



COMPAGNIE FINANCIERE TRADITION
LAUSANNE
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Compagnie Financière Tradition

Issue Prospectus

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This Issue Prospectus is prepared pursuant to Section 652a of the Swiss Code of Obligations (CO).

It gives effect to the resolution of the General Meeting of Compagnie Financière Tradition ("the Company"), held on 13 May 2009, approving an increase in share capital.

I. Description of the Company

Compagnie Financière Tradition is today one of the world's leading interdealer brokers of financial and non-financial products on the OTC markets. Its customers are primarily banks, financial institutions and large corporations.

Compagnie Financière Tradition is a public limited company listed with the Companies Registry of Vaud Canton (Switzerland) since 9 November 1959, under No. CH-550-0052432-7.

Its registered office is at Rue Philippe-François-de-Langallerie 11, Lausanne, Switzerland.

Its Articles of Association were adopted on 4 November 1959 and have been amended several times, the last time being on 13 May 2009.

The Articles state that "The essential object of the Company is to acquire interests in financial, commercial, industrial, and property undertakings. It may moreover execute all and any financial transactions without having recourse to the public to obtain deposits, as well as all and any commercial transactions and real or personal property transactions, for its own account or for the account of third parties, and engage in all and any other operations directly or indirectly relating or conducive to its object."

The Company "may create branches and subsidiaries in Switzerland and abroad, appoint an agent or representative in such places, and acquire and found companies with the same or a similar object to its own".

Company notices are published in the Swiss Official Gazette of Commerce (SOGC).

II. Board of Directors

Membership of the Board of Directors is as follows:

Patrick Combes, of France, in Paris (France), Chairman;

Christian Baillet, of France, in Verrières-le-Buisson (France);

Pierre-Yves Bournet, of France, in Vallamand, director and manager;

François Carrard, of Poliez-Pittet, in Cully;

Hervé of Carmoy, of France, in Paris (France);

Bruce Collins, of the United Kingdom, in Chesfield (U.K.)

Jean-Marie Descarpentries, of France, in Louvenciennes (France);

Christian Goecking, of Zurich, in Rolle;

Pierre Languetin, of Lignerolle, in Berne;

Robert Pennone, of Lausanne, in Céligny.

David Pinchin, of the United Kingdom, in New Canaan (Connecticut, USA), director and general manager;

Urs Schneider, of Amriswil, in Geneva;

Members of the Board of Directors sign jointly with another director.

III. Auditors

The Company's auditors are Ernst & Young SA, Lausanne.

IV. Share Capital

A. Share capital

The Company's share capital has been increased several times since incorporation. It presently stands at CHF 14,048,627.50 (nominal), divided into 5,619,451 bearer shares of CHF 2.50 (nominal); it is fully paid up.

There is only one share category and there are no preferential shares.

There is no participation certificate capital or dividend-right shares.

B. Contributions in kind

As shown in the Companies Register, the following contributions in kind have been made in the past:

By agreement dated 20 June 2001: the share capital of DM 1,070,000 of Finacor Deutschland Gesellschaft mit beschränkter Haftung für internationalen Finanzverkehr, Munich (DE), 10,620,522 shares of EUR 1 of Monecor (London) Limited, London (GB), 1,999 no-par shares of Finacor Belgique, Brussels (BE), and 164,000 shares of ESC 1,000 of Fincor SGPS S.A., Lisbon (PT), for CHF 6,882,000; 57,350 shares were given in exchange.

By agreement dated 13 and 15 October 2003: 400,520 registered shares of CHF 2.50 of TFS, public limited company, Lausanne, for CHF 27,148,977.37. The contributors received in exchange 96,669 bearer shares of CHF 2.50 and the sum of CHF 15,742,035.37, with the balance of CHF 11,165,269.50 representing a premium.

C. Authorised share capital

By resolution passed on 13 May 2009, the General Meeting of Shareholders extended, until 13 May 2011, the authority given to the Board of Directors, pursuant to Article 5(3) of the Articles of Association, to increase the share capital by a maximum amount of CHF 5,758,327.50. Article 5(3) of the Articles reads as follows:

“The Board of Directors shall be authorised, up to and including 13 May 2011, to increase the share capital by an amount not exceeding CHF 5,758,327.50, through the issuance of up to 2,303,331 bearer shares with a nominal value of CHF 2.50 each, fully paid-up. The Board of Directors shall determine the issue price.”

“The Board is empowered to suspend or limit current shareholders’ pre-emptive rights to enable acquisitions or equity stakes. Subscription rights for which a pre-emptive right is granted but not exercised are available to the Board to be used in the Company’s interest.”

D. Conditional increase

Under Article 5(5) of the Company’s Articles, the Board of Directors may decide on a conditional increase in share capital. This Article reads as follows:

“The Board of Directors may by resolution increase the share capital of the Company by an aggregate nominal amount of CHF 2,379,795 (two million three hundred and seventy-nine thousand seven hundred and ninety-five francs) through the issuance of up to 951,918 (nine hundred and fifty-one thousand nine hundred and eighteen) bearer shares with a nominal value of CHF 2.50 (two francs and fifty centimes) each. The new shares will be fully paid up. The increase shall take place through the exercise of a pre-emptive right by Company employees. The pre-emptive rights of existing shareholders are cancelled. The conditions for employee participation are defined by the Board of Directors.

