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VENTURE CAPITAL

Switzerland



LEXOLOGY

Venture Capital

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MARKET AND PURPOSE

General role and purpose

How would you describe the role of venture capital in the financing markets in your jurisdiction?

Venture capital plays a significant role in the Swiss financing markets. Among other factors, this trend is attributable to the strong Swiss education system, with its renowned universities such as the ETH Zurich and the EPFL Lausanne. In addition, the country's tradition of boosting innovative industries and its advanced financial sector are also key factors that help to bring entrepreneurs and investors together. In this fertile environment, the Swiss venture capital industry has grown significantly over the past decade.

Law stated - 3 February 2026

Market conditions

How would you describe the current market conditions for venture capital in your jurisdiction?

According to the Swiss Venture Capital Report 2026 published by startupticker.ch and the Swiss Private Equity & Corporate Finance Association, 354 financing rounds were completed in Switzerland in 2025, with 2.95 billion Swiss francs invested in Swiss startups. While the number of rounds is practically unchanged from 2024, the almost 24% higher total funding amount compared to 2024 marks the reversal of the downward trend seen in the preceding two years, which was challenging for the venture capital industry. Noteworthy drivers of the turnaround are a strong recovery in the information and communication technology sector, a record amount raised in the biotechnology (biotech) sector and generally increased investor activity, including in early-stage rounds. The top 20 financing rounds by size in 2025 raised 1.56 billion Swiss francs, led by a financing round of 183 million Swiss francs by Basel-based Windward Bio, a clinical stage biotech company, as well as a financing round of 128 million Swiss francs by Zurich-based clean technology company Climeworks. Due to the relatively low boundaries to access the Swiss financial markets, a wide range of domestic and foreign investors are active in the Swiss venture capital sphere, including dedicated venture capital funds, family offices, private investors such as business angels, strategic investors (ie, seasoned companies in their respective industries) and institutional investors (such as corporate venture capital investors).

In terms of invested venture capital relative to its population size, Switzerland ranked second in Europe in 2025 according to Swiss startup accelerator Venturelab, beaten only by Finland. In terms of absolute numbers, Switzerland ranked fifth in Europe overall, highlighting the attractiveness of the Swiss venture capital ecosystem. This is underpinned by government-backed initiatives on the cantonal and federal level to foster innovation in Switzerland, such as the Swiss Innovation Agency Innosuisse, the Swiss Technology Fund created by the federal government, and cantonal agencies such as Innovaud and Fondazione Agire.

Law stated - 3 February 2026

PARTIES AND DEAL STRUCTURES

Issuers – typical profile

How would you describe the types of companies, and their different stages of development, that typically receive venture capital investment in your jurisdiction?

In recent years, the life sciences, clean technology and information and communication technology (ICT) sectors have received the bulk of venture capital investments in Switzerland. The strength of the life sciences, pharmaceutical and biotechnology (biotech) sectors in particular stems from the strong footprint of the global industry leaders Roche, Novartis and Lonza in the Basel area, as well as the research capabilities and spin-offs of Swiss universities. The same goes for the Swiss ICT sector, which has faced some challenges in recent years but remains an area with significant potential, underpinned by the presence of global technology leaders (especially in the Zurich area) alongside an ongoing push in technology research at Swiss universities (eg, through the ETH AI Center and the EPFL Innovation Park in Lausanne, one of the six Switzerland Innovation parks). Other prominent industries for startup investments include financial technology, consumer products, blockchain (with a particular hub in the canton of Zug), deep tech and robotics ventures.

Whereas seed-stage startups often receive funds or support from angel investors, high-net-worth individuals, accelerators, incubators or educational institutions, institutional investors typically enter the stage in the series A rounds. For later-stage ventures, the focus usually shifts further towards institutional investors such as corporate venture capital investors, venture capital funds and private equity investors.

Law stated - 3 February 2026

Issuers – domicile and company structures

Are there any preferred or required legal domicile or company structures for issuers in venture capital transactions?

