PANORAMIC

PROJECT FINANCE

Switzerland

LEXOLOGY

Project Finance

Contributing Editor

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CREATING COLLATERAL SECURITY PACKAGES

Types of collateral

What types of collateral and security interests are available?

Under Swiss law, many types of collateral are available for securing claims (eg, from a loan). Often a combination of different types of collateral is used. Collateral may include real estate, ships and aircraft, inventory and movable property, after-acquired property and securities such as shares or promissory notes, and also bank accounts, receivables or intellectual property rights like patents, trademarks, designs and copyrights.

The main types of security interests under Swiss law consist of pledges, transfers of full legal title for security purposes, assignments for security purposes and mortgages over certain types of assets. Corporate guarantees are also often issued as collateral for financing transactions.

A pledge or mortgage constitutes a limited right in rem in favour of the pledgee. By contrast, the secured party acquires full legal title in the relevant asset in the case of a transfer of legal title for security purposes or an assignment for security purposes.

Pledges are considered to be accessory security interests with the consequence that, inter alia, the validity of the pledge depends on the continuing validity of the secured obligations and the creditor of the secured obligations must be identical to the holder of the security interests. By contrast, the transfer or assignment for security purposes is considered to be a non-accessory security interest, which means that the transfer or assignment is independent of the (continuing) validity of the secured obligations and the holder of the security interests does not necessarily have to be identical to the creditor of the secured obligation.

As a consequence, in the case of a plurality of secured parties, a security agent will act as a direct representative in the name and for the account of the secured parties in the case of accessory security interests governed by Swiss law and, in the case of non-accessory security interests governed by Swiss law, as a fiduciary in its own name but for the account of the secured parties.

Unlike in other jurisdictions, the floating charge is not a recognised concept under Swiss law. Further, trade secrets and know-how may not serve as collateral. Security may be granted by the debtor and also by a third party (eg, a parent company or group affiliate). Last, guarantees or sureties given by third parties may also serve as security. However, the provision of upstream or side-stream security, guarantees and other benefits may be limited by corporate benefit issues and corporate capital protection rules.

Law stated - 14 June 2026

Collateral perfecting

How is a security interest in each type of collateral perfected and how is its priority established? Are any fees, taxes or other charges payable to perfect a security interest and, if so, are there lawful techniques to minimise them? May a corporate entity, in the capacity of agent or trustee, hold collateral on behalf of the project lenders as the secured party? Is it

necessary for the security agent and trustee to hold any licences to hold or enforce such security?

Generally, a security interest is created by way of a written security agreement between the parties that governs, in essence, the type of, and way of granting, the collateral, the deposition, representations and warranties as to existing liens, covenants, duties and obligations of the grantee, enforcement rights such as private sale or public auction, governing law and jurisdiction.

For some types of collateral, registration in public registers is available or even necessary. Most importantly, the registration of encumbrances over real estate, ships and aircraft is necessary for perfection. There are special registers for recording ownership of, and holders of encumbrances on, real estate, ships or aircraft. The registration is binding in rem against the counterparty and third parties. On the other hand, certain other types of collateral do not need to be registered for perfection among the parties. However, registration has certain benefits with respect to third parties. For example, the pledge of registered intellectual property rights, such as patents, trademarks and designs, may be registered in the relevant IP register with the consequence that the secured party is protected against a bona fide third party acquiring such IP rights. Further, there may be registration fees.

Real estate is normally encumbered by way of security transfer or pledge of mortgage notes or land charges. The mortgage note is a negotiable instrument and may be issued in paper form (as a bearer or registered mortgage note) or as a paperless mortgage note. In each case, the mortgage note may be pledged or full legal title may be transferred for security purposes. The mortgage note is created by way of a notarised deed and registration in the land register. Registration fees for notarisation vary between cantons but are often calculated on the amount secured. The security interest over that mortgage note is then created by way of a security transfer agreement or pledge agreement and transfer of legal title of the mortgage note (ie, in the case of paper mortgage notes, transfer of possession and endorsement for registered mortgage notes, and registration in the land register in the case of paperless mortgage notes). By contrast, a land charge is a mortgage that is registered in the land register, securing any kind of claim. Other than the mortgage note, the secured claim is not registered in the land register and no negotiable instrument is issued. The creation of a security interest in the form of a land charge requires entering into an agreement between the parties regarding the creation of the land charge (in the form of a notarised deed) and registration thereof in the land register. In practice, the land charge is less common than the mortgage notes. Additional rules may apply in the context of cross-border transactions, whereby the parties may be advised to obtain clearance from the appropriate authorities with respect to Lex Koller, Swiss rural legislation and special source taxes that may apply on the cantonal and federal level on interest payments in connection with claims that are secured by real estate in Switzerland (subject to applicable double tax treaties).

