

Banks, arrangers and the Swiss capital market

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The relationship between the pharmaceutical groups and the banks has changed considerably over the decades. In the twentieth century, the major Swiss banks, especially Swiss Bank Corporation, which originated in Basel, and Credit Suisse, were the natural partners of the Basel chemical industry, providing credit, managing share issues and holding seats on boards. Part D, Chapter II described this relationship for the early period. Since the 1990s, the groups have relied increasingly on international investment banks for large transactions, while the Swiss banks have retained a role in the Swiss franc market and in domestic services.¹

For Swiss franc bond issues, UBS and Credit Suisse acted as lead managers for many years, often together with the cantonal banks and other domestic institutions. The emergency takeover of Credit Suisse by UBS in March 2023 reduced the number of Swiss banks capable of leading large franc transactions. This concentration has raised concerns about competition in the domestic capital market, both for bond issuance and for services such as share buy-back execution and custody. Foreign banks with Swiss subsidiaries and the larger cantonal banks have tried to fill part of the gap.²

For large dollar and euro transactions, the groups work with the leading international investment banks, which act as bookrunners and advisers on acquisitions. Their mergers and acquisitions advisers are typically drawn from the largest American banks and specialised advisory boutiques. Large pharmaceutical groups maintain relationships with a panel of banks that provide committed credit facilities, which serve as a backstop for commercial paper programmes and acquisition finance. Banks that wish to be part of the panel are expected to contribute credit capacity, in return for which they are considered for more profitable mandates in capital markets and advisory work.³

1 Notes

1. On the historical relationship between the Basel chemical industry and the Swiss banks, including Swiss Bank Corporation and Credit Suisse, see Part D, Chapter II and the literature on Swiss bank–industry relations, such as the studies on the Swiss corporate network (Swiss business elite database of the University of Lausanne). To be verified. ↩
2. On the takeover of Credit Suisse by UBS announced on 19 March 2023 and its consequences for competition in Swiss capital market services, see the decision of the Competition Commission and FINMA, the report of the Federal Council on banking stability and the analyses of market participants. On the Credit Suisse crisis more generally, see Part E. Status to be verified. ↩
3. On the relationship banking model with panels of banks providing committed revolving credit facilities to large corporate issuers, see the notes on financial debt in the annual reports of Roche and Novartis and the literature on corporate banking. To be verified. ↩

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