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Nico Bernhard, Dominik Hohler and Marion Bähler
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Switzerland: Trends & Developments
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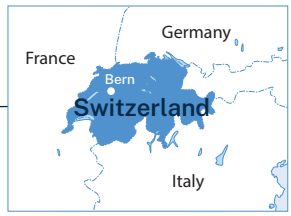

Law and Practice

Contributed by:
Nico Bernhard, Dominik Hohler and Marion Bähler
Walder Wyss Ltd

Contents

Walder Wyss Ltd is one of the most successful Swiss commercial law firms. With a dynamic presence in the market, the firm specialises in corporate and commercial law, banking and finance, intellectual property and competition law, dispute resolution and tax law. With more than 300 legal experts and six locations, Walder Wyss provides its clients with a seamless one-stop shop, and personalised and high-quality services in all language regions of Switzerland. With a team of around 40 senior lawyers (including partners) regularly advising on capital market matters and transactions, Walder Wyss holds a leading position in this area.

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1. Equity Finance Techniques and Structures

1.1 Early-Stage Venture Capital Financing

Early-stage (start-up) Swiss companies would typically raise funds from venture capital firms or other investors through traditional fundraising rounds or the issuance of convertible debt. While fundraising rounds are common, they tend to be more complex as investors and the company/existing shareholders would typically engage in extensive negotiations on investment terms and shareholder governance. In addition, the implementation process is time-consuming and costly, as the issuance of new shares in Switzerland requires a formalised process, including the involvement of notaries and commercial registries.

Convertible loans, on the other hand, are quicker and easier to implement, making them a popular choice for fundraising by early-stage companies that have not yet secured sufficient commitments to justify the additional effort and cost of a financing round. Convertible loans allow start-ups and investors to defer discussions about valuation and governance until a larger round with a lead investor takes place, which is often seen as another major advantage. In return for taking the risk of investing early and agreeing to defer negotiation of shareholder rights to the later lead investor(s), lenders are often rewarded with discounts on the share price applicable in a subsequent financing round.

1.2 Growth and Private Equity Financing

Traditional private equity (PE) investors target more mature companies that already have revenues and stable cash flows. They aim to increase the valuation of a company by scaling or otherwise maximising its operations, and to sell the company after a period of time (typically three to seven years) and thus have a rather short-term investment horizon. PE investors usually take a majority stake in the company and seek control or at least significant influence over the company's management. A PE financing arrangement would typically be structured as a sale of all or the majority of existing shares, whereby it is not uncommon that a reinvestment structure (rollover participation) is agreed with the previous owners. This differs significantly from venture financing, where the funds go to the company rather than the existing/prior shareholders and where investors typically only hold a minority stake in the company following implementation.

1.3 Public Equity Markets

SIX Swiss Exchange (SIX), the larger of the two stock exchanges in Switzerland (with the smaller being BX Swiss), is a major player in the European stock market. It lists around 250 domestic and international companies, including some of the world's most valuable companies such as Nestlé and Novartis. SIX offers various market segments, such as blue chip shares, mid-/small-cap shares, spark shares (for small and medium-sized enterprises), and global depositary receipts.

Listing equity in Switzerland involves the following key steps:

- Preparation: The company prepares a prospectus, a listing application and the required financial statements. This includes obtaining necessary audit reports, adapting the corporate governance structure to meet the standards for listed companies and adapting the capital structure to meet listing requirements (if needed).
- Prospectus Filing: The prospectus is then filed with one of the two prospectus offices licensed by the Swiss Financial Market Supervisory Authority (SIX Exchange Regulation Ltd or BX Swiss Ltd).
- Approval and Publication: Once the prospectus is approved by the respective prospectus office, it is published to inform potential investors.
- Listing and Trading: After the prospectus is published and the listing application approved, the company's shares are listed on the exchange and trading can commence.

Several factors typically influence a company's decision whether or not to list its shares. A listing provides access to a broad investor base, which can be crucial for raising funds to support growth and expansion, and enhances market visibility and prestige. Switzerland's stable regulatory environment and high market liquidity offer additional advantages. Companies need to weigh these advantages against the costs and regulatory requirements of a listing. Ultimately,

the decision depends on the alignment of the listing with the company's long-term objectives.

