

Evaluating the Aspects of a Swiss versus a US Listing

Why look further afield when you can have it in Switzerland?

The US capital market has a strong appeal to domestic companies considering an initial public offering (“IPO”). However, when choosing their listing venue, listing candidates should carefully weigh the advantages and drawbacks of a US listing. As further outlined in this document, an IPO on SIX Swiss Exchange offers considerable advantages to Swiss issuers compared to an IPO on a US stock exchange.

Introduction

In recent years, a number of Swiss companies have favored a US stock exchange over a Swiss stock exchange to effect their initial public offering. In 2021, five out of 13 Swiss-incorporated companies made their stock market debut in the United States. Since 2000, slightly over 10 percent of all IPOs by Swiss companies were conducted on a US stock exchange.¹ This phenomenon is not limited to Switzerland – rather, it can be observed in most European countries: Of the European-based publicly listed tech unicorns founded after 2000, approximately one out of four chose to list its shares in the United States.² While there may be specific reasons for a Swiss-based company to opt for an IPO in the United States, this document draws your attention to the risks – including but not limited to legal, tax and liability – and the significantly higher complexity and costs associated with a US listing, and, conversely, the advantages of listing on SIX Swiss Exchange.

¹ Source: Factset

² Source: The State of European Tech 2020

Choose a Listing Location That Is in Line with Your Strategy

The choice of the listing venue is first and foremost a strategic decision. It may make sense for a company to go public in a country where its key markets and customers are located in order to enhance visibility, brand recognition and international prominence. Another reason to choose a particular listing venue is to gain access to a specific set of investors. However, as we have outlined in our publication [Go Public on SIX Swiss Exchange and Concurrently Access the US Capital Markets](#), by including a Rule 144A offering in your IPO on SIX Swiss Exchange, access to US institutional investors can be established efficiently without the need to undergo the time-consuming registration procedure with the US Securities and Exchange Commission (“SEC”). In addition, a Swiss listing candidate may find it more beneficial to further establish itself and strengthen its profile in the domestic market, laying a foundation for a potential international expansion of its investor base at a subsequent stage. With its new equity segment Sparks (see [info box](#)), SIX Swiss Exchange provides young, fast-growing companies with a novel option to accelerate growth on its stock exchange, to access the full benefits that public

markets offer, whilst further expanding domestically and internationally. Sparks is an ideal steppingstone for issuers to move up to the SIX main market and/or carry out a dual primary listing in the United States in a second step. Against this background, we recommend that issuers contemplating an IPO consider the available options for their listing venue and carefully evaluate the respective advantages and drawbacks (see also [Case Studies](#)).

SIX Swiss Exchange as an Ever-Valid Option

Switzerland has been one of the world's most competitive economies for several years and is viewed around the globe as being politically, economically and socially stable. Its financial center occupies a leading position in the world and stands out on account of its innovation, stability and security (see also our publication [Welcome to the Swiss Financial Center](#)).

In addition to the benefits of Switzerland as a location and the reputation and importance of the financial center, SIX Swiss Exchange offers a number of specific advantages that we recommend taking into account when choosing your listing location. These include globally active banks with high placement resources, a strong peer group of already listed companies, a well-capitalized investor base and a large number of financial institutions with expert analysis departments that ensure good research coverage and attract permanent attention from investors and the media. In addition, and due to the self-regulation enshrined in Switzerland's financial market legislation, companies benefit from an efficient and market-oriented listing process, which can de-risk an IPO project and keep the effort and costs low by international standards. All these aspects lay the foundation for a well-functioning and internationally recognized capital market and have shaped SIX Swiss Exchange, the cornerstone of the Swiss financial center, into one of the most attractive listing locations worldwide.

Focus on Long-Term Valuation

Because a higher valuation will lead to higher gross proceeds and more investor interest, one important factor to consider when choosing a listing location is the valuation a company can achieve in an IPO. The US IPO market is known for its tendency to yield higher valuations than European IPO markets, in particular for companies from growth sectors. In the recent past, valuations have generally been high, owing to historically low interest rates and deep pools of capital, in particular in the United States, where two stock exchanges prevail and the equity markets are less fragmented than in Europe. Another often-cited rationale for choosing a US listing venue is that the number and sophistication of analysts and investors is higher in the United States than in Europe, which contributes to more accurate pricing and is commonly believed to generally favorably affect valuations. Irrespective of these factors, however, it is the intrinsic

characteristics of the company that determine its attractiveness to investors and whether a high valuation can be sustained in the long term. For younger companies in particular, it is advisable not only to focus on the valuation at the time of the IPO, but to assess where they are well-placed to create sustainable shareholder value in the years following the listing, while complying with the requirements imposed on them as a publicly listed company by investors, analysts and the regulator.

