

Company No. 631209

THE COMPANIES ORDINANCE (Chapter 32)

COMPANY LIMITED BY GUARANTEE

AND

NOT HAVING A SHARE CAPITAL

MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

HONG KONG SECURITIES INSTITUTE

香港證券專業學會

THE COMPANIES ORDINANCE (Cap. 32)

**COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL**

MEMORANDUM OF ASSOCIATION

- of -

HONG KONG SECURITIES INSTITUTE

香港證券專業學會

- 1.¹ The Company's name is "HONG KONG SECURITIES INSTITUTE 香港證券專業學會".
2. The Company's registered office will be situated in Hong Kong.
3. The objects for which the Company is established are:-
 - a. to promote, encourage, develop and maintain proper conduct, integrity and high standards of professional competence on the part of those practising in Hong Kong in the securities and futures industry and in the fields of banking, foreign exchange, insurance, investment advice, fund management, corporate finance and related fields;
 - b. to promote for the public benefit the advancement and dissemination of knowledge regarding securities, futures, financial markets, banking, foreign exchange, insurance, investments, fund management, corporate finance and related matters;
 - c. to encourage the development of the securities and futures markets in Hong Kong;

¹ Name changed with effect from 08/01/2001.

- d. to act as an authoritative body for the purpose of consultation, research and recommendation in the public interest concerning investment in securities, futures and other financial products;
 - e. to establish and maintain contacts with bodies performing similar functions to the Company whether in Hong Kong or elsewhere for the purpose of mutual assistance and mutual recognition of membership, qualifications and awards.
4. For the purpose of giving effect to and carrying out the above objects, the Company shall have the following powers or subsidiary objects:-
- A. To organise and promote training and research in securities, futures, investments and related matters for the public benefit;
 - B. To liaise, organize and conduct examinations, publish the results thereof and grant certificates, diplomas and other awards and honours;
 - C. To admit members and levy and receive membership fees, as determined by the board of directors from time to time, from members.
 - D. To purchase, take on lease or in exchange, hire or otherwise acquire any real and personal property, of whatsoever nature or kind and wherever situate, which may be deemed necessary or convenient for any purpose of the Company and to manage, let, lease, mortgage, sell, dispose of or otherwise deal with all or any part of the property of the Company;
 - E. To establish, equip and maintain a library or libraries;
 - F. To collect, compile, print, publish and disseminate information and generally to give and exchange information and advice for the public benefit;
 - G. To organise, provide facilities for and hold conferences, classes, workshops, seminars, courses of instruction, demonstrations, lectures, exhibitions and competitions;
 - H. To fix and receive fees payable by or on behalf of candidates in respect of such training and examinations as the Company may organise or conduct;
 - I. To found, create, administer, maintain and offer scholarships, exhibitions, prizes and awards for purposes connected with education and research in securities, futures, banking, foreign exchange, insurance, investments and other related activities;
 - J. To promote, foster and maintain the interest and support of persons engaged in securities, futures, banking, foreign exchange, insurance, investments and other related activities in the objects and activities of the Company;

- K. To make recommendations for improving or simplifying the law and practice relating to securities, futures and investments, to draw attention to anomalies in such law and to comment on proposed changes in it;
- L. To take any gift of property, whether subject to any special trust or not, for any one or more of the objects of the Company and to accept, obtain, collect and receive monies and funds by way of contributions, donations, subscriptions, legacies, grants, or any other lawful method;
- M. To take such steps by personal or written appeals, public meetings or otherwise, as may from time to time be deemed expedient for the purpose of acquiring contributions to the funds of the Company in the shape of donations, annual subscriptions or otherwise;
- N. To make, amend or revoke rules for the operation of the Company, the admission and expulsion of Members and such other matters as the Directors shall determine;
- O. To enter into any arrangements with the Government or authority whether local or otherwise that may seem conducive to the objects of the Company or any of them or to obtain from any such government or authority any rights, privileges and concessions which the Company may think desirable to obtain and to carry out, exercise and comply with any such arrangements, rights and concessions.
- P. To draw, make, accept, indorse, discount, execute, and issue cheques, bills of exchange, promissory notes, and other negotiable or transferable instruments.
- Q. Subject to Clause 7 hereof to hire and employ all such officers, agents or servants as may be required for the purposes of the Company and to pay to them and to other persons in return for services rendered to the Company salaries, wages, gratuities, etc.;
- R. To establish and incorporate any charitable company and to acquire and hold any shares, debentures or other securities in any such company;
- S.² Subject to such consents as may be required by law, to borrow or raise money for the purposes of the Company on such terms and on such security as may be thought fit and in particular by mortgaging or charging all or any such property as may be legally mortgaged or charged or by the issue of debentures charged on all or any of the Company's property;
- T. To invest the monies of the Company not immediately required for its purposes in or upon such investments, securities or property as may be

² As amended by Special Resolutions passed on 09/12/98.

thought fit, but subject nevertheless to such conditions (if any) and with such sanction (if any) as made for the time being be imposed or required by law;

- U. To undertake and execute any charitable trusts which may lawfully be undertaken by the Company;
- V. Subject to clause 7 hereof to make all reasonable and necessary provision for the payment of pensions, gratuities, allowances and superannuation to or on behalf of past or present employees and their widows and other dependents;
- W. To carry out all or any of the objects of the Company in any part of the world.
- X.³ To do all such other lawful things as shall further the attainment of the Company's objects or any of them provided that such objects are not aimed at profit-making provided that the Company will not engage in campaigning or electioneering activities for political elections⁴;
- Y. To insure against losses, damages, risks and liabilities of all kinds which may affect the Company.