Company shares are normally pledged. The pledge is created by way of pledge agreement and, if physical share certificates have been issued, perfected by way of transferring physical possession over these share certificates to the pledgee; if the shares had been issued in the form of registered shares, the share certificates will, in addition, need to be duly endorsed (typically an endorsement in blank is provided). Further, in the case of registered shares, the pledge is commonly registered in the company's share ledger.

Receivables are normally assigned (for security purposes) by way of global assignment, based on an agreement between the assignor and the assignee and perfected by way

of assignment declaration in writing. The assignment is considered to be independent of, and non-accessory to, the secured obligation. During the term of the agreement, the assignor should be obliged to deliver, on a regular basis (eg, quarterly) and upon request of the assignee, to the assignee its lists of receivables showing the assigned receivables. Third-party debtors are often not notified of the assignment until the borrower's default. However, as long as third-party debtors are unaware of the assignment, they can validly fulfil their obligations by payment to the assignor. Further, the assignee should have the right to notify the third-party debtors at any time. Acknowledgements of debt representing the assigned claims need to be transferred to the assignee to perfect the security interests. Global assignments are very often used.

Security interest over bank accounts can generally be created in the form of a pledge by means of a written accounts pledge agreement or an assignment for security purposes by way of an assignment agreement and assignment declaration in writing, respectively. Cash deposits held in bank accounts are treated as claims of the account holder against the bank. Therefore, the creation of security over cash deposits is based on the principles outlined above with respect to receivables. A Swiss bank at which the bank accounts are held will typically have pre-existing rights of set-off and pledge or other preferential rights under its general terms and conditions. If an additional pledge is created over such a bank account, the account bank will need to be notified thereof to perfect a valid security interest. Further, the account banks are usually asked to waive their priority rights in favour of the secured parties.

Security interests over movable property can generally be created under Swiss law in the form of a pledge or a security transfer of full legal title. Switzerland adheres to the system of the possessory pledge, meaning that movable property needs to be transferred into the possession of the pledgee or a pledge holder who holds the possession for and on behalf of the pledgee. No pledge is perfected as long as the pledgor retains exclusive control over the movable asset. Owing to the pledge's possessory nature, particular thought must be given to structuring suitable security over inventory, (raw) materials in the manufacturing process or movables in transit. In certain cases, a seller will wish to retain full legal title until full payment is received from an acquirer. This can be achieved by a special retention of title provision in the sales agreement plus registration in a retention of title register. However, such registration is complicated and, in practice, hardly ever used and then only in a situation of potential financial distress.

Guarantees are also a common form of personal security under Swiss law. According to article 111 of the Swiss Code of Obligations, a guarantee is a direct, independent, and non-accessory payment obligation of the guarantor and, thus, provides better security than a surety, which is accessory to the secured debt obligation.

If book-entry securities serve as collateral, the Book-Entry Securities Act (BESA) applies. Book-entry securities constitute fungible claims or membership rights against the issuer having all functional features of a security in paper form without, however, being a right in rem.

A security interest over book-entry securities can be created either by way of transfer or by way of a control agreement. Transfers of book-entry securities are effected based on a transfer order of the account holder to the depositary institution and a credit entry of the book-entry securities to the acquirer's securities account. The account holder may cancel his or her order until such point in time as agreed in his or her agreement with the depositary

institution or, as the case may be, as stipulated in other regulations of a settlement and clearing system. The account holder's order becomes irrevocable in any case with the debit of his or her securities account. Orders given by the account holder pursuant to the BESA are unilateral declarations of the account holder towards their depositary institution. The credit entry in the acquirer's securities account is of constitutive effect for the transfer of book-entry securities.

