

Directive on Financial Reporting

(Directive Financial Reporting, DFR)

Dated 15 September 2016
Basis Arts. 49 to 51 LR

I. GENERAL PROVISIONS

*Art. 1
Purpose* The purpose of this Directive is to make it possible for investors to assess the quality of issuers (Art. 35 para. 2 FinMIA) by establishing corresponding requirements for financial reporting.

See also:

- Federal Act of 19 June 2015 on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FinMIA)

*Art. 2
Scope* ¹ This Directive specifies the accounting standards recognised by the Regulatory Board.

² Furthermore, this Directive governs the requirements for interim financial reporting as well as for publishing and submitting the issuer's annual report and interim financial reports.

³ It also contains special provisions to be observed in connection with financial reporting with investment companies, real estate companies and global depository receipts.

*Art. 3
Internationally
recognised standards* When recognising accounting standards, the Regulatory Board takes into account internationally accepted standards (Art. 35 para. 2 FinMIA).

See also:

- Federal Act of 19 June 2015 on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FinMIA)

*Art. 4
Confidentiality*

Proceedings related to financial reporting are communicated to the public only after a sanction notice is sent to the issuer or after a sanction request is submitted to the Sanctions Commission.

See also:

- Rules of Procedure (RP)

*Art. 5
Definitions*

¹ Publication of the annual report or interim financial report is understood to mean its notification to all shareholders and market participants, whereby the related announcement must be made in compliance with the rules governing ad hoc publicity (Art. 53 LR).

² Submission of the annual report or interim financial report is understood to mean its submission to SIX Exchange Regulation.

See also:

- Directive Ad hoc Publicity (DAH)

II. RECOGNISED ACCOUNTING STANDARDS

*Art. 6
Equity securities*

Depending on the regulatory standard, issuers of equity securities must apply one of the following recognized accounting standards:

1. International Reporting Standard: IFRS¹, US GAAP²
2. Swiss Reporting Standard: Swiss GAAP FER, the financial reporting standard under the Swiss Banking Act
3. Standard for Investment Companies: IFRS, US GAAP
4. Standard for Real Estate Companies: IFRS, Swiss GAAP FER
5. Standard for Depository Receipts: IFRS, US GAAP
6. Standard for Collective Investment Schemes: Collective investment schemes are subject to the rules laid down in the special law provisions applicable to them.

¹ IFRS (International Financial Reporting Standards) refers to all of the standards and interpretations issued by the IASB (International Accounting Standards Board).

² US GAAP refers to all of the provisions collated under the Financial Accounting Standards Board (FASB) Accounting Standard Codification, with the exception of the content which originates from the US Securities and Exchange Commission.

*Art. 7
Debt securities*

¹ Depending on the regulatory standard, issuers of debt securities must apply one of the following recognized accounting standards:

1. Standard for Bonds: IFRS, US GAAP, Swiss GAAP FER, standard under the Swiss Banking Act
2. Standard for Derivatives: IFRS, US GAAP, Swiss GAAP FER, standard under the Swiss Banking Act
3. Standard for Exchange Traded Products: IFRS, US GAAP, Swiss GAAP FER, standard under the Swiss Banking Act

² Mortgage credit institutes are subject to the rules laid down in the applicable special legal provisions.

³ Art. 6 applies to issuers whose equity securities have their primary listing on SIX Swiss Exchange.

*Art. 8
Issuers not incorporated
in Switzerland*

¹ Issuers that are not incorporated in Switzerland may also apply the accounting standards of their home country (Home Country Standard), provided that these standards are recognized by the Regulatory Board.

² An overview of the accepted accounting standards under the Home-Country Standard can be found in Annex 1.

III. INTERIM FINANCIAL REPORTING

*Art. 9
Principle*

¹ The same accounting standards must be used for interim financial statements as apply to the annual financial statements.

² Issuers who apply Swiss GAAP FER to their annual financial statements must prepare their interim financial statements in accordance with Swiss GAAP FER 31/9-12 ("Additional Recommendations for Listed Companies – Interim Financial Reporting").

