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Setting the Standard

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HONG KONG EXCHANGES AND CLEARING LTD

Hong Kong

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For important information on Corporate Governance Scores, please see the last page of this report.

Overall Company Score (CGS)	***CGS–8.3 (maximum CGS–10)***
Component Scores:	
Ownership structure and influence	8.0 (maximum 10)
Financial stakeholder rights and relations	8.0 (maximum 10)
Financial transparency and information disclosure	9.0 (maximum 10)
Board structure and process	8.3 (maximum 10)

Executive Summary

Standard & Poor's affirms Hong Kong Exchanges and Clearing Limited's ("HKEx") Corporate Governance Score ("CGS") of 8.3. The score reflects HKEx's ongoing efforts to maintain and build upon its already strong corporate governance standards. Since the initial governance review in 2001, HKEx has further reinforced its governance processes by establishing more robust board committee structures with the addition of nomination and remuneration committees. These positive changes are reflected in the improved Board & Management Structure & Process sub-category score. However, HKEx's unchanged overall CGS and the lower Financial Transparency & Information Disclosure sub-category score also reflect some tightening of our original Corporate Governance scoring criteria that gives recognition to the rapidly evolving nature of corporate governance global best practices, specifically in the areas of large stakeholder influence, quality and frequency of information disclosure and dissemination, and auditor independence.

It is essential to recognize the special status of the HKEx when considering an evaluation of its corporate governance practices and structure. HKEx is an unusual publicly listed company, as its role goes beyond that of a typical commercial enterprise. As the only exchange controller in Hong Kong, HKEx is of clear strategic importance to the economy of Hong Kong and has a legal duty to consider its public interest function - the protection and furtherance of the financial markets of Hong Kong - in addition to providing shareholder value to its members.

This dichotomy of roles within HKEx warrants careful consideration. It is clear that there is a strong correlation between the long-term public interest of the Exchange maintaining its leadership role in Asian financial markets and the consequent financial benefits to its shareholders. But it is important to be alert to the possibility of scenarios where the public interests and the financial interests of its shareholders might diverge - particularly given a board structure, which suggests a primary accountability to the HKEx's public interest role.

The initial governance analysis identified this potential conflict, and it remains the case that there is no evidence to date to suggest that this has been a major problem in practical terms. Indeed certain board decisions have reinforced the HKEx's independence from the specific interests of its broker shareholders. It should be noted, however, that over the past year, HKEx has been in the midst of several high-profile situations that touch directly or indirectly upon corporate governance issues. Specifically, HKEx in its public policy role (1) proposed abolition of minimum brokerage commissions and then delayed implementation until the next year due to government pressure; (2) introduced its consultation paper on proposed amendments to the stock exchange's listing rules relating to corporate governance; (3) changed the structure and membership of the stock exchange's listing committees; and (4) published a consultation paper outlining some proposed Listing Rules amendments which called for, among other things, a minimum trading price requirement for continued listing eligibility (the so-called de-listing rules for penny stocks); this, in turn, led to a market sell-off and a subsequent withdrawal of this part of the consultations in order to restore market calm pending a separate paper to be issued in October 2002. Additionally, some market observers argued that HKEx should have disallowed certain shareholders who were allegedly connected to management from voting on a controversial business divestiture by listed company Boto International Holdings Limited. However, HKEx ultimately could not rule on this issue because the final transaction was deemed to be a "major" rather than a "connected" transaction as defined under the Stock Exchange of Hong Kong's (SEHK) Listing Rules.

The delayed abolition of minimum brokerage commissions arguably exemplifies HKEx's inherent conflict between its public and commercial interests. While there is scope to view this negatively from a corporate governance perspective, it warrants noting that the Hong Kong government, not the HKEx itself, ultimately drove this decision.

The penny stocks incident does not give rise to any immediate concerns about HKEx's internal governance from a financial stakeholder's perspective. However, this is a developing situation that warrants close monitoring, particularly of the interaction between HKEx and the government. The other specific issues cited above do not directly impact the score at this time since they do not appear to directly relate to HKEx's internal governance. Moreover, there is no evidence to suggest that the HKEx has misused its regulatory influence to benefit its own financial performance, and it is beyond the scope of this governance analysis to opine on the appropriateness of the HKEx's regulatory influence over the Hong Kong market, while being a listed company itself.

Nevertheless, these events are worth noting in order to draw attention to the distinction that this report makes between HKEx's internal corporate governance structures and practices versus HKEx's broader role in promoting good corporate governance in the Hong Kong market. The corporate governance score does not directly focus on the latter unless a specific situation leads to a clear conflict between the public interest and shareholder value.

Notwithstanding the unique nature of the HKEx governance structure and the visibility that has been generated by its involvement in shaping the market's listing rules and trading environment, the overall assessment of the governance standards at the HKEx remains positive.

The company's *ownership structure* is shaped by its Articles of Association, which limit an individual to holding no more than 5% stake in the company. This ensures a wide spread of investors and thereby avoids the potential for large ownership blocks to act in their own favour at the expense of smaller shareholders—or the HKEx more generally. However, at the time of the creation of the HKEx, the majority of shareholders were brokers. As such, it could be argued that the brokers' interests, being closely aligned, could give the effect of a concentrated ownership group whose interests potentially differ from those of pure financial investors. To mitigate this potential weakness, the influence of the public interest directors and CEO on the company's board can be viewed as providing an effective check and balance to ensure that the influence of the broker shareholders does not interfere with the financial and public interests of the HKEx.

While it is clear that no one shareholder has more than a 5% stake in the HKEx, the company's public analysis of its shareholder structure does not provide a breakdown of individual owners. It would be helpful to track the underlying ownership structure, in particular to monitor the percentage held by broker shareholders. However the HKEx represents that it is unable to track the individual beneficial shareholders where nominee holding structures exist, and that the type of shareholder tracker services to identify beneficiary shareholders that exist in other jurisdictions are not available in Hong Kong.

The company's *financial stakeholder rights and relations* are good, and there is an established system in place for communicating company news, events to shareholders and voting procedures at company meetings. The company's web site is comprehensive and easy to use. Ownership rights can be considered as secure and well protected. However, shareholder-voting rights are limited by the fact that shareholders elect less than half of the directors, reflecting the government's intent to ensure that the exchange's public interest role is maintained. The 5% share limitation could possibly inhibit legitimate takeover proposals. However, HKEx represents that this is not a takeover protection mechanism, and that there remains flexibility to open the company's capital base beyond the 5% limitation in strategic situations that are consistent with both public interest and shareholder value.

