

Media Release

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Fine against GAM Holding AG is legally binding

In a decision dated 29 January 2020, the Sanctions Commission of SIX Swiss Exchange has imposed a fine of CHF 400,000 on GAM Holding AG for breaching IFRS accounting standards.

GAM Holding AG has since accepted the decision of the Sanctions Commission and has waived its right to appeal. The fine is therefore final and legally binding.

On 4 December 2019, SIX Exchange Regulation AG announced in a media release it was submitting a proposal for sanctions to the Sanctions Commission against GAM Holding AG. In particular, it was claimed that GAM Holding AG had failed to recognize a financial liability in the consolidated balance sheet of the 2017 IFRS annual financial statements. Furthermore, GAM Holding AG had not included the effects of the revaluation of the financial liability in the consolidated income statement of the 2017 IFRS annual financial statements.

In connection with the acquisition of Cantab Capital Partners LLP on 3 October 2016, GAM Holding AG entered into a contractual obligation to pay a share of future performance fees to the previous owners for an indefinite period of time. GAM Holding AG did not recognize this contractual obligation as a financial liability at the acquisition date and at subsequent balance sheet dates. Instead, GAM Holding AG simply disclosed it as a contingent liability. The Sanctions Commission has qualified the obligation in question as a financial liability under IFRS accounting standards, which must be recognized in the balance sheet and remeasured at each reporting date. The Sanctions Commission qualified the breach of the applicable IFRS rules as a significant violation that was committed negligently.

As a result, the Sanctions Commission approved the proposal for sanctions of SIX Exchange Regulation AG and, by decision of 29 January 2020, imposed a fine of CHF 400,000 on GAM Holding AG. The decision of the Sanctions Commission is now final and legally binding given that GAM Holding AG has waived its right to appeal.

Should you have any questions, please contact Jürg Schneider, Head Media Relations.

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SIX Exchange Regulation AG is one of the Regulatory Bodies of the SIX trading venues. It performs the functions assigned under Swiss federal law and enforces the rules laid down by the Regulatory Board, and monitors compliance with legal and regulatory requirements. As part of its diverse remit, SIX Exchange Regulation AG submits proposals for sanctions to the Sanctions Commission or can enact sanction notices. SIX Exchange Regulation AG is directly subordinated to the Chairman of the Board of Directors of SIX Group Ltd, guaranteeing the independence of SIX Exchange Regulation AG from the operating business of SIX Swiss Exchange Ltd and SIX Repo Ltd. SIX Exchange Regulation AG consists of the divisions Listing & Enforcement, responsible for regulating issuers, and Surveillance & Enforcement, which monitors trading. www.six-exchange-regulation.com

Sanctions Commission

The Sanctions Commission can impose sanctions in cases of violations of the Rule Book, the Listing Rules and the Additional Rules of SIX Exchange Regulation AG. It is composed of between five and eleven members. The Chairman of the Sanctions Commission and half of its members are elected by the Regulatory Board; the remaining members are appointed by the Board of Directors of SIX.

SIX operates and develops infrastructure services in the Securities & Exchanges, Banking Services and Financial Information business units with the aim of raising efficiency, quality and innovative capacity across the entire value chain of the Swiss financial centre. The company is owned by its users (127 banks). With a workforce of some 2,600 employees and a presence in 20 countries, it generated operating income in excess of CHF 1.9 billion and Group net profit of CHF 221.3 million in 2018. www.six-group.com