

ASIA SECURITIES INDUSTRY AND FINANCIAL MARKETS
ASSOCIATION LIMITED

BY-LAWS

1. MISSION

- 1.1 **Goals.** The goals of the Asia Securities Industry and Financial Markets Association ("ASIFMA" or "Association") are:
- (i) to build consensus within the Asian securities and financial markets industry on issues material to the industry with a focus in particular on the growth and development of local and regional capital markets in Asia;
 - (ii) to mount reasonable and focused efforts to give effect to these positions by lobbying the appropriate domestic or international governmental, regulatory, legislative or other bodies in Asia; and
 - (iii) to inform and educate the Asia securities and financial markets industry and related constituencies.

2. METHOD OF OPERATION

- 2.1 **Meet with Regulators, etc.** It is anticipated that members of ASIFMA and appropriate committees will meet with regulators and other relevant parties on a regular basis to develop a constructive dialogue that serves to improve industry appreciation for, and influence on, the development of legal, accounting, regulatory, capital and other related issues.
- 2.2 **Inform members.** ASIFMA will regularly keep members informed of important ongoing issues and developments.
- 2.3 **Education programs.** ASIFMA will sponsor high level education programs that will be focused on serving participants in the Asian securities and financial markets.
- 2.4 **Co-ordinate with other associations and forums.** It is expected that ASIFMA and its divisions and forums will co-ordinate their activities, where appropriate, with other relevant local, regional and international industry advocacy groups and associations in order to act as a constructive force in the development of the region's securities and financial markets.

3. BOARD OF DIRECTORS

- 3.1 **Final authority.** The governing body, in whom all final authority shall reside for ASIFMA, subject to the Articles of Association and these By- Laws, will be the Board of Directors.
- 3.2 **Conduct of business and delegation.** The Board of Directors shall conduct its own business when in session, and may delegate its authority when not in session to the Executive Committee. Meetings may be conducted by the circulation of written materials or by teleconference, or by any other means as determined by the Chairman or Chairmen.
- 3.3 **Number of members of Board of Directors.** The Board of Directors may from time to time decide by majority vote the maximum number of members of the Board of Directors.
- 3.4 **Board of Directors composition.** The following will be the composition of the Board.
- (i) ASIFMA full members of Categories A to D are entitled to appoint a member to the Board of Directors;
 - (ii) The Chairman/Chairmen and the Vice Chairman/Chairmen of the ASIFMA Asset Management Group are entitled to appoint a member to the Board of Directors;
 - (iii) Four (4) to six (6) members shall be representative of ASIFMA full members of the E/F/G/H/I Categories as put forward by the Nominating Committee and approved by the Board of Directors;
 - (iv) One (1) Director shall be representative of full members of the rating agencies, service providers and infrastructure providers combined as put forward by the Nominating Committee and approved by the Board of Directors;
 - (v) Subject to Section 6.6, the Managing Director; and
 - (vi) Subject to Section 3.11, SIFMA shall be entitled to appoint a maximum of two (2) representatives.
- 3.5 **Nomination of members of Board of Directors.** Subject to Section 3.4 (iii) and (iv), the Nominating Committee will review potential nominees for membership on the Board of Directors put forward by ASIFMA full members to the Nominating Committee, and put forward approved nominees to the Board of Directors. The Board of Directors will vote on whether to accept each nominee to the Board of Directors.
- 3.6 **Term.** The term of each member of the Board of Directors shall be 2 years, subject to the following:
- (i) the term of a member of the Board of Directors elected or appointed as an officer must automatically be extended to coincide with his term in such office; and
 - (ii) the term of a member of the Board of Directors shall end on the date his successor (if any) is elected and appointed as a Director, which is expected to be on or about 1 December of the year in which such term is scheduled to expire.

The term of office of a member of the Board of Directors may be renewed after the expiry of such term.

