

Dissolution and relocation of a foundation

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A foundation cannot simply be wound up by its board, since it is dissolved by law when its purpose can no longer be achieved. The supervisory authority decides on the dissolution at the request of the board or on its own initiative. The remaining assets must be used in accordance with the deed, usually for a similar purpose.¹ Several crypto foundations have been dissolved after their projects failed or were abandoned. The procedure is slower and more formal than the liquidation of a company, which reflects the protection of the purpose that the foundation form provides.

A foundation can also move its seat within Switzerland, for example from Zug to Zurich, by amending its deed with the approval of the supervisory authority. Moving the seat abroad is possible in principle under the Federal Act on Private International Law, but it requires that the foreign law allows the foundation to continue as the same entity.² In practice, projects that wanted to leave Switzerland have more often created a new entity abroad and transferred the activities to it, while the Swiss foundation was wound down.

1 Notes

1. Swiss Civil Code (ZGB), Art. 88 para. 1 (the competent federal or cantonal authority dissolves the foundation on application or of its own motion if its purpose has become unattainable and the foundation cannot be maintained by an amendment of the deed, or if its purpose has become unlawful or immoral) and Art. 89 (any person with an interest may apply; the dissolution must be notified to the commercial register), text as reproduced on [swissrights.ch](https://www.swissrights.ch). ESA, "Fragen und Antworten", esa.admin.ch, on the dissolution procedure. ↩

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2. Federal Act on Private International Law (IPRG), Art. 163 (a Swiss company may submit itself to foreign law without liquidation and re-formation if the requirements of Swiss law are met and it continues under the foreign law; creditors must be notified) and Art. 150 para. 1 (companies within the meaning of the Act include organised units of assets), text as reproduced on [swissrights.ch](https://www.swissrights.ch). ↩

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