Issuers in Swiss venture capital transactions are usually incorporated as a Swiss corporation. Although there are alternatives, such as the limited liability company, the Swiss corporation is usually the favoured legal form since it provides the most flexibility for financing rounds and typical arrangements to foster the company's growth (such as the introduction of an employee stock option plan). Swiss corporations need a minimum share capital of 100,000 Swiss francs, of which at least 50,000 must be paid in at the time of the company's incorporation. Financing rounds in Switzerland are typically structured by way of an ordinary capital increase. However, by introducing a capital band in the articles of association, the board of directors may be granted the competence to issue new shares and raise capital on its own (within certain limits set forth in statutory law).

Issuers may freely choose the Swiss canton in which they incorporate their company, which has tax implications due to different tax rates on the cantonal and municipal levels. However, the main driver behind the choice of legal domicile appears to be the available pool of talent and the opportunities for growth. Hence, the two cantons with the most financing rounds in 2025 were Zurich and Vaud, the home cantons of the two federal universities, ETH and

EPFL, which both provide a deep pool of talent and spin-off opportunities for promising ventures. The Basel region is a preferred choice for biotechnology, medical technology and digital health companies, which benefit from the area's vibrant life sciences ecosystem and the talent pool of companies like Roche, Novartis, Lonza and Johnson & Johnson (formerly Actelion).

Law stated - 3 February 2026

Investors – typical profile

How would you describe the types of investors that make venture capital investments, including by stage of company development, in your jurisdiction?

In Switzerland, early-stage funding for startups is often provided by private investors and high-net-worth individuals (such as business angels, entrepreneurs with a successful exit in the past and industry experts), whereas venture capital funds regularly join the ranks in series A rounds and later-stage financing. Additional early-stage funding may be provided by institutions linked to Swiss universities, certain government institutions and certain Swiss banks (particularly cantonal banks). Due to the relatively low barriers to accessing the Swiss financial markets, a wide range of domestic and foreign investors (including dedicated venture capital funds, family offices, private investors and corporate venture capital investors) are active in the Swiss venture capital space.

As a rule, early-stage investments are mainly provided by domestic investors (such as high-net-worth individuals and Swiss venture capital funds), with a limited number of European seed funds regularly investing in Swiss startups. Foreign investors – especially foreign venture capital funds – typically become more active in subsequent financing rounds. Such investors are often the main contributors of funds in large later-stage transactions (ie, rounds with proceeds above approximately 20 million Swiss francs).

Law stated - 3 February 2026

Investors – structures

How are venture capital investors usually structured and does their structure affect their investment approach or terms?

Swiss venture capital funds typically invest through dedicated fund entities that are often domiciled abroad (eg, in Luxembourg, Delaware, Jersey, the Cayman Islands or Guernsey). There are also Swiss structures available to venture capital funds, which may be used under certain conditions but are generally less common in practice. A few Swiss venture capital funds also use an evergreen fund model. The investments of Swiss venture capital funds are usually managed by a Swiss-based management company, often in the legal form of a Swiss corporation. Swiss-managed venture capital funds typically have a lifespan of up to 10 years, and their structure does not usually materially affect their investment approach or terms. On the other hand, corporate venture capital investors usually invest through legal entities that are part of their regular group structure.

Law stated - 3 February 2026

Seed financings

What structures and types of investments are typically used for seed-stage investments in your jurisdiction?

Investors in Swiss seed-stage startups may invest directly in equity (shares) issued by the company by way of a capital increase. However, since the process of issuing shares in Switzerland is rather formal (requiring, as a rule, the cooperation of existing shareholders, notarised resolutions and commercial register filings) and issued shares may not be cancelled or resold to the company easily or without adverse tax consequences, seed-stage investments are increasingly made by way of convertible loans. With convertible loans, the issuing company may access the funds of the investor more quickly and with less paperwork, which often makes them a suitable tool for investments in pre-seed and seed-stage startups.

