

SINGAPORE EXCHANGE LIMITED

NOMINATING COMMITTEE

TERMS OF REFERENCE

Revised as at 22 May 2008

Purpose

1. The Nominating Committee's ("NC")'s function shall be to identify candidates and review all nominations, whether by any Director, member or otherwise, for the appointment or re-appointment of:-
 - (a) members of the Board of Directors ("Board");
 - (b) the Chief Executive Officer, Deputy Chief Executive Officer and the Chief Financial Officer of SGX¹; and
 - (c) the members of the various Board Committees, for the purpose of proposing such nominations to the Board for its approval.

The other functions and duties of the NC shall be as determined by the Monetary Authority of Singapore ("MAS").

Composition

2. The NC shall comprise:-
 - (a) not less than 5 directors
 - (b) the chairman of the Remuneration Committee
 - (c) at least a majority of directors who are independent from management

¹ The Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005 do not require the NC to approve the appointment of the Chief Officer, Deputy Chief Executive Officer and Chief Financial Officer of the wholly-owned subsidiaries of SGX.

and business relationships with SGX

- (d) at least one-third independent directors
- (e) at least a majority of directors independent from any single substantial shareholder of SGX

The CEO shall not be a member of the NC.

2A. An “independent director” means a director who:-

- (a) is independent from any management and business relationship with any SGX company.
- (b) is independent from any substantial shareholder of SGX.

2B. A director shall not be considered independent from management relationships with any SGX company if:

- (a) he is employed by any SGX company, or has been so employed at any time during the SGX company’s current or preceding three financial years;
- (b) his immediate family member² :-
 - i) is employed by any SGX company as an executive officer whose compensation is determined by the Remuneration Committee; or
 - ii) has been so employed at any time during the SGX company’s current or preceding three financial years;
- (c) he is accustomed or under an obligation, whether formal or informal, to

² For the purpose of this paragraph, “immediate family member” means spouse, child, adopted child, step-child, brother, sister, parent, or step-parent.

act in accordance with the directions, instructions or wishes of the management of any SGX company.

2C. A director shall not be considered independent from business relationships with any SGX company if:

- (a) he is a director, a substantial shareholder or an executive officer of any corporation, or a partner of a firm or a limited liability partnership or a sole proprietor, where such corporation, firm, limited liability partnership or sole proprietor carries on business for purposes of profit to which any SGX company has made, or from which any SGX company has received, substantial payments in the current or immediately preceding financial year;
- (b) he is receiving or has received, any compensation from any SGX company, other than compensation received for his services as a director or as an employee, at any time during SGX's current or immediately preceding financial year;
- (c) he is a director or a substantial shareholder of a corporation which is a member³ of, or a related corporation⁴ of a member of, any SGX company;
- (d) he is employed by, is receiving or has received any compensation from
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 - i) a corporation which is a member of any SGX company; or
 - ii) a related corporation of a member of any SGX company, and he is responsible for or engages in the activities of that member; at any time during the current or immediately preceding financial year of SGX;

³ For the purpose of this paragraph, "member" has the same meaning as in the Securities and Futures Act.

⁴ For the purpose of this paragraph, "related corporation" has the same meaning as in Section 6 of the Companies Act.

- (e) his immediate family member is a director or a substantial shareholder of a corporation which is a member of any SGX company; or
- (f) his immediate family member is employed by a corporation which is a member of any SGX company as an executive officer whose compensation is determined by the Remuneration Committee of the member corporation.

2D. A director is considered to be independent from a substantial shareholder of SGX if he is not that substantial shareholder of SGX and is not connected to that substantial shareholder of SGX.

A person is connected to a substantial shareholder if he is –

- (a) an immediate family member of the substantial shareholder;
- (b) employed by the substantial shareholder or a subsidiary⁵ or associated corporation⁶ of the substantial shareholder;
- (c) a director of the substantial shareholder;
- (d) a director of a subsidiary or associated corporation of the substantial shareholder;
- (e) a partner of the substantial shareholder in any firm or limited liability partnership; or

⁵ For the purpose of this paragraph, “subsidiary” has the same meaning as in Section 5 of the Companies Act.

