

PANORAMIC

**PRIVATE EQUITY
(TRANSACTIONS)**

Switzerland



LEXOLOGY

Private Equity (Transactions)

Contributing Editor

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Generated on: March 12, 2026

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TRANSACTION FORMALITIES, RULES AND PRACTICAL CONSIDERATIONS

Types of private equity transactions

What different types of private equity transactions occur in your jurisdiction? What structures are commonly used in private equity investments and acquisitions?

In Switzerland, private equity activity covers the full spectrum of internationally recognised transaction formats, including leveraged buyouts, minority participations, and co-investment structures. The prevailing approach for private equity investments and acquisitions in the Swiss market is to establish a Swiss special-purpose acquisition vehicle (SPV). For tax and financing considerations, this Swiss SPV is frequently held through a foreign-domiciled holding company, most commonly in Luxembourg or the Netherlands, given that these jurisdictions offer advantageous flexibility for financing arrangements and repatriation of funds.

Law stated - 1 Januar 2026

Corporate governance rules

What are the implications of corporate governance rules for private equity transactions? Are there any advantages to going private in leveraged buyout or similar transactions? What are the effects of corporate governance rules on companies that, following a private equity transaction, remain or later become public companies?

Swiss corporate governance rules significantly influence how private equity investors structure, negotiate, and implement transactions, as the rules shape the process both at the acquisition stage and throughout the investment period. The implications can be grouped into four categories. The first relates to the duties of the board of directors. The second relates to the management of conflicts of interests. The third category concerns the limitations resulting from capital maintenance and financing rules and the fourth category are the implications for post-closing governance arrangements. An example of such being that the board members must act independently in the company's best interest, regardless of whether they are representatives of certain shareholders.

The main advantage of going private is the elimination of the compliance obligations applicable to listed companies. Thereby the company benefits from greater flexibility in corporate governance, decision-making, as well as a greater latitude to pursue restructuring measures and incentive arrangements without the constraints of the public markets.

Companies that, following a private equity transaction, remain or later become public companies, must adhere to stricter regulations overall. As a result, the flexibility typically available in private-company settings is reduced, and governance arrangements must be adapted to align with public-market expectations and regulatory standards. In particular, how investors can control, develop and incentivise the business by way of shareholder agreements, board representation or the like is greatly restricted.

Law stated - 1 Januar 2026

Issues facing public company boards

What are some of the issues facing boards of directors of public companies considering entering into a going-private or other private equity transaction? What procedural safeguards, if any, may boards of directors of public companies use when considering such a transaction? What is the role of a special committee in such a transaction where senior management, members of the board or significant shareholders are participating or have an interest in the transaction?

Pursuant to the Swiss Code of Obligations, members of the board of directors of a Swiss stock corporation must perform their duties with due diligence and safeguard the interest of the company in good faith. Moreover, they must treat the shareholders equally in like circumstances. As a result, the members of the board of directors also have the duty to inform the board immediately and comprehensively of any conflicts of interest affecting them.

Should board members have a conflict of interest in a public takeover procedure, there are two options according to the practice of the Swiss Takeover Board on how the board of directors can proceed: either the independent members of the board of directors form a special committee tasked with preparing the board's report on its position regarding the offer; or the target company obtains a fairness opinion from an independent expert regarding the financial adequacy of the offer. Any special committee formed for this purpose must consist of at least two members of the board of directors.

In practice, board of directors often obtain a fairness opinion even when not legally required, as an additional measure to substantiate and legitimise their assessment of the offer.

Law stated - 1 Januar 2026

Disclosure issues

Are there heightened disclosure issues in connection with going-private transactions or other private equity transactions?

As a general matter, going-private transactions and other private equity transactions in Switzerland are not subject to heightened disclosure requirements beyond those applicable under the standard disclosure regime.