The standards of *financial disclosure and transparency* set by the HKEx are high. During the past year, HKEx added a ***Corporate Governance Report*** to its annual report, expanded the use of electronic media to disseminate information, and removed the auditor indemnification provisions from its Articles of Association. However, the slight reduction in the sub-category score from 9.3 to 9.0 reflects some tightening of our criteria, not a deterioration in governance practices. Specifically, the criteria now places more emphasis on disclosure related issues such as the use of internationally recognized accounting standards, frequency of financial reporting, and detailed disclosure of senior management compensation. HKEx discloses its accounts only under Hong Kong GAAP. However, Hong Kong GAAP is currently being harmonized with IAS standards. The company's auditors, PricewaterhouseCoopers ("PwC"), represent that there are no material differences between the HKEx results under Hong Kong GAAP versus IAS . While timeliness of and access to financial information is in line with the practices of well-governed companies internationally, HKEx has not yet adopted quarterly reporting. Remuneration of the company's executive management is presented in bandings and is more transparent than is the norm for many Asian companies. However, disclosure of individual remuneration packages is less extensive than what is found in other jurisdictions.

An analysis of the HKEx *board structure and process* shows that a high calibre board has been recruited on the basis of relevant experience and a wide range of specific skills. The majority of directors are public interest directors, appointed by the Financial Secretary of Hong Kong with a mandate to look after the broader long-term public interests of the HKEx. Other directors, voted upon by the shareholders, currently represent the brokerage community, which in turn comprised the major shareholder base upon the formation of the HKEx. This is not a typical board structure given the public interest role of the HKEx, and therefore gives rise to scrutiny for possible situations in which the directors' public interest focus might conflict with the financial interests of its shareholders. As noted, however, there is no evidence to date to suggest this is a problem. Moreover, the presence of public interest directors does provide a check and balance against potential influence of the brokerage-focused directors that may not be consistent with the specific interests of the HKEx and its minority shareholders. It also warrants noting that this board is an active board, with a monthly meeting agenda. The board's executive committee meets even more frequently, once every two weeks. This suggests an above average level of engagement of the HKEx board with the company's overall operations.

The Securities and Futures Commission ("SFC"), has confirmed that all directors, with the exception of the CEO, satisfy their criteria for independence. Independent audit and risk management committees are in place and reflect good practice. The company also recently established formal remuneration and nomination committees, which are set to begin operation during the year. These will also be comprised of independent directors and should lead to clearer public articulation of policies related to executive compensation, director selection and management succession. Standard & Poor's has yet to review the charter or the fundamental operating criteria supporting these new board committees.

COMPANY PROFILE

HKEx operates the only exchange-based stock and futures market in Hong Kong. Under the current structure, HKEx consists of three principal wholly owned subsidiaries, The Stock Exchange of Hong Kong Limited ("SEHK"), Hong Kong Futures Exchange Limited ("HKFE") and Hong Kong Securities Clearing Company Limited ("HKSCC"). Since its listing on the Hong Kong Main Board on 27 June 2000, HKEx has undertaken dual responsibilities, that is, to create value for its shareholders and to safeguard the integrity of Hong Kong capital market.

HKEx's basic income is derived from (a) trading tariff and trading fees, (b) listing fees, (c) clearing and settlement fees, (d) depository custody and nominee services fees, (e) investment income and (f) income from sales of information. Therefore, performance of HKEx depends heavily on market sentiment and level of market activities. At the same time, due to the unique nature of the HKEx, its success also has a direct influence on the success of Hong Kong as a leading international financial centre.

Financial Highlights

Note: (Financial figures are expressed in Hong Kong dollars)

Results	2001 $ million	2000 As restated $ million	Change
Income	1,998	2,312	(14%)
Operating Expenses	1,176	1,332	(12%)
Profit before taxation	822	980	(16%)
Taxation	(82)	(106)	(22%)
Profit attributable to shareholders	***740***	***874***	***(15%)***
Shareholders' Fund	5,235	4,879	7%
Total assets*	13,745	14,169	(3%)
Earnings per share	$0.71	$0.84	(15%)
Interim dividend per share	$0.08	$0.08	-
Final dividend proposed and declared per share	$0.25	$0.25	-

* The Group's total assets include the margin funds received from Participants on futures and options contracts.

Component 1: Ownership Structure and Influence

Component Score—8.0

1.1 Transparency of Ownership

The individual shareholding limit of 5% exists that ensures a wide spread of ownership and reduces the chance of undue concentration of ownership. A more detailed public disclosure of the shareholding structure would further enhance transparency.

Key Analytical Issues	*Assessment*
Single shareholding is limited to 5% unless approval is obtained from the SFC after its consultation with the Financial Secretary. This reduces the probability of an unwanted concentration of ownership.	Positive
Indirect holdings have been enumerated and explained.	Positive
Currently there is no mechanism in place that would allow the company to track both the real owners and the percentage of their ownership held in nominee accounts.	Negative

COMMENT

The authorised share capital for HKEx is HK$2,000,000,000. This is divided into 2,000,000,000 shares of HK$1 per share. As at 31 May 2002 the company has 1,042,964,846 shares in issue.

The company disclosed that, as of 31 May 2002, HKSCC Nominees Ltd (holding 849,738,339 shares) continues to be the only registered shareholder of HKEx holding more than 1% of the issued capital of HKEx in the capacity as a nominee for CCASS Participants.

The individual shareholding limit of 5% remains unchanged. However, under the waiver granted by the SFC, there are two CCASS Participants who hold more than 5% of the issued capital of HKEx. As of 31 May 2002 these holdings were about 32.5% and 14.0% in their roles as nominee holders.

The HKEx reports that the SFC's monitoring of its shareholder structure confirms that no individual owner has a beneficial stake in excess of the 5% maximum. This is monitored on a regular basis. However, as is common under international practice, regulators are not usually in a position to provide the underlying detail to the HKEx.

Furthermore, as represented by the HKEx, it is not possible to establish the exact percentage held by existing shareholders, notably brokers, on the basis of public information.

The holding of shares in nominee accounts is an efficient way for financial institutions to hold their client's shares. However, a problem with such a system is the effect that it has on the transparency of a company's shareholder structure as, generally, these institutional investors hold of all the controlling rights, i.e. the rights to vote and receive company information.

