

Listing Decisions Series 2-3 - Rule 14.25 - Effect of variation of terms of connected transactions on connected transaction waivers (May 1999) (Withdrawn in September 2009)

[This Listing Decision is no longer applicable after the rule amendments in March 2004 to introduce requirements for continuing connected transactions in Chapter 14A of Main Board Rules. The relevant rules after the rule amendments are Main Board Rules 14A.35 and 14A.36(2).]

Summary	
Name of Party	Company A – a listed company
Subject	Effect of variation of terms of connected transactions on connected transaction waivers
Listing Rule	Rule 14.25
Decision	Listed issuers must notify the Exchange of any changes to the original terms of connected transactions for which a waiver has been granted and full compliance with the connected transaction provisions is required unless a further waiver is applied for and granted by the Exchange.

Summary of Facts

An on-going waiver had been granted to Company A in respect of certain transactions in which it received commission income (with commission rates expressed as a fixed percentage of the value of the relevant transaction) from a connected person. Under the waiver, Company A would not be required to issue an announcement each time the original transactions were conducted on the condition that, among other things, the aggregate commission received in any financial year would not exceed the limit granted under the waiver.

Subsequent to the granting of the waiver, the commission rates on the original transactions were varied and the Exchange was not notified of such changes.

Analysis

In accordance with the standard conditions for connected transaction waivers granted by the Exchange, the waiver would lapse if, among other things, changes were made to the terms of the original transactions even where:

1. the aggregate commission received in any financial year had not been exceeded; and
2. the changes were to the benefit of the listed issuer.

Decision

Company A was requested to comply with the relevant provisions of Rule 14.25 in respect of connected transactions. Any transactions conducted since the commission rates were varied without such compliance would render Company A in breach of the Listing Rules.