³ Issuers who apply IFRS to their annual financial statements must prepare their interim financial statements in accordance with IAS 34 ("Interim Financial Reporting").

⁴ Issuers who apply US GAAP to their annual financial statements must apply FASB Accounting Standard Codification Topic 270 ("Interim Reporting") to their interim financial statements, and must also report the following statements, each of which must be accompanied by information for the previous period:

- condensed balance sheet;
- condensed cash flow statement;
- condensed statement of changes in shareholders' equity.

IV. PUBLICATION AND SUBMISSION

Art. 10
Annual report

¹ The annual report must be published, together with the annual financial statements, within four months of the balance sheet date for the latter, and must be submitted to SIX Exchange Regulation no later than at the time of publication.

² Issuers of debt securities only must publish their annual report on a website within the deadline set in para. 1. They are no longer obliged to submit a printed report to SIX Exchange Regulation.

³ If an issuer of debt securities only is subject to special legal regulations, the annual report may be published within the deadline set under those regulations. The issuer is no longer obliged to submit a printed report to SIX Exchange Regulation.

See also:

- Directive Regular Reporting Obligations (DRRO)

Art. 11
Interim financial report

Where the issuer is obliged to produce an interim report under the terms of the Listing Rules, specific Additional Rules, and the corresponding implementing provisions, this interim report must be published, together with the interim financial statements, within three months of the balance sheet date for the latter, and must be submitted to SIX Exchange Regulation no later than the time of publication.

See also:

- Directive Regular Reporting Obligations (DRRO)

Art. 12
Submission

Financial statements must be submitted to SIX Exchange Regulation in electronic form.

See also:

- Directive Reporting Platform DRRO (DRPRO)

Art. 13
Electronic publication

¹ The issuer must make published annual and interim financial statements, plus any supplements in accordance with Annex 1 point 2b, available together in electronic form on its website for five years after their publication.

² Issuers of debt securities only may make their annual financial statements and any supplement to the financial statements in accordance with Annex 1 point 2b, publicly available together on their own website or, alternatively, on the websites of third parties. It must be possible to access the annual financial statements and any supplements to them free of charge.

³ Issuers cannot demand proof of a legitimate interest before permitting access to the annual or interim financial statements or any supplements to the annual financial statements as per Annex 1 point 2b.

⁴ The path to the directory containing the annual and any interim financial statements, as well as any supplements to the annual financial statements in accordance with Annex 1 point 2b, must be notified to SIX Exchange Regulation when the documents are posted online. SIX Exchange Regulation may publish the path on its website.

See also:

- Directive Regular Reporting Obligations (DRRO)
- Directive Reporting Platform DRRO (DRPRO)

V. SPECIAL PROVISIONS FOR INVESTMENT COMPANIES

*Art. 14
Annual and interim
financial statements*

¹ In the case of reporting by investment companies, the information required by Scheme B, Point 2.9.7 must be reported additionally in the notes to the financial statements.

² Alternatively, the disclosures required in paragraph 1 may be incorporated by means of a cross-reference from the financial statements to another component of the annual report, such as the management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.

See also:

- Scheme B

Art. 15
Change of business activity

A change of business activity which results in a company being reclassified under the Listing Rules (Art. 65 LR) as an investment company must be reported immediately to SIX Exchange Regulation. A description of the new business activity must be provided.

See also:

- Directive Reporting Platform DRRO (DRPRO)

Art. 16
Difficult-to-value investments

If an investment company possesses a substantial number of investments which have only limited marketability (namely those not listed on a secondary market with regular price determination mechanisms) or whose value is rendered difficult to assess for other reasons, additional information as set out in Scheme B, Point 2.4.3 must be included in the annex.

See also:

- Scheme B

VI. SPECIAL PROVISIONS FOR REAL ESTATE COMPANIES

Art. 17
Annual and interim financial statements

In the case of reporting by real estate companies, the information required by Scheme C, Point 2.3.2, as well as that required by Scheme C, Point 2.7.7, must be reported additionally in the notes to the financial statements.

