

# Communiqué No. 1/2019

of 17 April 2019

## ***Areas of focus for the review of 2019 annual and interim financial statements***

When reviewing financial statements for the 2019 financial year, SIX Exchange Regulation AG intends to focus on compliance with the following IFRS requirements (this also applies by analogy to issuers reporting under US GAAP).

### *1. Leases (IFRS 16)*

The review is focused on newly introduced requirements for lessees. In this context, it will be verified whether all assets and liabilities from leases subject to recognition are included in the balance sheet. The use of exemptions (for low-value assets or terms of less than 12 months) will also be examined. With respect to presentation and disclosure, it will be checked whether the assets and liabilities arising from leases are either directly reflected in the balance sheet or whether the separate amounts and corresponding balance sheet positions are disclosed in the notes. Furthermore, the disclosures required by IFRS 16.53 will be critically reviewed.

### *2. Related Party Disclosures (IAS 24)*

The completeness and transparent presentation of the disclosures with regard to transactions with related parties will be critically assessed. In particular, the disclosures regarding related party transactions according to IAS 24.18 will be analysed in detail and will be reconciled with other information in the annual report. The quality of the quantitative and qualitative aspects of the disclosures will be critically assessed, including the information with regard to material conditions.

### *3. Fair value measurement (IFRS 13)*

The classification of assets and liabilities measured at fair value into the three levels of the fair value hierarchy will be subject to a plausibility check. In particular, the classification will be critically assessed based on the materiality and observability of the inputs used. For level 2 assets and liabilities, it will be reviewed whether the qualitative description of the valuation techniques applied and the significant underlying inputs are disclosed in an appropriate and understandable manner. For level 3 fair value measurements, it will be examined whether quantitative information about the significant unobservable inputs is provided at an appropriate level of aggregation. In this respect, the sensitivity analyses disclosed for financial assets and liabilities will also be critically assessed with regard to their plausibility and meaningfulness. For further explanations, we refer to margin numbers 87 to 92 of the Financial Reporting Circular of 18 October 2018 ([Financial Reporting Circular](#)).

When reviewing Swiss GAAP FER financial statements for the 2019 fiscal year, SIX Exchange Regulation AG will focus on compliance with the following accounting recommendations:

### *1. Leases (FER 13)*

The correct distinction between a finance lease and an operating lease based on economic criteria (substance over form) will be examined. For finance leases, the accounting method with regard to the depreciation as well as the lease payments (i.e. the breakdown into an interest and a repayment component) will be checked. Furthermore, the quality of the corresponding disclosures will be critically assessed.

*2. Related Party Transactions (FER 15)*

The same area of focus applies as under “2. Related Party Disclosures (IAS 24)” in analogy.

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