In the case of a control agreement, the granting of security interests over book-entry securities is effected by an irrevocable written agreement between the account holder and the depositary institution. In such an agreement, the depositary institution agrees to execute orders received from the secured party without the cooperation of the security provider. In this case, the book-entry securities remain in the securities account of the security provider.

In a syndicated facility agreement or multiple lien financings, one creditor or a third party is typically appointed to act as security agent and to hold the security for and on behalf of the project lenders. In the case of non-accessory security (eg, assignment of receivables), the security agent usually acts as fiduciary in its own name but for the benefit of the secured parties. In the case of accessory security (eg, pledges), the security agent acts as direct representative in the name and on behalf of the secured parties (and for itself if it is also a secured party). Generally, there is no requirement for the security agent to hold a licence.

Whether the security assets are separable from the bankrupt estate in the event of a security agent's bankruptcy largely depends on the chosen security structure. The enforceability of the parallel debt concept is questionable and has not yet been tested in court.

Law stated - 14 June 2026

Assuring absence of liens

How can a creditor assure itself as to the absence of liens with priority to the creditor's lien?

As to real estate, priority depends on the time of registration. The land register excerpt shows all pre-existing encumbrances with rank and amount (except for certain legal liens in favour of authorities for claims of outstanding taxes, in particular real estate capital gain taxes and transfer taxes, charges and other fees). The same applies to ships and aircraft. As to other movable property, it is more difficult to be assured of the absence of liens ranking senior to the creditor's lien. Here, legal due diligence with the pledgor is key, as well as obtaining a representation and warranty that the security is free of any lien. This is particularly true for the pledging of bank accounts as well as the global assignment of receivables.

Law stated - 14 June 2026

Enforcing collateral rights

Outside the context of a bankruptcy proceeding, what steps should a project lender take to enforce its rights as a secured party over the collateral?

The foreclosure procedure for collateral under the Debt Enforcement and Bankruptcy Act (DEBA) is the public auction (in particular, enforcement into real estate), subject to certain exemptions. The DEBA sets forth respective rules and procedures and requires the involvement of the debt enforcement office. However, under Swiss law, the parties of a security agreement on claims, movables and security papers (including mortgage notes) are free to a large extent (albeit not completely) to agree on other foreclosure mechanisms. Not permissible is an agreement by which the collateral shall per se and immediately fall into the property of the pledgee if the pledgee's claims are not satisfied. However, the parties can agree, for example, on a public auction or public offering without regard to the procedures and formalities of the DEBA or on a private sale. A private sale clause should expressly mention the right of the secured party to purchase the collateral. The value of the collateral will be determined based on the market value (eg, stock exchange price) or by appraisal as per the date of the sale. If the value is higher than the secured amount, the surplus amount is to be paid out to the securing party. A private sale in foreign currency can be agreed upon. However, claims in foreign currency will be enforced in Switzerland only in Swiss francs. Further, the purchase of real estate by foreign nationals might be subject to approval by the appropriate authorities.

Law stated - 14 June 2026

Enforcing collateral rights following bankruptcy

How does a bankruptcy proceeding in respect of the project company affect the ability of a project lender to enforce its rights as a secured party over the collateral? Are there any preference periods, clawback rights or other preferential creditors' rights with respect to the collateral? What entities are excluded from bankruptcy proceedings and what legislation applies to them? What processes other than court proceedings are available to seize the assets of the project company in an enforcement?

Swiss bankruptcy law provides for avoidance actions. With the exception of the customary occasional presents, all gifts and voluntary settlements that the debtor made during one year before the seizure of assets or the adjudication of bankruptcy are voidable. The following transactions are deemed equivalent to a gift:

- transactions in which the debtor accepted a consideration out of proportion to his or her own performance; and
- transactions through which the debtor obtained for themself or a third party a life annuity, an endowment, a usufruct or a right of habitation (article 286 of the DEBA).