Provided that the Company shall not support with its funds any object or endeavour to impose on or procure to be observed by its Members or others any regulation, restriction or condition which if an object of the Company would make it a Trade Union.

Provided also that in case the Company shall take or hold any property subject to the jurisdiction of the Hong Kong Special Administrative Region of the People's Republic of China, the Company shall not sell, mortgage, charge or lease the same without such authority, approval or consent as may be required by law, and as regards any such property the Managers or Trustees of the Company shall be chargeable for such property as may come into their hands, and shall be answerable and accountable for their own acts, receipts, neglects and defaults, and for the due administration of such property in the same manner and to the same extent as they would as such Managers or Trustees have been if no incorporation had been effected, and the incorporation of the Company shall not diminish or impair any control or authority exercisable by the members over such Managers or Trustees, but they shall, as regards any such property, be subject jointly and separately to such control of authority, as if the Company were not incorporated. In case the Company shall take or hold any property which may be subject to any trusts, the Company shall only deal with the same in such manner as allowed by law having regard to such trusts. The Powers set forth in the Seventh Schedule of the Companies Ordinance (Cap. 32) are hereby

³ As amended by Special Resolutions passed on 09/12/98.

⁴ As amended by Special Resolutions passed on 15/10/99.

excluded.

⁵ Provided that:-

- (i) In case the Company shall take or hold any property which may be subject to any trusts, the Company will only deal with or invest the same in such manner as allowed by law, having regard to such trusts.
- (ii) The objects of the Company shall not extend to the regulation of relations between workers and employers or organization of workers and organizations of employers.

- 5. The liability of the members is limited.
- 6. Every member of the Company undertakes to contribute such amount as may be required (not exceeding HK\$100) to the Company's assets if it should be wound up while he is a member or within one year after he ceases to be a member, for payment of the Company's debts and liabilities contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.
- 7. The income and property of the Company shall be applied solely towards the promotion of its objects as set forth in this Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit, to members of the Company:-

Provided that nothing herein shall prevent any payment in good faith by the Company:

- (a)⁶ of reasonable and proper remuneration to any member, officer or servant of the Company or to any member of the Company not being a member of the Board of Directors or other governing body of the Company for any services rendered to the Company;
- (b)⁷ of interest on money lent by any member of the Company at a reasonable and proper rate per annum not exceeding 2 per cent above the prime rate for the time being quoted by The Hongkong and Shanghai Banking Corporation Limited for Hong Kong dollar loans;
- (c)⁸ of reasonable and proper rent for premises demised or let by any member of

⁵ As amended by Special Resolutions passed on 09/12/98.

⁶ As amended by Special Resolutions passed on 09/12/98.

⁷ As amended by Special Resolutions passed on 09/12/98.

⁸ As amended by Special Resolutions passed on 09/12/98.

the Company or of its Board of Directors;

- (d) to any member of its Board of Directors of out-of-pocket expenses;
- (e)⁹ of remuneration or other benefit in money or money's worth to a body corporate in which a member of the Company or of its Board of Directors or other Governing Body is interested solely by virtue of being a member of that body corporate by holding not more than one-hundredth part of its capital or controlling not more than a one-hundredth part of its votes.

No director or member of the Board of Directors or other or governing body of the Company shall be appointed to any salaried office of the Company, or any office of the Company paid by fees and no remuneration or other benefit in money or money's worth shall be given by the Company to any member of the Board of Director or other governing body.

¹⁰No person shall be bound to account for any benefit he may receive in respect of any payment properly paid in accordance with this Clause.

- 8. If, upon the winding-up or dissolution of the Company there remains, after (a) the satisfaction of all its debts and liabilities and (b) repayment of the total amount of money funded by the Securities and Futures Commission of Hong Kong, which is established under the Securities and Futures Commission Ordinance, cap. 24 of the laws of Hong Kong, to the Securities and Futures Commission, any property whatsoever, the same shall not be paid to or distributed among the members of the Company, but shall be given or transferred to some other charitable institution or institutions having objects similar to the objects of the Company, and which shall prohibit the distribution of its or their income and property to an extent at least as great as is imposed on the Company under or by virtue of Clause 7 hereof, such institution or institutions to be determined by the members of the Company at or before the time of dissolution, and in default thereof by a judge of the High Court of Hong Kong Special Administrative Region having jurisdictions in regard to charitable funds and if and so far as effect cannot be given to such provision, then to some other charitable object.
- 9. True accounts shall be kept of the sums received and expended by the Company and the matters in respect of which such receipts and expenditure taken place, of all sales and purchases of goods by the Company and of the property, credits and liabilities of the Company; and, subject to any reasonable restrictions as to the time and manner of inspecting the same that may be imposed in accordance with the regulations of the Company for the time being, such accounts shall be open to the inspection of the Members. Once at least in every year the accounts of the Company shall be audited

⁹ As amended by Special Resolutions passed on 09/12/98.

¹⁰ As amended by Special Resolutions passed on 09/12/98

and reported upon by properly qualified independent auditors.

