

CHAPTER 2 – GOVERNANCE

Exchange Committee

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| 1. | As provided in section 138 of the Labuan Financial Services and Securities Act 2010, the Exchange Committee shall manage the affairs of the Exchange. | Affairs of the Exchange |
| 2. | Upon their appointment, members of the Exchange Committee shall exercise and perform their powers and functions in accordance with and be bound by the provisions of these Rules and any directions issued by the Authority from time to time. | Bound by the Rules |
| 3. | Unless specified otherwise in the instrument of appointment, the appointment of a member of the Exchange Committee shall be subject to the following terms: | General terms of appointment |
| | (a) subject to paragraphs (b), (c) and (d) below, such member shall hold office for a term not exceeding three (3) years. However, upon the expiry of the three (3) year term, he shall be eligible for re-appointment; | |
| | (b) the appointing authority of such member may at any time revoke the appointment without assigning any reason therefore; | |
| | (c) such a member may at any time resign his office by giving a one (1) month written notice to the appointing authority; and | |
| | (d) the office of such member shall be vacated if he: | |
| | (i) dies; | |
| | (ii) is convicted of any offence under any law; | |
| | (iii) becomes bankrupt; | |
| | (iv) is of unsound mind or otherwise incapable of discharging his duties or unfit to remain in the Exchange Committee; or | |
| | (v) fails to attend three (3) consecutive meetings of the Exchange committee without leave of the Chairman of the Exchange Committee. | |
| 4. | Except for the power to hear appeals under Rule 1 of Chapter 8, the Exchange Committee may delegate any of its powers or functions to: | Delegation |
| | (a) any member of the Exchange Committee; | |
| | (b) any of the Specific Committees; | |
| | (c) any sub-committee as may be established by the Exchange Committee; | |
| | (d) the Chief Executive Officer; or | |
| | (e) any other officer of the Exchange, | |

provided that such delegation shall not preclude the Exchange Committee from performing or exercising at any time any of its powers or functions to delegated.

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| <p>5. The Exchange Committee shall determine its own regulations and procedures in conducting an Exchange Committee meeting. However, the following rules shall be observed:</p> <p>(a) the quorum necessary for an Exchange Committee meeting shall be three (3) members;</p> <p>(b) the Chairman of the Exchange Committee shall be the chairman for the Exchange Committee meeting. If the Chairman of the Exchange Committee is not present, the members present shall elect one (1) of the members present to be the chairman for that meeting;</p> <p>(c) all matters arising at the Exchange Committee meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman for the meeting shall have a second and casting vote; and</p> <p>(d) a member of the Exchange Committee may participate in an Exchange Committee meeting by means of conference telephone and such participation shall be deemed to constitute such member's presence at such Exchange Committee meeting.</p> | <p>Exchange Committee Meeting</p> |
| <p>6. The Exchange Committee shall cause minutes of all their meetings and deliberations to be maintained and kept in proper form.</p> | <p>Minutes of meetings</p> |
| <p>7. If the Chief Executive Officer is not the Chairman of the Exchange Committee, the Chief Executive Officer may sit and speak at any meetings of the Exchange Committee provided that the Chief Executive Officer shall have no right to vote at the said meetings.</p> | <p>Chief Executive Officer may attend the Exchange Committee meetings</p> |
| <p>8. The Exchange Committee may invite any person to attend any meetings of the Exchange Committee for the purpose of advising the Exchange Committee on any matter under discussion provided that such person shall have no right to vote at the said meetings.</p> | <p>Adviser</p> |
| <p>9. All members of the Exchange Committee or any person invited to attend any meetings of the Exchange Committee referred to in Rule 8 of this Chapter may be paid such remuneration or allowance as the Board of Directors may determine.</p> | <p>Remuneration</p> |