Further, the following acts are voidable if the debtor carried them out within one year prior to the seizure of assets or the adjudication of bankruptcy, provided that it was, at that time, already insolvent:

- the granting of collateral for existing obligations that the debtor was hitherto not bound to secure;
- the settlement of a debt of money by another manner than in cash or by other normal means of payment; or
- the payment of an unmatured debt.

However, the transaction is not voided if the recipient proves that he or she was unaware, and should not have been aware, of the debtor's insolvency (article 287 of the DEBA). Finally, all transactions are voidable that the debtor carried out within the five years prior to seizure of assets or the adjudication of bankruptcy with the intention, apparent to the other party, of disadvantaging their creditors or of favouring certain of his or her creditors to the disadvantage of others (article 288 of the DEBA).

In the case of bankruptcy, creditors whose claims are secured by collateral have preferential rights. All other claims are divided into three ranking classes. Employee and social security claims are preferred (article 219 of the DEBA).

As a rule, apart from bankruptcy proceedings, debt enforcement against communities, cantons, the Swiss Confederation or state-owned enterprises resulting in seizure and realisation of assets is permissible, but subject to certain restrictions.

Law stated - 14 June 2026

FOREIGN EXCHANGE AND WITHHOLDING TAX ISSUES

Restrictions, controls, fees and taxes

What are the restrictions, controls, fees, taxes or other charges on foreign currency exchange and transfer?

In Switzerland, there are no foreign exchange restrictions or meaningful fees, taxes or charges on currency exchange.

Law stated - 14 June 2026

Investment returns

What are the restrictions, controls, fees and taxes on remittances of investment returns (dividends and capital) or payments of principal, interest or premiums on loans or bonds to parties in other jurisdictions? Are any withholding taxes applicable to payments of interest or premiums on loans or bonds?

In Switzerland, there are no remittance restrictions. However, Swiss withholding tax of 35% may have to be deducted from dividend payments and interest payments on, among others, bonds and credit financings by a Swiss debtor if, in essence and among others, it borrows from more than 10 non-banks under one instrument or from more than 20 non-banks in general. Swiss withholding tax may be refundable based on a double taxation treaty. In a facility agreement with a Swiss debtor, a respective representation or covenant is typically included.

Law stated - 14 June 2026

Foreign earnings

Must project companies repatriate foreign earnings? If so, must they be converted to local currency and what further restrictions exist over their use?

There are no statutory repatriation or conversion requirements, but creditors might request this to increase their control over the project company's income and cash flow.

Law stated - 14 June 2026

Foreign earnings
May project companies establish and maintain foreign currency accounts in other jurisdictions and locally?

Yes, project companies may establish and maintain foreign currency accounts in other jurisdictions and locally.

Law stated - 14 June 2026

FOREIGN INVESTMENT ISSUES

Investment restrictions
What restrictions, fees and taxes exist on foreign investment in or ownership of a project and related companies? Do the restrictions also apply to foreign investors or creditors in the event of foreclosure on the project and related companies? Are there any bilateral investment treaties with key nation states or other international treaties that may afford relief from such restrictions? Would such activities require registration with any government authority?

Based on the General Agreement on Tariffs and Trade and World Trade Organization treaties, bilateral treaties with the European Union and further Swiss legislation, foreign participants are no longer excluded from public projects, and such like, and their tender offers must be considered in competition with those of Swiss companies. If real estate is subject to Swiss rural and land protection legislation, approval might be sought from the appropriate authorities for an investment by foreign nationals. There are a few other restrictions on foreign ownership, such as projects relating to the exploitation of oil. Further, Switzerland has entered into more than 120 bilateral investment treaties, providing for the protection of foreign investments in Switzerland and often also dispute resolution mechanisms. In contrast to the wave of new or strengthened foreign investment control regulations enacted by a number of countries, Switzerland has not introduced any general foreign investment controls so far. In December 2025, the Swiss parliament adopted a new investment screening Act, which provides for investment screening with a focus on state-controlled investors and domestic companies operating in particularly critical sectors. It aims at protecting public order and security by requiring that acquisitions of domestic companies operating in a particularly critical sector by foreign state-controlled investors be subject to approval. It is scheduled to come into force in 2027.

