

Consultation Paper on Proposed Changes to Align the Definitions of Connected Person and Associate in the Listing Rules

Question A

We agree generally with this proposal.

Question B

We agree with using the Chapter 14A definition of connected person / associate in the named provisions, **except** that, in relation to the following provisions, we believe it is inappropriate to include in the definition of "connected person" a person who was a director of the issuer / its subsidiaries in the last 12 months":

Listing Rule	Description of the requirement	Reasons for objection
13.84	<p>Factors to assess an IFA's independence also include any transactions arrangements or relationships with:</p> <ul style="list-style-type: none"> • another party to the transaction; • any associate or connected person of another party to the transaction; • any controlling shareholder of (i) another party to the transaction or (ii) any holding company or another party to the transaction, and any associates of such controlling shareholder 	<p>The Chapter 14A definition of "connected person" (being persons who are connected with the issuer) does not fit into these provisions and may cause confusion.</p> <p>Is a person supposed to be "connected" for the purposes of this provision if he was a past director within 12 months of the other party to the transaction (not of the issuer)?</p> <p>What if he is a connected subsidiary of the other party (not the issuer)?</p> <p>If the answer to the above is yes, we believe the net is cast too wide.</p>
13.80	<p>IFA's work to include interviewing any third party expert who provides an opinion or valuation relevant to the transaction, including any current or prior relationships with connected persons of another party to the transaction.</p>	<p>We have the same objection here as in Rule 13.84.</p> <p>Parts of the Chapter 14A definition of "connected person" work in practice only if the person is connected with the issuer or its subsidiary. "Connected persons" of third parties should be separately considered. In our view, its ambit should be more restricted than "connected persons" of the issuer or its subsidiary.</p>