THE COMPANIES ORDINANCE CHAPTER 32

**COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL**

ARTICLES OF ASSOCIATION

- of -

HONG KONG SECURITIES INSTITUTE

香港證券專業學會

INTERPRETATION

1.01 In these Articles, unless the context otherwise requires:-

"Ordinance" means the Companies Ordinance, Chapter 32, and every other Ordinance incorporated therewith or any Ordinance or Ordinances substituted therefor, and in case of any such substitution, the reference in these articles to the provisions of the Ordinance shall be read as reference to the provisions substituted therefor in the New Ordinance or Ordinances.

¹¹"Affiliate Member" means a person defined as such in the Rules of the Institute from time to time;

"the Articles" means the Articles of Association of the Institute;

"Associate Member" means a person defined as such in the Rules of the Institute from time to time;

"Board" means the Board of Directors of the Institute from time to time.

"Chairman" means the director for the time being holding office as chairman of the board of directors of the Institute under Article 16.04;

"Chairman of the Commission" means the Chairman of the Commission, as defined hereof. for the time being.

¹¹ As amended by Special Resolutions passed on 09/12/98.

"Chief Executive" means the Chief Executive of the Institute appointed by the Directors from time to time in accordance with Article 18.01.

"Commission" means the Securities and Futures Commission established under the Securities and Futures Commission Ordinance, cap. 24.

¹²"Corporate Member" means a person defined as such in the Rules of the Institute from time to time;

"clear days" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"executed" includes any mode of execution;

"Fellow Member" means a person defined as such in the Rules of the Institute from time to time;

¹³"Honorary Fellow" means a person defined as such in the Rules of the Institute from time to time;

¹⁴"the Institute" means HONG KONG SECURITIES INSTITUTE
香港證券專業學會;

"member" means (except where the context otherwise requires) a person admitted to any class of membership of the Institute under Article 2.05;

"Ordinary Member" means a person defined as such in the Rules of the Institute from time to time;

"Office" means the registered office of the Institute;

"Rules" means the rules, regulations and bye-laws of the Institute made by or under the authority of the directors;

"the seal" means the common seal of the Institute;

"secretary" means the secretary of the Institute or any other person appointed to perform the duties of the secretary of the Institute, including a joint, assistant or

¹² As amended by Special Resolutions passed on 09/12/98.

¹³ As amended by Special Resolutions passed on 09/12/98.

¹⁴ As amended by Special Resolutions passed on 09/12/98 and name changed with effect from 08/01/2001.

deputy secretary;

"Securities and Futures Commission Ordinance" means the Securities and Futures Commission Ordinance, cap. 24, and every other Ordinance incorporated therewith or any Ordinance or Ordinances substituted therefor, and in case of any such substitution, the reference in these articles to the provisions of the Ordinance shall be read as reference to the provisions substituted therefor in the New Ordinance or Ordinances.

"Student Member" means a person defined as such in the Rules of the Institute from time to time;

Hong Kong means the Hong Kong Special Administrative Region.

Words importing the singular number only shall include the plural number and vice versa.

Words importing the masculine gender only shall include the feminine gender.

Words importing persons shall include corporations, firms and partnerships.

Unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Ordinance but excluding any statutory modification thereof not in force when these Articles become binding on the Institute.

¹⁵The Institute is established for the purpose expressed in the Memorandum of Association.

MEMBERS

2.01 (a) The number of members with which the Institute proposes to be registered is unlimited¹⁶.

2.01 (b) The subscribers to the Memorandum of Association of the Institute and such other persons as are admitted to membership in accordance with the Articles shall be members of the Institute.

2.02¹⁷ There shall be the following classes of member:-

(a) Ordinary Member

¹⁵ As amended by Special Resolutions passed on 09/12/98.

¹⁶ As amended by Special Resolutions passed on 15/10/99.

¹⁷ As amended by Special Resolutions passed on 09/12/98.

- (b) Fellow Member
- (c) Associate Member
- (d) Student Member
- (e) Honorary Fellow
- (f) Corporate Member
- (g) Affiliate Member

and such other classes as may from time to time be determined by the directors and confirmed by the Ordinary Members and Fellow Members in general meeting.

- 2.03¹⁸ The directors shall determine the respective rights, privileges and obligations of the members within each class and the rules applicable to the various classes of membership shall be contained in the Rules of the Institute. In the event of any conflict between the Articles and the Rules the Articles shall prevail. Provided always that the Rules of the Institute may be set aside by a resolution passed by all the Ordinary Members and Fellow Members, for the time being, in general meeting.
- 2.04 Any person wishing to join the Institute must apply in writing in such form as the directors may from time to time prescribe. Different forms may be prescribed in respect of different classes of membership.
- 2.05 The directors may, subject to the Articles and the Rules, admit or refuse an application for membership of any class.
- 2.06 An applicant for membership of the Institute must satisfy such requirements as may from time to time be prescribed by the Rules in respect of training, experience, examinations, fitness for membership or otherwise.
- 2.07 The Rules may require an applicant for membership to pay a fee to the Institute as a condition of his application being considered, and the Rules may specify whether such a fee is or is not capable of being refunded in whole or in part and, if so, under what circumstances and subject to which conditions.
- 2.08 Members shall be subject to the Rules and shall enjoy such rights and privileges as may from time to time be provided by the Articles and the Rules.
- 2.09 The Rules may prescribe the circumstances in which a member may change his class of membership of the Institute.
- 2.10 Membership of the Institute shall not be transferable and, subject to Article 2.11, a member shall cease to be a member of the Institute:-
- (a) if he resigns his membership by giving not less than one month's notice in writing to the Institute, sent to or deposited at the Office; or

¹⁸ As amended by Special Resolutions passed on 09/12/98.