Another question, however, is whether private investment and ownership as such are permitted. This generally depends on whether a sector is subject to a state monopoly. Some sectors, such as telecommunications, aviation, transport or energy, have been privatised and liberalised. Private entities are generally free to engage in these areas, but they need a government concession and may be subject to state supervision. The state may also act as a competitor in certain markets (eg, in telecommunications through Swisscom).

Other sectors are not open to private entities. For example, the Federal Reserve System is handled exclusively by the Swiss National Bank (SNB), a stock corporation subject to special legislation. The New Rail Link through the Alps, one of the world's largest railway tunnel construction projects, was led by AlpTransit Gotthard, a private corporation subject to special legislation and wholly owned by Swiss Federal Railways (SBB), which itself is a private corporation subject to special legislation and wholly owned by the Swiss Confederation. Large companies that are private stock corporations subject to special legislation operate in other sectors as well, with the Swiss Confederation, the cantons or the communities holding, directly or indirectly, at least a controlling stake in these corporations. Here, private investors are excluded from equity investment, or permitted only to a certain extent; for example, AlpTransit Gotthard and the SBB are not open to private shareholders and the SNB has tight restrictions on private shareholders. Under the Federal Electricity Supply Act, Swissgrid, the owner and operator of the nationwide electricity transmission grid, is expressly excluded from stock exchange listing but, within limits, open for private shareholders. On the other hand, Swisscom is listed on the stock exchange, although controlled by the Swiss Confederation.

Law stated - 14 June 2026

Insurance restrictions

What restrictions, fees and taxes exist on insurance policies over project assets provided or guaranteed by foreign insurance companies? May such policies be payable to foreign secured creditors?

Based on the Swiss Insurance Supervisory Act, in principle, foreign insurers may only offer insurance relating to risks situated in Switzerland through a Swiss branch or subsidiary and need to obtain a licence for their activities from the Swiss Financial Market Supervisory Authority. Apart from this, there are no major restrictions on insurance policies over project assets.

Law stated - 14 June 2026

Worker restrictions

What restrictions exist on bringing in foreign workers, technicians or executives to work on a project?

Citizens from the European Free Trade Association (EFTA) member states and the EU countries are granted easy access to the Swiss labour market based on bilateral treaties. New rules on unemployment that limit the impact of foreign workers on the domestic job market have recently been implemented in Switzerland. These rules do not, however, limit EU

and EFTA immigration in general. Foreign workers, other than nationals from EU and EFTA member states, need work and residence permits. The Swiss government has allocated quotas per nation. Workers are admitted if their skills are urgently required and they are well qualified. The employer must demonstrate that in spite of considerable efforts no suitable Swiss national or citizen from an EU or EFTA member state has been found to fill a particular vacancy. EU and EFTA nationals taking up a job in Switzerland for up to three months may stay in Switzerland even without a residence permit. They only have to register with the authorities.

Following Brexit, the Citizens' Rights Agreement between Switzerland and the United Kingdom provides for employees who had already been employed in the other country as of 31 December 2020 to be permitted to stay there. UK nationals coming to Switzerland to work from 1 January 2021 are, in principle, subject to the admission requirements in the Foreign Nationals and Integration Act. However, special rules may apply to cross-border service providers from the United Kingdom with a stay of up to 90 days per calendar year in Switzerland pursuant to a temporary Services Mobility Agreement between Switzerland and the United Kingdom, which came into force on 1 January 2021 (initially limited to two years and extended in November 2022 until 31 December 2025).

Law stated - 14 June 2026

Equipment restrictions

What restrictions exist on the importation of project equipment?

There are no major restrictions on the importation of project equipment. Value-added tax and customs duties may apply.

Law stated - 14 June 2026

Nationalisation laws

What laws exist regarding the nationalisation or expropriation of project companies and assets? Are any forms of investment specially protected (from nationalisation or expropriation)?

Expropriation is permissible, but in each case, it is subject to a statutory basis, sufficient public interest, appropriateness, and compensation. The expropriation procedure is governed by the Federal Expropriation Act. The administration's decisions on expropriation and compensation can be appealed to the Swiss Supreme Court.

