

Media Release

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SIX Exchange Regulation

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SIX Swiss Exchange Sanction Commission fines Rieter Holding AG

In its decision of 25 January 2010, the Sanction Commission imposed a fine of CHF 50,000 on Rieter Holding AG owing to a breach of its duty to disclose management transactions.

The Sanction Commission determined that Rieter Holding AG (Rieter) had reported seven transactions too late, and had also reported a further seven transactions which were not subject to the reporting obligations. It thereby infringed the provisions on the disclosure of management transactions laid down in the Listing Rules.

Rieter had reported six transactions totaling more than CHF 11 million, conducted by one of its non-executive directors via his investment company, between one and 14 trading days too late. It had also submitted two of these transactions as omnibus notifications that were not for publication, even though the monthly threshold of CHF 100,000 had already been reached. The failure to publish this information in due time was deemed by the Sanction Commission to be a serious breach of regulations.

In addition, Rieter had reported one transaction by a member of the Executive Committee, concerning the exercise of subscription rights, twelve days too late. In the sanction proceedings, Rieter had claimed that it had believed at the time that the exercise of subscription rights was not subject to the duty to disclose management transactions. In response, the Sanction Commission maintained that the provisions on management transactions have now been in force for several years, and that it must be expected that a listed company would understand and implement the rules.

Finally, Rieter published seven transactions that had been conducted by the aforementioned non-executive director via his investment company – and thus were attributable exclusively to him – as transactions conducted by another member of the Board of Directors who was also a director of the investment company in question. This resulted in the same transactions being published twice. In its decision, the Sanction Commission emphasized that such reporting

of transactions constitutes a breach of disclosure obligations just as much as the failure to submit reports required under the regulations.

Where transaction reports to the issuer are concerned, the Sanction Commission repeated the declaration it made in earlier decisions, that it is not sufficient merely to pass an instruction to the members of the Board of Directors and the Executive Committee. Compliance with obligations must be monitored continuously. Apart from the fact that such instructions should be given both verbally and in writing, it is worth having regular reminders of reporting obligations and the short reporting deadlines.

In the present case, the Sanction Commission also found fault with the insufficient instruction of those persons responsible for using the reporting platform. Apart from the reporting obligation concerning the exercise of subscription rights, the responsible persons at Rieter were not aware of the distinction between individual notifications that must be published, and omnibus notifications that must not. However, the correct use of the reporting platform is essential in ensuring that the general public is appropriately informed.

In imposing its sanctions, the Sanction Commission considered the gravity of the breach, the degree of fault and the fact that no sanctions had been imposed on Rieter for the previous three years.

No objection against this decision was lodged with the Board of Arbitration of SIX Swiss Exchange.

The disclosure of management transactions facilitates the supply of information to investors, and thus improves market transparency and the equal treatment of market participants. It helps to prevent insider dealing, and thus supports the integrity of the capital market.

For further information on the disclosure of management transactions, please visit:

http://www.six-exchange-regulation.com/obligations/management_transactions_en.html

Management transactions that have already been published can be accessed under:

http://www.six-exchange-regulation.com/obligations/management_transactions/notifications_en.html

Should you have any questions, please feel free to contact Werner Vogt, Head Media Relations.

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SIX Exchange Regulation

SIX Exchange Regulation performs the functions assigned under Swiss federal law and enforces and monitors compliance with the rules laid down by the Regulatory Board. SIX Exchange Regulation imposes sanctions in so far as it is authorised to do so by the regulations, or submits sanction requests to SIX Swiss Exchange's Sanction Commission.

SIX Exchange Regulation's independence from SIX Swiss Exchange's operating business is guaranteed by its direct subordination to the Chairman of the Board of Directors of SIX Group. SIX Exchange Regulation consists of the divisions Listing & Enforcement, responsible for regulating issuers, and Surveillance & Enforcement monitoring trading.

Sanction Commission

The Sanction Commission can impose sanctions on natural and legal persons who/which are subject to the General Conditions of SIX Swiss Exchange, the Listing Rules and the Additional Rules. It is composed of between five and eleven members. The Chairman of the Sanction Commission and half of its members are elected by the Regulatory Board, with the remaining members appointed by the Board of Directors of SIX Group Ltd.