For example, investors who reach, exceed or fall below the threshold of 3%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50% or 66.66% of voting rights in a listed company are subject to a notification obligation. The investor, whether an individual, group or fund, must notify the listed company and the competent disclosure office. The company is, in turn, obliged to publish this information via the electronic publishing platform of the competent disclosure office.

Further, in the context of going-private transactions, the ad hoc publicity obligation applicable to listed companies must be observed. This obligation requires listed companies to inform the market about price-sensitive facts that have occurred in its area of activity. Facts are considered price-sensitive if their disclosure is likely to have a significant impact on the price.

It is to be noted that the regulatory framework provides for exemptions from the obligation to disclose as well as the requirement to publish such information without undue delay.

Depending on the structure of the transaction, additional disclosure obligations may exist. If the transaction is carried out in the form of a merger, the disclosure as well as other more extensive obligations towards employees and shareholders prior to the completion of the transaction must be observed. In the case of a transaction structured as a public tender offer, the offeror is required to publish a prospectus.

Law stated - 1 Januar 2026

Timing considerations

What are the timing considerations for negotiating and completing a going-private or other private equity transaction?

If the going-private transaction is structured as a merger (ie, the absorbing company acquires all shares of the target), the shareholders of all merging entities must be granted access to the merger documentation at least 30 days prior to the shareholders' meeting that resolves on the merger. Moreover, before the shareholders adopt the merger resolution, employees must be informed and, where applicable, also consulted regarding the rationale for the merger and its anticipated legal, economic, and social consequences.

When a going-private transaction is executed by way of a public tender offer, the applicable timeline is largely defined by regulatory requirements. Once the offeror publishes the pre-announcement, it must publish an offer prospectus within six weeks. Publication of the prospectus triggers a cooling off period of 10 trading days before the offer period, which lasts between 20 to 40 trading days, begins. Should the offer be successful, the offeror must subsequently provide an additional acceptance period of 10 trading days following publication of the definitive interim results, giving remaining shareholders the opportunity to tender their shares.

In addition to the core transaction aspects, further factors may need to be considered on a case-by-case basis in both going-private transactions and other private equity deals. These may include the requirement to obtain regulatory clearances, such as clearance by the Swiss Competition Commission (WEKO) as well as the need to secure tax rulings, which must be obtained prior to completion and therefore require sufficient lead time. Moreover, where the chosen structure involves the establishment of an acquisition vehicle, the incorporation process, generally taking between 10 and 15 days, must also be factored into the overall transaction timeline.

Law stated - 1 Januar 2026

Dissenting shareholders' rights

What rights do shareholders of a target have to dissent or object to a going-private transaction? How do acquirers address the risks associated with shareholder dissent?

Going-private transactions involving companies listed in Switzerland are typically carried out through a public tender offer followed by a squeeze-out of any remaining minority shareholders. Swiss law provides for two principal mechanisms (ie, the ordinary squeeze out under the FinMIA and the squeeze-out merger under the Merger Act) to effect a squeeze-out following completion of a public tender offer. The rights available to shareholders vary depending on the squeeze-out mechanism employed.

In the case of an ordinary squeeze-out, where the offeror holds more than 98% of the voting rights in the target company, it may file an application with the competent court to cancel the remaining shares against payment of the public tender consideration. Notably, the court does not have the competence to review or re-assess the offer price. Although the minority shareholders may participate in the court proceedings, they rarely do so in practice given the very limited grounds on which the squeeze-out can be contested.

Alternatively, the offeror may implement a squeeze-out by way of a merger pursuant to the Merger Act. This requires the approval of at least 90% of the voting rights of the absorbed (target) company. In this scenario, the squeezed-out shareholders are entitled to appraisal rights. They may challenge the merger resolution on the grounds that the consideration received in exchange for their shares is inadequate. However, the shareholders do not have a right to hinder the effectiveness of the merger itself.