Keep Costs under Control

Costs related to the IPO and maintaining the listing are a relevant factor when choosing a listing venue. As a rule, listing candidates face higher costs when listing on a foreign exchange. Exposure to multiple jurisdictions usually leads to increased costs of compliance. In addition, an IPO abroad potentially implies having qualified employees on site and/or a high dependency on third-party service providers. Setting up local offices and recruiting the requisite staff is time-consuming, diverts management attention and typically requires substantial investment.

	Listing Fees	Maintenance Fees
	CHF 14,000 – 93,000	CHF 9,000 – 88,000
	USD 295,000	USD 74,000 – 500,000
	USD 150,000 – 295,000	USD 48,000 – 167,000

Comparison (excl. regulatory fees) for the exchanges' main listing segments (i.e. SIX Swiss Exchange Main Market, the Nasdaq Global Select Market and the NYSE, which does not distinguish between different listing segments). On SIX Swiss Exchange, the listing and maintenance fees depend on total market capitalization (assuming a minimum total market capitalization of CHF 100 million), while on the US exchanges they depend on the number of outstanding shares. In all cases, a fee cap applies.³

In comparison with the United States, the costs of an IPO in Switzerland are considerably lower, and particularly for smaller companies the difference can be material. In Switzerland, issuers must publish a prospectus before offering securities to the public, unless they can rely on certain exemptions. In the United States, issuers are additionally required to file a registration statement with the SEC, the preparation of which can be lengthy and absorbs significant management attention and resources. Underwriting fees, which typically constitute the largest direct IPO cost, range in Switzerland from 2.0 to 5.0 percent of the gross proceeds, while in the United States they typically amount to between 3.5 to 7.0 percent.⁴ Furthermore, the costs for legal and tax advice increase substantially for a Swiss company listing its shares on a US stock exchange as both a Swiss law firm and a US law firm need to be appointed (also for the underwriters, as a result of which at least four law firms will be involved). Companies aiming for a listing on SIX Swiss Exchange also benefit from its comparatively low initial listing and maintenance fees (see [info box](#) above).

³ Source: Websites of the applicable stock exchanges (as of June 2022)

⁴ Source: PwC (2020) and Law Business Research Ltd (2021)

Equally important, if not more so, are the costs of preparing the business to operate as a public company or the costs of being public. In particular, the so-called directors' and officers' ("D&O") liability insurances, which have become unavoidable when opting for a US listing due to the ever-increasing risks and potential costs of securities litigation, can result in annual insurance fees and expenses ranging in the millions of dollars. In addition, ensuring compliance with the regulatory requirements and obligations public companies are subject to in the United States (e.g. Sarbanes-Oxley Act, US tax law) can drive costs further and should be taken into account accordingly.

Know the Risks

An IPO materially changes a company's risk profile as it draws increased scrutiny from regulators, potential plaintiffs' attorneys, and the public. While this is generally true for all potential listing venues, there are major differences between the various jurisdictions.

Snap Inc. – Post-IPO Class Action Lawsuit

On 2 March 2017, Snap Inc. (which is mainly known for its instant messaging app Snapchat) went public on the NYSE. In May and July 2017, shareholders filed two class action lawsuits, alleging that the company made false and/or misleading statements relating to Snap's user growth and the company's business, operational and compliance policies in documents filed with the SEC. In 2020, Snap and its investors reached a tentative agreement on a USD 187.5 million settlement.⁵

In Switzerland, legal and regulatory risks are considerably lower than in the United States. Between 2010 and 2019, 14% of all US IPOs were targets of litigation⁶, with the risk of a securities lawsuit being particularly high (see also [Legal Aspects](#)). It arises as soon as a company makes its case to potential investors in the form of a so-called registration statement, prospectuses and roadshow presentations. Any alleged misstatements or omissions of material facts contained in such documents could lead to post-IPO class action or derivative lawsuits, and/or regulatory enforcement actions. While individuals who were involved in the drafting of the respective documents can be held liable for making inaccurate or misleading statements under Swiss law as well, plaintiffs must meet substantially higher requirements for a prospectus liability claim to be successful. Moreover, class actions, which can be particularly expensive and reputationally damaging for companies, are generally not available under Swiss law.

