

**From:** Punnett, Jeremy [REDACTED]  
**Sent:** Saturday, May 30, 2020 00:07  
**To:** response  
**Subject:** WVR Consultation

**WARNING: External email, please exercise caution.**

Dear Sir/ Madam

M&G Investment Management (“MAGIM”) write in regard to the Consultation Paper on Corporate WVR Beneficiaries (January 2020). As we have only broad comments we have taken advantage of your offer to submit a letter only.

MAGIM wish to make the following points regarding the proposal:

- 1) In general we do not support voting rights that do not reflect economic interests. We accept this is a complex topic, but in general they lower corporate governance standards and reduce the value of our investments in companies via a loss of control. In general we align more with the risk factors outlined in the proposal document focusing on normalisation, corporate governance, and issues of fiduciary duties.
- 2) We support HKEX seeking to bring diverse new issuers to market and supporting the ‘ecosystems’ that develop these companies. However, we believe the majority of the corporate sponsors behind these companies could if required focus on the company in question should they wish their economic and voting stake remain constant.
- 3) We firmly agree that 30% represents *de facto* control of a company. When an economic interest drops below this extinguishing the WVR, discussed as one potential option, would seem to add a great deal of complication to the capital structure of the issuer. There are no easy ways to resolve this and this further adds to our overall concern regarding corporate WVRs.
- 4) We believe that where a corporate entity does have WVR these should have a firm sunset clause without the possibility for extension that should be for a maximum of five years.

We are happy to discuss in more detail and thank you for the opportunity to provide feedback.

For and on behalf of,  
M&G Investment Management

**Jeremy Punnett**  
Director  
Corporate Finance & Stewardship

Official Sponsor of the RHS Chelsea Flower Show

The information contained in this message may be CONFIDENTIAL and is intended for the addressee only. Any unauthorised use, dissemination of the information, or copying of this message is prohibited. If you are not the addressee, please notify the sender immediately by return e-mail and delete this message. Although this e-mail and any attachments are believed to be free of any virus, or other defect which might affect any computer or system into which they are received and opened, it is the responsibility of the recipient to ensure that they are virus free and no responsibility is accepted by M&G for any loss or damage from receipt or use thereof. Please note that all e-mail messages are subject to interception for lawful business purposes.

M&G FA Limited is incorporated and registered in England and Wales under registered number 1048359. Registered office: 10 Fenchurch Avenue, London EC3M 5AG.