

Financial Reporting Act (UBS AG) Exemption Notice 2012

Pursuant to section 35A of the Financial Reporting Act 1993, the Financial Markets Authority gives the following notice (to which is appended a statement of reasons of the Financial Markets Authority).

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Notice

- Title**

This notice is the Financial Reporting Act (UBS AG) Exemption Notice 2012.
- Commencement**

This notice comes into force on 25 May 2012.
- Expiry**

This notice expires on the close of 24 May 2017.
- Application**

An exemption granted by this notice applies to the following accounting periods of the exempt issuer:

 - the accounting period that ended on 31 December 2011; and
 - subsequent accounting periods.
- Interpretation**
 - In this notice, unless the context otherwise requires, —
Act means the Financial Reporting Act 1993



approved auditor means an accountant who is qualified under the laws of Switzerland to give an opinion as to whether the specified financial statements comply with IFRS

exempt issuer means UBS AG, a company that is incorporated in Switzerland

IFRS means—

- (a) International Financial Reporting Standards and International Accounting Standards that have been issued or adopted by the International Accounting Standards Board in accordance with the constitution of the International Accounting Standards Committee Foundation; and
- (b) final interpretations by the International Financial Reporting Standards Interpretations Committee approved by the International Accounting Standards Board in accordance with that constitution

NYSE means the New York Stock Exchange

SIX means the SIX Swiss Exchange

specified financial statements means the group financial statements that are required to be prepared in respect of the exempt issuer in accordance with the laws of Switzerland and the requirements for issuers listed on the SIX and the NYSE.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

6 Exemptions

- (1) Every director of the exempt issuer is exempted from the following provisions in respect of the exempt issuer:
 - (a) sections 10(1), 11, 14, and 15;
 - (b) section 13 to the extent that it requires the group financial statements prepared in relation to the exempt issuer to comply with section 14; and
 - (c) section 18(1) to the extent that it requires copies of the financial statements of the exempt issuer, together with a copy of the auditor's report on those statements, to be delivered to the Registrar for registration.

7 Conditions

The exemptions in clause 6 are subject to the conditions that—

- (a) the exempt issuer has not offered, and does not offer, securities to the public in New Zealand otherwise than in reliance on the Securities Act (Overseas Employee Share

Purchase Schemes) Exemption Notice 2002 (or a notice that, with or without modification, replaces or corresponds to that notice); and

- (b) the exempt issuer, in relation to the specified financial statements, must comply with the laws of Switzerland, and with the requirements for issuers listed on the SIX and the NYSE, that relate to the preparation, content, auditing, and public filing of those statements; and
- (c) the specified financial statements comply with IFRS; and
- (d) the specified financial statements are filed with the SIX and with the US Securities and Exchange Commission; and
- (e) if, in complying with IFRS, the specified financial statements do not give a true and fair view of the matters to which they relate, the directors of the exempt issuer must add information and explanations that will give a true and fair view of those matters; and
- (f) the specified financial statements must be delivered to the Registrar for registration annually, and before the date on which financial statements and group financial statements would, but for the exemptions in clause 6, be required to be delivered for registration; and
- (g) the specified financial statements must include or be accompanied by a report by an approved auditor that complies with the laws of Switzerland and the requirements for issuers listed on the SIX and the NYSE; and
- (h) the exempt issuer must remain listed on the main board of the SIX and the main board of the NYSE.

Dated at Auckland this 11th day of May 2012



Sue Brown
Head of Primary Regulatory Operations
Financial Markets Authority

Statement of reasons

This notice which comes into force on 25 May 2012 and expires on 24 May 2017 exempts the directors of UBS AG (**UBS**) from various provisions of the Financial Reporting Act 1993 (the **Act**). UBS is incorporated in Switzerland. It is listed on the SIX Swiss Exchange and on the New York Stock Exchange. The laws of Switzerland require that its group financial statements comply with either US GAAP or with International Financial Reporting Standards as adopted by the International Accounting Standards Board (**IFRS**). UBS prepares its group financial statements in accordance with IFRS.

The effect of the exemptions is to provide relief to the directors of UBS from the preparation, content, auditing, and filing requirements of the Act where UBS has offered or offers securities in New Zealand under the Securities Act (Overseas Employee Share Purchase Schemes) Exemption Notice 2002 (the **Securities Act exemption**). These exemptions are granted on the condition that UBS prepares and publicly files group financial statements that it is required to prepare under the financial reporting requirements of its jurisdiction of incorporation.

The Financial Markets Authority (**FMA**), after satisfying itself as to the matters set out in section 35A of the Act, considers it appropriate to grant the exemptions because—

- The effect of the exemptions is to allow the directors of UBS to file financial statements that they are required to prepare in accordance with the financial reporting requirements set out in the laws of Switzerland and the requirements for issuers listed on the SIX and NYSE. The principal differences between financial statements that comply with the Act and the financial statements to be filed under these exemptions are -
 - the directors of UBS will prepare and register group financial statements. They will not prepare stand-alone parent company financial statements; and
 - the group financial statements will comply with IFRS rather than generally accepted accounting practice in New Zealand; and
 - the group financial statements will be audited by a person who is qualified and registered to undertake that audit under the laws of Switzerland and the audit report produced by that person will be prepared in accordance with the requirements set out in the laws of Switzerland and the requirements for issuers listed on the SIX and NYSE:

- FMA considers that Switzerland has adequate regulatory and enforcement mechanisms in relation to financial reporting requirements and the regulation and oversight of auditors and that the required financial statements and audit reports will provide adequate financial information and so avoid any significant detriment to New Zealand securities holders. The content and quality of the financial information will be maintained through compliance with IFRS which is generally recognised as a leading standard of accounting practice worldwide and which is consistent with generally accepted accounting practice in New Zealand. Any significant detriment to New Zealand security holders is also avoided because UBS security holders will already be familiar with the format of financial reports filed by UBS because the exemptions only apply to UBS as a result of an offer of securities under the Securities Act exemption and that exemption requires the overseas issuer to provide subscribers with a copy of its most recent published financial statements:
- Further, in the circumstances that the application of the exemptions is limited to UBS having only offered securities in New Zealand in reliance on the Securities Act exemption, and because the conditions of this notice require group financial statements to be filed that comply with IFRS, FMA considers that the notice is not broader than is reasonably necessary to address the matters giving rise to the exemption.