- 3.7 **Initial members of the Board of Directors.** The initial members of the Board of Directors will be appointed by the Subscribers and such members shall hold office until December 2007.
- 3.8 **Representation on the Board of Directors.** The Board of Directors shall strive to ensure that membership of the Board of Directors shall be broadly representative of the various membership categories of ASIFMA and the geographical origins of the various members of ASIFMA.
- 3.9 **Consolidated institutions.** Consolidated institutions may fall into more than one (1) member category. Separate businesses within a consolidated group, if seeking membership in more than one (1) member category, will be required to pay dues separately. To ensure that diversity is maintained, no consolidated institution may hold more than two (2) positions on the Board of Directors.
- 3.10 **Representation of member firm.** Each individual elected to the Board of Directors will represent their respective member firm. If a member of the Board of Directors ceases to be employed by his member firm (the "Departed Director"):
- (i) The Departed Director shall cease to be a member of the Board of Directors with effect from the date of cessation of employment with his member firm.
 - (ii) An individual (the "New Director") designated by the member firm previously represented by the Departed Director shall replace the Departed Director on the Board of Directors.
 - (iii) The New Director shall replace the Departed Director on the Board of Directors, but the term of office of such New Director shall not exceed the remaining term of office of the Departed Director.
 - (iv) If the Departed Director is expected to join another member firm, the Board of Directors may invite the Departed Director to attend Board of Directors meetings as a non-voting guest.
 - (v) If the Departed Director joins a member firm that is not already represented on the Board of Directors and the member firm which the Departed Director joins nominates the Departed Director as a potential Director, then the Board of Directors may elect the Departed Director to the Board of Directors.
- 3.11 **SIFMA Directors.** Pursuant to Article 63 of the Articles of Association, SIFMA shall be entitled to appoint a maximum of two (2) representatives to serve on the Board of Directors (each a "SIFMA Director"). The term of office of each SIFMA Director shall be two (2) years. A SIFMA Director may be re-appointed after the expiry of his term. A SIFMA Director shall have all voting and other rights and privileges accorded to

members of the Board of Directors generally, and shall be required to observe and comply with the relevant provisions of these By-laws, including those governing duties, responsibilities and conduct of Directors.

- 3.12 **Regular meetings.** The Board of Directors will meet not less than once per fiscal year with such other interim meetings (including via teleconference) as deemed necessary by the Chairman or the Executive Committee.
- 3.13 **Removal.** The Board of Directors may remove a member from the Board of Directors as provided in the Articles of Association and these By-laws. Failure of any member of the Board of Directors to attend, in person or by teleconference, more than 2 meetings of the Board of Directors in any fiscal year, constitutes sufficient cause for removal.
- 3.14 **Alternate Directors.** Notwithstanding Articles 81 to 85 of the Articles of Association, no member of the Board of Directors may appoint an alternate Director.

4. EXECUTIVE COMMITTEE

- 4.1 **Chairman/Co-Chairmen.** The Chairman of the Board of Directors will serve as Chairman of the Executive Committee. If the Board of Directors elects co-Chairmen, such co-Chairmen will jointly serve as chairs of the Executive Committee.
- 4.2 **Members.** The Executive Committee shall consist of 11 members, including the following ex officio members:
- (i) the Chairman of the Board of Directors (or if there are two co-Chairmen, both such co-Chairmen);
 - (ii) the Vice Chairman of the Board of Directors (or if two Vice Chairmen were appointed, both such Vice Chairmen);
 - (iii) the Treasurer; and
 - (iv) the Managing Director.

The remaining members of the Executive Committee shall be appointed by the Board of Directors from amongst the members of the Board of Directors.

- 4.3 **Term.** The term of office of members of the Executive Committee, other than the Managing Director, shall be 2 years, and shall not be extended beyond the date his successor is appointed.
- 4.4 **Role.** The Executive Committee shall have full power to act for the Board during the periods between Board of Directors meetings, regarding matters which require prompt decision and are of such nature that it is not practicable or necessary to poll the Board of Directors, but shall not have power to amend these By-Laws (other than Section 7 hereof) or to act to fill vacancies on the Board of Directors or the Executive Committee. Such Executive Committee shall also act with respect to matters specifically delegated to it by

the Board of Directors.

4.5 **Meetings.** The Executive Committee may meet on such dates as are determined by the Chairman or his designee. Meetings may be conducted by the circulation of written materials or by teleconference, or by any other means as determined by the Chairman. The presence (including by teleconference) of one-half (1/2) of the members of the Executive Committee at any meeting shall constitute a quorum for the transaction of business. In the absence or disqualification of a member of the Executive Committee, the members present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board of Directors designated by the Chairman to act at the meeting in the place of any such absent or disqualified member.