While the company obtains the addresses of the various shareholders that comprise the nominee group from the HKSCC for the purposes of notification of company events, it does not obtain the individual holdings. If the HKEx ever has cause for concern about the holdings of any individual, the HKEx would inform the SFC. The SFC is then required to make enquiries to obtain the necessary input from the individuals concerned and to inform the HKEx with regard to any irregularities. However, the HKEx reports that while shareholder tracking services that exist in other jurisdictions to identify individual shareholders are also available in Hong Kong, such services are unable to get behind nominee accounts because disclosure of the underlying owners is not legally obtainable. HKEx does engage an outside firm to track its shareholders on a quarterly basis, but the detail of its findings is limited by what is in the public domain.

1.2 Concentration and Influence of Ownership

A wide shareholder base limits concerns potentially arising from concentration of ownership. Details of the Directors interests in shares and share options are clearly disclosed. However, it is difficult to establish the current holdings of the member brokers.

Disclosed Directors Holdings

Name	*No of Shares Held*	*% Of Total (As of 30th June 2002)*	*Type of Interest*
FAN Chor Ho, Paul	2,187,000*	0.21	Corporate
LEE Jor Hung, Dannis	1,610,000**	0.15	Corporate
YUE Wai Keung	1,000***	0.0001	Corporate

* 2,187,000 shares were owned by Compu-Chart Investment Adviser Limited, a private company in which Mr. FAN Chor Ho, Paul holds a 99.99 per cent interest.

** 1,610,000 shares were owned by DL Brokerage Limited, a private company beneficially wholly owned by Mr. LEE Jor Hung, Dannis.

*** Luen Fat Securities Company Limited, a private company in which Mr. YUE Wai Keung holds a 36.75 per cent interest, owned 1,000 shares.

Key Analytical Issues	*Assessment*
Majority of shares is widely held. This limits concern over concentrated holdings.	Positive
No evidence of a tendency towards greater concentration of shareholdings.	Positive
Managerial holdings are not large enough to confer actual control.	Positive
No evidence of disproportionate exercises of power by any one shareholding group; see comment.	Positive
No cross shareholdings.	Positive

COMMENT

As provided by section 6 of the Exchanges and Clearing Houses (Merger) Ordinance, and incorporated in the company's Articles of Association, no person, either alone or with any associate, may hold more than 5 per cent of the voting power or shareholding of the HKEx. This ensures that HKEx is one of the few truly widely held public companies in Hong Kong. Comparing the ownership structure between 31 May 2002 and 31 December 2000, the total number of shareholders was 1,269 and 453 respectively. This indicates that HKEx's ownership this year is even more widely spread.

HKEx discloses directors' interests in shares. Directors' interests are not large enough to convey any form of direct or indirect control over the company.

However, it is important to remember that most of HKEx's initial shareholders were brokers whose interests can be aligned given that they operate in same industry. Therefore, even though they are not a block holder as such, their interests can differ from the interests of minority shareholders. This, combined with the fact that brokers are well represented on the Board (more detail in section 4.3), creates a situation where, under certain circumstances, potential investors can find it difficult to assess the dynamics between brokers and the minority shareholders. On the other hand, the interests of brokers are not always aligned on all issues (see discussion on "Throttle Rate" below).

To date we have seen no evidence to suggest any material conflicts of interest amongst the Board's various constituencies. The recent discussions at the Board level regarding the issue of "Throttle Rate" (relating to brokers' trading rights and access to the trading system) are an example where, notwithstanding some widely divergent views on this issue amongst the Board members (with a significant divergence of views even amongst those Directors having direct ties to the brokerage industry), the final decision taken by the Board was one that it deemed to be most beneficial to HKEx and the broader marketplace – i.e. to improve access and enhance market efficiency.

However, as noted above, the delayed abolition of minimum brokerage commissions does raise some concern about the potential conflict between the HKEx's public and commercial interests. Some advocates believe that the absence of minimum fees would lead to higher trading volume and thus higher revenues. The government, on the other hand, feared the possible negative impact on certain brokerages and a resulting rise in unemployment at a time when Hong Kong was already hit hard by the economic downturn. While the delay should not significantly impact HKEx's near-term profitability, the manner in which it was accomplished demonstrates the government's willingness to impose its public policy agenda on HKEx's operations.

Component 2: Financial Stakeholder Rights and Relations

Component Score—8.0

2.1 Voting and Shareholder Meeting Procedures (including regularity of, ease of access to, and information on shareholders meetings)

Comprehensive information is supplied to shareholders well in advance of company meetings and is also available on the company's website. Procedures that are in place for voting at company meetings are of a high standard. Voting is still done on a show of hands, a common practice in many jurisdictions. However this may be considered less comprehensive and representative than the use of polls.

Key Analytical Issues	*Assessment*
The company informs individual shareholder of upcoming annual general meetings at least 21 days in advance.	Positive
Meetings are held in Hong Kong, and hence easily accessible for most shareholders.	Positive
Shareholders are entitled to appoint a proxy to attend and vote at shareholder meetings. See comment.	Positive
Shareholders can call a special meeting and HKEx specifically adopts minimum threshold required for shareholders to call a special meeting.	Positive
There is a clearly articulated set of voting procedures that is independently verified by PwC.	Positive
Cheap transparent and simple voting procedures exist for those unable to attend.	Positive
Evidence of effort to ensure all beneficial shareholders have access to meeting information and their voting instructions can be received	Positive

COMMENT

The HKEx has satisfactory procedures for holding annual general meetings and extraordinary meetings. Notifications of meetings are subject to section 114 of the Companies Ordinance. This requires that at least twenty-one clear days' notice of every annual general meeting and at least fourteen clear days' notice of every other extraordinary general meeting are given to all shareholders (twenty-one clear days’ notice of every extraordinary general meeting at which it is proposed to pass a special resolution – subject to section 116C of the Companies Ordinance). The HKEx notifies its members of meetings by mail, in a Chinese and English language newspaper, and on the company's web site.

Voting arrangements are clearly set out in the company's Articles of Association and members may attend and vote in person or appoint a proxy to represent them. Voting by post is possible where a shareholder is unable to attend or they may complete their proxy form and appoint the Chairman as their proxy. Electronic voting is not possible and on a practical level this is not considered to be essential, as company meetings are held in Hong Kong where the majority of members are residents. Shareholders are sent copies of the Annual Report and Accounts plus accompanying information about the meeting by post.