1.4 Equity Restructurings

Under Swiss law, the board of directors of a company in financial distress has several obligations, including taking appropriate measures to restructure the balance sheet and secure additional liquidity. The measures taken often include equity restructuring such as debt-to-equity swaps or down rounds. Debt-to-equity swaps are a useful means of restructuring the balance sheet because they help to eliminate potential over-indebtedness and are permitted, even if the debt to be set off is not collectible, which is often the case when the company is not in good financial health. Cash injections (capital increases), on the other hand, help the company secure additional liquidity. However, both debt-to-equity swaps and cash injections (capital increases) result in a dilution of the shareholding of the existing shareholders, which can lead to frustration and loss of confidence, especially if it occurs at a low valuation (down-round).

1.5 Corporate Governance

Swiss corporate law requires the existence of three corporate bodies: the general meeting of shareholders, the board of directors, and external auditors (with the possibility of an opt-out for small companies). The law provides for a basic framework for corporate governance, including roles, responsibilities, and voting rights. Shareholders of non-listed companies and groups of shareholders of listed companies often enter into a shareholders' agreement to detail specific governance arrangements. These agreements can supplement and/or modify the legal provisions to better suit the needs of the respective shareholders. The shareholders' agreements typically include provisions related to corporate governance, such as board appointments, and exercise of voting rights (including veto rights) as well as restrictions on share transfers, including drag-along and tag-along rights. Additionally, such agreements may also cover pre-emptive subscription rights, sale and liquidation preferences, down-round protection mechanisms as well as non-compete and non-solicitation undertakings.

1.6 Mix of Debt and Equity Financing

Investors can provide both equity and debt to the same company. This approach is often used to balance the risk and return profile of their investment. However, there are several commercial and legal considerations to keep in mind. Equity investors typically have voting rights and can influence company decisions, whereas debt investors do not. Debt provides regular interest payments, while equity offers capital gains and dividend payments (if any). Investors need to consider their cash flow needs and return expectations. Recent revisions in Swiss corporate law require the disclosure of the identity of investors converting debt into equity. This could be a concern for investors who prefer anonymity. In situations where a company faces financial distress, shareholders providing debt will often be asked to subordinate their debt to other creditors, impacting the recovery of their investment. Proper structuring of debt and equity investments can mitigate risks. The use of convertible bonds can provide additional flexibility.

2. The Equity Finance Market

2.1 Types of Equity Finance

Equity finance in Switzerland involves raising capital through the sale of shares, including private placements and public offerings. Companies may also use option rights issues, convertible securities, and preferred shares to attract investors. The market is well-developed, supported by a strong financial infrastructure and regulatory framework.

Hybrid financing forms like mezzanine capital and convertible bonds are common, offering flexible options for companies. The venture capital ecosystem is vibrant, especially in sectors like biotech and fintech, providing early-stage funding to start-ups. Growth equity focuses on mature companies with high growth potential.

Private equity is well-established, with firms investing across various industries to improve and sell companies for profit.

The IPO market is robust. Companies frequently list on the SIX Swiss Exchange. The market's regulatory

environment ensures transparency and investor protection.

Overall, Switzerland offers diverse and sophisticated equity financing options for companies at different growth stages.

2.2 Equity Finance Providers and Potential Restrictions on Them

In Switzerland, equity financing is provided by private equity firms, venture capitalists, institutional investors and crowdfunding platforms.

There are no specific limits on shareholdings, but companies can set their own limits in their articles of association.

Qualitative restrictions do not generally limit foreign shareholding, with the exception of certain real estate companies. There are no general restrictions on who can become a shareholder, but companies may impose specific qualifications in their articles of association.

Overall, the landscape for equity financing in Switzerland is diverse and evolving, with recent reforms aimed at further increasing flexibility and participation.

2.3 Equity Finance Seekers

In Switzerland, the decision to raise capital through debt or equity depends on factors such as company size, age, shareholder composition and industry. Larger, older companies often prefer debt to avoid dilution of ownership, while smaller, younger companies may opt for equity due to limited collateral. Companies with diverse shareholders may choose equity to spread risk, while family-owned businesses often favour debt to maintain control. Technology and biotechnology sectors tend to favour equity due to their high growth potential and significant upfront investment requirements. Manufacturing and real estate sectors prefer debt due to stable cash flows and tangible assets. Common debt financing methods include bank loans, bonds and convertible debt. Equity financing options include venture capital, IPOs and private placements. The technology and biotechnology sectors are the most active in raising capital, driven by innovation and high returns. These sectors attract significant venture capital and private equity investment.