Moreover, although the decision to delist the target company lies with the shareholders' meeting of the target company and such decision requiring at least two-thirds of the votes represented and a majority of the nominal value of shares represented, any dissenting shareholders can be circumvented by aligning the timing of the de-listing with the squeeze-out procedure.

Accordingly, acquirers can address the risks associated with shareholder dissent by securing the requisite shareholding thresholds, ensuring that the offer price is fair and strategically coordinating the delisting with the squeeze-out procedure.

Law stated - 1 Januar 2026

Purchase agreements

What notable purchase agreement provisions are specific to private equity transactions?

In Switzerland, purchase prices are typically determined using one of two mechanisms: the closing accounts adjustment mechanism or the locked-box mechanism with anti-leakage protection. Under the closing-accounts mechanism, the purchase price is determined after closing based on the target's actual financial position, allowing adjustments for deviations in metrics such as working capital or net debt. By contrast, the locked-box mechanism fixes the price as of a historical balance-sheet date and relies on anti-leakage covenants to prevent value being extracted before closing. Further, purchase agreements generally include a comprehensive set of representations and warranties covering, inter alia, the following matters:

- existence and organisation;
- ownership;

- financial statements;
- authorisation and compliance;
- material agreements;
- intellectual property;
- employment;
- taxes and social security;
- IT, data protection and know-how protection;
- real estate;
- insurance; and
- litigation, etc.

Depending on the risks identified during the due diligence phase, the parties typically negotiate additional indemnities tailored to specific exposures. Such being often in the area of tax or regulatory compliance.

Law stated - 1 Januar 2026

Participation of target company management

How can management of the target company participate in a going-private transaction? What are the principal executive compensation issues? Are there timing considerations for when a private equity acquirer should discuss management participation following the completion of a going-private transaction?

Management of the target company can participate in a going-private transaction in several ways. The most common ways are: (1) rolling over a portion of their existing shareholdings into the BidCo/HoldCo structure; (2) subscribing for new equity in the BidCo/HoldCo; or (3) participating through a management incentive plan.

Executive compensation must be designed in compliance with Swiss employment law, corporate governance rules, the regulatory framework applicable to listed companies and relevant tax considerations. The principal issues stem from compliance with said regulations.

Management participation should ideally be addressed and the key terms defined at an early stage of a going-private transaction rather than after completion. The reasons for this being, inter alia, management alignment being a critical value driver, as uncertainty in this regard results in bidders effectively pricing the company blind. Moreover, potential tax optimisations can only be implemented if structured upfront.

Law stated - 1 Januar 2026

Tax issues

What are some of the basic tax issues involved in private equity transactions? Give details regarding the tax status of a target, deductibility of interest based on the form of financing and tax issues related to executive compensation. Can share acquisitions be classified as asset acquisitions for tax purposes?

Switzerland plays a central role in private equity transactions as a jurisdiction for acquisition vehicles and target companies. Switzerland's competitive corporate tax rates (12–20%), extensive treaty network, and moderate substance requirements make it attractive for this purpose. This overview examines critical tax areas: target status, financing, executive compensation, and the ruling system.

Tax status of the target company and transaction form

Swiss corporate income tax rates range from approximately 12% to 20% depending on the canton. Additionally, a capital tax is levied annually on the equity disclosed in the Swiss statutory report at rates from 0.001% to 0.5% or less (rates vary by canton; equity from statutory report may be subject to tax-specific adjustments). Many cantons provide significant exemptions (ie, for participations and their financing). Tax losses may be carried forward for seven years. The participation relief provides significant relief: dividend income qualifies at 10% of the share capital or 1 million francs market value, while capital gains generally require the sale of at least 10% of the share capital held for at least one year. The recapture of past value adjustments does not qualify for participation relief.