Convertible loan agreements typically provide for a conversion at a discount (and sometimes with a valuation cap) in the course of the company's subsequent financing round. Important aspects to be kept in mind when setting up convertible or hybrid financing instruments include:

- Swiss law disclosure requirements in the course of a capital increase by way of a set-off of claims;
- applicable limits for loan counterparties under the Swiss banking act and tax laws; and
- the subordination of the claims for repayment of the loan to prevent insolvency risks for the issuer.

Capital or mentorship (or both) to seed-stage startups in Switzerland may also be provided through dedicated startup incubators and accelerators, while Swiss universities may offer support to their spin-offs.

Law stated - 3 February 2026

Early-stage and later investments

What structures and types of investments are typically used for early-stage and later investments, following seed-stage investments, in your jurisdiction?

Early-stage and later-stage venture capital investments are usually structured by way of an issuance of new shares in the course of a capital increase. Such transactions typically entail the negotiation and execution of an investment agreement and a shareholders' agreement among the existing and new investors. These documents provide for the terms and conditions of the investment, the general governance rules of the company, and the respective rights and duties of the investors and other shareholders, including rules on share transfers and exits. In line with their investment strategy, venture capital funds typically require a board seat in the startup, qualified majority requirements at the board and shareholder levels, liquidation or dividend preferences (or both) linked to shares issued to them in the course of the financing round, and anti-dilution protection.

Convertible loans are regularly provided to early-stage startups but are less commonly used for later investments, although they might still be used for short-term and bridge financing before a subsequent comprehensive financing round can be completed. Typically, regular bank loans are not available to Swiss startups since they do not have positive cash flows or suitable assets (or both) to provide collateral. However, some Swiss banks (mainly cantonal banks) offer equity financing and convertible loans through dedicated venture arms. Venture debt has also become more popular in the recent past. Often including a small equity kicker, venture debt may be provided to startups with a solid track record in funding, in connection with or shortly after an equity financing round.

Law stated - 3 February 2026

PROCESS

Term sheets

Do parties normally use term sheets? If so, what is normally covered in such term sheets?

Parties will frequently negotiate and execute term sheets before entering into negotiations on final documentation. Term sheets generally cover all the main economic terms and main legal considerations, including:

- investment amount;
- valuation;
- closing conditions;
- use of proceeds;
- sale/liquidation preference rights, including whether they are participating or non-participating;
- dividend preference rights, including whether they are cumulative or not;
- governance rights, including board representation;
- information rights;
- anti-dilution protection;
- employee stock option plans;
- transfer restrictions, including drag-along, tag-along, right of first refusal and call options;
- non-competition and non-solicitation undertakings;
- representations and warranties;
- exclusivity and confidentiality;
- fees and expenses; and
- governing law and jurisdiction.

In general, only the provisions on exclusivity, confidentiality, expenses, governing law and jurisdiction are binding, whereas all other sections are non-binding.

Law stated - 3 February 2026

Documentation

What are the standard documents for a venture capital transaction, and who prepares them? Are there popular forms for such documentation in your jurisdiction?

Negotiations for a venture capital transaction typically begin with the signature of a non-disclosure agreement, followed by a non-binding term sheet outlining the main terms. Both documents are frequently based on standard investor templates. The details of the investment part of the transaction are then set out in an investment agreement and in a shareholders' agreement. For smaller transactions, on rare occasions the investment agreement may be replaced with a binding term sheet or a subscription form (or both).

The investment agreement specifies the terms and conditions of the investors' obligation to subscribe for the shares and the portfolio company's obligation to issue them. Among other provisions, it also provides for a set of representations and warranties in favour of the investors. The shareholders' agreement covers the preference rights of the new shares being issued, governance matters such as board composition and control rights, information rights, transfer restrictions (right of first refusal, tag-along, drag-along and call options), anti-dilution protection, distribution of exit proceeds and similar matters. The portfolio company's legal counsel often prepares the first drafts of the shareholders' agreement and the investment agreement, though occasionally the investor's legal counsel will provide them. The model documentation of the Swiss Private Equity & Corporate Finance Association provides a useful outline of the terms typically included, and often serves as a baseline for discussions.