The Board of Directors may by resolution increase the share capital by an aggregate nominal amount of CHF 3,600,000 through the issuance of up to 1,440,000 bearer shares with a nominal value of CHF 2.50 each. The new shares will be fully paid up.

The increase shall be carried out as follows:

- up to CHF 2,500,000 through the exercise of a conversion right, granted in relation to the Company’s issuance of bonds or similar convertible debt securities on national and international capital markets. The pre-emptive rights of existing shareholders are cancelled. The conditions of issue of such borrowings shall be defined by the Board of

Directors, with a conversion right based on an issue price of no less than the average market price during the twenty trading days preceding the issue. shareholders' preemptive right to subscribe such borrowings is cancelled. Conversion rights must be exercised within five years of the issue date, after which they expire.

- up to CHF 1,100,000 through the exercise of options independent of share subscriptions granted free of charge to shareholders pro rata to their existing holdings of share capital. The terms and conditions for allocating and exercising share options by shareholders or future option holders (transferrable options) shall be defined by the Board of Directors.

Holders of conversion rights and/or options may subscribe for new shares.”

V. Company Financial Statements and Report of the Independent Auditors

The Company financial statements and the report of the independent auditors for the 2008 financial year are an integral part of this Prospectus and may be viewed on the Company's website (www.traditiongroup.com), or ordered directly from the Company by e-mail (eliane.pedroni@tradition.ch) or by post; only the most relevant elements are published in this Prospectus.

VI. Appropriation of Earnings

Dividend payments over the past five years were as follows:

CHF	2008	2007	2006	2005	2004
Number of shares in issue	5,619,451	5,594,451	5,468,357	5,468,357	5,449,769
Dividend paid	44,955,608	44,914,008	38,278,499	32,810,142	32,698,614
Dividend per share	8.0	8.0	7.0	6.0	6.0
Group share of net profit per share (1)	15.3	15.3	11.4	5.3	10.1
Yield (dividend/share price at end of period, in %)	11.6	3.9	3.8	4.5	5.4

(1) Based on the weighted average number of shares outstanding during the period, after deducting the average number of treasury shares.

VII. Increase in Share Capital and Issuance of New Shares

By resolution passed on 13 May 2009, the General Meeting of Shareholders voted to increase the existing share capital by an aggregate nominal amount of CHF 1,277,500, by creating up to 511,000 new bearer shares with a nominal value of CHF 2.50, which must be fully paid up in cash.

These newly issued shares are all offered to the public on the following terms:

The issue price of new shares is set at CHF 92 per share. This corresponds to the average, rounded to the nearest franc, closing price of Compagnie Financière Tradition's shares in the

20 trading sessions preceding the date of the General Meeting of 13 May 2009, minus a discount of 5% calculated on the said average and an amount equivalent to the gross dividend approved by the General Meeting of 13 May 2009.

Each Company share confers one subscription right. Eleven subscription rights confer the right to subscribe to one new share. Subscription rights can be traded on the SIX Swiss Exchange. Subscription rights that are not exercised are forfeited.

The stamp duty is paid by the Company.

The subscription period for new shares runs from 27 May to 10 June 2009, and will take place as follows:

- for shareholders whose securities are held on deposit with a bank, the subscription rights are entered directly in their account. The subscription rights must be exercised in accordance with the instructions of the depository bank.
- for shareholders who hold their securities at home or in a safe deposit box, subscription rights are exercised by presenting coupon No. 11, detached from the share certificates, to Banque Cantonale Vaudoise or to their own bank.

Subscription rights will be traded on the SIX Swiss Exchange between 27 May and 9 June 2009.

An “Offering Memorandum” notice will be published on 25 May 2009, in French, in “Le Temps”, and in German, in the “Neue Zürcher Zeitung”.

VIII. Securities Number

Compagnie Financière Tradition

Security	Valor No.	ISIN	Symbol
Bearer share of CHF 2.50 (existing)	1.434.511	CH0014345117	CFT
Bearer share of CHF 2.50 “if and when issued” (new deriving from subscription) **	10.171.231	CH0101712310	CFTE
Subscription right	10.171.258	CH0101712583	CFT1

** Will be treated in the same way as Valor No. 1.434.511 upon registration in the Companies Register

IX. Annexes

As mentioned above (Section 5), the Company financial statements and the report of the independent auditors for the 2008 financial year are an integral part of this Prospectus. They may be viewed on the Company’s website at www.traditiongroup.com, or ordered from the Company by e-mail (eliane.pedroni@tradition.ch) or by post; only the most relevant elements are published in this Prospectus. For further information on this Issue Prospectus or on the Company, please contact Eliane Pedroni at eliane.pedroni@tradition.ch, or by mail at the Company’s registered office.

Board of Directors