

Ad Hoc Publicity

Preamble

The legislator has obligated every issuer of financial instruments that are traded at an organized market to immediately publish insider information that directly concerns him/her.

Insider information is defined as specific information about circumstances that are liable to considerably influence the price of the insider securities if they become known to the public. These circumstances are to be made public if they have occurred or if it can be assumed with sufficient likelihood that they will occur in the future. The likely impact of information on prices is determined by considering whether an informed investor would take the information into account when making investment decisions.

Publication in the form required by the legislator serves to avoid insider trading by establishing optimal market transparency for circumstances that are highly relevant for stock prices. This is indispensable if investors are to have confidence in the reliability and credibility of financial reporting and in the integrity of the capital market.

In the interests of the public, this obligation laid down by the legislator must not be misused for promotional announcements. It is inadmissible to publish random content in the section for ad hoc news – whether it is from the marketing or PR department or from the regular reporting about the company. To pretend that information is highly relevant for stock prices when it is not leads the public astray and thus constitutes a gross breach of the moral standards of financial communication. Anyone who breaches the ad hoc publicity obligation will be publicly reprimanded according to the rules of the German Public Relations Council (DRPR).

The four requirements of honest ad hoc publicity

1. The requirement of relevance

An ad hoc publication should only present specific information about circumstances that are significantly relevant for stock prices and not publicly known (both facts and well-founded, sufficiently specific forecasts, value judgments or intentions), and should be disclosed immediately. This does not include information from the regular financial reporting, marketing or public relations, which does not fulfil these conditions. In particular:

1.1 Periodical regular reports (quarterly, interim or annual reports) are not to be misused as ad hoc news. If information that is highly significant for stock prices emerges during the preparation of such reports, it must be published immediately and not after the completion of the report.

1.2 An ad hoc notification may not be misused for other, more general messages from advertising texts, PR brochures or marketing concepts.

1.3 The new price-relevant information is only to be presented with those features that are necessary for the correct understanding of its significance. In the case of the acquisition of a business, for example, its industrial sector, turnover and profit situation are relevant, but not its entire marketing strategy. In the case of a delivery agreement, only the volume of the agreed delivery and services is relevant, not a detailed product description.

2. The requirement of novelty

It is not admissible to present something as new if it is not. This is willful misleading of the press and investors. In particular:

2.1 Information can only be considered as new if it has not already been announced or differs from previous announcements or published forecasts. To avoid misleading investors, it is necessary to indicate to what extent the price-relevant information has already been published.

2.2 The unchanged results of a company can only be considered as new information relevant for stock prices if they diverge substantially from industry trends or from previously published forecasts or market expectations.

2.3 A published forecast is to be corrected as soon as the issuer has realized that it is seriously inaccurate.

3. The requirement of transparency

Ad hoc notifications must fulfil the requirement of being transparent and comprehensible in all statements. In particular:

3.1 In the case of new circumstances or events, background circumstances may constitute the price-relevant information. These should be mentioned in suitably concise form in the notification.

3.2 It is inadmissible to shift essential parts of an obligatory ad hoc announcement to separate publications. The ad hoc announcement must be a self-contained, independent piece of information.

3.3 To ensure the comparability of numerical data, the comparative figures from the previous period should always be stated. Any changes to the companies included in the consolidated financial statements, or changes in the accounting method, must also be pointed out.

3.4 If the price-relevant news is mainly due to the special development of a segment or product, this special development must be pointed out as an explanation.

4. The requirement to avoid deception

It is inadmissible to use editorial tricks to obscure unfavorable new developments that are significant for stock prices. In particular:

4.1 Ad hoc announcements must not use irrelevant content or interpretations to distract attention from a new circumstance that is considered to be relevant for stock prices.

4.2 For circumstances that have not yet taken effect as highly relevant for stock prices, an ad hoc publicity obligation or an ad hoc publicity right only exists if there is sufficient likelihood that they will take effect.

4.3 False information that has been published as a mandatory notification must be corrected immediately, even if it was not new and/or relevant for stock prices.

4.4 Mandatory public disclosures that have been postponed must be publicized if they are important for the correct understanding of other new information whose publication is not postponed.

4.5 Negative developments must not be obscured by changing performance indicators or devising arbitrary or fictitious performance indicators.

4.6 Headings must not distract attention from the main content or change its meaning.