- (b) if he becomes bankrupt or dies; or
- (c) in such other circumstances as may from time to time be specified in the Rules

but this shall be without prejudice to any continuing obligation applicable to him under the Rules.

- 2.11 The directors may, in their absolute discretion, refuse to accept a notice of resignation given by a member under Article 2.10 (or reject such a notice after it has been served but prior to its taking effect) if the directors consider that any matter affecting such a member should be investigated before a decision may be reached on the question of whether the member should be expelled or otherwise disciplined or for any other reason.
- 2.12 The directors may exercise, or authorise the exercise of, such of their powers under these Articles as affect or may affect any members:-
 - (a) in relation to members of one class and not in relation to members of other classes; and
 - (b) in different ways in relation to members of different classes.

ENTRANCE FEE AND SUBSCRIPTIONS

- 3.01 The directors may require members to pay any amounts to the Institute upon being admitted to membership or at any time thereafter. Such payments may take the form of lump sum payments, periodical payments (annual or otherwise), payments on account or estimated or provisional payments and may (if the directors so permit) be made by instalments. Any such amount shall carry interest until actual payment (and as well after as before judgment) if unpaid at the expiration of one month¹⁹ commencing on the due date for payment at such rate (including a floating rate) as the directors may specify from time to time.
- 3.02 Different payments may be prescribed from time to time and in respect of different classes of membership.
- 3.03 In the event that a member resigns or his membership otherwise terminates:-
 - (a) that shall not in any way impair any liability (including any prospective or contingent liability) to the Institute to which he was subject before he resigned or his membership terminated, whether the liability arose by virtue of action taken by the directors under Article 3.01 above or otherwise;

¹⁹ As amended by Special Resolutions passed on 15/10/99.

- (b) he shall not be entitled to receive back (in whole or in part) any amounts previously paid by him to the Institute or, by virtue of any action taken by the directors under the Articles, to any other person.

GENERAL MEETINGS

- 4.01 The Institute shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen (15) months shall elapse between the date of one annual general meeting of the Institute and that of the next provided that so long as the Institute holds its first annual general meeting within eighteen (18) months of its incorporation, it need not hold one in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.
- 4.02 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 4.03 The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by the Ordinance. If at any time there are not within the Hong Kong Special Administrative Region sufficient directors capable of acting to form a quorum, any director or any two members of the Institute who are entitled to receive notice of, attend and vote at general meetings may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

NOTICE OF GENERAL MEETINGS

- 5.01 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one (21) clear days' notice in writing, and a meeting of the Institute other than an annual general meeting or a meeting for the passing of a special resolution shall be called by at least fourteen (14) clear days' notice in writing but a general meeting of the Institute may be called by shorter notice if it is so agreed:
 - (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent of the total voting rights at that meeting of all members.
- 5.02 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall

specify the meeting as such.

- 5.03 The notice shall be given to such persons as are, under the Articles of the Institute, entitled to receive such notices from the Institute and to the directors and auditors.
- 5.04 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 6.01 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, three (3) persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member, shall be a quorum.
- 6.02 If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the directors may determine.
- 6.03 The Chairman shall preside as Chairman at every general meeting of the Institute. If the Chairman is not present within fifteen minutes after the time appointed for the holding of the meeting or shall be unwilling to act, the directors present shall elect one of their number to be chairman of the meeting.
- 6.04 If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present who are entitled to attend and vote shall choose one of their number to be chairman of the meeting.
- 6.05 The chairman of the meeting may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 6.06 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Ordinance, a poll may be demanded:
 - (a) by the chairman of the meeting; or

- (b) by at least three members entitled to attend and vote at the meeting; or
- (c) by any member or members entitled to attend and vote at the meeting and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

- 6.07 Unless a poll is duly demanded a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 6.08 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 6.09 Except as provided in Article 6.11, a poll shall be taken in such manner as the chairman of the meeting directs, and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 6.10 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.
- 6.11 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman of the meeting directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which the poll was demanded.
- 6.12 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 6.13 A resolution in writing executed by all members who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members.

VOTES OF MEMBERS

- 7.01 Every Ordinary Member and Fellow Member who is personally present at a general meeting shall, on a show of hands, have one vote. On a poll every Ordinary Member and Fellow Member present in person or by proxy shall have one vote.
- 7.02²⁰ Any Associate Member, Student Member, Honorary Fellow, Corporate Member or Affiliate Member shall not be entitled to receive notice of or attend and vote at any general meeting.
- 7.03 A member in respect of whom an order has been made by any court having jurisdiction (whether in Hong Kong or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, not less than forty-seven (47) hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.
- 7.04 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is rendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
- 7.05²¹ No member shall be entitled to vote at any general meeting or at any separate class meeting, either in person or by proxy, unless by the date that is seven (7) clear days before the date for holding the general meeting or separate class meeting (as the case may be) (“Cut Off Date”), all moneys owed which as at the Cut Off Date have been outstanding for more than one (1) month after they fell due and which remained payable by him to the Institute have been paid.
- 7.06 Any member of the Institute entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of him and any proxy so appointed shall have the same right as the member to speak at the meeting.
- 7.07 On a poll votes may be given either personally or by proxy.

²⁰ As amended by Special Resolutions passed on 09/12/98.

²¹ As amended by Special Resolutions passed on 15/10/99.