- Share v asset deal classification: share deals are the market standard but generally provide no step-up in asset basis. Switzerland does not permit an election to treat a share acquisition as an asset acquisition for tax purposes. While an asset deal allows for a step-up and subsequent depreciation, it is rare as it triggers immediate taxation of hidden reserves for the seller and the transaction structure is more complicated. For real estate holding companies, however, a share deal may be requalified as an asset transfer for purposes of cantonal real estate gains tax and may trigger real estate transfer taxes, depending on the specific cantonal rules, double taxation treaties, and the substance of the transaction.
- Indirect Partial Liquidation (IPL): where a Swiss resident individual sells at least 20% of the share capital held as private assets and non-operating, distributable assets existing at the time of sale are used within five years to fund the purchase price, this may recharacterise the seller's otherwise tax-free capital gain as taxable dividend income. Although the seller bears this tax liability, buyers typically assume the risk through specific IPL indemnification clauses in the share purchase agreement. The LIFO principle applies, meaning reserves generated after the sale are not subject to IPL. The risk can be mitigated through advance tax rulings.

Financing structure and interest deductibility

Interest on debt is generally deductible, subject to thin capitalisation rules. Third-party debt collateralised by related parties is treated as related-party debt for these purposes. Swiss safe-haven provisions permit debt-to-equity ratios defined per asset class. Debt exceeding these limits is reclassified as hidden equity. Interest paid on excess debt is non-deductible

and subject to a 35% withholding tax. Further, the Federal Tax Administration annually publishes safe harbour interest rates.

Equity v debt financing:

- Equity: contributions (cash or in-kind) into a Swiss company from a direct parent are subject to a 1% issuance stamp duty on the amount exceeding 1 million francs, but allow for capital contribution reserves, the distribution of which is not subject to WHT. Contributions from an indirect parent company are, however, generally not subject to issuance stamp duty, but do not allow for capital contribution reserves.
- Shareholder loans (SHL): SHL are not subject to stamp duty, making debt a preferred instrument for injecting liquidity, provided thin capitalisation and safe-haven interest rates are respected.

Challenges and doctrines:

- The Debt Push-Down Challenge: Switzerland does not permit tax consolidation. The primary obstacle to a debt push-down (eg, via merger) is that tax authorities generally do not accept the deductibility of acquisition interest at the operating level post-merger (also see IPL above). Solutions exist in rare, carefully structured cases but advance tax rulings are recommended.
- Old reserves and liquidation by proxy: The "old reserves" principle denies WHT treaty relief where the target had non-operating, distributable reserves at acquisition. Future dividends are subject to WHT (at the seller's former residual rate) on a FIFO basis until the old reserves amount is exhausted. Unlike indirect partial liquidation (which has defined limitation periods), the Federal Tax Administration applies no fixed time limit to this doctrine. An extension is the 'liquidation by proxy' doctrine, which applies where the buyer liquidates or merges the acquired company shortly after acquisition, extending the WHT charge to hidden reserves as well. Both doctrines may be addressed through advance rulings if post-acquisition restructuring is contemplated.

Executive compensation

Carried interest is generally taxed as employment income (rates ranging from approximately 22% to 45% depending on canton) plus social security. Capital gains treatment (which is tax-free for individuals holding the shares as private assets) may be available where managers acquire shares at market or formula value. For formula value acquisitions, gains up to the formula value at exit are tax-free; any excess is taxable as employment income unless the shares are held for at least five years and sold to a third-party investor acquiring a significant stake. Advance tax rulings are essential to confirm the treatment before investment. Management equity plans follow strict timing rules; stock options are taxed at exercise, while restricted stock units are taxed at vesting.

Securities transfer tax

A sale of taxable securities (such as shares) involving a "Swiss securities dealer" (eg, a Swiss bank or a holding company with taxable securities exceeding 10 million francs) as a party or intermediary is subject to securities transfer tax. The rates are 0.15% for the transfer of Swiss securities and 0.30% for foreign securities.