The company’s Articles of Association were amended to take advantage of the recent changes to the Companies Ordinance that permits listed companies incorporated in Hong Kong to send a Summary Financial Report to all of their shareholders, instead of full annual report and accounts. This presents an additional cost saving point for HKEx. However, it is important to note that shareholders can still, if they wish to do so, receive a full annual report and accounts. A copy of the proxy form is sent with the notice. Furthermore, the company obtains the names and addresses of individual shareholders, whose shares are held in nominee accounts, from the HKSCC and sends all the relevant notices of company meetings with accompanying information upon their request.

HKEx’s bi-lingual website is informative and contains the report and accounts and all information pertaining to company meetings. Directors attend these meetings, and shareholders are given the opportunity to question Board members on company business. The company has informed Standard & Poor’s that the time allotted for shareholder questions is dependent upon the number of issues raised by shareholders.

Voting procedures are well defined in the Articles of Association and are disclosed to all shareholders. A poll may be called by (i) the chairman of the meeting, (ii) at least three members presented in person or by proxy; (iii) member (in person or by proxy) if their holding represents, in aggregate, not less than ten per cent of the total voting rights; or (iv) members (in person or by proxy) which an aggregated sum has been paid up not less than one tenth of the total sum paid up, can call for a poll under any circumstances.

The standard voting procedures of the HKEx are based on a show of hands rather than a poll. This is in accordance with the Hong Kong Companies Ordinance, and is not only a common practice in Hong Kong, but also common in many other jurisdictions globally. It is important to note that a show of hands can represent a practical way of voting and that in contentious situations mechanisms are in place at the HKEx to employ a poll system to ensure that votes are clearly linked to the shareholder’s absolute level of shareholding. However it should be recognized that, unless a poll is demanded, a member in possession of few shares would have the same effect on voting as any other member in attendance, irrespective of the number of shares held. It is only on a poll that each shareholder can cast the total number of votes that are attached to his shares. PwC, which independently verify voting procedures, has been asked, in addition to acting as the independent scrutineer for voting by poll, to be an independent scrutineer for voting by the show of hands.

The show of hands system of voting, though pervasive globally, is not an ideal structure. In the context of best practice Standard & Poor’s regards it as being less preferable than a poll system. In the case of the HKEx there is no suggestion of any abuse of the existing structure and this should not be unduly emphasized in an overall evaluation of its financial stakeholder relations. But even for companies where the show of hands system does not suggest flawed or unfair voting results, the company will be less aware of how its resolutions are regarded by its shareholders on the basis of the weighting of individual shareholdings. Currently, there are no mandatory requirements to vote in Hong Kong, and there is a statutory requirement for attendance by a minimum of two shareholders to form a quorum at a company meeting.

2.2 Ownership Rights and Financial Rights, Including Dividends

Ownership rights are clearly stated and well protected, though shareholders only have a limited voice in the election of the company's directors.

Key Analytical Issues	Assessment
Secure ownership rights exist via a transparent and independent registrar system.	Positive
The share structure consists of one class of common shares that have clearly articulated rights.	Positive
The Company Charter clearly establishes one share, one vote.	Positive
Dividend policy exists and has been articulated to shareholders.	Positive
Declared dividend payments have been made.	Positive
Shareholders do not have full voting rights since the government, which appears not to be a shareholder, appoints the majority of the directors.	Negative
There are no super majority requirements that interfere with the shareholders' right to elect directors or ratify corporate actions.	Positive

COMMENT

Rights attached to the HKEx's shares are secure and shares are fully transferable. The company complies with the statutory requirements, which require all companies to keep a register of members in Hong Kong. Through the subscription service provided by the share registrar, Hong Kong Registrars Limited ("HKR"), the HKEx is able to access the shareholding of each Central Clearing and Settlement System ("CCASS") participant.

There is no evidence of super majority provisions that are likely to interfere with shareholders' rights. The Articles of Association provide that all business to be decided upon at annual general meetings should be deemed to be special business. The exception of (i) declaration of dividends; (ii) adoption of the Annual Report & Accounts; (iii) election of directors; and (iv) re-appointment and remuneration of the auditors.

The fact that the government tries to make sure that no shareholder group exercises undue influence over HKEx's affairs by appointing the majority of the directors may help it in strengthening the HKEx's public policy role. But this does not allow the shareholders to fully exercise their fundamental shareholder rights, which includes having the freedom to elect their own board representatives.

2.3 Takeover Defences

Key Analytical Issues	Assessment
There are no explicit anti takeover provisions.	Positive
5% share ownership limit can present an obstacle to legitimate take over bid. See comments.	Negative

COMMENT

As noted earlier, the HKEx has a shareholding limit that restricts individual ownership of shares to 5%. This is not intended to serve as an anti-takeover device. However, this provision could, in theory, be used to thwart an otherwise legitimate takeover bid, particularly in cases where the public interest role of the HKEx was not under threat. Standard & Poor's recognizes the political importance of the HKEx to the region and the reasons for the limit. Moreover, the listing document recognizes that a situation could arise whereby an increase on this limit is required. Accordingly, any increase over the 5 per cent limit would require the approval of the SFC, after consultation with the Financial Secretary. Hence, the 5% limitation is not cast in stone. The SFC and the Hong Kong Financial Secretary could waive this provision in the event these bodies were satisfied that both public interest and shareholder financial considerations so justify.

Furthermore, the company's Articles of Association outline the fact that one third of HKEx elected board members will be subject to retirement or rotation at every AGM on and after 2003. This, combined with the fact that majority of the directors (8 out of 14) have a special appointment by Financial Secretary of Hong Kong and are not subject to retirement by rotation, makes HKEx board a staggered board. Staggered board structures, which are now common for many public companies, can present an implicit anti takeover defense as it prevents the bidder from gaining instant and total control of the board.

Component 3: Financial Transparency and Information Disclosure

Component Score—9.0

3.1. Quality and Content of Public Disclosure

Quality and content of public disclosure is high. More information can be disclosed on the remuneration of executive management.