7.08 ²² An instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve) -

"HONG KONG SECURITIES INSTITUTE

I/We _____ of,

being a member/members of the above named Institute, hereby appoint
of _____ or failing him,
of _____, as my/our proxy to vote in my/our name[s]
and on my/our behalf at the annual/extraordinary general meeting of the Institute to be held on
19 _____, and at any adjournment thereof.

Signed on _____ 19 _____."

7.09 ²³ Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve) -

HONG KONG SECURITIES INSTITUTE

I/We _____ of,

being a member/members of the above-named Institute, hereby appoint
of _____ or failing him,
of _____, as my/our proxy to vote in my/our name[s] and on my/our
behalf at the annual/extraordinary general meeting of the Institute to be held on
19 _____, and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No.1 * for * against

Resolution No.2 * for * against

* Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

²² As amended by Special Resolutions passed on 09/12/98.

²³ As amended by Special Resolutions passed on 09/12/98.

7.10 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may -

- (a) be deposited at the office or at such other place within the Hong Kong Special Administrative Region as is specified for that purpose in the notice convening the meeting or in any instrument of proxy sent out by the Institute in relation to the meeting not less than forty-seven (47) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote; or
- (b) in the case of a poll taken more than forty-seven (47) hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than twenty-four hours before the time appointed for the taking of the poll; or
- (c) where the poll is not taken forthwith but is taken not more than forty-seven (47) hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman of the meeting or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

7.11 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

7.12 A vote given or poll demanded by proxy shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of determination was received by the Institute at the Office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

8.01²⁴²⁵

²⁴ As amended by Special Resolutions passed on 09/12/98.

²⁵ As amended by Special Resolutions passed on 15/10/99.

Unless otherwise determined by ordinary resolution of members, the number of directors shall be not more than fifteen and shall be not less than seven. The first directors shall be appointed by the Subscribers of the Memorandum of Association or a majority of them. The Board shall have power to appoint a Director to fill a casual vacancy. The members in general meeting shall have power to appoint additional directors. Subject to the provisions of the Article 8.01, the Board shall also have power to appoint additional directors to represent business sectors which are specified and approved by the members in general meeting.

The Board shall consist of at least one director to be appointed by the Commission pursuant to Article 11.10 and one director from each of the following business sectors:

- (a) securities industry
- (b) futures industry
- (c) fund management industry
- (d) investment analysts group
- (e) corporate finance group; and
- (f) academia.

Notwithstanding the aforesaid, the Board shall not consist of more than three directors from any one of the business sectors and the total number of directors representing all the business sectors, excluding the directors appointed by the Commission, shall not be more than twelve (12). The Commission may appoint not more than three directors to the Board. For the purpose of election and/or appointment of directors if there is any dispute concerning whether any member is "from" any business sector, the dispute shall be referred to the Board for the determination and the determination of the Board shall be final and conclusive.

POWER OF DIRECTORS

9.01 Subject to the provisions of the Ordinance, the Memorandum and the Articles and to any directions given by special resolution, the business of the Institute shall be managed by the directors who may exercise all the powers of the Institute. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or the direction had not been given. The powers given by this Article shall not be limited by any special power given to the directors by the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

9.02²⁶ The directors may exercise all the powers of the Institute to borrow money and to

²⁶ As amended by Special Resolutions passed on 09/12/98.

mortgage or charge all or any part of its undertaking and/or property, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Institute.

- 9.03 The directors may from time to time and at any time by power of attorney or other instrument appoint any person or body of persons to be the attorney or attorneys of the Institute for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other instrument may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.
- 9.04²⁷ All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Institute, shall be signed, drawn, accepted and endorsed, or otherwise executed as the case may be by (a) any two members of the Board of Directors; or (b) one member of the Board of Director and countersigned by the Secretary or the Treasurer or the Chief Executive, as the directors shall from time to time by resolution determined.

DELEGATION OF DIRECTORS' POWERS

- 10.01²⁸ Subject to any restrictions or requirements imposed by law the directors may delegate any of their powers to any committee consisting of such persons, (whether or not including one or more director), who should be members of the Institute as they think fit. Unless otherwise determined by the directors the proceedings of a committee of two or more persons shall be governed by the Articles regulating the proceedings of directors so far as they are capable of applying.
- 10.02²⁹ Unless otherwise determined by the directors, any committee appointed under Article 10.01 shall have power to constitute one or more sub-committees comprising one or more members of that committee together with such other persons, (if any), who should be members of the Institute, as the directors may approve and to sub-delegate to any such sub-committee any duties and powers delegated to that committee.
- 10.03 With the sanction of the directors, any such committee or sub-committee may include members who have no right to vote.

²⁷ As amended by Special Resolutions passed on 09/12/98.

²⁸ As amended by Special Resolutions passed on 09/12/98.

²⁹ As amended by Special Resolutions passed on 09/12/98

10.04³⁰ The directors and (unless otherwise determined by the directors) any committee or sub-committee appointed under Article 10.01 or 10.02 may delegate to any of the officers or employees of the Institute any of their respective non-executive duties and powers and for a definite period of time and purpose.

10.05 Any delegation of the powers of the directors may be made subject to any conditions they may impose, and either collaterally with or to the exclusion of their own powers, and may be revoked or altered.

APPOINTMENT AND RETIREMENT OF DIRECTORS

11.01³¹

At each general meeting one third of the directors for the time being shall be subject to retirement of office by rotation (or, if their number is not three or a multiple of three, the number nearest one third but if there is only one director who is subject to retirement by rotation, that director shall retire from office). For avoidance of doubt, the directors appointed by the Board pursuant to Article 11.07 and the directors appointed by the Commission shall not be counted for the purpose of counting the number of directors to be retired.

