

Update

Newsflash July 2015

SIX Swiss Exchange - New regulatory standards for equity securities enter into effect on 1 August 2015

Amendments to the regulatory standards for equity securities of the SIX Swiss Exchange will enter into effect on 1 August 2015. For issuers currently allocated to the Main Standard or the Domestic Standard, the new regime will result in a move to either the new International Reporting Standard or the Swiss Reporting Standard, respectively, depending on the financial reporting standard they apply. Issuers using IFRS or US GAAP as their financial reporting standard will be allocated to the International Reporting Standard whereas issuers having opted for Swiss GAAP FER will be allocated to the Swiss Reporting Standard. The reallocation will be implemented automatically on 3 August 2015. In addition, the listing requirements for equity securities will be amended and harmonized.

Background

Since 2009, issuers of equity securities listed on the SIX Swiss Exchange have been allocated to the Main Standard or the Domestic Standard. The two regulatory standards differ in particular with respect to the listing requirements. The Domestic Standard being subject to less stringent listing requirements was originally intended for companies of local importance, with a low number of investors, and for smaller or younger issuers. In recent years, however, an increasing number of larger companies have switched from IFRS to Swiss GAAP FER, resulting in their reallocation from the Main Standard to the Domestic Standard. According to the Regulatory Board of SIX Swiss Exchange these developments had the effect that the Domestic Standard included companies which are not in light with the originally envisaged positioning of this standard and therefore an amendment to the regulatory standards for equity securities was necessary.

New regulatory standards

The new regime provides for one standard for equity securities and one for debt securities. The standard for equity securities is further divided into an International Report-

ing Sub-Standard and a Swiss Reporting Sub-Standard. These two sub-standards are supplemented by further sub-standards for Investment Companies, Real Estate Companies, Depositary Receipts and Collective Investment Schemes.

Overview of the changed listing requirements for equity securities

As a result of the new standard concept, the listing requirements for the International Reporting Sub-Standard and the Swiss Reporting Sub-Standard have been harmonized (same thresholds) resulting in the sole distinguishing criterion being the applicable accounting principles. As a consequence and in order to be allocated to the Swiss Reporting Standard, issuers will have to fulfill stricter listing requirements compared to issuers under the current Domestic Standard. Issuers applying IFRS or US GAAP will be listed on the International Reporting Sub-Standard whereas issuers having opted for Swiss GAAP FER will be allocated to the Swiss Reporting Sub-Standard. The reallocation will be implemented automatically on 3 August 2015 and does not require any action from issuers.

Overview of the most important amendments:

	Standard for equity securities				
	Sub-Standards (without the Sub-Standard for Collective Investment Schemes)				
	International Reporting	Swiss Reporting	Investment Companies	Real Estate Companies	Depository Receipts
Track Record	3 years	3 years	-	-	3 years
Capital Requirements	2.5 m	2.5 m	2.5 m	2.5 m	2.5 m
Free Float	20%	20%	20%	20%	20%
Market Capitalization	25 m	25 m	25 m	25 m	25 m
Financial Reporting	IFRS, US GAAP	Swiss GAAP FER, Banking Act	IFRS, US GAAP	Swiss GAAP FER, IFRS	IFRS, US GAAP
Maintaining the Listing	No changes (ongoing reporting obligations, corporate governance, ad hoc publicity and management transactions)				

■ = changed thresholds/requirements

Track Record: The required track record for both the International Reporting Standard and the Swiss Reporting Standard will be three years (formerly only two years for the Domestic Standard).

Capital Requirements: In common with other trading venues, the required equity base for all sub-standards at the time of listing has been set at CHF 2.5 million (the former required equity base for the Domestic Standard was also CHF 2.5 million but for the other standards for equity securities, it was CHF 25 million).

Free Float: The required free float at the time of listing will be brought into line with the SPI threshold and will be 20% for all sub-standards (the former necessary free float for the Domestic Standard also was 20%, contrary to the free float of 25% for the other standards for equity securities).

Market Capitalization: The market capitalization of the securities held publicly has to amount to at least CHF 25 million for all sub-standards at the time of listing (the former market capitalization of all standards for equity securities also had to amount to at least CHF 25 million, except in the Domestic Standard where the threshold was only CHF 5 million).

In the event of a change from the International Reporting Standard to the Swiss Reporting Standard and vice-versa, there is no requirement to issue a listing prospectus. However, a change to another regulatory standard with different listing requirements, e.g. from the International Reporting Standard to the Standard for Investment Companies, will trigger a prospectus requirement.

The restructuring of the regulatory listing requirements for equity securities has no impact on the rules of SIX Swiss Exchange for maintaining the listing, such as the regular reporting obligations, ad hoc publicity and the disclosure of management transactions.

The new regulatory standard regime does not affect issuers allocated to the sub-standard for collective investment schemes: The requirements for listing and for maintaining the listing applicable to them remain unchanged.

Regulatory standard for debt securities

Under the new regime, there will be one regulatory standard for debt securities, divided into the sub-standards for bonds, derivatives and exchange traded products. The term Main Standard for bonds will not be used any longer.

However, the new regulatory standard for debt securities does not affect issuers of debt securities as both the requirements for listing and for maintaining the listing remain unchanged.

Please do not hesitate to contact us for further information regarding the changed regulatory standards of the SIX Swiss Exchange.

Your contacts

Zurich

Patrick Schleiffer
patrick.schleiffer@lenzstaehelin.com

Hans-Jakob Diem
hans-jakob.diem@lenzstaehelin.com

Matthias Wolf
matthias.wolf@lenzstaehelin.com

Telephone +41 58 450 80 00

Geneva / Lausanne

Jacques Iffland
jacques.iffland@lenzstaehelin.com

François Rayroux
francois.rayroux@lenzstaehelin.com

Telephone +41 58 450 70 00

Our offices

Zurich

Bleicherweg 58
CH-8027 Zurich
Telephone +41 58 450 80 00
Fax +41 58 450 80 01
zurich@lenzstaehelin.com

Geneva

Route de Chêne 30
CH-1211 Genève 17
Telephone +41 58 450 70 00
Fax +41 58 450 70 01
geneva@lenzstaehelin.com

Lausanne

Avenue du Tribunal-Fédéral 34
CH-1005 Lausanne
Telephone +41 58 450 70 00
Fax +41 58 450 70 01
lausanne@lenzstaehelin.com

www.lenzstaehelin.com

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