Key Analytical Issues	***Assessment***
Financial statement presentation, breadth of coverage, and attention to detail continue to compare favourably with the highest global standards.	Positive
There is adequate disclosure of minority interests, internal, inter-firm and related party transactions.	Positive
Corporate records of shareholder meetings are well maintained.	Positive
Shareholders have been notified of all corporate events in the last 12 months.	Positive
Accounts are disclosed only under Hong Kong GAAP. There is no reconciliation with IAS or other globally recognized accounting standards.	Negative
Limited disclosure on management compensation.	Negative

COMMENT

The Company's financial statements are prepared in accordance with accounting standards generally accepted in Hong Kong and are audited by PwC according to Statements of Auditing Standards issued by the Hong Kong Society of Accountants ("HKSA"). The quality of these statements is fairly close to that of accounts prepared in accordance with IAS as, during the past few years, the HKSA has been in the process of harmonizing Hong Kong's accounting standards with IAS.

Standard & Poor's would expect companies with the highest levels of transparency and disclosure to prepare audited financial statements according to IAS or another globally recognized accounting standard or, alternatively, provide a reconciliation. However, it is important to note that the major differences between HK GAAP and IAS -- treatment of investment property and deferred taxation are both not applicable to HKEx's businesses. Moreover, both HKEx and PWC have represented that the accounts would not differ significantly if they were to be restated under IAS. Hence while a reconciliation would be helpful, particularly to those analysts who are not intimately familiar with Hong Kong GAAP, in practical terms this is not a significant shortcoming.

The annual reports and interim reports are prepared in compliance with the requirements predetermined by the Companies Ordinance, Listing Rules and the Standard Statement of Accounting Practice of the Hong Kong Society of Accountants.

Overall standards of financial disclosure are high. Details of investments and indirect holdings in its subsidiaries are disclosed thoroughly and there is adequate disclosure of related party and internal transactions. Good disclosure here is particularly important due to the special circumstances arising from the fact that some of the directors of the HKEx are directors and/or shareholders of buy-in brokers, companies listed on the SEHK, exchange participants or clearing participants.

Records of all shareholder meetings are properly maintained by the company secretary and are easily accessible at the company's registered office. A number of important documents are available for inspection at the company's registered office and on the HKEx's website including the Memorandum and Articles of Association; material contracts of the company; the rules of the share option scheme; the audited financial statements and the accountants report prepared by PwC.

The company discloses information about remuneration of company's executive management. This information is presented in bands. This is more transparent than is typical for most Asian companies. However, disclosure of individual remuneration packages is less extensive than that found in other jurisdictions.

From this year, the company's Annual Report includes a Corporate Governance Report. This new part of Annual Report aims at providing clear information to investors about HKEx's corporate governance structure. This is a positive addition to the company's reporting.

The HKEx has introduced a number of ways of notifying its shareholders of all major events, which is considered to be one of the characteristics of well governed companies: (i) all relevant corporate information is available on the bi-lingual (Chinese and English) web site, (ii) as of recently, the company clarified that corporate communication may also be made in electronic means, (iii) annual and interim results are published in one English language newspaper and in Chinese newspapers and press releases are distributed to all newspaper publishers in Hong Kong, (iv) press conferences are held from time to time but always after the annual general meeting ("AGM") and results announcements (v) the HKEx occasionally issues circulars (in line with the listing requirements) in order to explain certain issues to its shareholders and, (vi) all relevant information about the AGM is included in the annual report.

3.2. Timing and Access to Public Disclosure

Timing and access to public disclosure is in line with good corporate governance practice.

Key Analytical Issues	***Assessment***
HKEx submits financial results to regulators on time.	Positive
Public information is sent to shareholders in a timely manner.	Positive
HKEx extended its communication with shareholders to include electronic distribution of notices and documents.	Positive
Shareholders have easy access to corporate records of shareholders meetings.	Positive
Corporate records of shareholders' meetings are available for inspection at the registered office.	Positive
Public announcements and Memorandum and Articles of Association are available upon request by any shareholder at the company's head office.	Positive
No quarterly reporting. See comments.	Negative

COMMENT

There is clear evidence of the company's efforts to provide information in a timely and efficient manner. Notification of the AGM and extraordinary general meeting ("EGM") is at least twenty-one clear days, (***14 days clear notice for passing ordinary resolution on EGM)*** prior to the meeting. All public information is sent on time and via established distribution systems. Shareholders are sent information on shareholders' meetings.

The company's website is another good source of information. The website is bilingual and easily navigable and finding information is easy. There is an "Investors Relations Corner" on the site that provides existing and potential investors with relevant information necessary to make an informed decision. Furthermore, the website includes news releases, publications and information products.

Earlier this year the HKEx's consultation paper on amendments to listing rules for companies listed on the Hong Kong Stock Exchange proposed the adoption of quarterly reporting. At the time of writing this report, the HKEx informed us that the results of consultation have been collated and analyzed. However, notwithstanding the fact that the HKEx proposed this as a new norm for all listed companies in Hong Kong, the company has not chosen to adopt quarterly reporting itself— or at least until this becomes the standard for all listed companies in Hong Kong.

3.3. Independence and Standing of Auditors

HKEx's auditors are PricewaterhouseCoopers ("PwC") - a well-established international auditing firm. None of the arrangements between the HKEx and PwC suggest that the auditor's independence is compromised.

Key Analytical Issues	*Assessment*
The external auditor is a reputable and experienced audit company.	Positive
There is an explicit, transparent and accountable process for selecting the auditor.	Positive
The primary relationship of the auditor with the independent board audit committee and the relatively low level of non-audit fees suggest an independent audit process with limited scope for conflicts of interest.	Positive
The company has amended Article 155 of the Articles of Association to exclude Indemnity of Auditors.	Positive

COMMENT

HKEx's auditors, PwC, are recognized as reputable and independent and are a leading international firm. The company's process of selecting the auditor is transparent. An Audit Committee, consisting entirely of independent outside directors, recommends the external auditor for approval and/or re-appointed at each AGM.

A positive governance feature is the high level of engagement and independence demonstrated by the five-member Audit Committee, which directly supervises the company's auditors and the audit process. Its duties include overseeing the setting of audit fees and the nomination, appointment, performance evaluation, and, if necessary, dismissal and replacement of the external auditor. The Audit Committee meets at least four times a year and receives monthly updates from the HKEx Internal Audit Unit.

Total auditors' remuneration is disclosed in the Annual Report but without a detailed breakdown of audit versus non-audit fees. However, the company informed us that non-auditing fees paid to PwC in 2001 were only about one third of the auditing fees.

Since the first corporate governance review in 2001, the company has amended the Articles of Association and removed the provision of indemnity to auditors under Article 155. Standard & Poor's sees this as a positive move that further enhances auditor independence and accountability.