Conclusion and the Swiss ruling system

The Swiss tax ruling system is a highly effective instrument for ensuring transaction certainty. Due to the principle-based nature of Swiss tax law, obtaining a binding advance ruling (typically a three- to eight-week process depending on the canton) is standard practice to mitigate risks regarding financing, management equity, and the absence of tax avoidance (including indirect partial liquidation and withholding tax traps such as old reserves and liquidation by proxy). These rulings may be subject to international spontaneous exchange of information.

While the absence of tax consolidation and the 35% withholding tax on dividends present structural hurdles, the ability to secure upfront, binding confirmation from the authorities makes Switzerland a stable and predictable environment for private equity deal architecture.

Law stated - 1 Januar 2026

DEBT FINANCING

Debt financing structures

What types of debt financing are typically used to fund going-private or other private equity transactions? What issues are raised by existing indebtedness of a potential target of a private equity transaction? Are there any financial assistance, margin loan or other restrictions in your jurisdiction on the use of debt financing or granting of security interests?

In Swiss going-private or other private equity transactions, in particular, leveraged buyouts, debt financing usually consists of senior debt that is often provided by banks and structured as one or more term loan facilities to, inter alia, fund (part of) the purchase price of the target, and a revolving credit facility to meet the target's (or the target group's) working capital needs. The facilities agreement may, in addition, provide for swingline loans (ie, short-term, typically same-day loans from an individual lender) as part of the revolving credit facility as well as (standby) letters of credit. In order to provide additional flexibility to the borrower group, the facilities agreement may also include an incremental or accordion facility feature, allowing additional (or increases in) facility commitments. In the case of highly leveraged transactions, senior debt may be supplemented by second lien senior debt or junior debt in the form of mezzanine loans (such as subordinated shareholder loans or convertible loans) or high-yield bond instruments (usually placed internationally). If the debt is provided by related parties, interest limitations and thin capitalisation rules should be adhered to (see above).

The financing parties under the debt financing usually require that the existing indebtedness of the target is fully refinanced and any existing collateral released for use as security for the senior debt and the funds provided under the term loan(s) are often used for such purpose. If the target's existing indebtedness is left in place, this would likely lead to priority issues as well as potential issues regarding compliance with the Swiss non-bank rules. While, depending on the nature of the existing indebtedness, it might be possible to contractually subordinate any such indebtedness together with any related security, any changes to the

ranking/priority, in particular, of pre-existing security, need to be carefully implemented, taking into account local law (perfection) requirements.

While there is no prohibition of financial assistance as such under Swiss law, there are limitations on up-stream and cross-stream loans, guarantees and security provided by the target to its parent or sister companies based on capital maintenance requirements. Any such loan, guarantee, security or other up-stream or cross-stream obligation provided by the target (or any other Swiss subsidiaries of the borrower) should be on arm's length/market standard terms as they will otherwise to be considered as a deemed dividend distribution that must be limited to the target's freely distributable equity. In addition, the incurrence of such up-stream or cross-stream obligations should be expressly covered in the purpose clause in the target's articles of association and should be separately approved by its shareholder(s). Also, any payments under an up-stream or cross-stream guarantee or the proceeds from the enforcement of up-stream or cross-stream security are principally subject to Swiss dividend withholding tax at a rate of 35%. However, exemptions apply and the dividend withholding tax may be considerably reduced (sometimes to zero) under applicable double taxation treaties, whereas the remainder can often be discharged by notification rather than payment of the tax.

In addition, there are or may be restrictions in respect of certain types of collateral, such as share transfer restrictions included in a company's articles of association. Also, due to the de-possession requirement for Swiss pledges, security over the target's movable assets (such as inventory or machinery), which constitutes popular collateral in other jurisdictions, is usually not feasible in Switzerland.

