

Sparks provides a welcome springboard for biotech SMEs on SIX Swiss Exchange

The SME stock exchange Sparks helps promising biotech companies accelerate their growth and take their businesses to the next level on SIX Swiss Exchange.

Enabling the full growth advantages that public markets can offer

Sparks aims to facilitate access for (fast-growing) SMEs to the public capital markets and to allow more SMEs to enjoy the full benefits that public markets offer. In the biotech space, this will create the basic conditions for new biotech success stories, similar to those we saw around the turn of the millennium on the equity segment SWX New Markets, where at that time, Actelion, among others, was initially listed.

Sparks enables companies to efficiently generate growth capital and further expand domestically and internationally. The segment is also open to foreign companies that want to tap into the Swiss capital market and benefit from Europe's leading exchange for life sciences companies.

The benefits of public markets that SMEs can access through Sparks

Sparks provides fast growing, capital seeking SMEs with access to the equity public markets and a springboard to take their business to the next level. Sparks' listing requirements and trading hours are tailored for SMEs. The key elements of Sparks compared to SIX Swiss Exchange main market can be seen in the table on the next page.

In contrast to so-called "SME Growth Markets" in the EU, SIX Swiss Exchange's regulations enable SMEs to list their



shares (and not only to seek admission to trading) and thus, to benefit from the advantages of a formal listing status which enable to access the institutional investors' universe.

With the a different trading model than on SIX's main market, that has been optimized for shares of companies with smaller market capitalizations, investors will additionally benefit from enhanced price discovery and best execution of trades.

Furthermore, Sparks delivers a high level of investor protection providing the same level of regulatory oversight as on SIX's main market. Swiss and foreign companies listed on Sparks also benefit from the protection of the Swiss Takeover Code.

Building up an ecosystem

It is crucial to the Sparks equity segment to have a vibrant ecosystem around it whereby the level of its success will also strongly depend on how all of the capital market participants will participate and contribute.

The ecosystem development efforts of SIX Swiss Exchange focus on extending initiatives that have already been established and proven in the main market such as Stage – a program which increases the visibility of SMEs among capital market stakeholders through services such as research coverage and factsheet creation. In addition, new initiatives were launched such as a digital catalogue that aims to provide an overview of services and providers

Requirement	SIX Main Market	Sparks (SME Segment)
Track Record	> 3 years (possibility of exemption)	> 2 years (possibility of exemption)
Equity-capital requirement	> CHF 25 m	> CHF 12 m
Capital-increase requirement	–	> CHF 8 m (none if equity capital > CHF 25 m)
Max. marketcapitalizationat listing	–	< CHF 500 m
Max. marketcapitalizationpost listing	–	< CHF 1 bn (transfer to SIX main market if average over 12 month period is higher)
Freely tradable shares (out of theoutstanding shares)	> 20%	> 15%
Market capitalization of freely tradable shares	> CHF 25 m	> CHF 15 m
Min. number of investors	–	> 50 investors
Trading hours	<ul style="list-style-type: none"> ▪ Opening auction at 9 am ▪ Continuous trading until 5.20 pm ▪ Closing auction and TAL until 5.40 pm 	<ul style="list-style-type: none"> ▪ Opening auction at 3 pm ▪ Continuous trading until 5.20 pm ▪ Closing auction and TAL until 5.40 pm

Source: SIX Swiss Exchange

available in the Swiss capital market to make the listing process easier and the Sparks IPO Academy, an exclusive fast-track six month training program both online and in person that prepares companies for a potential IPO on the Sparks segment. The second edition will start on 8 November 2022 for which up to 15 promising Scaleups/SMEs will be selected.

More information about Sparks and the Sparks IPO Academy can be found via the following links:

www.six-group.com/sparks

www.six-group.com/sparks-academy