A further potential pitfall lies in the negative conflict situation that can arise when a US-listed Swiss-based company becomes the object of an unsolicited takeover bid (see our publication [Securing Fair and Transparent](#)

[Protection Offered by the Swiss Takeover Rules Through Being Listed on SIX](#)). Because takeover laws are a matter of securities law in Switzerland and corporate law in the United States, neither the Swiss nor the US takeover law applies in such cases, which leaves the company with legal uncertainty that could result in a disadvantage to its shareholders and in lengthy and costly legal proceedings.

Enhance Your Visibility

An IPO offers the opportunity to improve the profile of your company among investors, employees, suppliers and clients by increasing visibility while enhancing transparency on the procurement, sales and labor markets. First, companies receive a great deal of attention in the lead-up to an IPO, including through media coverage. Second, public stock price information, disclosure requirements and analyst reports reduce information asymmetry and enhance the company's trustworthiness and visibility following the IPO. However, not all companies benefit equally from greater visibility.

With a yearly average of around 230 IPOs⁷ in the United States over the last five years and a few thousand listed companies, the number of listed peers as well as specialized analysts is much higher in the United States than in Switzerland; the flip side of this is that in the United States a company can more easily get overlooked. In particular, small companies struggle to draw the attention of the media and analysts in the lead-up to or in the aftermath of the IPO with unfavorable ramifications on investor interest and after-market liquidity. SIX Swiss Exchange addresses these issues with Sparks, its dedicated equity segment for small and medium-sized enterprises ("SMEs"; see [info box](#) below), and [ancillary offerings](#), such as [Stage](#), which offers research coverage for SMEs and enhances visibility among relevant capital market stakeholders as well as [Bridge](#), a platform that provides, among other information, a consolidated calendar aggregating corporate events across and direct access to issuers.

Sparks – Where SMEs Go to Grow

On 1 October 2021, SIX Swiss Exchange launched its new equity segment [Sparks](#), dedicated to SMEs. The new segment facilitates access for SMEs and scale-ups to the Swiss capital markets and thus new financing opportunities that were previously only accessible to larger, more established companies. Thanks to specific listing requirements tailored to the needs of SMEs and their investors, SMEs on Sparks can benefit from faster and more efficient capital raising, greater resilience, stronger credibility and increased brand visibility, while investors enjoy greater transparency and regulatory oversight and hence enhanced investor protection. A special condensed, continuous trading window also helps improving secondary market liquidity.

⁵ Source: ISS Insights (2020)

⁶ Stanford Law School & Stanford Securities Litigation Analytics (2021). IPO Litigation Risk. In the D&O Diary.

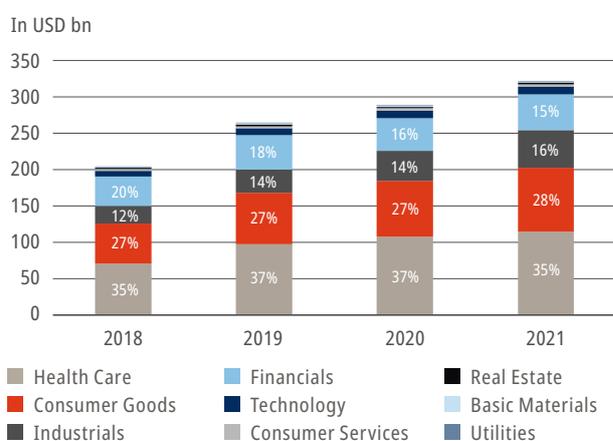
⁷ IPOs on Nasdaq and the NYSE from 2017–2021; Source: EY Global IPO Trends

One of the benefits, not only for SMEs but also for larger companies, of listing on SIX Swiss Exchange is that the relatively limited size of the domestic listing environment increases the potential for issuers to be included in an internationally recognized SIX index at the time of listing or otherwise at an early stage of the company's development. This potential is considerably higher than being included in one of the well-known US indices.