Law stated - 14 June 2026

FISCAL TREATMENT OF FOREIGN INVESTMENT

Incentives

What tax incentives or other incentives are provided preferentially to foreign investors or creditors? What taxes apply to foreign investments,

loans, mortgages or other security documents, either for the purposes of effectiveness or registration?

When security papers are involved, Swiss transfer tax may apply. Swiss withholding tax of 35% may have to be deducted from dividend payments and interest payments on, among others, bonds and credit financings by a Swiss debtor if, in essence, and among others, it borrows from more than 10 non-banks under one instrument or from more than 20 non-banks in general. Swiss withholding tax may be refundable based on a double taxation treaty. Special source taxes may apply at the cantonal and federal level on interest payments in connection with claims that are secured by real estate in Switzerland (subject to applicable double tax treaties). Further, by incorporating a Swiss stock company with capital of over 1 million Swiss francs a moderate stamp duty rate applies.

To economically develop specific areas in Switzerland, industrial companies and production-related service companies that create new jobs or realign existing jobs and that are located in such specific economic development areas in Switzerland may be eligible for tax holidays of up to 10 years (subject to clawback provisions).

Law stated - 14 June 2026

GOVERNMENT AUTHORITIES

Relevant authorities

What are the relevant government agencies or departments with authority over projects in the typical project sectors? What is the nature and extent of their authority? What is the history of state ownership in these sectors?

Because of Switzerland's state organisation, federal as well as cantonal authorities can be relevant, depending on the matter involved. The relevant cantonal authorities deal with mineral extraction and other natural resources, including oil and gas, and both the Federal Department of the Environment, Transport, Energy and Communications (DETEC) and cantonal authorities are competent regarding water. Most importantly, the DETEC and its agencies deal with matters like transport, the railway system, aviation, energy, power generation, telecommunication, radio and television. In particular, as to telecommunications, the Federal Communications Commission, which is an independent commission deciding disputes over concessions and interconnections, etc, and the Federal Office of Communications, which is a DETEC agency acting as supervisory authority, are competent. Regarding energy, the Federal Electricity Commission acts as the regulator of the electricity market, supported by the Federal Office for Energy. The Federal Office of Civil Aviation is competent with regard to aviation and the Federal Office of Transport is competent with respect to the transport sector.

Law stated - 14 June 2026

REGULATION OF NATURAL RESOURCES

Titles

Who has title to natural resources? What rights may private parties acquire to these resources and what obligations does the holder have? May foreign parties acquire such rights?

The ownership of real estate extends to the property's integral parts and natural products. Further, the ownership of the soil implies the ownership of all that is above and below the surface to such a height and depth as the owner may require. It extends, subject to certain restrictions, to all buildings on the ground as well as plants and springs in it. However, the right of mining and exploitation of natural resources such as minerals, oil and gas or natural waters can be regulated, restricted or prohibited by federal or cantonal legislation based on public interest, depending on the matter involved. In such an event, a concession for mining and exploitation is necessary. Foreign nationals may acquire such rights to a certain extent, subject to federal or cantonal rural and land protection legislation.

Law stated - 14 June 2026

Royalties and taxes

What royalties and taxes are payable on the extraction of natural resources, and are they revenue- or profit-based?

The granting of a concession is subject to payment of concession fees or royalties. Typically, the amount depends on the value of the concession. As a rule, domestic and foreign parties are treated equally.

Law stated - 14 June 2026

Export restrictions

What restrictions, fees or taxes exist on the export of natural resources?

Most notably, export restrictions may extend to nuclear energy, water for energy production and goods that are useable for military purposes.

Law stated - 14 June 2026

GENERAL LEGAL ISSUES

Government permission

What government approvals are required for typical project finance transactions? What fees and other charges apply?

Depending on the sector, project financing transactions might be subject to government approvals. This may apply to equity or debt investments, operating activities and such like. Approval authorities are generally the Federal Department of the Environment, Transport, Energy and Communications and its agencies or cantonal governments. As a rule, with regard to financing, a private entity, albeit state-controlled, such as Swisscom, applies private law, and no government approvals are required.

