

Raising capital in Switzerland

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Swiss company law gives the board flexible tools to bring in new money quickly, and the prospectus rules leave room for private placements without a prospectus. Used well, they let you raise capital at the moment the price is right.

1 Ordinary capital increase

The general meeting resolves the increase (Art. 650 CO), and the board implements it within six months. Existing shareholders have a pre-emptive right to subscribe in proportion to their holdings (Art. 652b para. 1 CO); it may be restricted or withdrawn only for good cause, such as the acquisition of a company or employee participation (Art. 652b para. 2 CO).

2 The capital band

Since 1 January 2023 the articles of association may authorise the board to increase or reduce the share capital within a range of plus or minus 50 per cent for up to five years (capital band; Art. 653s ff. OR). The board can then react to investor interest without convening a general meeting each time. Conditional capital for convertible bonds and employee options remains available (Art. 653 ff. OR).

3 Offering without a prospectus

Anyone offering securities to the public in Switzerland must in principle publish a prospectus (Art. 35 FinSA). No prospectus is needed, among other cases, for offers addressed only to professional clients, to fewer than 500 investors, with a minimum investment of CHF 100,000, or with a total value below CHF 8 million over twelve months (Art. 36 para. 1 FinSA). Most private placements with family offices and institutional investors fall within these exemptions.

4 Costs

The issue of equity attracts a federal stamp duty of 1 per cent (Art. 8 para. 1 lit. a StG); the first CHF 1 million of capital contributed is exempt (Art. 6 para. 1 lit. h StG). Contributions to capital reserves are also subject to the duty. Bonds and loans do not attract issuance stamp duty since 2012, but interest on bonds bears withholding tax of 35 per cent (Art. 4 para. 1 lit. a VStG).

5 What pays off in practice

- **Put a capital band in the articles early**, before investors are at the table.
- **Structure the placement within an exemption** and document why it applies.
- **Use capital contribution reserves** so that later repayments to investors are free of withholding tax.

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Online version: helveticaregister.com/capital-raising-switzerland