2.4 Deal Flow and Size

The equity finance market in Switzerland is well-established, with a strong presence of both domestic and international investors. In the past two years, IPO activity has been selective, focusing mainly on a few large-cap and sector-specific listings. Mid-cap IPOs have been limited due to volatile market conditions and geopolitical uncertainties. This year's IPO of SMG Swiss Marketplace Group Ltd (market capitalisation of CHF4.7 billion) and the IPO ofGalderma in March 2024 (CHF14.5 billion market cap) were the most recent major IPOs. Corporate spin-offs – less reliant on favourable market conditions – have gained prominence, including Liberty's spin-off of Sunrise Communications Ltd (November 2024, CHF3.2 billion market cap) and Holcim's spin-off of its North American business Amrize (June 2025, CHF26 billion market cap). While IPOs remain selective, Switzerland has simultaneously seen a remarkable boom in public takeovers, with volumes leaping 465% to USD16.7 billion in 2025.

2.5 Privately Allocated Equity Versus Public-Raised Equity

In terms of market capitalisation, the public equity market in Switzerland is significantly larger than the private equity market. The public equity market has recently faced some challenges due to global uncertainties and market volatility, resulting in fewer companies choosing to go public. However, the public equity market remains an important avenue for companies seeking to raise significant capital and gain public visibility.

Private equity also plays an important role in Switzerland. This sector provides companies with the necessary capital and strategic support to grow, free from the pressure of public market scrutiny. Despite global uncertainties, the market remains resilient, supported by a stable political environment, a robust regulatory framework and an accommodating monetary policy. Rate cuts by the Swiss National Bank have improved financing conditions, while key sectors such as pharmaceuticals, technology, media and telecommunications (TMT), and financial services continue to drive

deal activity, with a growing focus on digital transformation.

2.6 Deal Sourcing and Market Players

Deal sourcing in Switzerland involves networking, advisory services and market research. Investors and companies connect through industry events, professional networks and platforms. Investment banks, financial advisers and consulting firms play a crucial role in identifying and facilitating deals. This well-established adviser and investor community provides investors with access to quality deals, expertise and networking opportunities. Companies can benefit from easy access to capital, strategic advice and increased visibility within a connected ecosystem.

2.7 Exit Considerations and Realisations

Investors can realise the value of their equity investments primarily through two typical exit paths: trade sales and initial public offerings (IPOs). Compared to trade sale exits, IPOs are relatively rare in Switzerland, with no more than a few IPOs taking place on a Swiss stock exchange each year.

2.8 Equity Finance Versus Debt Finance

Both equity and debt finance play a crucial role in Switzerland's financial landscape, but their importance can vary depending on the economic climate and the specific needs of the company. Equity financing is particularly important for start-ups and high-growth companies that need substantial capital without the burden of repayment. Debt finance is often preferred by established companies with steady cash flows. Despite its low interest rate environment, Switzerland is recently experiencing a shift toward equity financing, driven by stricter banking regulations (notably the Basel IV rules).

2.9 Time Required for Equity Finance

Raising equity finance in Switzerland can vary significantly in length, typically ranging from four weeks to over a year. The timeframe depends on several factors, including the stage of development of the company, the complexity of the financing structure and market conditions. Common techniques include IPOs, venture capital, private equity, equity crowdfunding and convertible loans. IPOs can take six to 12 months due to extensive regulatory requirements. Venture capital rounds typically take three to six months and focus on start-ups and early-stage companies. Private equity deals typically take four to nine months and involve significant ownership stakes in more mature companies. Equity crowdfunding takes three to six months and involves raising small amounts from many investors. Convertible loans are often faster, taking one to three months and converting to equity later. Key challenges include regulatory compliance, market conditions and investor relations. Valuation and operational maturity are also significant hurdles. Each method has its own complexities and timeframes.