HKEx informed us that currently there are no plans or policies relating to auditor rotation or, at least, audit partner rotation. However, it is important to note that HKEx was listed approximately three years ago, and it would not be expected from such a "young" company to change its auditors at this point in time. Over time, however, this issue may warrant reconsideration in the form of a more explicit policy statement.

Component 4: Board Structure and Process

Component Score—8.3

4.1. Board Structure and Composition

The calibre of the Board members is high. The unique role of public interest directors appears to provide a check and balance against the interests of directors representing brokers. There is no evidence that the public interest role is working against the specific financial interests of the shareholders. However, this structural characteristic warrants ongoing monitoring.

Key Analytical Issues	*Assessment*
Predominance of non-executive directors on the board.	Positive
The CEO and Chairman positions are separate. The Chairman is non-executive.	Positive
The CEO and government appointed public interest directors comprise the majority of the board. This raises the question of potential conflicts between accountability to the government and accountability to the shareholders.	Negative
The Audit Committee is comprised of only non-executive directors.	Positive
HKEx newly established Remuneration Committee and Nomination Committees.	Positive

COMMENT

The structure of the Board is unorthodox for a publicly listed company due to the special nature of the HKEx. Currently, eight of the fifteen directors are appointed by the Financial Secretary of Hong Kong and are not subject to re-election by the shareholders. The public interest directors' official term comes to an end in 2003, and the Hong Kong Financial Secretary will determine subsequent public interest director reappointments. In addition, the directorship of the Chief Executive Officer is *ex-officio,* hence his appointment to the board is not subject to the approval by the shareholders. The remaining six elected directors were nominated by the Board of Directors and elected by the members in March 2000, at the time, the majority of members were brokers of the two exchanges. Accordingly, all elected directors appear to represent the interests of the former members of the exchanges. Each year, starting from AGM 2003, one third of the elected directors will be subject to retirement or rotation.

With the exception of the Chief Executive Officer, all directors are non-executives ("NEDs"), thus providing a healthy basis of independence vis-à-vis the company's management. While each shareholder-elected director has the responsibility to represent the interests of all HKEx shareholders, there is also a potential conflict between the collective interests of the Hong Kong brokerage community and the interests of the HKEx shareholders from a financial perspective.

The integrity of the board structure depends on the congruence of the interests of the public interest directors with the financial interests of individual shareholders. In principle it would appear that this correlation is tight and thus far there is no reason to suggest that the public interest directors are pursuing an agenda that might potentially work against the interests of the shareholders to realize value in their shareholding. But this existing structure could, in principle, allow for public interest considerations to diverge from financial interests of shareholders in specific cases. As such, this is something that must be monitored on an ongoing basis.

The Merger Ordinance provides that in 2003 the number of public interest directors will be no greater in number than the number of directors elected by the shareholders. This is one step in the direction of a more conventional board structure, where shareholders have a more complete voice in electing the board directors. As the HKEx continues to mature as an institution, and as the shareholding continues to diversify beyond the concentration in the brokerage community, it will be important to monitor the extent to which the role of public interest directors and broker-linked directors continues to reduce.

The existing Board and committee structure basically follows the recommendation of a McKinsey & Co study. The six committees under the HKEx board are Executive Committee, Audit Committee, Investment Advisory Committee, Risk Management Committee, Remuneration Committee, and Nomination Committee. Except for Executive Committee, which has the CEO & COO as members, all other five committees consist only non-executive directors, while the Investment Advisory Committee and the Risk Management Committee also have outside professionals as members.

The main job of the newly established Remuneration Committee is to set remuneration and succession policies and to recommend them to the board, as well as to set guidelines for the recruitment and the remuneration of directors. The Nomination Committee's main function is to formulate the nomination policy and to determine the selection criteria of non-public interest directors. We consider these developments as positive steps to promote Board effectiveness. Since both committees are newly established (on 13 March 2002), Standard & Poor's will continue monitoring their activities and results.

4.2. Role and effectiveness of the Board

The role of the Board is well articulated in company documents and there is clear evidence that the risk management issues are seriously considered by the Board through the Risk Management Committee.

Key Analytical Issues	*Assessment*
The Board has articulated for itself a set of matters reserved for its decision.	Positive
From discussions with directors and reviews of recent Board decisions, the Board appears to act in the interests of all shareholders.	Positive
Strong commitment to internal risk control procedures through its Audit Committee, and Risk Management Committee.	Positive
Policy in place that prohibits the Board to make loans or advances to directors.	Positive
The Board has an active meeting schedule with good attendance records.	Positive

COMMENT

The minutes of the Board meetings shows evidence that the HKEx Board is an active Board which operates in the interests of all the shareholders of the company. The Board meets monthly and if required, an additional meeting can be arranged. Review of attendance records of the Board meetings show that, over all, there is a high level of attendance to the meetings where in 2001 on average 85 per cent of directors have attended the board meetings.

The Audit Committee reviews and supervises the financial reporting process and internal control system of the company and its subsidiaries. The committee members meet four times each year and two of these meetings coincide with the publication of the interim results and the Annual Report & Accounts. Members of the Audit Committee report that they are provided with quarterly and monthly reports, which help them to prepare for items listed on the agenda prior to the meetings. Agenda and minutes (which are confidential, and common in Hong Kong and elsewhere) to the meetings are presented to Standard & Poor's upon requests and showed extensive detail of the issues discussed and the individual participation of the Audit Committee members. The Audit Committee actively manages relationship with the external auditor. A positive aspect is that meetings were well attended and shows active participation by the committee members.

The head of the internal audit function reports to the chief executive officer but he may seek an opinion from the Chairman of the Audit Committee on any issues as a result of the internal audit function. Our meetings with management, directors and external parties all reinforce our view that the Audit Committee is independent.

A Risk Management Committee has been established, and is chaired by the Chairman of the HKEx, including independent board members complemented by outside expert advisors. Its role is to formulate policies on risk management matters relating to the activities of the HKEx, the exchanges and the clearing houses and to submit such policies to the Board for its consideration. Meetings with management of the HKEx indicate that this is viewed as an essential function within the HKEx in view of the Hong Kong financial market's recent history. In 2000 – 2001, the company engaged Arthur Andersen to conduct an overall review of risk management policies within HKEx. Arthur Andersen produced the Risk Management Charter which outlines clear roles and responsibilities for all the parties involved in risk management within HKEx. Standard & Poor's have reviewed the Charter. No critical points were identified and several areas of improvements were recommended. The Board approved the Charter in June of 2002.

