

Novartis: registered shares and the American listing

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Novartis has a conventional capital structure with a single class of registered shares, each with one vote. Its articles of association contain a restriction on registration with voting rights, under which no shareholder can be registered with voting rights for more than a certain percentage of the share capital, subject to exceptions approved by the board. Such restrictions are common among large Swiss companies and were originally designed to protect against unwanted control acquisitions. Registered shares also allow the company to know its shareholders, an advantage for investor relations and for the organisation of the annual general meeting.¹

The shares of Novartis are listed on the SIX Swiss Exchange and, in the form of American depositary receipts, on the New York Stock Exchange. Each ADR represents one Novartis share and is issued by a depositary bank in the United States. The New York listing subjects Novartis to the reporting requirements of the Securities and Exchange Commission, including the annual report on Form 20-F and parts of the Sarbanes-Oxley Act. These obligations entail costs, although they give the company access to the deepest equity market in the world and to American investors who prefer to hold securities listed in the United States. Roche, by contrast, has maintained only an unlisted ADR programme traded over the counter.²

The decision to list in New York has also played a role in acquisitions. Shares listed in the United States can be used as currency in a takeover of an American company, since target shareholders can receive a security that is traded in their own market. In practice, the large acquisitions of Novartis in the United States have nevertheless been paid in cash, because the group's balance sheet has been strong enough and because share-based transactions dilute existing shareholders. The ADR programme is primarily a tool for broadening the shareholder base and for access to American capital.³

1 Notes

1. On the registered shares of Novartis AG and the registration restriction in its articles of association (a limit of 2 per cent of share capital for registration with voting rights, subject to exceptions), see the articles of association of Novartis AG. Threshold to be verified. ↩
2. On the listing of Novartis American depositary receipts on the New York Stock Exchange (ticker NVS), the annual report on Form 20-F and the over-the-counter ADR programme of Roche, see the Novartis and Roche investor relations websites and the filings with the US Securities and Exchange Commission. To be verified. ↩
3. On the predominance of cash consideration in Novartis acquisitions in the United States, see the transaction announcements in the Novartis annual reports. To be verified. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/basel-novartis-registered-shares-and-the-american-listing