3. Regulation and Related Legal Issues

3.1 Investment Restrictions

Switzerland has a long-standing reputation for having an open economy and a welcoming investment climate, which attracts foreign direct investment. Currently, controls on foreign investment only apply to a few specific sectors, notably residential real estate. However, the introduction of a general FDI regime is currently under debate in the Swiss Parliament. According to the draft FDI Act, acquisitions in certain critical sectors such as defence, energy, healthcare and infrastructure would require governmental approval above certain thresholds. The State Secretariat for Economic Affairs (SECO) would be responsible for overseeing reviews. In addition to this, Switzerland is a participant in international sanctions regimes which might impact foreign investments in Switzerland.

3.2 Repatriation of Money and Limitations on Capital Flows

Dividend payments of Swiss companies are subject to capital protection provisions and may only be made out of freely distributable funds defined as equity exceeding debt and mandatory reserves (Article 675 Sections 2 and 3 of the Swiss Code of Obligations). According to the case law of the Swiss Federal Supreme Court, the limitations to dividends equally apply to upstream and cross-stream loans within a group of companies, unless the loans stand a rigid at arm's length test. No further limitations to repatriating capital outside of Switzerland apply.

3.3 AML and Sanctions Regulation

Swiss corporations not listed on a Swiss or foreign stock exchange must keep an internal register of their beneficial owners holding individually or jointly at least 25% of the capital or the voting rights of the corporation or controlling it by other means (Article 697l of the Swiss Code of Obligations). If an investor does not, or does not correctly, report the beneficial owner to the company, his or her ownership rights (voting rights) are suspended and, if reporting is not made within one month of the acquisition of the shares, claims for dividends are lost. Failure to keep the internal register of beneficial owners is deemed a lack in organisation (Article 731b Section 1 Paragraph 3 of the Swiss Code of Obligations) and may be subject to a fine (Article 106 Section 1 in conjunction with Article 333 Section 1 of the Swiss Penal Code). Buyers of shares of a Swiss corporation are well advised to make sure that the internal register of beneficial owners is diligently kept and should request respective representations and warranties.

According to proposed legislation, expected to enter into force in 2026 at the earliest, companies will have to disclose the identity of their beneficial owners in a federal electronic register. This register will not be made public but will be accessible to Swiss authorities such as criminal prosecution and tax bodies, as well as other institutions subject to anti-money laundering regulations.

Switzerland regularly issues sanctions lists and participates in international sanctions.

3.4 Choice of Law and Jurisdictions

In financing transactions regarding a Swiss company, there is a certain preference for Swiss law, although other choices of law are also seen. Providing for a uniform choice of law throughout most of the relevant documents generally reduces the risk of inconsistences due to diverging jurisdictions. A control agreement for a share pledge agreement usually follows the law of the custodian bank, subject to the Hague Securities Agreement, if applicable. If Swiss law is chosen, the place of jurisdiction should be Switzerland to ensure proper enforcement of the chosen law. Swiss courts generally do not appear to be biased vis-à-vis foreign investors. Arbitration is often agreed on in more complex and large transactions. Arbitration has the advantage of involving expert arbitrators and limiting the possibility of a time-consuming appeal to a court, but tends to be more expensive than a court proceeding and can deprive the losing party of the right to appeal unless the arbitral award is severely flawed.

For corporate claims against a Swiss corporation, its articles of association may provide for an arbitration court (Article 697n of the Swiss Code of Obligations).

3.5 Noteworthy Regulatory Trends

In early 2025, the EU and Switzerland lifted the protective measures that had suspended stock-exchange equivalence. As a result, EU-based securities firms are once again allowed to trade Swiss equity securities on Swiss exchanges. During the suspension, Swiss-EU dual listings were not permitted, but with the measures lifted, issuers can now pursue dual listings in both Switzerland and the EU again.

In March 2025, FINMA granted its first licence for a distributed ledger technology (DLT) trading facility to BX Digital AG, a sister company of BX Swiss, the smaller of the two Swiss stock exchanges, enabling the trading of DLT securities (tokenised financial instruments).

According to a proposed revision of the Swiss Financial Market Infrastructure Act, responsibility for ad hoc publicity and the disclosure of management transactions concerning listed companies shifts from the current system of stock exchange self-regulation and enforcement to statutory law overseen by the Swiss Financial Market Supervisory Authority (FINMA). If this revision survives the political debates, it will impact investments in companies listed on a Swiss stock exchange as disclosure breaches will have more severe consequences (now also for directors) and disclosure of management transactions will no longer be on an anonymous basis, just to name a few notable amendments.