11.02 For the purposes of Article 11.01, the directors subject to retirement by rotation shall be those who have been longest in office since their last appointment or re-appointment but as between persons who became or were last re-appointed directors on the same day, those subject to retirement by rotation shall (unless they otherwise agree among themselves) be determined by lot. The directors subject to retirement by rotation (both as to number and as to identity) shall be determined by the composition of the board of directors at the date of the notice convening the annual general meeting, and no director shall be made subject to retirement by rotation or relieved from being subject to retirement by rotation by reason of any change in the number or identity of the directors after the date of such notice.

11.03 If the Institute, at the meeting at which a director retires by rotation, does not fill the vacancy the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost.

11.04³²

³⁰ As amended by Special Resolutions passed on 09/12/98

³¹ As amended by Special Resolutions passed on 15/10/99.

³² As amended by Special Resolutions passed on 15/10/99.

11.04 Except directors appointed by the Commission, no person other than a director retiring by rotation shall be appointed or reappointed a director at any general meeting unless:-

- (a) he is recommended by a resolution passed by the directors; or
- (b) not less than thirty-five clear days before the date appointed for the meeting a notice executed by not less than twenty-five(25) members qualified to vote at the meeting has been given to the secretary of the intention to propose that person for appointment or reappointment as a director, stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Institute's register of directors, together with notice executed by that person of his willingness to be appointed or reappointed. Any person proposed for appointment in this way shall satisfy the qualification in Article 11.09.

Any member, who is qualified to vote at the meeting, can propose not more than one candidate from each business sector which is specified and approved by the members in a general meeting. If more than one candidate from one single business sector is proposed by any member, the proposal of such member, in relation to the candidates who fall within the same business sector, will be invalid and shall not be taken into account when the number of proposers are counted.

11.05 Not less than seven clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person (other than a director retiring by rotation at the meeting) who is recommended by the directors for appointment or reappointment as a director at the meeting or in respect of whom notice has been duly given to the Institute of the intention to propose him at the meeting for appointment or reappointment as a director. The notice shall give the particulars of that person which would, if he were so appointed or reappointed, be required to be included in the Institute's register of directors.

11.06 In case a director from any of the business sectors as referred to in Article 8.01 ceased to act, the Institute may by ordinary resolution appoint a person from that business sector to fill the vacancy arising thereunder.

11.07³³ In case a director from any of the business sectors as referred to in Article 8.01 ceased to act, the directors may appoint a person, who is a member of the Institute, from that business sector to fill a vacancy. The directors and/or members in general meeting may appoint any member of the Institute from any of the business sectors referred to in Article 8.01 which is approved by the members in general meeting as an

³³ As amended by Special Resolutions passed on 09/12/98.

additional director. A director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation at the meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof. Notwithstanding of the aforesaid, the directors cannot appoint any person, who has been appointed by the directors as a director of the Institute for two consecutive calendar years, to be a director³⁴.

11.08 Subject as aforesaid, a director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

11.09³⁵ A person shall not be eligible to be appointed or elected as a director unless he is a member (other than the person appointed by the Chairman of the Commission pursuant to Article 11.10) of the Institute.

11.10³⁶

11.10 The Chairman of the Commission may at any time:-

(a) by written notice signed by him and deposited at the Office of the Institute appoint any person as a director of the Institute representing the public interest in the securities, futures and related industry; and

(b) in like manner at any time remove such director from the Institute.

A director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation at the meeting. If not re-appointed at such annual general meeting, he shall vacate office at the conclusion thereof.

For the avoidance of doubt, the Chairman of the Commission may appoint not more than three (3) directors to the Board.

11.11³⁷ Subject as aforesaid, no director shall continue to be a director of the Institute for more than two (2) consecutive elected terms from the date of the first appointment as director by the members at the general meeting.

³⁴ As inserted by special resolution passed on 15/10/99.

³⁵ As amended by Special Resolutions passed on 15/10/99.

³⁶ As amended by Special Resolutions passed on 09/12/98.

³⁷ Inserted by Special resolution passed on 15/10/99.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

12.01 The office of a director shall be vacated if:-

- (a) he ceases to be a director by virtue of any provision of the Ordinance or he becomes prohibited by law from being a director; or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) he becomes of unsound mind; or
- (d) he resigns his office by written notice to the Institute sent to or deposited at the Office; or
- (e) he shall for three consecutive meetings of the board of directors have been absent without the approval of the Chairman of the Institute and the directors resolve that his office be vacated by reason of such absence; or
- (f) in the case of a director who holds any executive office with the Institute or any subsidiary, his appointment as such is terminated or expires and the directors resolve that his office be vacated; or
- (g) he is directly or indirectly interested in any contract with the Institute and fails to declare the nature of his interest in accordance with the Ordinance; or
- (h)³⁸ he ceases for any reason to be a member of the Institute (other than the person appointed by the Chairman of the Commission pursuant to Article 11.10); or
- (i) he is requested in writing by all the other directors to resign; or
- (j) he ceases for any reason to be appointed by the Chairman of the Commission in accordance with Article 11.10; or
- (k) he is convicted of a criminal offence whether it is an indictable offence or a summary offence; or
- (l) he is disciplined in whatever way by the Commission under any of its statutory powers or by any self-regulatory body, such as the Stock Exchange of Hong Kong Limited and the Hong Kong Futures Exchange Limited.