There is a clearly articulated policy regarding related party transactions. All related party transactions have to be reviewed by two independent NED (of which one is the Chairman) and the Company Secretary maintains a register involving all related party transaction concerning Board members.

Generally, the duties of Board members are onerous. The current non-executive Board members are a high calibre group and this is reflected by their full time duties elsewhere. However, given the board balance, HKEx may need to monitor closely the effective time individuals are able to devote to their duties. From discussions with management, and a review of the Board minutes, it is clear that the workload of the Board is significant.

4.3 Role and independence of outside directors

The NEDs are high calibre professionals which all satisfy criteria of independence of the SFC, particularly vis-à-vis company management. However ongoing scrutiny is warranted to ensure that the public interest perspective of the government appointed directors and the perspective of directors from the brokerage community do not diverge from the financial interests of individual shareholders.

Key Analytical Issues	*Assessment*
Limited articulation of director selection criteria on independence relating to monetary, financial and/or commercial relationships with the company. The extent to which the newly established Nomination committee will address these issues remains to be seen. See comment.	Negative
In March 2002 the company has established a Nomination Committee whose main mandate will be to develop a policy to ensure a more robust process to identify and nominate candidates for shareholders' consideration and election. However, it remains to be seen how will this committee function in practice. See comments.	Positive
Existing external directorships held by board members do not appear to interfere with the quality of their involvement. See comment.	Positive
Relationships that external directors have with the company are limited, and policies exist to avoid potential conflicts of interest.	Positive

COMMENT

As noted earlier, director selection criteria are difficult to assess owing to the lack of policies on the selection procedures of the Board. However, the Annual Report & Accounts and listing document do refer to matters dealing with financial and commercial interests where conflicts might occur. There is also a committee established for dealing with the potential conflicts of interest for HKEx as the exchange controller.

The company has informed Standard & Poor's that the then exchange members, who became shareholders at the time of the merger, voted in on the six elected directors. But there were no policy documents articulating the criteria required to qualify a candidate for election, nor any written procedures showing how a minority shareholder may participate in these procedures. The information provided is limited but essentially the Board nominated the candidates and the shareholders cast their votes both positively and negatively. Ten candidates were nominated and the first six with the highest level of net votes, (including deductions for a negative vote against an individuals' name), were elected. The results of these votes were published on the company's website.

As discussed in section 1.2 above, former exchange members held the majority of the shares in the company at the time of the merger. However, a significant number of initial shareholders have subsequently sold their interests in HKEx and there is a significant trade in the company's shares. This raises questions regarding the extent to which these new shareholders are appropriately represented by the existing brokerage-linked directors, as well as the ability of the new shareholders to replace existing elected directors with new directors whose concerns may be more explicitly focused on the new shareholders' interests. The current elected directors do represent the interests of the former members and have been appointed for an initial three-year term. All the elected directors will retire in 2003 and fresh elections held at the annual general meeting will fill the six vacancies. Starting in 2004 one third of the elected positions will be vacated for fresh election. This means that going forward, out of a Board comprising thirteen members, only two will be subject to annual re-election by the shareholders. However it should be noted that the public interest directors all have a term of renewal that will expire in 2003, and that there is scope for public director rotation at that point.

The Financial Secretary of Hong Kong appoints the eight public interest directors. Their primary function is to oversee the public role of the HKEx. With the exception of the CEO, the Board (both elected members and government appointees) is distanced from the executive role of the company and is concerned primarily with policy and major operational issues. There are no public documents relating to the recruitment of any of the public interest directors and Standard & Poor's were informed by a number of these directors that they were contacted informally by the Financial Secretary's office prior to receiving a formal written proposal.

The biographies of all the public interest appointments and elected directors are detailed and show a wide range of skills and experience in the financial services.

The company has made a positive step by establishing a Nomination Committee in March 2002. This committee consists of three NEDs appointed by the Board, of which at least one has to be an elected director. Based on the review of Terms of Reference of this committee, our understanding is that the committee's main mandate is to make the whole process of nomination of elected directors more clear and transparent. However, as the committee meeting are usually scheduled for prior to AGM where the new appointments will be considered (and additionally only if required), it is not possible to determine at this point in time to what extent the whole process will be more clear and "user friendly" for all shareholders and non brokers in particular.

The SEHK Listing Rules specifically address so-called "connected" transactions. In this context, a connected party is one who holds a 30% or greater interest in a company engaging in a transaction with HKEx. Thus, while Directors with ties to brokerages might appear to fit the profile of a "related party" under common corporate governance terminology, they are not deemed to be connected parties unless they meet the specific criteria. However, whether a transaction is deemed to be connected or related party, HKEx and the Listing Rules, require that such transactions be conducted on normal commercial terms. In addition, the terms under which such transactions are entered into must be fair and reasonable and in the interests of the shareholders as a group. Connected transactions must also comply with all other - requirements set out in the Listing Rules.

4.4 Directors' and key managers' compensation policies.

The annual report details the remuneration of the top five paid employees. However, incentive based pay is not linked to share price performance.

Key Analytical Issues	Assessment
Compensation for senior management is both cash and share based.	Positive
There is no performance peer review of the Board members.	Negative
The company has established a Remuneration Committee with the main task of articulating the company's remuneration and succession polices.	Positive
Amendments to share option scheme in order to comply with List Rules requirements.	Positive

COMMENT

Earlier this year the company made a positive step by establishing a Remuneration Committee. It consists of three NED directors and will meet at least once a year. We have reviewed the Terms of Reference of this committee and its fundamental premise is to ensure a remuneration structure that fairly aligns interests of company managers and officers with its shareholders. However, it is important to note that this committee has not met as of the time of writing this report so its real impact remains to be seen.

Existing compensation policies for senior management are both cash and share based. None of the Directors apart from the Executive Director (the CEO) received any compensation. Advice was taken from outside remuneration consultants for the share option schemes and remuneration policy.

It is important to note that HKEx has an explicit policy in place that prohibits loans or advances to be given to Board members or senior management. This is positive corporate governance feature as it prevents Board members and senior management from abusing their position and increasing the exposure of the company to them as individuals.

