen-savers”) from the Internet and install it in your office computer without prior written approval from your respective supporting IT Departments.

Please contact your respective supporting IT Departments if you require clarification or assistance in relation to the use of computer software in the office.

### 3.2. Making copies of copyright works

Employees are not allowed to make copies of copyright works (including books, magazines, newspapers, periodicals or other publications) for use in the course of the business of the HKEx group unless appropriate licenses have been obtained from the copyright owners. Examples include making copies of newspaper articles regularly for distribution to members of the staff and making copies of certain chapters of a book as reference materials for your project. Moreover, employees are not allowed to bring infringing copies of any works to the office for carrying out their official duties. Where a license has been obtained, employees should comply strictly with the terms of the license. Please note in particular the making of copies in the following areas:

#### 3.2.1. Books, newspapers, magazines, periodicals and other publications

If you need to make copies of any copyright works for the purpose or in the course of the business of the HKEx group, licenses or consent from the copyright owners should be obtained. Otherwise, upon the coming into effect of the new provision under the Amendment Ordinance relating to the new offence against copying for distribution or distribution of infringing copies of printed works, you may commit an offence if:

- the number of copies made or distributed exceeds the number limits (“safe harbour”) to be prescribed in subsidiary legislation;
- the infringing acts are conducted on a frequent or regular basis; and
- financial loss is caused to the copyright owner concerned.

It should be noted that even though copying or distributing infringing copies on an ad hoc basis or within the limits of the safe harbour would not attract criminal sanctions, such copying and distribution activities remain actionable in court as civil infringement under the Copyright Ordinance.

#### 3.2.2. Correspondence from Exchange Participants, Clients, Business Associates

Unless otherwise stated in the correspondence, it is our understanding that it can generally be implied that there is consent from the Exchange Participants, clients or business associates for the copying of such correspondence to other divisions/departments within the company if it is necessary for the purpose of providing the service required by the Exchange Participants, clients or business associates. If there is any doubt, consent of the relevant writer of the correspondence should be obtained.

3.2.3. Electronic copies

Copying does not only mean the making of photocopies. It includes scanning, storing information in hard disc or other electronic or optical media (e.g. optical discs, memory cards and memory sticks). Transmission of materials by fax is also considered as copying. Authorization from the copyright owner is required for the above copying activities.

3.2.4. Internet information

You are permitted to send URL addresses of Internet resources to others (e.g. by quoting them in letters, memos or e-mails). You should, however, note that copyright works on the Internet are equally entitled to copyright protection. Printing out such materials without permission of the copyright owner will infringe copyright. Storing such materials in your hard disc whether permanently or temporarily, other than automatic web-browser caching (e.g. downloading materials from websites for inclusion in your powerpoint presentations), are acts that infringe the rights of the copyright owner. Before you do these acts, prior permission from the webmaster of the site concerned is required.

You are permitted to print materials on the HKEx website in the course of your employment if those materials originated from the HKEx group of companies, i.e. where the copyright rests with the HKEx group. In respect of materials originated from third parties, you would need to ensure that printing of such materials does not violate the conditions agreed with the third party in relation to the posting of the materials on HKEx's website.

3.2.5. Distribution through the Intranet (LAN) or Internet

Distribution of a copy of a work includes distribution by electronic mail. Making available unauthorized copies of a copyright work to others through the following facilities is an infringing act:

- the Intranet (LAN) (e.g. posting scanned copies of newspaper articles on HKEx's Intranet for access by staff members); or
- the Internet (e.g. posting commentaries from a magazine on HKEx's website for promotion purposes).

Permission from the copyright owner is required if employees want to distribute copies of the works of others through the above channels.

#### **4. GENERAL GUIDANCE**

- 4.1. These guidelines are prepared for general guidance only. Each case would turn on its own particular circumstances. If you are in doubt whether any specific case would breach the copyright law, please seek assistance from your supervisor or the Legal Services Department.
- 4.2. To understand more about the copyright law, you are advised to read the frequently-asked questions and answers posted on the website of the Intellectual Property Department of the Government of the Hong Kong Special Administrative Region at [www.ipd.gov.hk](http://www.ipd.gov.hk).