Law stated - 14 June 2026

Registration of financing

Must any of the financing or project documents be registered or filed with any government authority or otherwise comply with legal formalities to be valid or enforceable?

The disposition, including encumbering, of real estate requires a notarised deed and registration in the land register. If real estate is subject to Swiss rural and land protection legislation, approval may be sought from the appropriate authorities for an investment by foreign nationals. Further, depending on the project, party and question involved (eg, in relation to private-public partnership), relevant financing and project documents may need to be submitted to competent authorities for information or approval. This can include, but is not limited to, planning, zoning, tax, construction and environmental issues and concessions. Of course, if the public sector is party to an agreement, the execution, delivery and performance of respective agreements must be duly authorised by the competent authority. In addition, the Federal Public Procurement Act applies to public procurement projects of the Swiss Confederation and sets forth rules for participation, qualification and awarding. Awarding of projects is done by means of formal decrees, which are subject to appeal.

Law stated - 14 June 2026

Arbitration awards

How are international arbitration contractual provisions and awards recognised by local courts? Is the jurisdiction a member of the ICSID Convention or other prominent dispute resolution conventions? Are any types of disputes not arbitrable? Are any types of disputes subject to automatic domestic arbitration?

Switzerland is a very arbitration-friendly country and an important arbitration venue. Not only Swiss disputes but also foreign disputes are regularly arbitrated in Switzerland. Switzerland is a signatory state to the International Centre for Settlement of Investment Disputes Convention and the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and, therefore, foreign arbitration awards are generally recognised and enforceable in Switzerland.

Law stated - 14 June 2026

Law governing agreements

Which jurisdiction's law typically governs project agreements? Which jurisdiction's law typically governs financing agreements? Which matters are governed by domestic law?

Project or joint venture agreements are normally governed by Swiss law, in particular, when there is a Swiss project company. The law governing financing agreements may follow the country of the arranger, lead manager or original lender, in particular, in large internationally syndicated loans. Security agreements involving Swiss security interests or Swiss companies are regularly subject to Swiss law. Irrespective of the chosen law, Swiss tax rules may apply and must be dealt with appropriately.

Law stated - 14 June 2026

Submission to foreign jurisdiction

Is a submission to a foreign jurisdiction and a waiver of immunity effective and enforceable? Do local courts enforce judgments of foreign courts without re-examination of the merits of the case?

A Swiss company may subject itself to a foreign jurisdiction. Also, state-owned private enterprises are free to do so with respect to their private (as opposed to public) activities. Swiss courts would recognise a final and conclusive judgment of a foreign court, subject to Swiss conflict of law rules and international treaties such as the Lugano Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters.

Law stated - 14 June 2026

Anti-money laundering rules

Are investors in your jurisdiction subject to any anti-money laundering compliance checks or other rules? Are these required by all sectors or only certain regulated sectors?

Financial intermediaries (such as banks) in Switzerland with whom the funds provided by investors will be deposited or that help with transferring such monies are subject to Swiss anti-money laundering regulations, including ongoing due diligence obligations (such as know-your-client duties). As a consequence, anti-money laundering compliance checks will regularly be performed on investors before funds can be transferred, irrespective of the sector.

Law stated - 14 June 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Relevant ESG issues

What environmental, social and governance (ESG) issues are relevant in typical project sectors? Are project companies in your jurisdiction subject to any ESG reporting requirements or other ESG laws or regulations?

Because Switzerland is organised as a federal state, federal as well as cantonal laws and authorities can be relevant, depending on the matter involved. For example, property rights with respect to land are mainly governed by federal law, whereas the exploration

and extraction of non-mining raw materials are governed by cantonal laws. Moreover, the relevant cantonal authorities deal with mineral extraction and other natural resources, including oil and gas, and both the Federal Department of the Environment, Transport, Energy and Communications (DETEC) and cantonal authorities are competent regarding water. Most importantly, the DETEC and its agencies deal with matters like transport, the railway system, aviation, energy, power generation, telecommunications, radio and television. As to telecommunications, in particular, the Federal Communications Commission, which is an independent commission deciding disputes over concessions and interconnections, etc, and the Federal Office of Communications, which is a DETEC agency acting as supervisory authority, are competent. Regarding energy, the Federal Electricity Commission acts as the regulator of the electricity market, supported by the Federal Office for Energy. The Federal Office of Civil Aviation is competent for aviation, and the Federal Office of Transport is competent for the transport sector.