4.6 **Cessation of Representation.** If a member of the Executive Committee ceases to be employed by his member firm (the "Departed Director"):

- (i) The Departed Director shall cease to be a member of the Executive Committee with effect from the date of cessation of employment with his member firm.
- (ii) An individual designated by the member firm previously represented by the Departed Director shall replace the Departed Director on the Executive Committee. The term of office of such replacement shall not exceed the remaining term of office of the Departed Director.
- (iii) If the Departed Director is expected to join another member firm, the Executive Committee may invite the Departed Director to attend Executive Committee meetings as a non-voting guest.
- (iv) If the Departed Director joins a member firm that is not already represented on the Executive Committee and the member firm which the Departed Director joins nominates the Departed Director as a potential member of the Executive Committee, then the Board of Directors, at the request of the Executive Committee, may increase the size of the Executive Committee and elect the Departed Director to the Executive Committee, subject to Section 4.2.

5. OTHER COMMITTEES

5.1 **Nominating Committee.** There shall be a Nominating Committee of the Board of Directors.

- (i) **Chairman/Co-Chairmen.** The Chairman of the Board of Directors will serve as Chairman of the Nominating Committee. If the Board of Directors elects co-Chairmen, such co-Chairmen will jointly serve as chairs of the Nominating Committee.
- (ii) **Members.** The Nominating Committee shall consist of maximum 15 members, including the following ex officio members:

- (a) the Chairman of the Board of Directors (or if there are two co-Chairmen, both such co-Chairmen);
- (b) the Vice Chairman of the Board of Directors (or if two Vice Chairmen were appointed, both such Vice Chairmen);
- (c) the Treasurer;
- (d) the other members of the Executive Committee; and
- (e) the Managing Director.

The remaining members of the Nominating Committee shall be appointed by the Chairman from amongst the members of the Board of Directors.

- (iii) **Term.** The term of office of members of the Nominating Committee shall be 2 years, which shall not be extended beyond the date his successor is appointed, and is renewable at the Chairman's discretion.
- (iv) **Role.** The Nominating Committee will review potential nominees for membership on the Board of Directors put forward by ASIFMA members to the Nominating Committee, and put forward approved nominees to the Board of Directors.

5.2 Audit and Finance Committee. There shall be an Audit and Finance Committee of the Board of Directors.

- (i) **Membership.** The Audit and Finance Committee shall be comprised of ASIFMA's Treasurer, and such other financial professionals from member firms as the Board of Directors may approve. The Treasurer shall be the chair of the Audit and Finance Committee.
- (ii) **Role.** The Audit and Finance Committee shall be responsible for engaging and supervising ASIFMA's Auditors; recommending the approval to the Board of Directors of ASIFMA's annual budget; monitoring ASIFMA's financial performance; and reporting to the Board of Directors material developments impacting ASIFMA's financial status.

5.3 Nomination to Public Interest Groups or Regulatory Organizations.

The co-Chairmen of the Board of Directors may from time to time as they may deem necessary or in the interests of ASIFMA appoint committees for the purpose of nominating, on behalf of ASIFMA, one or more persons to serve in an official capacity with a public interest group or a quasi-governmental regulatory organization. Any such committee so appointed shall be composed of at least three members of the Board of Directors and the Chairman or co-Chairmen of the Board of Directors shall jointly serve as an ex-officio member of the committee.

5.4 Other Local or Regional Associations, Organizations or Committees.

The Board of Directors may make provisions for, establish procedures and conditions relating to, and approve ASIFMA's association with or admission to associate membership of any association, forum, research institute, country-specific industry groups or trade organizations as well as other regional industry organizations that represent some or all of the participants in the local and regional securities and financial markets in Asia.

- 5.5 **Voting.** Any matter to be voted upon by a committee shall, except where otherwise specifically required, be approved by the affirmative votes of a majority of members of that committee present in person, by teleconference or by proxy.

6. OFFICERS

- 6.1 **Officers.** The officers of ASIFMA shall be a Chairman (or co-Chairmen) of the Board of Directors and a Vice Chairman (or Vice Chairmen) of the Board of Directors, a Treasurer and a Secretary.

