

REGULATORY BOARD COMMUNIQUÉ NO. 3/2017 OF 16 OCTOBER 2017

Consultations on a partial revision of the Directive on Information relating to Corporate Governance (proxy advisors): decision of the Issuers Committee

I. BACKGROUND

Based on a decision by the Issuers Committee of SIX Swiss Exchange Ltd, on 2 June 2017 SIX Exchange Regulation opened consultations on a partial revision of the Directive on Corporate Governance of 13 December 2016. The subject of the consultation draft was the introduction of an obligation to disclose advisory relationships between issuers and proxy advisors. A total of 18 interested third parties participated in the consultations, which concluded on 31 July 2017. The associated [responses](#) are available on the SIX Exchange Regulation website.

II. OUTCOME OF THE CONSULTATIONS

Feedback on the proposed regulation was divided. The overwhelming majority of those who participated in the consultations were in agreement that, in principle, the entry into force of the provisions of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares, and the greater importance of proxy advisors as a result, created a need for rules on potential conflicts of interest affecting those proxy advisors. However, the proposal was rejected specifically by those representing issuers' interests. Among other arguments, they tended to take the view that any transparency regulations should apply to the proxy advisors themselves, rather than issuers. It was also suggested that regulation in this area should reflect the provisions that apply within the European Union.

III. DECISION OF THE ISSUERS COMMITTEE

Having thoroughly studied the consultation submissions, the Issuers Committee has decided at the present time not to proceed with new provisions concerning the engagement of proxy advisors, and to suspend the project. The Committee nonetheless continues to believe that regulation is required in respect of potential conflicts of interest affecting proxy advisors. It would nonetheless seem appropriate for the issue to be settled at the level of federal law, in common with corresponding legal developments within the European Union. SIX Exchange Regulation does not hold the necessary legislative powers over proxy advisors.

Should time show that legislative or other action has been unable to improve transparency in this area, the Issuers Committee reserves the right to re-evaluate a revision of the relevant stock exchange rules, and to take regulatory action where appropriate.

IV. FURTHER INFORMATION ON CORPORATE GOVERNANCE

The provisions governing information relating to the corporate governance of companies listed on SIX Swiss Exchange Ltd are available at the following URL:

<https://www.six-exchange-regulation.com/en/home/issuer/obligations/corporate-governance.html>

Previously published sanctions imposed for irregularities in corporate governance may be viewed on the internet ([Corporate Governance Sanctions](#)).

The [Communiqués published by the Regulatory Board](#) are available on the internet in German, French and English. Go to [Online Services](#) to subscribe free of charge.