If debt financing is incurred by a Swiss borrower, the Swiss non-bank rules need to be complied with which limit both the number of non-bank lenders under the particular debt financing (to a maximum of 10) and the total number of non-bank creditors of the Swiss borrower (to a maximum of 20). A violation of the Swiss non-bank rules leads to Swiss interest withholding tax at a rate of 35% (subject to reduction under applicable double taxation treaties) being levied on all interest payments under the debt financing. If debt financing is incurred by a non-Swiss borrower but proceeds from the financing are on-lent to the Swiss target (eg, in order to repay the target's existing indebtedness) and the financing is guaranteed by the Swiss target, this is usually not problematic provided that any guarantee and security provided by the Swiss target is limited to the target's freely distributable equity. However, an advance tax ruling from the Swiss tax authorities should be obtained to this effect. The use of debt financing (incurred by a non-Swiss borrower) to directly fund the purchase price of the Swiss target is not considered a harmful "use of proceeds in Switzerland" for Swiss withholding tax purposes.

Law stated - 1 Januar 2026

Debt and equity financing provisions

What provisions relating to debt and equity financing are typically found in going-private transaction purchase agreements for private equity transactions? What other documents typically set out the financing arrangements?

The takeover of a publicly listed Swiss company requires the publication of an offer prospectus that must include detailed information on the sources and terms of the financing in order to enable the target's shareholders to make an informed decision. The Swiss Takeover Board reviews the financing disclosures in the prospectus and may request additional documentation from the bidder in order to ensure that the offer is credible, unconditional as to funding and capable of completion.

In addition, Swiss law requires that the takeover offer for a publicly listed Swiss company is audited by a special auditor who also has to confirm – and such confirmation is also included in the offer prospectus – that the bidder has the necessary funds available.

Therefore, a mere term sheet is not sufficient. The financing agreements documenting the committed financing must be executed prior to the announcement of the offer. Until the offer is accepted, a "certain funds period" applies, which limits the conditions precedent permitted for funding. The accession of the target as a guarantor and the provision of security by the target (or target group) are usually conditions subsequent.

Law stated - 1 Januar 2026

Fraudulent conveyance and other bankruptcy issues

Do private equity transactions involving debt financing raise 'fraudulent conveyance' or other bankruptcy issues? How are these issues typically handled in a going-private transaction?

In principle, the sale of assets, granting of security or incurrence or settlement of financial obligations by the Swiss target company (or other Swiss group company) within a period of one year prior to the opening of bankruptcy proceedings over the relevant Swiss company may become subject to avoidance actions under the Swiss Federal Act on Debt Collection and Bankruptcy in the following circumstances: (1) the disposition is made without any, or without adequate, consideration; (2) a guarantee or security is granted by a company that is already over-indebted in respect of existing liabilities and the company was not previously obliged to do so; or (3) a debt is paid by an over-indebted company that is not yet due or is paid by such company by means other than cash or other customary means of payment. In addition, any disposition by a Swiss company with the intention to disadvantage its creditors or to prefer certain of its creditors to the detriment of others, whereby the privileged creditor(s) knew or ought to have known of such intention, risks avoidance if made within a period of five years prior to the opening of bankruptcy proceedings. If any such transaction is successfully challenged by the bankruptcy estate or the company's creditors in front of the competent court, the transaction is reversed and the relevant assets are returned to the bankruptcy estate, leaving the counterparty as an unsecured creditor in respect of any of its claims.

As mentioned above, any up-stream or cross-stream guarantee or security granted by the Swiss target is limited to the target's freely distributable equity at the time of enforcement. Hence, in an insolvency of the target, the value of any such guarantee or security may be effectively reduced to zero.

Finally, while there is no general concept of equitable subordination under Swiss law, debt financing provided by a shareholder or other related party to an over-indebted Swiss company could, in certain circumstances, be considered subordinated in bankruptcy.

In practice, these issues should not be a major concern in debt-financed going-private transactions as both the bidder and the financing providers would usually be conducting a thorough due diligence on the financial position of the target. Also, as a publicly listed company, the Swiss target will have been subject to strict periodic as well as ad-hoc financial disclosure obligations.