6.2 **Election of Chairman and Appointment of Co-Chairman and Vice Chairmen.**

- (i) **Election of Chairman.** The Board of Directors shall elect one Chairman from amongst the members of the Board of Directors. Subject to Section 4.2, the candidate receiving the most votes from the members of the Board of Directors shall be elected Chairman. In the event two or more candidates receives the same number of votes, and no other candidate receives a higher number of votes, an additional vote shall be taken with only the candidates receiving the most votes in the previous round as candidates, and the candidate receiving the most votes in the second round shall be elected Chairman.
- (ii) **Appointment of Co-Chairman.** Subject to Section 4.2, a Chairman elected by the members of the Board of Directors may appoint an additional Co-Chairman from amongst the members of the Board of Directors.
- (iii) **Appointment of Vice Chairman or Vice Chairmen.** Subject to Section 4.2, the Chairman shall appoint a Vice Chairman, and may appoint an additional Vice Chairman, from amongst the members of the Board of Directors.
- (iv) **Term.** The term of office of the Chairman and the Vice Chairman shall be 2 years, which shall not be extended beyond the date his successor is appointed, and shall not be renewed.
- (v) **Role.** The principal duties of the Chairman and Vice Chairman shall be to create policies, and strategies for implementing those

policies, to accomplish the goals of ASIFMA set forth in Section 1. Together, they will have all of the powers enumerated elsewhere in these By- Laws and in addition will lead the Board of Directors and the Executive Committee. The co-Chairmen shall jointly preside at and serve as the chairmen of all meetings of the Board of Directors, the Nominating Committee and the Executive Committee, and shall call meetings of any committee as necessary and appropriate, except as may otherwise be provided at the time any committee is established and from time to time. The Chairman and Vice Chairman shall see

that resolutions of the Board of Directors and the Executive Committee are carried into effect, and shall ensure that the Memorandum and Articles of Association and these By-Laws are enforced. The Chairman and Vice Chairman should have a broad understanding of and experience with the securities industry, and demonstrated leadership ability and experience with relevant trade or professional organizations and must be willing to devote the time necessary to carry out their responsibilities during their term.

- (vi) References. Where there is more than one Chairman, then all references to "Chairman" shall include both co-Chairmen. Where there is more than one Vice Chairman, then all references to "Vice Chairman" shall include both Vice Chairmen.

6.3 **Secretary.** The Chairman shall appoint a Secretary. The term of office of the Secretary shall be 2 years, which shall not be extended beyond the date his successor is appointed, and shall not be renewed. The Secretary or his designee shall attend each meeting of the Board of Directors. However, the Secretary shall not be a member of the Board of Directors and shall not have the power to vote at meetings of the Board of Directors. The responsibilities of the Secretary shall include, in conjunction with the staff of ASIFMA:

- (i) the oversight of all records of meetings of the Board of Directors, the Executive Committee, the sub-committees and the members;
- (ii) recording or causing to be recorded the minutes of each meeting of the Board of Directors and the Executive Committee;
- (iii) the giving of required notices of general meetings and Board of Directors meetings; and
- (iv) performing such other duties as may be requested by the Chairman, the Board of Directors or the Executive Committee.

6.4 **Treasurer.** Subject to Section 4.2, the Chairman shall appoint a Treasurer from amongst the members of the Board of Directors. The term of office of the Treasurer shall be 2 years, which shall not be extended beyond the date his successor is appointed, and shall not be renewed. The Treasurer or his designee shall attend each meeting of the Board of Directors and shall be the chair of the Audit and Finance Committee. The Treasurer shall:

- (i) have charge and custody of and have responsibility for all funds and securities of ASIFMA;
- (ii) present an annual report of the finances of ASIFMA to the Board of Directors;
- (iii) be responsible for preparation of a proposed annual budget and its presentation to the Executive Committee and then to the Board of Directors for its final approval;
- (iv) report the financial condition of ASIFMA at each regular meeting of the Board of Directors; and
- (v) perform such other duties as may be assigned to such office by the Chairman, the Board of Directors or the Executive Committee.