Specific Committees

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| <p>10. There shall be established under these Rules, Specific Committees as follows:</p> <ul style="list-style-type: none"> (a) the Licensing Committee, whose powers and functions are to administer matters relating to the licensing by the Exchange of the Listing Sponsors and Trading Agents as set out in Chapter 3 and other matters incidental thereto; (b) the Listing Committee, whose powers and functions are to administer matters relating to the listing of financial instruments on the Exchange as set out in Chapter 4 and other matters incidental thereto; and (c) the Disciplinary Committee, whose powers and functions are to administer matters relating to the enforcement by the Exchange of disciplinary procedures and actions against Listing Sponsors and Trading Agents as set out in Chapter 7 and other matters incidental thereto. | <p>Powers and functions</p> |
| <p>11. Each of the Specific Committees shall consist of the following members appointed by the Exchange Committee:</p> <ul style="list-style-type: none"> (a) a chairman of such Specific Committee; and (b) not less than two (2) other persons, of whom at least one (1) shall be appointed from amongst members of the Exchange Committee. <p>Every member of each of the Specific Committees must be a fit and proper person and possesses relevant experience in financial, commercial or legal matters.</p> | <p>Appointment</p> |
| <p>12. Upon their appointment, members of the Specific Committees shall exercise and perform their powers and functions in accordance with and be bound by the provisions of these Rules and directions issued by the Authority from time to time.</p> | <p>Bound by the Rules</p> |
| <p>13. Unless specified otherwise in the instrument of appointment, the appointment of a member of any of the Specific Committees shall be subject to the following terms:</p> <ul style="list-style-type: none"> (a) subject to paragraph (b), (c) and (d) below, such member shall hold office for a term not exceeding three (3) years. However, upon the expiry of the three (3) year term, he shall be eligible for re-appointment; (b) the Exchange Committee may at any time revoke the appointment of such member without assigning any reason therefore; (c) such member may at any time resign his office by giving a one (1) month written notice to the Exchange Committee; (d) the office of such member shall be vacated if he: <ul style="list-style-type: none"> (i) dies; | <p>Terms of appointment</p> |

- (ii) is convicted of any offence under any law;
 - (iii) becomes bankrupt;
 - (iv) is of unsound mind or otherwise incapable of discharging his duties or unfit to remain in the Specific Committee; or
 - (v) fails to attend three (3) consecutive meetings of the Specific Committee without leave of the chairman of such Specific Committee or, in case of the chairman of the Specific Committee, leave of the Chairman of the Exchange Committee.
14. Each of the Specific Committees may determine its own regulations and procedures in conducting its meetings. However, the following rules shall be observed:
- (a) the quorum necessary for such meeting shall be three (3) members;
 - (b) the chairman of the Specific Committee shall be the chairman of such meeting. If the chairman of the Specific committee is not present, the members present shall elect one of them to be the chairman of the meeting;
 - (c) all matters arising at such meeting shall be decided by a majority of votes. In case of an equality of votes the chairman of such meeting shall have a second and casting vote; and
 - (d) a member of the Specific Committee may participate in such meeting by means of conference telephone and such participation shall be deemed to constitute such member's presence at such meeting.
15. Each of the Specific Committees shall cause minutes of all their meetings and deliberation to be maintained and kept in proper form.
16. Each of the Specific Committees may invite any person to attend its meetings for the purpose of advising the Specific Committee on any matter under discussion provided that such person shall have no right to vote at the said meetings.
17. All members of each of the Specific Committees and any person invited to attend its meetings referred to in Rule 16 of this Chapter may be paid such remuneration or allowance as the Board of Directors may determine.

Meetings

Minutes of meetings

Adviser

Remuneration

Board of Directors

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| 18. | It is acknowledged that as provided in the Memorandum and Articles of Association, the Board of Directors shall exercise and perform its powers and functions in accordance with and be bound by the provision of these Rules. | Bound by the Rules |
| 19. | Notwithstanding anything else provided in these Rules, apart from powers of the Board of Directors which are specifically provided in these Rules or the Memorandum and Articles of Association, the Board of Directors shall have the power to decide:

(a) on policies of the Exchange which relate to the general financial treatment or affecting the interest of the shareholders of the Exchange; and

(b) with approval of the Authority, on any matters relating to the shareholding structure of the Exchange | Overriding power of the Board of Directors |

Chief Executive Officer

20. It is acknowledged that as provided in the Memorandum and Articles of Association, the Chief Executive Officer shall: Bound by the Rules
- (a) be appointed by the Board of Directors for the purposes of managing the day to day operations of the Exchange; and
 - (b) exercise and perform his powers and functions in accordance with and be bound by the provisions of these Rules.
21. Unless specified otherwise in the instrument of appointment, the appointment of the Chief Executive Officer shall be subject to the following terms: Terms of appointment
- (a) subject to paragraphs (b) and (c) below, the Chief Executive Officer shall hold office for a term not exceeding three (3) years. However, upon the expiry of the three (3) year term, he shall be eligible for re-appointment;
 - (b) the Board may at any time revoke the appointment of the Chief Executive Officer without assigning any reason therefore; and
 - (c) the office of the Chief Executive Officer shall be vacated if he:
 - (i) dies;
 - (ii) is convicted of any offence under any law;
 - (iii) becomes bankrupt; or
 - (iv) is of unsound mind or otherwise incapable of discharging his duties or unfit to remain as the Chief Executive Officer.