Law stated - 1 Januar 2026

SHAREHOLDERS' AGREEMENTS

Shareholders' agreements and shareholder rights

What are the key provisions in shareholders' agreements entered into in connection with minority investments or investments made by two or more private equity firms or other equity co-investors? Are there any statutory or other legal protections for minority shareholders?

Shareholders' agreements entered into in connection with minority investments or investments made by two or more private equity firms or other equity co-investors generally include governance rights (such as board composition and nomination rights, reserved matters/veto rights and decision-making thresholds), share transfer restrictions (such as lock-ups, rights of first refusal, tag-along and drag-along rights), exit provisions, economic terms (notably liquidation preferences and anti-dilution protections) as well as enhanced financial reporting and inspection rights.

As the shareholders' agreement is binding only upon its contractual parties, its provisions are, to the extent permissible under law, typically replicated in the company's corporate documentation (including the articles of association) and thereby binding on the company itself.

To protect minority shareholders, Swiss law provides various safeguards, including qualified majority requirements for important resolutions, low thresholds to trigger special investigations or to call a shareholders' meeting, pre-emptive rights on new share issuances, and rights to information and inspection of company records when necessary to exercise shareholder rights.

Law stated - 1 Januar 2026

ACQUISITION AND EXIT

Acquisitions of controlling stakes

Are there any legal requirements that may impact the ability of a private equity firm to acquire control of a public or private company?

Irrespective of whether control of a public or private company is acquired, a transaction will be subject to a mandatory pre-merger notification to, and clearance by, the Swiss Competition Commission (WEKO) where the target company meets the relevant turnover thresholds or has been identified to have a dominant position in a market in Switzerland, and the acquisition would affect that market or a market upstream, downstream or adjacent to

it. Further, sector-specific regulatory requirements may apply depending on the industry in which the target company operates. Examples of industries in which additional regulations apply being the banking and the healthcare industry.

The acquisition of a public company is governed by the Swiss Financial Market Infrastructure Act and the Ordinance on Public Takeover Offers. These regulations are designed to ensure that takeover proceedings are conducted under fair and transparent conditions by way of minimum offer prices, disclosure obligations and the like. An example thereof being that anyone who directly, indirectly or acting in concert with third parties acquires shares which, exceed the threshold of 33.33% (or, where applicable, 49%) of the voting rights of a Swiss company listed on a stock exchange in Switzerland (or of a foreign company that has its shares listed at least partially on a stock exchange in Switzerland), must make an offer to acquire all listed shares of the company.

Law stated - 1 Januar 2026

Exit strategies

What are the key limitations on the ability of a private equity firm to sell its stake in a portfolio company or conduct an IPO of a portfolio company? In connection with a sale of a portfolio company, how do private equity firms typically address any post-closing recourse for the benefit of a strategic or private equity acquirer?

Several factors can restrict a private equity firm's ability to exit an investment, whether through a sale or an IPO. Contractual transfer restrictions in the company's governing documents or shareholder arrangements may limit to whom and how shares can be sold. The shareholder structure can also be a practical constraint, as, for example, strategic investors may resist an open sales process involving potential competitors.

An IPO may not be feasible if the company does not yet meet the listing criteria of the SIX Swiss Exchange or the BX Swiss Exchange. In a trade sale, transactions can be delayed or complicated if existing shareholders are unwilling to provide broad representations and warranties. General market conditions further influence the timing and attractiveness of any exit.

To safeguard their exit options, private equity firms often negotiate rights at the time of the investment that allow them to initiate a sale process or require other shareholders to participate in a sale (drag-along mechanisms).

Buyers typically expect post-closing protection. This is most commonly provided through an escrow arrangement, where part of the price remains withheld to secure potential claims. While warranty and indemnity insurance is not yet standard in Swiss private equity exits, it is used occasionally and can reduce the sellers' residual liability.

