Exchange Regulation

Media Release

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SIX Exchange Regulation
SIX Swiss Exchange Ltd
Selnaustrasse 30
P.O. Box 1758
CH-8021 Zurich
www.six-exchange-regulation.com

Media Relations:
T +41 58 399 2227
F +41 58 499 2710
pressoffice@six-group.com

Less suspected disclosure violations reported

Disclosure Office of SIX Swiss Exchange publishes its annual report for 2011

Slight fall in the number suspected disclosure obligation violations reported by the Disclosure Office to FINMA despite more disclosure notifications overall. Minor amendments to the Stock Exchange Ordinance-FINMA came into force on 1 January 2012. As part of the proposed revision of the SESTA with regard to stock exchange offences and market abuses, changes are also planned with regard to the obligations to disclose significant shareholdings. The Disclosure Office is skeptical regarding the extension of disclosure obligations to companies incorporated abroad.

A third fewer suspected violations

At 79, the number of suspected violations of disclosure obligations reported to the Swiss Financial Market Supervisory Authority FINMA was around a third lower than in 2010 (111). This coincided with a slight increase in the total number of notifications, from 1,024 in 2010 to 1,111 in 2011 (cf. section 6 of the 2011 Annual Report). It is still too early to determine the extent to which this decline in the number of suspected cases identified by the Disclosure Office is related to tougher enforcement practices on the part of FINMA and the Federal Department of Finance (FDF).

Revision of the Stock Exchange Ordinance-FINMA effective 1 January 1 2012

In July 2011, FINMA conducted consultations on draft modifications to the SESTO-FINMA. These changes were put into effect on 1 January 2012. The revision focused on new rules concerning the reporting obligations of non-Swiss collective investment schemes (Art. 17 SESTO-FINMA). The new SESTO-

FINMA also contains a number of more minor amendments (cf. section 1.1 of the 2011 Annual Report).

Disclosure obligations should also apply to shareholders in foreign companies in future

In its Opinion on changes to the Federal Act on Stock Exchanges and Securities Trading as it applies to stock exchange offences and market abuses, the Federal Council proposes several changes which also affect the law on disclosures of significant shareholdings (cf. section 1.3 of the 2011 Annual Report). The proposed amendments include extending the applicability of disclosure obligations to companies which are listed on Swiss exchanges but are incorporated abroad. The Disclosure Office has pinpointed difficulties with the enforcement of these obligations, however. It also upholds its criticism of the Federal Council's proposed cap on fines – to a maximum of CHF 10 million in the case of intentional breach of disclosure obligations – as too low.

Click on the following link to view the 2011 Annual Report of the Disclosure Office of SIX Swiss Exchange: http://www.six-exchange-regulation.com/obligations/disclosure/annual_reports_en.html.

Further information can be found at: http://www.six-exchange-regulation.com/obligations/disclosure_en.html.

Should you have any questions, please feel free to contact Dr. Alain Bichsel, Head Media Relations.

Phone: +41 58 399 2675
Fax: +41 58 499 2710
E-mail: pressoffice@six-group.com

SIX Exchange Regulation
SIX Exchange Regulation performs the functions assigned under Swiss federal law and enforces and monitors compliance with the rules laid down by the Regulatory Board. SIX Exchange Regulation imposes sanctions in so far as it is authorised to do so by the regulations, or submits sanction requests to SIX Swiss Exchange's Sanction Commission.

SIX Exchange Regulation's independence from SIX Swiss Exchange's operating business is guaranteed by its direct subordination to the Chairman of the Board of Directors of SIX Group. SIX Exchange Regulation consists of the divisions Listing & Enforcement, responsible for regulating issuers, and Surveillance & Enforcement monitoring trading.
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Disclosure Office
The Disclosure Office is a separate department within SIX Exchange Regulation. SIX Exchange Regulation is independent of the Exchange's operating business and reports directly to the Chairman of the Board of Directors of SIX Group Ltd. The fulfillment of the statutory tasks of the Disclosure Office is subject in legal terms to direct supervision by the Swiss Financial Market Supervisory Authority FINMA. The Disclosure Office does not hold any state authority of its own, however.

The Disclosure Office, which has a basis in federal law, was created in connection with the introduction of the obligation to disclose holdings in companies incorporated in Switzerland whose equity securities are listed, in whole or in part, in Switzerland, if they reach, exceed or fall below certain thresholds (3, 5, 10, 15, 20, 25, 33 $^{1}/_{3}$, 50 and 66 $^{2}/_{3}$ percent of voting rights. The disclosure of significant shareholders creates transparency about ownership structures and financial interests in listed companies, and functions as an early warning system for possible takeovers. The task of the Disclosure Office is to receive notifications of shareholdings, to monitor compliance with reporting and disclosure obligations, to report possible breaches of reporting obligations to FINMA, to grant exemptions or relief from reporting obligations, and to render preliminary decisions on whether an obligation to notify exists or not.