Law stated - 3 February 2026

Key steps and timing

What is the normal process and timing of venture capital investments in your jurisdiction?

The process for a venture capital investment typically begins with the target company providing a non-confidential slide deck or company outline to the potential investor. If there is mutual interest, the next step is a confidentiality or non-disclosure agreement and the sharing of more sensitive and detailed information about the target company. At this stage, the target company will often provide access to a virtual data room for the investor to conduct its due diligence review, usually once a term sheet has been negotiated. In parallel, if the initial investor does not wish to provide the full funding amount for the round, the target company may search for additional investors to complete the investor syndicate. Negotiations on the definitive agreements are also often conducted in parallel with the due diligence process. The whole process takes around three to nine months.

Law stated - 3 February 2026

Closing conditions

What closing conditions are common in venture capital transactions?

Closing conditions typically include the following:

- operation of the target company's activities in the ordinary course of business and in accordance with past practice;
- absence of a material adverse change with regard to the target company;
- representations and warranties being correct in all material respects;
- approval of the transaction by the existing shareholders, including waiver of subscription rights and signatures of at least a large majority of existing shareholders on the investment and shareholders' agreements;
- no action seeking to block the transaction being pending or threatened; and
- availability of the documents required for closing, including investors' subscription forms and bank confirmation regarding the availability of the investors' funds.

Law stated - 3 February 2026

Multiple closings

Are venture capital transactions ever divided into multiple closings? If so, how and why?

For larger financing rounds, it is common for the investment to be divided into several tranches, of which only the first is paid out at the initial closing. Subsequent tranches are typically paid out only upon achievement of predefined milestones. This split into tranches reduces investors' risk.

Occasionally, the investment documentation will also foresee a second "gobble-up" closing occurring a few months after the initial closing. This may be the case if the target company is unable to secure the full amount it was aiming for, or if it remains in negotiations with an investor who joined the process only at a later stage.

Law stated - 3 February 2026

DUE DILIGENCE

Legal due diligence

What legal due diligence is typically undertaken for venture capital transactions, and what specialists are typically involved?

Venture capital funds (or other professional investors, such as corporate venture capital investors) generally perform a rigorous pre-screening of potential targets before entering formal due diligence, evaluating in particular the business plan, the founder team and the target company's compatibility with the investor's investment strategy. This is followed by actual legal due diligence, which typically covers the following areas:

- corporate;

- commercial agreements;
- financing;
- intellectual property (IP) and information technology (IT);
- regulatory (including data privacy);
- employment; and
- real estate.

The process is sometimes split into two, beginning with a high-level review which, if satisfactory, is followed by a more thorough investigation. In-depth legal due diligence is normally conducted in later-stage financing rounds.

In the legal due diligence process, corporate lawyers typically work alongside specialist legal counsel from areas such as IP and IT, regulatory or employment.

Law stated - 3 February 2026

Critical due diligence areas

What are normally critical areas of due diligence focus or red flags in venture capital transactions?

Critical areas in legal due diligence typically include matters related to the company's capital structure (eg, share capital, participation plans and convertible loans), engagement of key personnel, a sound financial position post-closing to achieve the next stage of development (including absence of hidden liabilities or litigation), and full ownership and protection of key IP rights and know-how. Depending on the sector, material contracts such as licence agreements, collaborations with industry partners or academic institutions, and relationships with key suppliers and customers will also be areas of focus.

Common red flags include:

- a lack of clear IP assignment to the target company by founders, employees, consultants or freelancers (eg, those also engaged at universities or by external service providers such as software developers);
- potential infringements of IP rights;
- inconsistencies in share or option issuances;
- unstable or unfavourable relationships with key suppliers or customers; and
- disputes with current or former employees and shareholders.

Law stated - 3 February 2026

Other due diligence

What other types of due diligence are commonly undertaken in venture capital transactions?

Other types of due diligence typically cover financial, business, technology, science, regulatory, tax, IP and environmental matters (if relevant). Sometimes the process is split into two, beginning with a first high-level review which, if satisfactory, is followed by a more thorough investigation.