Access the US Investor Base

A listing on SIX Swiss Exchange is the right choice for companies that are seeking to access the Swiss, European and US investor bases. Companies opting for a listing in Switzerland not only benefit from a well-capitalized Swiss investor base, but also attract the attention of foreign investors seeking to invest in assets denominated in one of the most trusted currencies.

North American Ownership of SPI Free Float by Sector



Source: IHS Markit and IR Club

A study from 2019 commissioned by the State Secretariat for Economic Affairs ("SECO") shows that around 35 percent of the known voting rights of the SMI Expanded⁸ are held by US investors. Data on the regional ownership of the free float of the SPI draws a similar picture: North American (US and Canadian) investors have been the largest investor group. While they were constantly holding around 40 percent of the SPI free float, their exposure has increased from USD 204 billion in 2018 to USD 322 billion in 2021 with a focus on health care, consumer goods, industrials and financials.

Legal Aspects

IPOs on a US listing venue, such as the NYSE or Nasdaq, are governed by US securities laws and regulations. Issuers contemplating an IPO in the United States are thus required to comply, in particular, with the US Securities Act of 1933 (the "Securities Act") and the US Securities Exchange Act of 1934 (the "Exchange Act"). Before securities can be offered or sold to the public in the United States, the issuer is required to file a registration statement with the SEC and provide prospective investors a prospectus within the meaning of the Securities Act. For

Swiss-based issuers, which typically qualify as foreign private issuers ("FPIs"; for a definition, see the subsequent paragraph), the registration statement usually needs to be filed with the SEC on Form F-1. The process of preparing a registration statement on Form F-1 is typically lengthy and cumbersome, and almost all marketing or similar activity undertaken by offering participants (such as the issuer, the selling shareholder and the underwriters) prior to the effectiveness of the registration statement (so-called "gun-jumping") is forbidden and triggers strict consequences, including liability for damages and the investors' right to rescind the securities transaction, i.e. get their money back. In particular, communications with research analysts in the lead-up to a US IPO are significantly more restricted compared to Swiss IPOs. In addition, in the lead-up to a US IPO, the SEC typically has detailed comments on the draft registration statement on Form F-1, which must be addressed by management and therefore divert senior executives' attention from other activities required in connection with the IPO – having the potential to cause a slippage of the intended IPO timeline. In contrast, in commenting on a prospectus within the meaning of the Swiss Federal Act on Financial Services (FinSA), the SIX Prospectus Office is by law limited to completeness ("rule check"), absence of inconsistencies and the use of "plain English" language.

Under the US framework, a FPI is any company incorporated outside the United States, unless (i) more than 50% of its shares are owned by US residents or citizens, (ii) its business is administered principally in the United States, (iii) the majority of the executive officers or directors are US citizens or residents, or (iv) more than 50% of its assets are located in the United States. Determining whether an issuer qualifies as an FPI can be a difficult, lengthy and tedious process. While an FPI receives certain regulatory relief compared to US domestic issuers, including the following, the applicable requirements can still be burdensome to meet:

- **Annual reports.** While a domestic issuer must file an annual report on Form 10-K between 60 and 90 days following the end of its fiscal year, an FPI is required to file an annual report on Form 20-F within four months after the fiscal year covered by the report. However, irrespective of this relaxation, requirements for annual reporting on Form 20-F can be difficult to meet and place a significant burden on accounting and controlling, treasury, and communications departments of an issuer listed in the United States.
- **Proxy solicitations.** An FPI is not required under US securities laws or the rules of the NYSE or Nasdaq to file proxy solicitation materials on Schedule 14A or 14C in connection with annual or special meetings of its shareholders. While this may be advantageous to the issuer, it may come as a disadvantage to shareholders.

⁸ The SMI Expanded comprises the Swiss Market Index ("SMI") and the SMI Mid ("SMIM"), hence the 50 most capitalized and liquid companies on SIX Swiss Exchange (for more information see [here](#)).

