

Regulatory Board Communiqué No. 5/2018

SIX Exchange Regulation Ltd

of 4 June 2018

New reporting obligation for issuers with registered offices outside Switzerland if their auditors are no longer subject to oversight by a foreign audit oversight authority that is recognised by the Federal Council / Art. 8 of the Federal Act on the Licensing and Oversight of Auditors (Auditor Oversight Act, "AOA")

I Background

Under Art. 8 AOA, audit firms which provide auditing services under foreign law for companies incorporated under foreign law are essentially subject to the AOA if their shares or bonds are listed on a Swiss stock exchange (extra-territorial application of the AOA). In certain cases, however, the obligation to be licensed as an audit firm under state oversight ceases to apply, for example for companies incorporated under foreign law which have their bonds listed on a Swiss stock exchange, and which expressly draw the attention of investors on the Swiss capital market to the fact that they are not subject to state oversight.

II Amendments

With this background in federal law in mind, the Issuers Committee of the Regulatory Board has decided to introduce a new reporting obligation with regard to the maintenance of listing. Specifically, additions are to be made to Art. 9 Point 1.05 and Art. 10 Point 1.03 of the Directive on Regular Reporting Obligations for Issuers of Equity Securities, Bonds, Conversion Rights, Derivatives and Collective Investment Schemes ([DRRO](#)). From now on, issuers of primary or main-listed equity securities or bonds and/or conversion rights which do not have their registered offices in Switzerland will be obliged to report the fact that their auditors are no longer subject to the oversight of a foreign audit oversight authority that is recognised by the Federal Council. The details of how this new reporting obligation is to be fulfilled are set out in Annex 1 (primary or main-listed equity securities) and Annex 2 (bonds and conversion rights).

Further to Art. 3 of the Ordinance of the Federal Audit Oversight Authority on Disclosing the Lack of Oversight of Audit Firms Engaged by Foreign Bond Issuers (Disclosure Ordinance FAOA, DO-FAOA), the website of SIX Exchange Regulation Ltd/SIX Swiss Exchange Ltd will show for each bond whether or not its issuer's auditors are subject to oversight by a foreign audit oversight authority that is recognised by the Federal Council.

III Entry into force

The amended regulations enter into force on 1 July 2018.

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