Law stated - 3 February 2026

ECONOMIC TERMS

Valuation and pricing

How is the company valuation and investors' purchase price usually determined in venture capital transactions?

Since most targets of venture capital funding are unprofitable (and possibly even without revenue, in the case of early-stage funding rounds), many classical valuation methods (eg, earnings before interest, taxes, depreciation and amortisation; revenue multiple; and dividend yield) are not useful.

Venture capital investors will therefore typically base their valuation on an assessment of the target's potential. This may include the size of the addressable market, the time to market, the target's position in the market, barriers to entry for competitors and the expected growth trajectory. Comparable transactions may also be considered, and the ability of the target's team to deliver on the strategy is often a relevant soft factor. Venture capital investors will also factor in future funding requirements in later-stage financing rounds, and determine the valuation range that will allow them to achieve their desired multiple as a return on investment in a successful exit.

The target's founders and management generally also base their valuation on the target's potential and comparable transactions, but will often take into account the work and resources they have invested into the business as well as the level of dilution they expect through the venture capital transaction.

The purchase price is the result of negotiations between these two approaches.

Law stated - 3 February 2026

Option pool

What do investors typically require for option pools or equity incentive arrangements in connection with venture capital transactions?

Venture capital investors must strike a balance between adequately incentivising the portfolio company's management team and preventing their own dilution.

For this purpose, they will generally insist on (1) setting a percentage target in the shareholders' agreement for the option pool, often in the range of 8–15% of the portfolio company's fully diluted share capital; and (2) adoption by the portfolio company of a formal employee incentive plan (to the extent that this is not yet in place). In general, they are agnostic on the type of incentive plan used (eg, share plan, option plan or phantom stock plan).

The percentage of the option pool is usually in the lower part of the aforementioned range for pre-seed and smaller seed financings, where the C-level management still has a high percentage of founder shares. The percentage is usually in the higher part of this range in later-stage financings, particularly when non-founders assume important C-level roles.

Law stated - 3 February 2026

Dividends, distributions and redemptions

What are the normal provisions governing dividends, distributions, redemptions or other profit distributions in venture capital transactions? Are there any legal limits thereon in your jurisdiction?

Under Swiss law, as a rule, dividends may be paid only from the disposable profit and from reserves formed for this purpose. The distribution of a dividend requires a resolution of the shareholders of the portfolio company.

Most venture capital investors in Switzerland seek to capitalise on their investment through a sale of their shares in the portfolio company (eg, in a trade sale or initial public offering) rather than dividends. As such, it is common for the shareholders' agreement to specify that dividend payments are not planned and that profits should be reinvested in the business.

If dividends are paid out, the shareholders' agreement generally requires these to be paid first to satisfy the venture capital investors' preference rights.

As a rule, a redemption of shares is only permissible within certain limitations set forth by Swiss (corporate) law.

Law stated - 3 February 2026

Company sales and liquidations

How are venture capital investments treated in portfolio company sales or liquidations?

Venture capital investors typically demand (and receive) the inclusion of a liquidation preference in the shareholders' agreement and the articles of association of the portfolio company. This ensures that, in the event of a sale or liquidation of the portfolio company, investors get at least the amount they invested returned to them ahead of other shareholders. There are substantial variations in the terms of liquidation preferences seen in venture capital transactions in Switzerland with regard to, for example:

- participating versus non-participating preferences;
- size of multiplication factor (return on invested capital);
- inclusion of non-cumulative or cumulative (ie, hypothetical) dividends; and
- catch-up mechanics.

The liquidation preference is often a key item in negotiations.

Law stated - 3 February 2026

Anti-dilution protection

What anti-dilution protections are typically built into the terms of venture capital securities?

Under Swiss law, in principle each shareholder has a right to participate in future equity financing rounds to maintain its pro rata ownership. This right is sometimes expanded in the shareholders' agreement or articles of association (or both) to enable venture capital investors to subscribe for shares above their pro rata amount (for example, to the extent that other shareholders do not participate in a financing round).