/// When it comes to choosing their listing venue, we encourage IPO candidates to carefully assess pros and cons of each potential location. As one of the most competitive countries in the world, with access to talent and investors alike and a sophisticated banking sector securing analyst coverage, Switzerland is ideally placed to be the home not only of your company, but also the trading of your shares. Based on decades of advising on Swiss IPOs, we have come to appreciate the reliable infrastructure and cutting-edge technology offered by SIX Swiss Exchange. ///

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- **Audit committee.** There are a number of relaxations to the rules governing the nature and composition of an FPI's audit committee. In particular, FPIs may under certain circumstances follow their home-country rules regarding corporate governance practices. These circumstances can sometimes be difficult to assess.
- **Executive compensation.** An FPI is exempt from the detailed disclosure requirements regarding individual executive compensation, the compensation framework and analysis required by the SEC. An FPI is required to make certain disclosures regarding executive compensation on an individual basis unless it is not required to do so under home-country laws and the information is not otherwise publicly disclosed by the FPI. In addition, an FPI must file as exhibits to its public filings individual management contracts and compensation plans if required by its home-country regulations or if it previously disclosed such documents. Determining what exactly is required under this regime can be difficult and depends on whether the issuer is concurrently listed in Switzerland.
- **Directors/Officers equity holdings.** While, subject to certain exceptions, directors and officers of an FPI do not have to report their equity holdings and transactions under Section 16 of the Exchange Act, shareholders, including directors and officers, may have filing obligations under Section 13(d) of the Exchange Act.
- **Reconciliation to US GAAP.** While an FPI may prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), if any other version of IFRS or any other accounting framework, such as Swiss GAAP, are used in the preparation of financial statements, the issuer is required to reconcile its consolidated financial statement to US GAAP. In this case, the FPI must either (i) provide a statement of cash flows that is prepared in accordance with US GAAP or IAS No. 7; or (ii) furnish, in a note to the financial statements, a quantified description of the material differences between cash or fund flows reported in the primary financial statements and cash flows that would be reported in a statement of cash flows prepared in accordance with US GAAP.
- **Liability under numerous US liability provisions.** A listing on a US venue gives rise to liabilities under a number of US liability provisions, including the following:
 - Directors and officers of an FPI who sign a registration statement filed in connection with a securities offering are subject to the liability provisions of Section 11 of the Securities Act. Section 11 of the Securities Act creates civil liability for misstatements or omissions in a registration statement at the time it became effective. Any person that acquired a security registered under a registration statement and did not have knowledge of the misstatement or omission at the time of the acquisition of the security can bring a suit against, among others, any person who signed the registration statement, including the issuer, any director of the issuer at the time of the filing of the registration statement, and any of the underwriters. A plaintiff is not required to prove intent or knowledge with respect to a misstatement or omission in a registration statement and does not have to show reliance on a misstatement or omission.
 - Section 15 of the Securities Act permits a plaintiff in an action for damages under Section 11 to assert claims against any person who controls any of the foregoing persons, including controlling shareholders who are not also officers and directors of the issuer, by or through the ownership of stock or an agency relationship.
 - Rule 10b-5 under the Exchange Act prohibits, among other things, the making of any untrue statement of a material fact or the omission of a material fact necessary to make the statements made not misleading or engaging in any act, practice, or course of business that would operate to deceive any person in connec-

tion with the purchase or sale of any securities. To bring a successful cause of action under Rule 10b-5, the plaintiff must prove (a) that there was a misrepresentation or failure to disclose a material fact that (i) was made in connection with plaintiffs' purchase or sale of a security, (ii) defendants stated with a particular intention or knowledge ("scienter"), (iii) plaintiffs relied on, and (b) that such misrepresentation or omission caused plaintiffs' damages.

In addition, the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") applies to all issuers, including FPIs, whose securities are listed on a major US securities exchange. Sarbanes-Oxley imposes a number of requirements for issuers listed in the United States, including:

- **Audit committee.** The audit committee must be composed exclusively of independent directors.
- **Certification of SEC filings.** The CEO and the CFO must certify that company financials are "fairly presented".
- **Internal controls.** Issuers must include statements in their annual report describing and assessing their internal controls.
- **Loans to corporate executives.** Issuers may not extend credit to any director or CEO, except as part of a US financial institution's regular lending practices.
- **Protection of whistleblowers.** Issuers must establish policies and procedures to handle complaints of accounting improprieties.
- **"Up the ladder" reporting.** Lawyers working for the issuer must report to specified company officials evidence of securities violations or breaches of fiduciary duties.