4. Tax

4.1 Withholding/Capital Gains Tax

Dividends and similar distributions (including liquidation proceeds and bonus shares) are subject to 35% withholding tax unless they are repayments of nominal value or from qualifying capital contribution reserves. The company must deduct such withholding tax from the gross amount of the distribution. Listed companies may not repay tax-exempt capital contribution reserves first, but must pay (at least) an equal amount of dividends subject to withholding tax if other reserves from retained earnings are available.

In general, private shareholders resident in Switzerland are not liable for tax on capital gains from the sale of shares if these shares form part of their private assets. Under certain circumstances, capital gains may be recharacterised as taxable dividends, in particular when shares are redeemed by the company. Capital gains may also be recharacterised as taxable income in the case of a so-called indirect partial liquidation.

Swiss resident commercial shareholders must declare gains or losses from the sale of shares in their income statement or tax return and are subject to Swiss federal, cantonal and communal income tax. In certain cases, capital gains may be treated as arising from the sale of real estate, leading to real estate property gains tax being levied by the competent tax authorities in certain cantons.

Corporate taxpayers must include capital gains from the sale of shares in their net taxable income. However, they may be entitled to participation relief (*Beteiligungsabzug*) if (i) the shares sold represent at least 10% of the company's capital or entitle the holder to at least 10% of the profits and reserves; and (ii) the shares have been held for at least one year. Such relief applies to the difference between the proceeds of the sale and the original cost of the shareholding, resulting in the taxation of a recovery of previous depreciation.

For individual taxpayers, the federal tax on dividends and similar distributions and on capital gains (if any) is reduced to 70% of the regular tax (*Teilbesteuerung*), provided that (i) the investment is held in connection with a trade or business or qualifies as an opted business asset (*gewillkürtes Geschäftsvermögen*); (ii) the participation amounts to at least 10% of the share capital of the company; and (iii) the participation has been held for at least one year. Similar provisions have been introduced at the cantonal and communal level, but the rules may vary depending on the place of residence.

4.2 Other Taxes, Duties, Charges or Tax Considerations

Swiss resident private shareholders must declare their shares as part of their private assets and are subject to cantonal and communal wealth tax. Swiss resident commercial shareholders must declare the shares as part of their taxable capital (in the case of corporate taxpayers) or business assets (in the case of individual taxpayers) and are subject to cantonal and communal annual capital tax or wealth tax.

Issuances of shares are generally subject to a federal issuance stamp duty (*Emissionsabgabe*) of 1% of the consideration received for the issue of new shares, less certain costs, subject to certain exemptions, in particular a CHF1 million exemption for new companies and capital increases and an exemption for qualifying restructurings.

In addition, Swiss resident and non-resident shareholders are subject to a federal transfer stamp duty (*Umsatzabgabe*) of 0.15% on the purchase or sale of shares if the transfer is made through or with a Swiss bank or other Swiss securities dealer and no exemption applies.

Various forms of government grants and tax relief are available in Switzerland. Grants often support innovation, research and job creation, while tax incentives include benefits such as R&D super-deductions, patent boxes and tax holidays. Eligibility usually depends on factors such as R&D activities, job creation, and location in designated economic development areas.

4.3 (Double) Tax Treaties

Switzerland has an extensive network of double taxation agreements (DTAs) with, at present, more than 100 countries. These treaties prevent double taxation of income and capital, facilitate cross-border eco-

nomic activity and provide a stable and predictable tax environment for investors. Switzerland's DTAs are generally based on OECD standards, ensuring consistency and reliability in international tax matters.

5. Bankruptcy and Insolvency

5.1 Impact of Insolvency Processes on Shareholder Rights

The opening of bankruptcy proceedings has no material effect on shareholders' rights, but may affect certain outstanding shareholder obligations. For example, the bankruptcy office will request shareholders who have not yet fully met their payment obligations arising from the subscription of their shares (so-called partial contribution) to settle the outstanding amounts. This payment obligation cannot be offset against counterclaims against the bankrupt company in bankruptcy.

The shareholder's entitlement to dividends and liquidation shares is not restricted by law, nor is the right to information and access to files, provided that the general legal requirements are met. However, in bankruptcy proceedings and also in a debt restructuring agreement with assignment of assets, (liquidation) dividends are hardly ever paid to the shareholders, as in the vast majority of cases the creditors with priority must already expect defaults and incur losses.