³⁸ As amended by Special Resolutions passed on 09/12/98.

REMUNERATION OF DIRECTORS

13.01³⁹ The members of any committee or sub-committee appointed under Article 10.01 or 10.02 (not being directors) may be paid such remuneration for their services as shall from time to time be determined by the directors provided that such services rendered shall not be in relation to the performance of the ordinary duties of a director delegated by the board of directors.

DIRECTORS' EXPENSES

14.01 The directors may be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or otherwise in connection with the discharge of their duties.

14.02 No salary, remuneration or allowance shall be paid to the directors as such but they shall be paid all out-of-pocket expenses.

DIRECTORS' APPOINTMENTS AND INTERESTS

15.01 Subject to the provisions of the Ordinance, the directors may appoint one or more of their number to executive office under the Institute and may enter into an agreement or arrangement with any director for his employment by the Institute or for the provision by him of any services outside the scope of the ordinary duties of a director.

15.02 Subject to the terms of his appointment, the chief executive shall have the powers of a managing director.

15.03 Any appointment, agreement or arrangement pursuant to Article 15.01 may be made upon such terms as the directors determine. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Institute.

15.04 Subject to the provisions of the Ordinance, and provided that he has disclosed to the directors the nature and extent of any material interest of his, with the approval of the Board, a director notwithstanding his office:-

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Institute or in which the Institute is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate

³⁹ As amended by Special Resolutions passed on 09/12/98.

promoted by the Institute or in which the Institute is otherwise interested; and

- (c) shall not, by reason of his office, be accountable to the Institute for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

15.05 For the purposes of Article 15.04:-

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

15.06 Save as otherwise provided by the Articles, a director shall not vote at a meeting of directors or of a committee or sub-committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Institute unless his interest or duty arises only because the case falls within one or more of the following paragraphs:-

- (a) the resolution relates to the giving to him of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Institute or any of its subsidiaries;
- (b) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Institute or any of its subsidiaries for which the director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (c) his interest arises by virtue of his subscribing or agreeing to subscribe for any debentures or other securities of the Institute or any of its subsidiaries, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such debentures or other securities, by the Institute or any of its subsidiaries for subscription, purchase or exchange;
- (d) the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes;
- (e) the resolution concerns the arrangement of insurance cover for directors in accordance with the provisions of Article 25.02; or

- (f) the resolution relates to any arrangement for the benefit of employees of the Institute or of any of its subsidiaries under which the director benefits in a similar manner to such employees and does not afford to any director as such any privilege or advantage not generally afforded to the employees to whom such arrangement relates.

For the purposes of this Article:

- (i) an interest of a person who is, for any purpose of the Ordinance, connected with a director shall be treated as an interest of the director; and
- (ii) a relevant enterprise is a business carried on by the director, by a firm of which he is a partner or by a corporation of which he is a member or director.

15.07 A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

15.08 The Institute may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provisions of the Articles prohibiting a director from voting at a meeting of directors or of a committee of directors.

15.09 Where proposals are under consideration concerning the appointment of two or more directors to offices or employments with the Institute or any body corporate in which the Institute is interested the proposals may be divided and considered in relation to each director separately and (provided he is not for another reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

15.10 If a question arises at a meeting of directors or of a committee or sub-committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

PROCEEDINGS OF DIRECTORS

16.01 Subject to the provisions of the Articles, the directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting to a director who is absent from Hong Kong Special Administrative Region. Each director shall have one vote. Questions arising at a meeting shall be decided by a simple majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

16.02⁴⁰ The quorum necessary for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be three.

16.03 The continuing directors or a sole continuing director may act notwithstanding any vacancy in their number, but, if and so long as the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or calling a general meeting.

16.04 (a) The Board may from time to time elect any one director to be the Chairman of the Board. At the conclusion of each Annual General Meeting of the Institute, the Chairman shall retire from such office. Any Chairman retiring as aforesaid shall be eligible for re-election. Notwithstanding as aforesaid, no person shall continue to be the Chairman for more than three (3) consecutive years. Upon the expiry of the term of three years as Chairman, such person cannot be re-elected or re-appointed as a Chairman of the Institute again until the expiry of the following next three (3) calendar years from the date of his cessation as a Chairman of the Institute. The Board may also, from time to time remove such Chairman from his office and appoint another person in his place. A Chairman shall be subject to the same provisions as to resignation, retirement and removal as those which apply to the directors, and he shall ipso facto immediately cease to be Chairman when he shall cease to hold the office of director.

(b) The election of the Chairman shall be by secret ballot casted by the directors of the Board which is held as soon as reasonably practicable after each Annual General Meeting provided that any such election shall be deemed to take effect from the conclusion of such Annual General Meeting. At the ballot for electing the Chairman, each Director shall be entitled to one vote in favour of one candidate for the Chairman of the Board. The candidate receiving the highest number of votes shall be elected as Chairman of the Board. In the event of an equality of votes at a ballot for the election of the Chairman, the election shall within a period of thirty (30) minutes after the counting of the votes be determined by agreement between the candidates for whom equal votes have been cast or, if such agreement cannot be reached, the result of the election shall forthwith be determined among such directors of the Board by drawing of lot which shall be drawn in such manner and in such place as the Board shall decide.

(c) The Board shall have power to elect any one of the directors in accordance with the Article 16.04(b) to fill the casual vacancy of the Chairman. Any Chairman so appointed shall hold office until the next following Annual General Meeting, and, subject to Article 16.04(a) shall then be eligible for re-election.