Furthermore, a US listing typically calls for US-style D&O insurance policies. Taking out US D&O insurance can be

costly and put a strain on the profit & loss statement of issuers opting for a US listing.

Finally, as outlined in [Choose a Listing Location that Is in Line With Your Strategy](#), by including a Rule 144A offering in their IPO, companies opting for an IPO on SIX Swiss Exchange can efficiently establish access to US institutional investors without the need for an SEC registration.

Case Studies

Molecular Partners

Molecular Partners is a clinical-stage biopharmaceutical company focused on the development of a new class of therapies known as DARPin® therapeutics, with potential clinical applications in a range of disease areas including oncology, ophthalmology and infectious diseases. Designed ankyrin repeat proteins ("DARPins") are a promising class of non-immunoglobulin proteins that can offer advantages over antibodies for target binding in drug discovery and drug development.

Molecular Partners

Industry classification	Biotech
IPO on SIX Swiss Exchange	5 November 2014
ADR listing on Nasdaq	16 June 2021
Reasons for listing in Switzerland and subsequently in the US	Sustainable, long-term-minded development of the company in the domestic Swiss capital market with its likewise long-term-oriented Swiss buy-side investors. This approach has been adding to stability and increasing resilience before the company was ready to take the next steps to not only open a US subsidiary in Boston, but also to open up to the US capital market as Molecular Partners has been approaching the commercial stage for its innovative products.

/// Through the listing on SIX Swiss Exchange in 2014, we were able to further advance our novel DARPin technology platform as well as the related innovative product pipeline and in parallel grow the entire organization in a less volatile public capital market, characterized by mostly long-term-oriented Swiss buy-side investors. We clearly felt them not only as investors, but rather as true partners for our corporate development, who are very savvy about the innate riskiness of biotech operations. As we have been gradually approaching the next corporate level of becoming a commercial-stage biotech with an increased maturity and resilience, we were ready for a complementary listing on the US capital market. ///

ObsEva

ObsEva is a Geneva-based clinical-stage biopharmaceutical company focused on the clinical development and commercialization of innovative therapeutics for conditions that negatively affect a woman's reproductive health and pregnancy. Founded in 2012, ObsEva has established a late-stage clinical pipeline with development programs focused on the treatment of conditions such as endometriosis, uterine fibroids, preterm labor and improving assisted reproductive technology ("ART") outcomes. In early 2017, the company listed its equity securities on Nasdaq. Mid-2018, ObsEva conducted a dual primary listing on SIX Swiss Exchange and stated in public that one of the reasons why the company lists its equity shares on SIX Swiss Exchange was "to secure for its shareholders the protection offered by the Swiss takeover rules".

ObsEva

Industry classification	Biotech
IPO on Nasdaq	26 January 2017
Listing on SIX Swiss Exchange	13 July 2018
Reasons for listing in Switzerland	Shareholders can benefit from the takeover protection offered by Swiss takeover law (see Know the Risks and here)