Law stated - 1 Januar 2026

Portfolio company IPOs

What governance rights and other shareholders' rights and restrictions typically survive an IPO? What types of lock-up restrictions typically apply in connection with an IPO? What are common methods for private equity sponsors to dispose of their stock in a portfolio company following its IPO?

In Switzerland, governance rights and other shareholders' rights and restrictions typically do not survive an IPO; the underlying agreements are usually terminated upon completion of the IPO. Private equity sellers commonly commit to contractual lock-up undertakings in connection with a Swiss IPO. Such arrangements are designed to reinforce market confidence, ensure an orderly development of the share price, and prevent significant sell-downs immediately after the offering. The duration of these lock-ups varies but is a standard feature of Swiss capital-market practice.

After the lock-up restrictions lapse and provided that no other form of restrictions have been agreed to, private equity sponsors generally regain flexibility to sell their stock. Two principal divestment techniques are frequently seen: one being the progressive sale of shares over an extended period and the second being large scale disposals.

Law stated - 1 Januar 2026

Target companies and industries

What types of companies or industries have typically been the targets of going-private transactions? Has there been any change in industry focus in recent years? Do industry-specific regulatory schemes limit the potential targets of private equity firms?

Going-private transactions are rare and few in Switzerland. A change in industry focus in recent years cannot be identified.

Private equity firms are not governed by a specific regulatory framework under Swiss law. However, if investments are made in regulated industries, such as banking, insurance and telecommunication, specific rules need to be complied with.

Law stated - 1 Januar 2026

SPECIAL ISSUES

Cross-border transactions

What are the issues unique to structuring and financing a cross-border going-private or other private equity transaction?

Switzerland's foreign direct investment (FDI) regime is, by international comparison, relatively non-interventionist. This being reflected in the fact that FDI restrictions exist momentarily solely for real estate and regulated target companies.

In the context of structuring and financing a cross-border going-private or other private equity transaction, however, foreign investors must nevertheless take into account a range of other Swiss-specific considerations. These include, in particular, tax structuring aspects

(eg, withholding tax implications) as well as merger-control requirements that may influence the feasibility, timing and cost of the transaction.

Law stated - 1 Januar 2026

Club and group deals

What are some of the key considerations when more than one private equity firm, or one or more private equity firms and a strategic partner or other equity co-investor is participating in a deal?

As a result of Swiss corporate law not imposing many restrictions on syndication structures, consortium or “club” transactions are common in the Swiss market. It is to be noted, however, that in the context of an acquisition of a listed company, the members of the consortium will generally be deemed to be acting in concert with regard to the mandatory takeover rules.

Moreover, where private equity investors rely on debt as part of their investment structure, they must also consider the restrictions arising from Swiss tax practice.

Law stated - 1 Januar 2026

Issues related to certainty of closing

What are the key issues that arise between a seller and a private equity acquirer related to certainty of closing? How are these issues typically resolved?

Key issues affecting certainty of closing between a seller and a private equity acquirer typically concern regulatory approvals, potential legal impediments and the need to obtain third-party consents or waivers arising from change-of-control provisions in material contracts. To address these risks, the parties often designate such matters as condition precedents to closing and agree on a long-stop date by which all conditions must be satisfied. If the conditions precedents are not fulfilled by that date, the agreement may be terminated, potentially triggering indemnification or other contractual consequences.

Law stated - 1 Januar 2026

UPDATE AND TRENDS

Key developments of the past year

Have there been any recent developments or interesting trends relating to private equity transactions in your jurisdiction in the past year?

Private equity in Switzerland over the past year displayed defensive yet growth-oriented behaviour, with more deals completed, sustained transaction value, strong cross-border involvement, and clear sector focus notably on industrial markets, pharmaceuticals and life sciences, and technology, media and telecommunications.

Law stated - 1 Januar 2026