

ADMISSION BOARD COMMUNIQUÉ NO. 4/2006 OF 28 JULY 2006

Changes to the Directive on Information Relating to Corporate Governance (DCG) Amendment of ref. no. 7 DCG and Points 5.1, 5.2 and 8.4 Annex Cancellation of Point 3.3 and Points 5.3 through 5.9 Annex

Decision of the Admission Board: 29 March 2006

Entry into force: 1 January 2007

I. BACKGROUND

The **Directive on Information Relating to Corporate Governance** (DCG) of the SWX Swiss Exchange requires listed companies to disclose, among other things, compensations, shareholdings and loans of members of boards of directors and management boards. On 7 October 2005, the Federal Assembly of the Swiss Confederation supplemented the Code of Obligations (CO) with provisions on the transparency of compensations of members of boards of directors and management boards. The Admission Board therefore decided on 29 March 2006 to amend the DCG accordingly.

II. CHANGES

The amendment of the DCG includes the repeal of Points 5.3 through 5.9 Annex, which govern the **disclosure of compensations, shareholdings and loans** of acting and former members of boards of directors and management boards. Under the provisions of Art. 663b^{bis} CO, which will enter into force on 1 January 2007, information on compensations, shareholdings and loans will have to be published in an annex to the balance sheet pursuant to Federal law. However, in the Corporate Governance sections of their annual reports, issuers will still have to disclose information regarding the content and method of determining compensations and shareholding programmes pursuant to Point 5.1 Annex.

The principle of **“comply or explain”** pursuant to ref. no. 7 DCG will be adjusted as well. The principle of “comply or explain” will apply to all parts of the DCG, including Section 5 of the Annex.

Furthermore, Point 3.3 Annex, **“Cross-involvement”**, will be repealed. It will no longer be necessary to mention cross-involvement explicitly. Cross-involvement of issuers’ board members in the boards of other listed companies will be disclosed under Point 3.2 a. Annex and therefore be apparent to investors.

Point 8.4 Annex, **“Supervisory and control instruments vis-à-vis the auditors”**, will be amended as well. The heading will be changed to “Informational instruments pertaining to the external audit”, and the text will be adapted to accepted business and legal practice. The minimum requirements for the informational instruments pertaining

to the external audit will be incorporated into the Annex to the Directive. In particular, information on the auditors' report to the board of directors and the number of meetings of the entire board of directors or the audit committee with the external auditors will have to be disclosed.

III. ENTRY INTO FORCE

These changes will enter into force on **1 January 2007**.

The changed Directive will be supplied along with the next update for the "Admission of Securities" manual. It is also available immediately on the Internet at http://www.swx.com/download/admission/regulation/guidelines/swx_guideline_20070101-1_en.pdf

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