⁶ For the purpose of this paragraph, “associated corporation” means, in relation to a corporation –

- (a) any corporation in which the Corporation or its subsidiary has, or the Corporation and its subsidiary together have, an interest in shares entitling the beneficial owners thereof the right to cast, whether by proxy or in person, not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of the corporation; or
- (b) any corporation, other than a subsidiary of the Corporation or a corporation which is an associated corporation by virtue of paragraph (a), the policies of which the Corporation or its subsidiary, or the Corporation together with its subsidiary, is able to control or influence materially.

- (f) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.
- 3. All appointments to the NC shall be subject to the prior approval of MAS.
- 4. A member of the NC shall hold office until the next Annual General Meeting following that member's appointment and may, subject to the prior approval of MAS, be re-appointed to such office.
- 5. Where, by virtue of any vacancy in the membership of the NC for any reason, the number of members of the NC is reduced to less than 5 (or such other number as may be determined by MAS), the Board shall, subject to prior approval of MAS, within 3 months thereafter appoint such number of new members to the NC to satisfy the requirements of paragraph 2. Any new member appointed shall hold office for the remainder of the term of office of the member of the NC in whose place he is appointed.

Meetings

- 6. The members of the NC may elect from their number a Chairman. Until that election, the Chairman shall be the person appointed by the Board.
- 7. The NC may regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat. The Secretary shall, on the requisition of a member, summon a meeting of the members.
- 8. SGX shall maintain records of the deliberations and proceedings of the NC and shall produce these records to the Board, and where requested, to MAS.
- 9. Seven days' notice, or such shorter notice as may be agreed by members, will be given by the Secretary, specifying the place, time and agenda of the

meeting.

10. The quorum necessary for the transaction of the business of the NC shall be 2, provided that a majority shall be independent.
11. If, at any meeting, the Chairman is not present within 15 minutes after the time appointed for holding the meeting, the members present may choose one of the other independent members to be Chairman of the meeting.
12. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.
13. A resolution in writing, signed by a majority of the members for the time being entitled to receive notice of a meeting of the NC (of which a majority shall be independent), shall be valid as effectual as if it had been passed at a meeting of the NC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.
14. Minutes of all proceedings of meetings of the NC shall be recorded by the Secretary and circulated to all the members. The minutes are to be signed by the Chairman of the meeting. The minutes books shall be kept by the Secretary and shall be open for inspection by any director of SGX's Board.
15. The Chairman of the NC shall report on the proceedings of the committee to the Board by way of submission of minutes of the committee meetings or by such other mode as the Chairman shall in his discretion deem fit.
16. The Company Secretary or some other person as resolved from time to time by the NC shall be the Secretary of the NC.

Responsibilities

17. The principal responsibilities of the NC shall be to:

17A. Review and recommend to the Board for approval:

- (a) the matters described in paragraph 1;

- (b) the criteria for identifying candidates and reviewing nominations for the appointments referred to in paragraph 1. The criteria shall include the following:-
 - i) the Board shall comprise a majority of Singapore citizens or permanent residents of Singapore;
 - ii) at least a majority of directors shall be independent from management and business relationships with SGX;
at least one-third of directors shall be independent directors;
 - iii) at least a majority of directors shall be independent from any single substantial shareholder of SGX; and
 - iv) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office. When assessing a candidate, the NC shall, in addition to the fit and proper criteria set out in the Guidelines issued by MAS from time to time, consider other factors that may be relevant, such as the candidate's track record, age, experience, and capabilities; and

- (c) how the Board's performance may be evaluated and propose objective performance criteria. The performance criteria should allow comparison with its industry peers and address how the Board has enhanced long-term shareholders' value.

17B. Consider and approve:

- (a) the appointment or termination of executive at EVP level and above;
and

- (b) together with the Chairman of the Remuneration Committee, devise an

effective succession plan for the CEO and other EXCO members.