6.5 **Appointed Officers.** In furtherance of the interests and purposes of ASIFMA, the Board of Directors may appoint or authorize the appointment of a Managing Director and such other officers and employees as the Board of Directors shall from time to time specify. Such officers and employees shall be at-will employees holding office at the pleasure of the Board of Directors or for such terms as the Board of Directors shall designate. All officers and employees shall have the powers and duties designated from time to time by the Board of Directors, or by the Managing Director, as the case maybe.

6.6 **Managing Director.** The Managing Director shall be the chief executive officer of ASIFMA and shall have such duties and powers as the Board of Directors shall specify from time to time. The Managing Director shall be eligible for election to the Board of Directors as an ex officio member, upon the approval of a majority of the Board of Directors. If so elected, the Managing Director shall serve as a Director at the pleasure of the Board or for such term as the Board shall designate and shall be entitled to attend all Board of Directors meetings and to vote on all matters considered at such meetings, subject to any limitations determined by the Chairman to be appropriate. If the Managing Director is serving as a member of the Board of Directors at such time as the Managing Director resigns or is removed as an officer of ASIFMA, the Managing Director's term as a Director shall automatically terminate upon such resignation or removal.

7. COMMITTEES

7.1 **Committees and Committee Governing Bodies.** The Executive Committee may establish and staff Committees, or suspend or terminate an existing Committee, from time to time as it sees fit.

7.2 **Amendment of Section 7.** The Executive Committee may amend any provision of this Section 7 by majority vote.

- 7.3 **Operating Procedures.** Each Committee shall have in place appropriate operating procedures which will provide for the general governance and operation of the Committee. Among other things, the operating procedures shall (i) provide procedures for the nomination and election of the chairman and vice chairman of the Committee, (ii) provide procedures for nomination and election of members of the Committee Governing Body and the term of office and number of such members, (iii) identify the committees which shall form part of the Committee and the manner in which the membership and leadership of such committees shall be determined. Unless otherwise provided in the operating procedures, the chairman and vice chairman of each Committee shall have a term of one year. However, the vice chairman of a Committee may serve as chairman of a Committee for a term of up to one year notwithstanding that he previously served as vice chairman for such Committee.
- 7.4 **Initial Operating Procedures and Amendments.** The initial operating procedures for each Committee shall be approved by the Executive Committee. Thereafter, all amendments to the operating procedures shall be approved by a super-majority vote of three-fourths of the members of the Committee Governing Body present in person or by proxy at a meeting at which a quorum is present. No provision of the operating procedures shall be inconsistent with these By-Laws or the Memorandum and Articles of Association.
- 7.5 **Establishment and staffing of special committees.** The Executive Committee may establish and staff, and subsequently suspend or terminate, any other standing committees, special committees, ad hoc committees or task forces ("Special Committees") as it sees fit.
- 7.6 **Meetings.** Special Committees may meet at any time they may choose. Dates for such meetings will be set by the head of the relevant committee.

8. EMPLOYEES AND EMPLOYMENT MATTERS

- 8.1 **Staff.** ASIFMA will be supported by a dedicated, full-time professional and administrative staff at a level necessary to support and carry out its activities effectively and efficiently.
- 8.2 **Role of Managing Director.** The Managing Director will work directly with the Board of Directors, the Executive Committee and other committees of the Board and ASIFMA. The Managing Director will be responsible for developing and pursuing ASIFMA's various projects and initiatives and informing and educating members of the industry, regulatory and legislative officials, the financial media and other internal and external constituencies regarding the function, needs and public policy benefits of further developing and strengthening the securities markets in Asia.
- 8.3 **Responsibilities of the Managing Director.** The Managing Director will be responsible for the administration and operation of ASIFMA,

including membership recruitment and retention activities, budgeting and financial matters, internal and external communications, and related tasks and functions. As mentioned earlier, the Managing Director shall be the chief executive officer of ASIFMA, shall report directly to the Chairman or Chairmen, shall represent ASIFMA on behalf of the Board of Directors and the Executive Committee and shall have general and active management and control of the day-to-day business affairs of ASIFMA. The Managing Director is the designee of the Board of Directors and the Executive Committee, shall sign any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors or the Executive Committee has authorized to be executed (except where expressly delegated by the Board of Directors or the Executive Committee, or by statute to some other officer or agent) and in general shall perform such other duties and have such other authority and powers as the Board of Directors or the Executive Committee may from time to time prescribe.

