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## Main Market Listing Requirements: Who Is A “Person Connected”?

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This alert summarises the scope of “Person Connected” under the Main Market Listing Requirements (MMLR) and the disclosure of such related party transaction for a listed company.

### 1. Definition of “related party” and “person connected”

Based on Chapter 1 of the MMLR, the definition of “related party” and “person connected” are as follow:

Related party means:

- (a) in relation to a corporation, means a director, major shareholder or person connected with such director or major shareholder;
- (b) in relation to a business trust, means the trustee-manager, a director or major shareholder of the trustee-manager, a major unit holder of the business trust or person connected with any of the aforesaid persons;
- (c) in relation to a closed-end fund, means the Managers, a director or major shareholder of the Managers or the closed end fund, or person connected with any of the aforesaid persons; or
- (d) in relation to a REIT, means the management company, the trustee, a director or major shareholder of the management company, major unit holder of the REIT, or person connected with any of the aforesaid persons.

“Person” connected means:

- (a) a family member of the said Person;

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- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
- (c) a partner of the said Person;
- (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
- (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (g) a body corporate which is a related corporation of the said Person.

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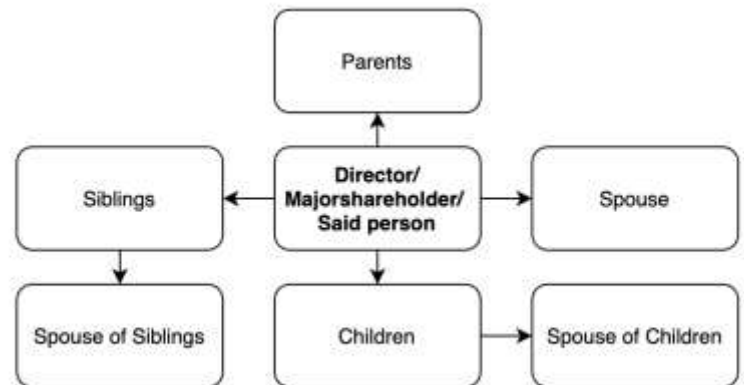
## 2. Who is considered as a “family member”?

The most common form of person connected is by way of familial relationship. Bursa Malaysia recognises the following categories as “family member”:

- (a) spouse.
- (b) parents.
- (c) children, including adopted child and step-child.
- (d) siblings.

(e) spouses of children and siblings (brother/sister-in-law and son/daughter-in law).

For ease of identification, the diagram below illustrates the categories of relationship with the said person that will be caught under “person connected”:



### 3. Obligation to act

A person who is accustomed or obligated to act in accordance to the directions, instructions or wishes of a said Person often refers to ‘de jure director’.

The MMLR takes the position that the relationship between a de jure director and shadow director is deemed as “person connected”.

### 4. Partner of the said Person

Not to be confused with the spouse of the said person, “partner” in this context refers to business partners or partner in a partnership.

“Partner” is a person who falls within the following categories:

(a) a person with whom the said Person, is in or proposes to enter into partnership with. “Partnership” for this purpose refers to a “partnership” as defined in Section 3 of the Partnership Act 1961 or “limited liability

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partnership” as defined in Section 2 of the Limited Liability Partnerships Act 2012, as the case may be; or

- (b) a person with whom the said Person has entered or proposes to enter into a joint venture, whether incorporated or not.

## 5. Related Corporation

Related corporation means a corporation which is:

- (a) the holding company of another corporation;  
(b) a subsidiary of another corporation; or  
(c) a subsidiary of the holding company of another corporation.

## Conclusion

The concept of “person connected” has an intrinsic relationship with the definition of related party.

Authored by Vincent Kow Lit Han, a pupil with the firm’s Capital Markets and M&A Practice.

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