Compensation plans often allow for the potential of excessive share authorizations. According to the recent Amendments to Share Option Scheme, the maximum number of shares in respect of which options may be granted under the Share Option Scheme (when aggregated with the number of shares that may be granted under any other scheme) is equal to 10 per cent of the issued share capital at the date of approval of the Scheme. In the case of HKEx there is existing 3.5% for the pre-listing scheme. In calculating the shares available for grant, any options that have been exercised are removed from this calculation. In Standard & Poor's experience, companies that set a high standard for their incentive schemes set minimum vesting periods of three years, following a performance period which has to be met. HKEx's vesting period commences after two years and the award is phased over the subsequent three years, thereby entitling the individual to his entire grant after a period of 5 years. This is a more demanding requirement and provides a greater incentive structure for HKEx senior management to achieve long-term financial performance.

In terms of option awards, the HKEx adopts the use of a performance period prior to the award rather than an award dependent upon performance. The rules of the pre-listing scheme refer to the formula that is used by the Board for the calculation of the subscription price. Here a price/earnings multiple is determined by reference to the price/earning multiples of various financial companies listed on the stock exchange and/or overseas. A comparator group was comprised of financial institutions in Hong Kong and overseas. The rules make no reference to any fixed periods of time to be monitored and this has the potential to attract criticism, as they apparently give the company the discretion to select any period within the rules of the scheme (10 years after adoption of the scheme).

The above-mentioned amendments to the share option scheme have removed the setting of a subscription price at 20 per cent discount to the average closing price. The subscription price is now determined by the Board and is higher or at least equal to the highest of: (i) the closing price of HKEx shares on the stock exchange on the relevant offer date, (ii) the average closing price of HKEx shares on the stock exchange for the five trading days immediately prior to the relevant offer date and (iii) the nominal value of HKEx shares. Further changes include requirement for independent NED's approval for the options to be granted to connected person, restrictions on the exercise of options, maximum entitlement of shares granted to an employee is limited to 1% in any 12 month period.

The pre-listing scheme was established to reward those involved in the merging of the exchanges. However, these are not linked to the performance of the company and, at the time of making such an award, it is difficult to assess whether or not it has been a success. 143 employees of the group benefited under this scheme and 36,423,269 options were awarded at a subscription price of $7.52. It is also possible for these same individuals to benefit under the post-listing scheme. Currently no awards have been made under the post-listing scheme.

Currently, there is no succession policy in place; however, this topic seems to be high on the agenda of the recently established remuneration committee. We do not have any clear indication whether and to what extent the remuneration committee has done any work since its establishment and its effectives remains to be assessed in time to come.

None of the NEDs receive any remuneration. Lack of director remuneration can potentially be a negative feature, as, over time, remuneration may be necessary to ensure that NEDs devote the appropriate time to their various director duties. In the case of the HKEx this may be mitigated by the fact that the visibility of the HKEx and its unique and prominent role in Hong Kong provide an incentive for director engagement, notwithstanding the lack of formal remuneration.

Corporate Governance Scores

A Corporate Governance Score ('CGS') reflects Standard & Poor's assessment of a company's corporate governance practices and policies and the extent to which these serve the interests of the company's financial stakeholders, with an emphasis on shareholders' interests. These governance practices and policies are measured against Standard & Poor's corporate governance scoring methodology, which is based on a synthesis of international codes, governance best practices and guidelines of good governance practice.

Companies with the same score have, in the opinion of Standard & Poor's, similar company specific governance processes and practices overall, irrespective of the country of domicile. The scores do not address specific legal, regulatory and market environments, and the extent to which these support or hinder governance at the company level, a factor which may affect the overall assessment of the governance risks associated with an individual company (see below 'Country Factors').

A CGS is articulated on a scale of CGS 1 (lowest) to CGS 10 (highes).

CGS 10 and CGS 9—a company that, in Standard & Poor's opinion, has ***very strong*** corporate governance processes and practices overall. A company in these scoring categories has, in Standard & Poor's opinion, few weaknesses in any of the major areas of governance analysis.

CGS 8 and CGS 7—a company that, in Standard & Poor's opinion, has ***strong*** corporate governance processes and practices overall. A company in these scoring categories has, in Standard & Poor's opinion, some weaknesses in certain of the major areas of governance analysis.

CGS 6 and CGS 5—a company that, in Standard & Poor's opinion, has ***moderate*** corporate governance processes and practices overall. A company in these scoring categories has, in Standard & Poor's opinion, weaknesses in several of the major areas of governance analysis.

CGS 4 and CGS 3—a company that, in Standard & Poor's opinion, has ***weak*** corporate governance processes and practices overall. A company in these scoring categories has, in Standard & Poor's opinion, significant weaknesses in a number of the major areas of governance analysis.

CGS 2 and CGS 1—a company that, in Standard & Poor's opinion, has ***very weak*** corporate governance processes and practices overall. A company in these scoring categories has, in Standard & Poor's opinion, significant weaknesses in most of the major areas of analysis.

GovernanceWatch

A 'GovernanceWatch' designation may be used to highlight the fact that identifiable governance events and short-term trends have caused a CGS to be placed on review. GovernanceWatch does not mean that a change to the CGS is inevitable. GovernanceWatch is not intended to include all CGSs under review, and changes to the CGS may occur without the CGS having first appeared on GovernanceWatch.

Country Factors

Although Standard & Poor's publishes country governance analyses from time to time, it is important to note that Standard & Poor's does not currently score individual countries. However, consideration of a country's legal, regulatory and market environment is an important element in the overall analysis of the risks associated with the governance practices of an individual company. For example two companies with the same Company Scores, but domiciled in countries with contrasting legal, regulatory and market standards, present different risk profiles should their governance practices deteriorate i.e. in the event of deterioration in a specific company's governance standards, investors and stakeholders are likely to receive better protection in a country with stronger and better enforced laws and regulations. However, in Standard & Poor's opinion, companies with high corporate governance scores have less governance related risk than companies with low scores, irrespective of the country of domicile.

For a full explanation of Standard & Poor's criteria for measuring corporate governance standards, please refer to the latest edition of "***Corporate Governance—Criteria & Methodology***".

Important Note

A CGS is based on current information provided to Standard & Poor's by the company, its officers and any other sources Standard & Poor's considers reliable. A CGS is neither an audit nor a forensic investigation of governance practices. Standard & Poor's may rely on audited information and other information provided by the company for the purpose of the governance analysis. A CGS is neither a credit rating nor a recommendation to purchase, sell or hold any interest in a company, as it does not comment on market price or suitability for a particular investor. Scores may also be changed, suspended or withdrawn as a result of changes in, or unavailability of such information.

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