9. NOTICES

- 9.1 **Waiver of Notice.** Whenever any notice is required to be given to any member, Director, officer or committee member of ASIFMA under the provision of any applicable law or these By-Laws, a waiver thereof in writing signed by the person entitled to such notice or given electronically, whether given before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

10. MEMBERSHIP, BUDGET AND FINANCE

- 10.1 **Membership of ASIFMA.** Membership of ASIFMA will be open to all institutions active in Asia's securities industry, including dealers, banks, underwriters and other financial intermediaries, asset managers, investors, issuers, service providers, rating agencies, infrastructure providers, law firms and accountancy firms, subject to the sole and absolute discretion of the Board of Directors (or its designee) and the provisions of the Articles of Association and these By- laws.
- 10.2 **Admission of new members.** No institution shall be admitted as a full or associate member of ASIFMA unless such institution has delivered to the Executive Committee an application for membership and such application being approved by the Board of Directors (or its designee).
- 10.3 **Appropriate membership category.** The Nominating Committee, or its designee, may determine the appropriate membership category for an applicant, and whether an applicant should be admitted as a full member or an associate member. The Nominating Committee (or its designee) may request such information from the applicant as is reasonably required for it to determine the appropriate membership category for such applicant. If an applicant is eligible to be a full member, the Nominating Committee (or its designee) may admit such applicant as a full member notwithstanding a request by the applicant to be admitted an associate member.
- 10.4 **Membership Rights.** Membership by an institution shall entitle any and all of its professional employees to participate in ASIFMA's various divisions,

forums and committees, subject only to the Operating Procedures of such division, forum or committee. Professional employees of member firms are also entitled to attend ASIFMA conferences and other events at the member rate, attend the ASIFMA annual general meeting (for full members only) and generally participate in the activities of each of ASIFMA's divisions, forums and committees. The Nominating Committee may develop further membership criteria and benefits.

- 10.5 **Membership Categories and Dues.** Membership dues will vary according to organization size and scope of operations in the securities market in Asia. The Board of Directors may modify the dues levels and dues categories from time to time.
- 10.6 **Payment of dues.** In the year in which a member first joins ASIFMA, if the member has not paid the required amount of membership dues after 30 days (or such other period as shall be determined by the Chairman in the reasonable exercise of his or her discretion) from notification by the Board of Directors of acceptance of that member, that member shall not be entitled to attend any general meetings, and its nominees shall not be entitled to attend any Board of Directors meetings or divisional or committee meetings until such time as all required amounts of membership dues have been fully paid. In subsequent years, a member will not be able to attend general meetings, and its nominees shall not be entitled to attend any Board of Directors meetings or divisional or committee meetings unless it shall have paid the required amount of membership within the due date of the relevant invoice.
- 10.7 **Annual membership.** Members' financial commitment to ASIFMA will be on an annual basis.
- 10.8 **Funding.** ASIFMA will be entirely self-funded through membership dues and other sources of revenue (such as educational conferences). However, SIFMA may choose, from time to time, to provide financial and other support to ASIFMA as SIFMA sees fit.
- 10.9 **Fiscal year.** The fiscal year of ASIFMA shall be from November 1 to October 31.

11. BY-LAWS

- 11.1 **Adoption.** These By-Laws shall come into effect when adopted by the Subscribers.
- 11.2 **Amendment.** These By-Laws may only be amended by a super-majority vote of three-fourths of the members of the Board of Directors present in person or by teleconference at a meeting at which a quorum is present.
- 11.3 **Definitions.** Capitalised terms used in these By-Laws shall have the meanings given to them in the Memorandum and Articles of Association of ASIFMA, unless otherwise defined herein.

SCHEDULE I

ASIFMA Membership Categories

Bank
Market Maker
Asset Manager
Broker Intermediary / Trading Platform
Rating Agency
Index Provider
Clearance/Settlement/Custody Provider
Information/Technology Vendor
Accounting Firm
Consultant
Law Firm
Mortgage Insurer
Trustee
Issuer/Originator
Quasi-Government