(d) The Chairman shall preside at all meetings of the board of directors, but if

⁴⁰ As amended by Special Resolutions passed on 09/12/98.

there be no Chairman or if at any meeting the Chairman is not present and not willing to act within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

16.05 All acts done by a meeting of directors, or of a committee or sub-committee, or by a person acting as a director, shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any person, or that any of them was disqualified from holding office, or had vacated office, or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued in office and had been entitled to vote.

16.06⁴¹

16.06⁴² A resolution in writing signed by two-thirds of all the directors for the time being entitled to receive notice of a meeting of directors shall be as valid and effectual as if it had been passed at a meeting of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors or members. Provided that a cable, facsimile transmission or telex message sent by a director shall be deemed to be a document signed by him for the purposes of this Article.

RULES

17.01 The directors may from time to time make such Rules as they shall deem conducive to the attainment of the objects of the Institute and in particular but without prejudice to the generality of the foregoing, they make Rules respecting, inter alia:-

- (a) the creation and regulation of any class of membership the admission of and refusal to admit members of any class, the rights and privileges of such members, and the conditions of membership and the terms on which members may resign or have their membership suspended or terminated or converted to another class, and the entrance fees, subscriptions and other fees or payments to be made by members;
- (b) the conduct of members of the Institute;
- (c) the permitting of members to attend and use any premises or facilities of the Institute;

⁴¹ As amended by Special Resolutions passed on 09/12/98.

⁴² As amended by Special Resolutions passed on 15/10/99.

- (d) the conduct of disciplinary proceedings in respect of infringements of the Rules and the imposition of sanctions;
- (e) ⁴³ appeals against refusal of membership, expulsion or suspension and other disciplinary sanctions and a member shall not be expelled except upon a resolution passed by a two-third majority of the Board of Directors;
- (f) the procedure at general and class meetings and meetings of the directors and committees of the directors in so far as such procedure is not regulated by these presents.

and generally for the good order and government of members; and may from time to time amend, alter, repeal or waive, either generally or in any particular case or class of cases, any Rules.

CHIEF EXECUTIVE AND SECRETARY

18.01 The Chief Executive shall be appointed by the directors for such term at such remuneration and upon such conditions as they think fit, and any such chief executive so appointed may be removed by them.

18.02 Subject to the provisions of the Ordinance, the Secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

MINUTES

19.01 The directors shall cause minutes to be made in books kept for the purpose:-

- (a) of all appointments of officers made by the directors; and
- (b) of all proceedings at meetings of the Institute and of any class of membership of the Institute and of directors, and of committees of directors, including the names of the directors present at each such meeting. Any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings took place or by the chairman of the next succeeding meeting, shall be evidence of the proceedings.

THE SEAL

⁴³ As amended by Special Resolutions passed on 09/12/98.

20.01 The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

ACCOUNTS

21.01 The directors shall from time to time determine whether and to what extent and at what times and places and under what condition or regulations the accounts and books of the Institute or any of them shall be open to the inspection of members (not being directors), and no member (not being a director) shall have any right of inspecting any accounting records or other book or document of the Institute except as conferred by statute or authorised by the directors or by ordinary resolution of the Institute.

21.02 The directors shall from time to time in accordance with the provisions of the Ordinance, cause to be prepared and to be laid before the Institute in general meeting such revenue accounts, balance sheets, group accounts (if any) and reports as are referred to in those provisions.

NOTICES

22.01 Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the directors need not be in writing.

22.02 The Institute may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address as appearing in the register of members or by leaving it at that address. A member whose registered address is not within Hong Kong Special Administrative Region and who gives to the Institute an address within Hong Kong Special Administrative Region at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Institute.

22.03 A member present, either in person or by proxy, at any meeting of the Institute shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

22.04 Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected at the expiration of forty-eight (48) hours after the letter containing the same is posted.

22.05 Notice of every general meeting shall be given in any manner hereinbefore authorised to every member entitled to vote at such meeting and to the auditors of the Institute. No other persons shall be entitled to receive notices of general meetings.

WINDING-UP

23.01 On the winding up and dissolution of the Institute the provisions of clauses 6 and 8 of the Memorandum of Association of the Institute relating to the Winding up of the Institute shall have effect as if repeated in the Articles.

CONFIDENTIALITY

24.01 All information concerning a member's affairs acquired by the Institute in the course of its operations shall be treated with due confidence, subject to such right or duty of disclosure as may be conferred or imposed by the person whose information it is or by the Rules or by law and provided that any necessary disclosure may be made in the course of proceedings against the member (including proceedings taken under the Rules or the Articles).

INDEMNITY

25.01 Subject to the provision of the Ordinance but without prejudice to any indemnity to which a director may otherwise be entitled, every director, committee or sub-committee member, secretary, or other officer or auditor of the Institute shall be indemnified out of the assets of the Institute against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Institute.

25.02 To the extent permitted by the Ordinance, the directors may arrange insurance cover at the cost of the Institute in respect of any liability, loss or expenditure incurred by any director, officer or auditor of the Institute in relation to anything done or alleged to have been done or omitted to be done as director, officer or auditor.

NO ALTERATION

26.01⁴⁴ No addition, alteration, or amendment shall be made to or in the Memorandum of Association or these Articles for the time being in force, unless such alteration has previously been submitted to and approved by the Registrar of Companies in writing.

(5/2/98)

⁴⁴As amended by Special Resolutions passed on 09/12/98.