

REGULATORY BOARD COMMUNIQUÉ NO. 1/2016 OF 23 JUNE 2016

Amendment to the rules and regulations on financial reporting

Decision of the Regulatory Board of 13 April 2016

Entry into force: 1 July 2016

I. AMENDMENTS TO SCHEME B OF THE LISTING RULES AND TO THE DIRECTIVE ON FINANCIAL REPORTING CONCERNING ADDITIONAL INFORMATION IN THE NOTES TO INVESTMENT COMPANY FINANCIAL STATEMENTS

A. Background

In December 2014, the International Accounting Standards Board (IASB) issued further amendments to the regulations on consolidation for investment companies. Their application has been mandatory since 1 January 2016. Among other points, investment companies are no longer permitted to consolidate subsidiaries if the latter hold investment company status, and constitute a "service entity" at the same time. Instead, these participations must be presented as financial instruments measured at fair value through profit or loss.

Under certain circumstances, these amendments can have a significant impact on the presentation of the financial statements of the companies concerned. This is because only participations in intermediate companies now appear in investment companies' financial statements, but the underlying capital investments are no longer visible. Furthermore, the information content of the additional disclosures that investment companies are required to make under Scheme B, Point 2.9.7 is reduced significantly if, in the absence of consolidation, they are made only for intermediate companies, and not for the underlying capital investments. This may result in a loss of transparency.

B. Amendments to rules and regulations

The amendments are intended to ensure that the additional transparency requirements for investment companies, as set out in Scheme B, Point 2.9.7 of the Listing Rules, continue to be met for the underlying capital investments, irrespective of whether they are held directly by the listed investment company or indirectly via intermediate companies. Furthermore, this additional information should still be audited. To this end, Point 2.9.7 of [Scheme B](#) of the Listing Rules and Art. 14 of the [Directive on Financial Reporting](#) (DFR) have been amended.

These amendments do not expand the transparency requirements. They enter into force on 1 July 2016.

II. AMENDMENT TO ART. 15 OF THE DIRECTIVE COMPLEX FINANCIAL HISTORY (DCFH)
ON THE ASSURANCE REPORT ON PRO FORMA FINANCIAL INFORMATION

A. Background

Art. 15 of the Directive on the Presentation of a Complex Financial History in the Listing Prospectus (DCHF of 29 October 2008) requires that pro forma financial information must be subject to a review, and the corresponding review report must be printed in the listing prospectus.

On 21 December 2011, the International Auditing and Assurance Standards Board (IAASB) issued the new audit standard *ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This audit standard is tailor-made for pro forma financial information in listing prospectuses.

On 13 May 2013, the Audit Committee of the Swiss Institute of Certified Accountants and Tax Consultants, now known as EXPERTsuisse, issued an illustrative assurance report on the compilation of pro forma financial information under ISAE 3420 amended to meet Swiss/SIX Swiss Exchange requirements. In a change to previous practice, this new assurance report on pro forma financial information has been used in listing prospectuses since June 2013.

B. Formal amendment

The necessary formal amendment will be implemented in the [Directive Complex Financial History](#) (DCFH) with effect from 1 July 2016. Given that practices have already changed, this formal amendment has no further effects.

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