

# Corporate Governance Report

## 2 Capital structure

### 2.1 Capital

Under Swiss company law, the general meeting of shareholders (the "General Meeting") has to approve any change in the total number of shares, whether with respect to the ordinary share capital or with respect to the creation of conditional capital or authorised capital.

As at 31 December 2019, the share capital of the Company amounted to CHF 3,065,634 (15,328,170 registered shares with a nominal value of CHF 0.20 each). The share capital is fully paid-up. The Company itself owned 469,536 treasury shares. Further, a conditional share capital amounting to CHF 192,000 and consisting of 960,000 shares with a nominal value of CHF 0.20 each and an authorised capital of CHF 400,000 consisting of 2,000,000 shares with a nominal value of CHF 0.20 each remained outstanding as at 31 December 2019. The conditional capital and the authorised capital amount to a maximum of CHF 592,000, which equates to 19.3% of the existing share capital.

SIX Swiss Exchange regulations provide that individual shareholdings exceeding 5% (save for, inter alia, certain investment funds) are deemed to be a permanent investment and are therefore to be excluded from the free float. In accordance with SIX Swiss Exchange regulations, the free float as at 31 December 2019 was 70.5% (2018: 70.2%).

### 2.2 Conditional and authorised capital in particular

In this section and in the remainder of the Corporate Governance Report, the Articles of Incorporation of the Company, last amended on 4 May 2018 and applicable as at 31 December 2019, available at <https://en.swissquote.com/company/investors#articles-incorporation> in the French original version together with an English free translation, shall be referred to as the "Aol".

Art. 4<sup>bis</sup> of the Aol on the utilisation of the conditional capital provides that the Board of Directors of the Company (the "Board") is authorised to increase the share capital of the Company by a maximum of CHF 192,000 by issuing no more than 960,000 new registered shares with a nominal value of CHF 0.20 each. The capital increase may be carried out through the exercise of options granted by the Board to certain employees of the Company and its group companies by a maximum of CHF 150,000 through the issuance of a maximum of 750,000 new registered shares with a nominal value of CHF 0.20 each. The capital increase may also be carried out through the exercise of options granted by the Board in connection with the acquisition of a business undertaking, parts of a business undertaking or acquisition of participations in a business undertaking by a maximum of CHF 42,000 through the issuance of a maximum of 210,000 new registered shares with a nominal value of CHF 0.20 each.

Art. 4<sup>ter</sup> of the Aol governing the utilisation of the authorised capital provides that the Board is authorised until 4 May 2020 to increase the share capital of the Company by a maximum of CHF 400,000 by issuing no more than 2,000,000 new registered shares with a nominal value of CHF 0.20 each. The Board determines the amount of the issue, the point in time at which the shares confer a dividend entitlement, the method of payment in full for contributions and the subscription procedure. An increase in tranches or a partial increase is permissible. In accordance with the modalities laid down by the Board, the amount of the increase must be fully paid-up. The restrictions on the transferability of registered shares set forth in the Aol also apply to the new shares.

For further information on the conditional and authorised capital, reference is made to the Aol.

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## 2.3 Changes in capital

The following table summarises the changes in capital that took place within the last three financial years:

	Ordinary shares issued	Unissued shares		Total shares issued and unissued
		Conditional capital	Authorised capital	
<b>Number of shares</b>				
<b>As at 1 January 2017</b>	<b>15,328,170</b>	<b>960,000</b>	<b>1,810,200</b>	<b>18,098,370</b>
Exercise of employees' stock options	-	-	-	-
Increase/(decrease) in capital	-	-	-	-
<b>As at 31 December 2017</b>	<b>15,328,170</b>	<b>960,000</b>	<b>1,810,200</b>	<b>18,098,370</b>
<b>As at 1 January 2018</b>	<b>15,328,170</b>	<b>960,000</b>	<b>1,810,200</b>	<b>18,098,370</b>
Exercise of employees' stock options	-	-	-	-
Increase/(decrease) in capital	-	-	189,800	189,800
<b>As at 31 December 2018</b>	<b>15,328,170</b>	<b>960,000</b>	<b>2,000,000</b>	<b>18,288,170</b>
<b>As at 1 January 2019</b>	<b>15,328,170</b>	<b>960,000</b>	<b>2,000,000</b>	<b>18,288,170</b>
Exercise of employees' stock options	-	-	-	-
Increase/(decrease) in capital	-	-	-	-
<b>As at 31 December 2019</b>	<b>15,328,170</b>	<b>960,000</b>	<b>2,000,000</b>	<b>18,288,170</b>

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## 2.4 Shares and participation certificates

Pursuant to Art. 5 of the Aol, the Company may issue its registered shares in the form of single certificates, global certificates or uncertified securities. As at 31 December 2019, the share capital consisted of 15,328,170 registered shares. The share capital of the Company is fully paid-up. The dividend entitlement depends on the share's nominal value. Each of the Company's registered shares carries one voting right at the General Meeting. Upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they acquired the registered shares in their own name and for their own account. More information is provided in Sections 2.6 and 6.

The Company does not issue any participation certificates.

## 2.5 Dividend-right certificates

The Company does not issue any dividend-right certificates.

## 2.6 Limitations on transferability and nominee registrations

In accordance with Art. 685a CO and Art. 7 Para. 1 of the Aol, the transfer of registered shares is subject to the approval of the Board. Upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their

own account. If this requirement is not satisfied, the person in question will be entered in the share register as a shareholder without voting rights. In accordance with Art. 7 Para. 2 of the Aol, the Board may reject a request for entry into the share register within 20 days.

The Aol do not contain any express provision for granting exceptions to this limitation; no such exceptions were granted in the year under review. Nominees cannot be registered with voting rights; there were no exceptions in 2019.

Pursuant to Art. 14 Para. 1 of the Aol, decisions related to the restrictions on the transferability of registered shares can only be made by the General Meeting and require a qualified majority vote (two thirds of the votes represented and an absolute majority of the nominal values of the shares represented).

## 2.7 Convertible bonds and options

The Company does not issue any bonds, convertible bonds or warrants.

Information on the Group's stock option plan is provided in the Remuneration Report.