In the context of bankruptcy or debt restructuring proceedings, the shareholder has the right to inspect the files, but only has the right to participate, in particular the right to attend and vote at the creditors' meeting, if he/she is also a creditor of the debtor company.

5.2 Seniority of Investors in Distributions

In the context of bankruptcy proceedings or a debt restructuring agreement with the assignment of assets, all creditors are to be paid in full before any distribution is made to the shareholders. Subsequent to the full satisfaction of all creditors (including default interest), any surplus shall be distributed to the shareholders. In the absence of a stipulation to the contrary in the company's articles of association, shareholders are to be remunerated in accordance with the amounts paid in, with due consideration of any preferential rights pertaining to specific categories.

In the event that bankruptcy proceedings or a composition agreement with an assignment of assets is required, the bankruptcy trustee or liquidator will claim any outstanding amounts resulting from unpaid share subscriptions from the respective shareholder and distribute them among the creditors, along with the remaining assets of the company. He/she will only refrain from doing so if the creditors' claims (including default interest) are fully covered and a surplus remains in favour of the shareholders. In the event of bankruptcy, the aforementioned payment obligation cannot be offset against counterclaims against the bankrupt company.

5.3 Length of Insolvency Process and Recoveries

In accordance with the applicable Swiss debt enforcement and bankruptcy law, the duration of bankruptcy proceedings is limited to a period of one year. Nevertheless, the deadline may be extended with the approval of the supervisory authority. In practice, the one-year deadline is typically adhered to in the case of smaller bankruptcy proceedings. Conversely, in the case of larger and more complex proceedings, the deadline is frequently extended, and in some instances, this has occurred on multiple occasions. It is not uncommon for ordinary bankruptcy proceedings, which typically involve the participation of creditors at creditors' meetings, to span a period of five years or more.

The commencement of debt restructuring proceedings is initiated through the implementation of a provisional debt restructuring moratorium, which may last a maximum of four months in the initial stage. Nevertheless, the provisional moratorium may be extended for a further four months. The subsequent definitive debt-restructuring moratorium may last up to 24 months. In practice, proceedings that are longer than the standard period are not uncommon, particularly in the context of international transactions. In principle, there is no statutory time limit for the execution of the debt restructuring agreement.

5.4 Rescue or Reorganisation Procedures

Out-of-Court Restructuring

Out-of-court restructuring measures – ie, measures outside of statutory insolvency proceedings, represent

the mildest form of restructuring since these measures neither interrupt nor adversely affect the operative business of a company. Thus, this type of restructuring ideally preserves the value of the company and is the first choice, if feasible. As such, out-of-court restructuring measures can be considered:

- by the company: operational measures to increase earnings, divestments and release of hidden reserves (re-evaluation of assets);
- by the shareholders: capital increases, capital reductions and contributions to the company without consideration; and
- by the creditors: standstill agreements, bridging loans, subordination of debt, debt/asset swaps, debt/equity swaps and debt waivers (possibly together with the issuance of dividend rights certificates, debtor warrants or options).

Contractual restructuring measures cannot be imposed on creditors but must be agreed with each creditor individually. It is therefore important to ensure that the measures withstand potential clawback claims in the event the company subsequently enters into insolvency proceedings.

Debt Restructuring Proceedings

In addition to bankruptcy proceedings, which focus on the liquidation of assets and the repayment of creditors, Swiss insolvency law also provides for debt restructuring proceedings (also called composition proceedings). Proceedings to reach a creditors' composition by initiating a debt moratorium aim at accomplishing the work-out, restructuring and survival of a business entity. As opposed to bankruptcy proceedings, creditors' composition proceedings and the corporate moratorium allow for a (limited) continuation of the debtor's business activities under the protection of the court and for a more flexible realisation of the debtor's assets. However, creditors' composition may also aim at the reduction of claims (cram down) or the efficient realisation of assets.

Creditors' debt restructuring proceedings under Swiss law can be somewhat similar to the Chapter 11 proceedings provided by US law. Compared to US Chapter 11 proceedings, however, Swiss law focuses more on the rights of the creditors rather than on the continuation of the debtor's business activities. Nevertheless, in Swiss debt restructuring proceedings too, the debtor (represented by the board of directors) continues to operate the business, but typically under the supervision of a commissioner. In such proceedings, the shareholders generally retain their shareholder rights, namely their voting and information rights.

