

ADMISSION BOARD COMMUNIQUÉ NO. 1/2006 OF 12 JANUARY 2006

Amendment to the Directive on Requirements for Financial Reporting Auditor confirmation

Decision of the Admission Board: 25 November 2005

Entry into force: 1 December 2005

I. BACKGROUND

According to Annex 1 of the Directive on Requirements for Financial Reporting (DFR), **non-Swiss issuers of only debt securities** may apply other accounting standards, if the differences between the accounting standards that are used and IFRS or US GAAP are explained in the listing prospectus and the annual reports, and the correctness of these explanations is confirmed to the SWX by the auditors. On 25 November 2005, the Admission Board decided to amend the DFR with regard to auditor confirmation.

II. CHANGES

The amendment to Annex 1 of the DFR (section II para. 1 d) states that issuers who are not domiciled in Switzerland and issue only debt securities **no longer require confirmation from the auditors** of the correctness of the explanations of differences between IFRS or US GAAP and the accounting standard that is applied in the listing prospectus and in the annual reports that the issuer must produce in order to maintain listing.

Henceforth, issuers who are not domiciled in Switzerland and issue only debt securities will have to fulfill both of the following conditions for their accounting standards to be recognised:

1. The accounting standard guarantees a **“true and fair view”** pursuant to Art. 66 LR.
2. The listing prospectus and the annual reports contain **detailed explanations** of the differences between the accounting standards that are applied and IFRS or US GAAP **or** the figures for earnings and shareholders' equity are **reconciled** to IFRS or US GAAP.

III. ENTRY INTO FORCE

The change to Annex 1 of the DFR came into force on **1 December 2005**.

The amended Section II para. 1 d of Annex 1 DFR can be found on the Internet at:
http://www.swx.com/download/admission/regulation/guidelines/swx_guideline_20050101-1_en.pdf

The printed version will be sent out with the next changes to the "Admission of Securities" manual.

Admission Board Communiqués are accessible in English, German and French on the Internet at http://www.swx.com/admission/regulation/messages/2006_en.html