#### **5. ENQUIRIES**

If you have any other enquiries in respect of the copyright law, you may consult your respective supervisors or the Legal Services Department.

## **DISCIPLINARY ACTION**

### **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.

### **2. PROCEDURE**

Depending upon the circumstances, employees may be subject to the following reprimand or disciplinary actions:

#### **2.1. Coaching or Counselling**

If an employee falls below the normal or acceptable requirements as specified in the Human Resources Manual, coaching and counselling by his supervisor should take place as soon as practicable to prevent the situation from deteriorating to a more serious one, or becoming a habit. The supervisor or the Head of Division/Department should, first of all, find out what causes such behaviours, and assist the employee to rectify the shortcomings.

#### **2.2. Verbal Warning**

If no improvement is made by the employee after coaching and counselling, a verbal warning must be given to him. The areas for improvement and the consequences of failure to make improvement within a specified period of time should be clearly explained to the employee.

The warning should be recorded in a memo, acknowledged by the Head of Division/Department and a copy of which should be sent to the Human Resources Department for retention in the employee's personal file.

A verbal warning should be given to employee in the first instance of a minor offence.

### **2.3. Written Warning**

If there is no improvement after the verbal warning has been given, a written warning must be given to the employee. He may be accompanied by a colleague of his own choice when attending the meeting.

The written warning should state the following:

- the nature of the offence with reference to HKEx' policy, instruction or procedure which prohibits it;
- any past warning or action taken for similar violations;
- the details on disciplinary action being taken;
- the expectations or improvements required of the employee; and
- the future disciplinary action which will be taken against the employee if the offence is repeated within a specified period of time.

Depending on the situation, the warning may be given by the Head of Division/Department or his designated officer together with a representative from the Human Resources Department, if required. The warning letter must be explained clearly to the employee. He will be requested to acknowledge his understanding of the warning letter should circumstances warrant. A copy of the written warning should be sent to the Human Resources Department for retention in the employee's personal file.

Improvement by an employee after disciplinary action should be noted in the employee's personal file. The Head of Division/Department or supervisor must constantly monitor the performance of the employee to ensure that he maintains a satisfactory performance over a specified period.

A written warning should be given to the employee in the first instance of a more serious offence or after repeated minor offences.

#### **2.4. Suspension of Employment**

HKEEx may suspend the employment of an employee for a period not exceeding 14 days for investigation of any serious offence that could lead to summary dismissal. However, where the investigation is of a criminal nature and proper criminal proceedings cannot be concluded within 14 days, the suspension may be extended till the conclusion of the criminal proceedings.

During the suspension period, the employee will be paid salary as normal and will be given an opportunity to state his case. During the hearing of the case, he may be accompanied by a colleague if he so wishes. In exceptional cases, suspension without pay may be warranted but this decision can only be made with the approval of the Head of Division/Department and Head of Human Resources Department.

#### **2.5. Dismissal**

An employee will be dismissed after verbal and written warnings have been given and if no improvement is made. Details of the policy for Dismissal are provided in the Section of Termination. The Head of Division/Department should obtain a Personnel Movement/Contract Renewal/Salary Revision Form, complete and forward it to the Human Resources Department. The Human Resources Department will confirm the termination of employment whether by notice/payment in lieu or without notice/payment in lieu and work out the required compensation in compliance with the Employment Ordinance.

### **3. APPEAL**

An employee may appeal against suspension, dismissal with notice or summary dismissal to the Head of Human Resources Department within seven days after the disciplinary action is taken. The meeting to hear the appeal should be attended by a member of the management who is more senior to the one who initiated the disciplinary action, the employee making the appeal and a colleague of his own choice if he so wishes. No disciplinary action will be taken until the outcome of the appeal is known. Subsequent meeting(s) with the parties concerned will be held until a decision is reached. The management will deliver the decision to the employee and confirm it in writing. This represents the final decision of HKEEx.