5.5 Risk Areas for Equity Investors

Apart from the capital investment, there are no significant risks for the investor unless they choose to participate in the company's management, for example by being elected to the board of directors. In accordance with Swiss legislation, any individual or corporate entity (such as a holding company) that exerts a dominant influence over the company's decisions (eg, the formally elected board of directors) may be regarded as a de facto or shadow director. They are held to the same standard of liability as a formally elected or appointed director or officer.

Should the investor participate in the management of the company (or exert a dominant influence on the decision-making of the elected board of directors to the extent that it qualifies as a de facto director), it may be exposed to potential risks of liability arising from responsibility. Such claims are frequently included in the inventory in the event of bankruptcy, as well as in the event of a composition agreement with assignment of assets. It is not uncommon for the insolvency administrator to refrain from pursuing these claims on behalf of the insolvency estate itself, instead assigning them to creditors who can pursue them independently and at their own risk.

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Overview

In Switzerland, the equity capital markets have been a crucial component of the Swiss financial system for decades, providing companies with access to capital through the issuance of equity securities such as stocks or shares. This market plays a vital role in the Swiss economy by enabling companies to raise funds for growth, expansion, and other strategic initiatives. Listed companies benefit from stronger market visibility too.

The Swiss equity capital markets are governed by regulatory bodies such as the Swiss Financial Market Supervisory Authority (FINMA) and the regulated stock exchange markets, being the SIX Swiss Exchange and the BX Swiss, which oversee the issuance and trading of equity securities to ensure transparency, investor protection, and market integrity. Companies looking to raise capital through the issuance of equity securities in Switzerland must comply with various legal and regulatory requirements, all of which are based on federal law or (self-regulated) rules set by the stock exchange itself. Companies seeking to list their shares on one of the regulated stock exchanges must meet listing requirements set by the exchange. These requirements include minimum capitalisation thresholds, financial reporting standards, corporate governance guidelines, and other criteria designed to uphold the credibility and transparency of listed companies. FINMA oversees the enforcement of these laws and regulations to protect investors and maintain the integrity of the Swiss financial markets.

Trends and Developments

IPO and public M&A activity

In recent years, and despite a challenging market environment, numerous Swiss companies have opted to go public in Switzerland through initial public offerings (IPOs) to raise capital (a total of 33 since 2021), reflecting the attractiveness of the Swiss equity capital markets as a funding source for companies looking to fuel their growth and expansion. Following peak years partly driven by new listings of Chinese GDRs as part of a China-Switzerland Stock Connect, IPO activity remained selective in the past two years, with a focus on a few large-cap and sector-specific listings. Galderma Group Ltd's listing in 2024 (market capitalisation of CHF18.7 billion) and this year's listing of SMG Swiss Marketplace Group Ltd (market capitalisation of CHF4.7 billion) were two headline transactions, while mid-cap IPOs were sparse due to volatile valuations and geopolitical uncertainty. Equally notable has been the listing of corporate spin-offs, which are less dependent on favourable IPO windows, such as Liberty's spin-off of Sunrise Communications Ltd in November 2024 and Holcim's spin-off of its North American business, Amrize, in June 2025 (market capitalisation of CHF26 billion). ABB abandoned the planned IPO of its robotics unit, instead selling it to SoftBank for USD5.3 billion, but still plans to spin off and list its e-mobility division, although the timing remains open. While IPOs remain selective, Switzerland has simultaneously seen a remarkable boom in public takeovers, with volumes leaping 465% to USD16.7 billion in 2025 (Bloomberg).

Dual listings and lifted trading restrictions

The EU and Switzerland lifted their protective measures that had suspended stock-exchange equivalence resulting in EU-based securities firms being restricted from trading Swiss equity securities on Swiss exchanges. Under the protective measures, Swiss-EU dual listings were also no longer possible. With the protective measures lifted in early 2025, issuers may once again pursue dual listings in Switzerland and the EU. Prime examples of recent dual listings are Holcim's spin-off of its North American business that listed on both the SIX Swiss Exchange and the NYSE and SoftwareOne's dual listing on the SIX Swiss Exchange and Oslo Børs as part of its cash and stock offer for Crayon.