Actelion/Idorsia

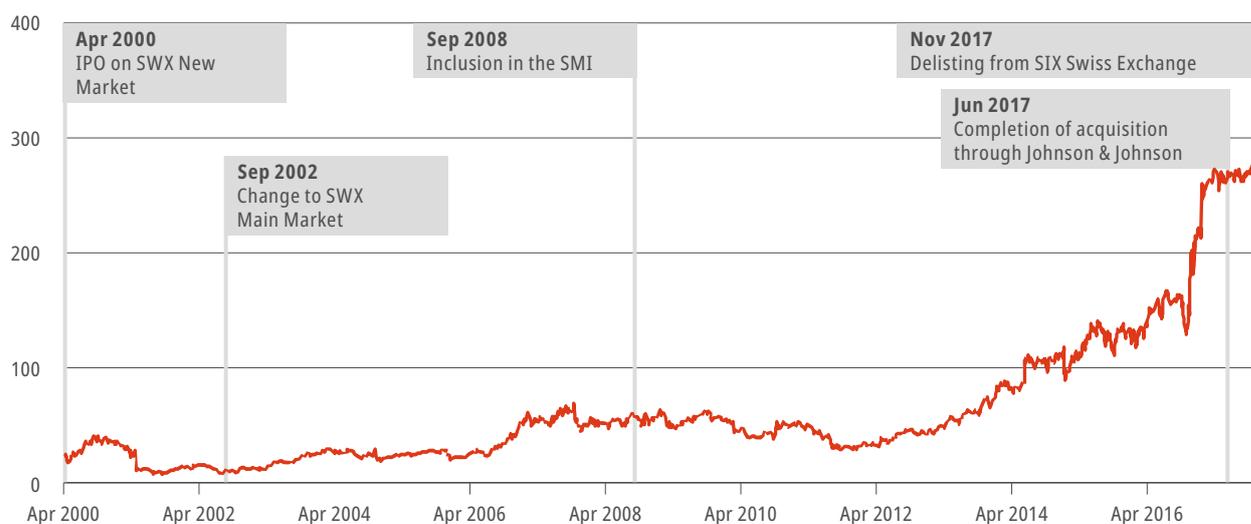
Actelion's history has been one of the greatest success stories of a Swiss life science company. Established in 1997, the company has specialized in pulmonary hypertension but has also established an active discovery and development organization for drugs with potential

applications in the areas of immunology, central nervous system disorders and rare diseases. In 2000, Actelion pioneered biotech company listings with its IPO on SIX Swiss Exchange with a market capitalization of CHF 2.3 billion and became one of Europe's largest pure-play biotech companies over time. Initially, the company was listed on the SWX New Market segment but changed to the SWX Main Market in 2002. In 2008, with a market capitalization of over CHF 7.0 billion, it entered the SMI, Switzerland's blue-chip stock market index composed of the largest and most liquid companies on SIX Swiss Exchange. In 2017, Actelion was taken over by Johnson & Johnson for almost USD 30.0 billion. Actelion's drug discovery operations and early-stage clinical development assets were spun off into "Idorsia", a newly created biotech company, with Martine and Jean-Paul Clozel (co-founders as well as former Chief Science Officer and Chief Executive Officer of Actelion, respectively), remaining anchor shareholders and maintaining key roles in the new company.

Actelion

Industry classification	Biotech
IPO on SIX Swiss Exchange	6 April 2000
Spin-off Idorsia	16 June 2017
Sale to Johnson & Johnson	16 June 2017
Reasons for Actelion/Idorsia listing in Switzerland	Listing on one of the world's leading stock exchanges for companies from the life sciences sector, which enabled the company to gain efficient access to a long-term-oriented and loyal investor base.

Share Price Actelion (in CHF)



/// It may be that valuations in the US are comparatively high. However, when problems arise, prices there usually fall more sharply than here in Switzerland. And especially with start-ups, it often happens that you find yourself in a difficult situation. In Switzerland, shareholders tend to be more loyal and have a long-term orientation, which is especially important in our industry. That's why I consider SIX Swiss Exchange to be an ideal location for biotech companies. ///

Jean-Paul Clozel (CEO Idorsia/Founder and former CEO Actelion) in Finanz und Wirtschaft (2022)

Conclusion

In recent years, some Swiss companies have decided to go public in the United States instead of listing their shares on their domestic stock exchange, a phenomenon that can also be observed in other European countries. The more attractive company valuations achievable in the United States have often been cited as a reason for this development. However, the choice of the right stock exchange for an IPO is a strategic decision and the advantages and disadvantages associated with the different listing locations must be weighed against each other carefully. As outlined in this document, a listing in the United States entails several additional requirements, drawbacks and pitfalls, and potentially exposes issuers to additional risk, complexity and costs. Against this background, we encourage issuers considering an IPO to assess carefully whether these disadvantages are offset by the expectation of a higher valuation,

increased analyst coverage or access to investors. In contrast, an IPO on SIX Swiss Exchange offers a number of advantages, such as a more company-friendly legal environment and access to long-term oriented institutional investors both in Switzerland and in the United States. In addition, SIX Swiss Exchange enables SMEs to gain a foothold in the public financial markets and to benefit from the corresponding advantages with its new SME segment Sparks.

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