See also:

- Scheme C

Art. 18
Change of business activity

A change of business activity which results in a company being reclassified under the Listing Rules (Art. 77 LR) as a real estate company must be reported immediately to SIX Exchange Regulation. A description of the new business activity must be provided.

See also:

- Directive Reporting Platform DRRO (DRPRO)

VII. SPECIAL PROVISIONS FOR GLOBAL DEPOSITORY RECEIPTS

Art. 19
Accounting standards The annual financial statements may also be drawn up in accordance with an accounting standard pursuant to the provisions of point 2 of Annex 1.

VIII. FINAL PROVISIONS

Art. 20
Entry into force This Directive entered into force on 1 July 2009 and replaced the Directive on Requirements for Financial Reporting dated 1 November 2006.

Art. 20a
Revisions ¹ The revision of Art. 10 and Art. 13, as well as point 2 of Annex 1, that was decreed by resolution of 21 April 2011, enters into force on 1 July 2011 and applies retroactively to financial years beginning on or after 1 January 2011.

² The revision of Art. 4 decreed by the resolution dated 20 June 2012 enters into force on 1 October 2012.

³ The revision of Arts. 6, 7, 9 and Annex 1, decreed by the resolution dated 12 March 2015, enters into force on 1 August 2015.

⁴ Amendments owing to the entry into force of the Financial Market Infrastructure Act and related ordinances in Art. 1 and Art. 3 as of 1 April 2016.

⁵ The revision of Art. 14 decreed by the resolution dated 2 March 2016 enters into force on 1 July 2016.

⁶ The revision of Art. 7 decreed by the resolution dated 15 September 2016 enters into force on 1 May 2017.

Art. 21
Transitional provisions Issuers and guarantors of debt securities only which must change over to IFRS by 31 December 2016 in compliance with regulatory provisions in their home country may continue to apply the accounting standard of their home country up to this point. In derogation from Art. 10, the annual report must be published within six months of the balance sheet date.

ANNEX 1

Overview of recognized accounting standards

1. Issuers incorporated in Switzerland

	IFRS	US GAAP	Swiss GAAP FER	Banking Act standard
Issuers of equity securities:				
International Reporting Standard	X	X		
Swiss Reporting Standard ³			X	X
Standard for Investment Companies	X	X		
Standard for Real Estate Companies	X		X	
Standard for Depository Receipts	X	X		
Standard for Collective Investment Schemes	Special law provisions apply			
Issuers of debt securities⁴				
Standard for Bonds	X	X	X	X
Standard for Derivatives	X	X	X	X
Standard for Exchange Traded Products	X	X	X	X

2. Issuers not incorporated in Switzerland

- a) The following accounting standard is also recognised for issuers which are not incorporated in Switzerland:
- EU IFRS
- b) Issuers of debt securities only that are not incorporated in Switzerland may use other accounting standards, provided the following conditions are fulfilled:
- the issuer's debt securities may, subject to the application of the corresponding accounting standards, be admitted to trading on a regulated market in a member state of the EU or EEA irrespective of the denominations of the issue. The issuer must provide evidence of this; or
 - the accounting standard that is applied is permitted on the market recognised by the Regulatory Board in the home country of the issuer or guarantor (Art. 3 para. 1 DFC) and the differences between the applied accounting standard and IFRS or US GAAP are explained in detail in text form in the listing prospectus and in the annual reports, or in a supplement to these documents. The existence of any supplement must be stated prominently in the listing prospectus.

³ Banks and securities dealers that have their registered office in Switzerland must apply the accounting standard laid down in the Swiss Banking Act in place of Swiss GAAP FER.

⁴ Banks and securities dealers that have their registered office in Switzerland may apply the accounting standards laid down in the Swiss Banking Act.

Such explanations need not be published if the audited annual financial statements already include a numerical reconciliation of the applied standard and IFRS or US GAAP on the basis of the profit or loss for the reporting period and the shareholders' equity as of the end of the reporting period, along with explanations of the main positions.