Share buybacks

Swiss issuers continue to deploy share buybacks as a tool for flexible capital management and to generate shareholder returns outside of regular dividend distributions. Following the stabilisation of 2025 markets, several blue-chip firms have announced multibillion share buybacks, notably Novartis (CHF10 billion), UBS (USD2 billion) and ABB (USD1.5 billion).

Low interest rates and high US tariffs

The Swiss National Bank cut its policy interest rate to 0% in June 2025 in response to easing inflation in Switzerland and low Swiss GDP growth. Falling capital costs, a growing pool of deployable funds and a significant backlog of portfolio companies seeking exits

create strong potential for equity market activity. At the same time, the economic outlook for Switzerland remains fragile due to geopolitical uncertainty, escalating trade tensions and US tariffs on Swiss exports, currently at 39% (the highest tariff in the developed world) with sector-specific 100% tariffs on the pharmaceutical industry looming.

ESG integration

While ESG factors remain part of investor due diligence, their prominence in equity capital market decision-making has declined in 2025 compared to the peak years 2021–2022. Investors are increasingly focused on financial performance, resilience, and governance quality over broad ESG narratives. Regulatory pressure persists through EU measures (CSDR, EU Taxonomy, SFDR) and Swiss ESG reporting and diligence obligations (eg, on child labour and conflict minerals), but issuers are now prioritising material ESG issues rather than broad ESG positioning. DEI/ESG-related topics continue to face political pushback in the USA, further tempering ESG as a front-line equity story.

Alternative financing options

In addition to traditional equity capital raising methods, Swiss companies continue to explore alternative financing options such as crowdfunding and peer-to-peer lending. In the context of public equity markets, however, such alternatives remain limited.

Digitalisation and fintech innovation

The Swiss equity capital markets have seen a rise in digitalisation and fintech innovation, with companies leveraging technology to streamline capital raising processes, enhance investor communication, and improve market efficiency. On the infrastructure side, the SIX Digital Exchange (SDX) has advanced with pilots for tokenised debt instruments and blockchain-based settlement, and plans are underway to extend tokenisation to equity instruments. In parallel, Swiss fintech companies have launched digital platforms and tools for online trading, asset management, and other financial services, further driving innovation in the Swiss financial sector. The Federal Council launched in October 2025 a consultation on proposed amendments to the current regulatory framework for fintech and cryptocurrencies, introducing two new licence categories: a payment instrument institution licence and a crypto-institution licence. The proposed payment instrument institution licence would replace the existing fintech licence and require client funds to be segregated so that they are excluded from the bankruptcy estate, while removing the current CHF100 million limit on taking client deposits. Institutions holding this licence would also be permitted to issue a special type of stablecoins, subject to anti-money laundering and other regulatory requirements. Crypto-institutions would be subject to a crypto-institution licence, with eligibility criteria and regulatory requirements similar to those applicable to securities firms. The consultation runs until 6 February 2026.

Regulatory developments

The Swiss equity capital markets are subject to ongoing regulatory developments, with FINMA and other regulatory bodies implementing measures to enhance market transparency, investor protection, and regulatory compliance. Recent developments include new practice on the consolidated supervision of financial institutions and banks, as well as regulatory projects for listed companies relating to the disclosure of significant shareholdings, management transactions and ad hoc publicity, along with the tightening of the insider trading regime. Further, in the wake of the Credit Suisse crisis, the Federal Council has proposed tightening the existing too-big-to-fail regime, introducing stricter capital requirements for systemically important banks with foreign subsidiaries at the Swiss parent level, additional requirements for the recovery and resolution of such banks, expanded supervisory powers for FINMA and further measures. Those regulatory projects are currently at different stages of the legislation process but are expected to gain momentum in the next one to three years.

In conclusion, the Swiss equity capital markets play a vital role in the Swiss economy, providing companies with access to capital for growth and expansion. Legal aspects such as regulatory compliance and investor protection are crucial considerations for companies looking to raise capital through the issuance of equity securities. Trends and developments in the Swiss equity capital markets, including selective IPO activity, more focused ESG reporting, digitalisation, and ongoing regulatory reforms, reflect the evolving nature of capital markets and the changing dynamics of the Swiss financial sector.

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