On 1 January 2022, new non-financial reporting obligations came into force requiring certain large Swiss companies of public interest to annually prepare and publish a separate report on certain non-financial matters. However, for companies that are not in the scope of these new regulations (including typically project companies), no general ESG reporting requirements exist under Swiss law.

Law stated - 14 June 2026

PROJECT COMPANIES

Principal business structures

What are the principal business structures of project companies? What are the principal sources of financing available to project companies?

In Switzerland, the preferred company form is the stock corporation. International holding structures are sometimes used. When setting up the financing structure, Swiss tax issues should be considered. The principal financing sources are national or international lending syndicates, capital markets and state subsidies.

Law stated - 14 June 2026

PUBLIC-PRIVATE PARTNERSHIP LEGISLATION

Applicable legislation

Has PPP-enabling legislation been enacted and, if so, at what level of government and is the legislation industry-specific?

In Switzerland, there is no legislation that deals specifically with public-private partnership (PPP) projects in the narrow sense. However, under the present legislation on a federal and on a cantonal level, PPP projects are permissible in principle. Depending on the sector involved (eg, infrastructure, construction, culture, education, healthcare, social infrastructure, defence, waste removal or development), multiple legal statutes and regulations on a federal and cantonal or even communal level may apply. Worthy of note, for example, is the Federal Public Procurement Act, which applies to public procurement projects of the

Swiss Confederation. Public awareness and the desirability of PPP projects have very much increased over recent years. The current (political) discussion is more about stimulating, facilitating and furthering rather than about questions of permissibility. These discussions may lead to the enactment of new legislation or the amendment of existing sector legislation.

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PPP – LIMITATIONS

Legal limitations

What, if any, are the practical and legal limitations on PPP transactions?

In principle, the state is permitted to contract with private participants. To what extent, however, certain public functions can be divested to private participants depends on the topic involved and the respective sector legislation.

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PPP – TRANSACTIONS

Significant transactions

What have been the most significant PPP transactions completed to date in your jurisdiction?

KKL Luzern, one of the earliest and most significant public-private partnership (PPP) projects in the strict sense, stands as a testament to the success of this model. Its multimillion Swiss franc realisation, dating back to the mid-1990s, was a pioneering effort by the City and Canton of Lucerne and private participants.

As to infrastructure, one example is the construction and operation of a local heating grid in the Geneva area (Chauffage à distance Onex), in operation since 2002.

The radiology project of the Cantonal Hospital Lucerne and the Swiss Paraplegic Centre is a pioneer PPP project in the Swiss healthcare system. Since April 2008, a magnetic resonance tomograph has been operated jointly.

Some important PPP activity has recently taken place in the sports sector: the 220 million Swiss franc completion of the stadium La Maladière in Neuchâtel, operational since 2007, is a PPP model case in this sector. Another sports-related PPP project is the Sportarena Luzern, which is a 300 million Swiss franc project and includes a football arena, other sports facilities and further buildings. The whole complex has been operational since mid-2011. In Burgdorf, a town near the capital, Berne, a 150 million Swiss franc project includes business premises and facilities for the local administration (including a prison) and was opened in spring 2012. Another 200 million Swiss franc PPP sports project was the construction of the stadium in Bienne (Stades de Bienne), which became operational in July 2015.

There are a number of PPP projects pending that cover other sectors, such as schooling, construction and nursing homes. In the canton of Jura, the first theatre has been built in the centre of its capital Delsberg using the PPP model, with construction finished by the end of 2021. The theatre is part of the 100 million Swiss franc real estate Le Ticle project, where a

private operator is building a car park with 270 parking spaces, commercial space and 108 apartments in addition to the theatre and a shopping centre.

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UPDATE AND TRENDS

Key developments of the past year

In addition to the above, are there any emerging trends or 'hot topics' in project finance in your jurisdiction?

There are no updates at this time.

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