In addition, venture capital investors typically demand the inclusion of an anti-dilution adjustment clause in the shareholders' agreement, which enables them to subscribe for additional shares at a low issuance price if the portfolio company issues shares at a lower price per share than that paid by the investors (a down round). Anti-dilution formulas based on a weighted average price are most commonly seen, using either a broad-based weighted average or (more rarely) a narrow-based weighted average. Full ratchet anti-dilution provisions are very rare in practice.

In some instances, investors in a previous round will lose their anti-dilution rights in a subsequent round. This may be a negotiation item between investors participating in different rounds.

Law stated - 3 February 2026

Future investments

What pre-emptive or pro rata investment rights do venture capital investors usually receive?

Under Swiss law, in principle each shareholder has a pre-emptive right to subscribe for shares in future equity financing rounds to maintain its pro rata ownership in the portfolio company. This right can be withdrawn by a supermajority vote at the shareholder meeting if it is for "important reasons". If shareholders authorise the board of directors to resolve on a capital increase through a capital band, they must include the important reasons why the board of directors may withdraw subscription rights in the company's articles of association. Acquiring new companies and issuing shares for employee incentive programmes are recognised as important reasons. The bar for other reasons to qualify as important is generally high and subject to case-by-case assessment.

In practice, however, the shareholders' agreement often expands pre-emptive rights and enables venture capital investors (or sometimes all shareholders) to subscribe for shares above their pro rata amount to the extent that other shareholders do not participate in a funding round.

Law stated - 3 February 2026

Insider sales

What rights do venture capital investors normally have over insider sales of securities of portfolio companies?

The shareholders' agreement typically includes a right of first refusal in the event that a shareholder wishes to sell its shares in the portfolio company (outside of specific permitted transfers). In most cases, venture capital investors will come in first or second place (after the portfolio company itself) to exercise this right of first refusal, followed by the other shareholders.

In addition, most shareholders' agreements contain a tag-along provision that allows venture capital investors (and possibly other shareholders) to co-sell a part of their shares in the event of a proposed share sale. This tag-along right often kicks in at a relatively low level (eg, if more than 1–5% of the shares in the portfolio company are sold), but may also be limited to change of control events.

Law stated - 3 February 2026

CONTROL RIGHTS

Voting rights

What voting rights, including veto or consent rights, do venture capital investors normally have as shareholders of their portfolio companies? Do they typically have special voting or consent rights as shareholders?

As shareholders of the portfolio company, venture capital investors have the usual voting rights. While venture capital investors typically receive preferred shares, such preferences refer only to financial aspects and do not include preferred voting rights.

However, venture capital investors typically demand that extensive consent rights are included in the shareholders' agreement (and possibly in the portfolio company's articles of association and organisational or board regulations as well). These consent rights usually cover decisions at both the shareholder and board level. At the board level, the consent of a certain number of board members appointed by venture capital investors will be required. Areas typically covered by the consent rights at shareholder level include certain changes to the articles of association (eg, amendments that are detrimental to the investors), certain changes to the share capital, creation of new classes of preferred shares, exclusion of pre-emptive subscription rights or ceasing to do business. Consent rights at the board level typically include transfers of material assets, changes to the business plan, approving and materially deviating from the budget, entering into agreements with major financial impacts, approving employee incentive plans, and approving the hiring and compensation of C-level managers.

Law stated - 3 February 2026

Board rights

What rights to representation on the board of directors or at meetings of the board of directors of portfolio companies do venture capital investors typically receive?

Venture capital investors holding a significant share of a portfolio company will often secure the right to nominate a member of the board of directors.

Many venture capital investors also seek to appoint a board observer, either in addition to a board member or to make up for the lack thereof. Board observers may attend board meetings but have no voting rights.

Both portfolio companies and venture capital investors have an interest in keeping the board size reasonably small and manageable. Investors may therefore lose their board seats in a later financing round, particularly if they do not invest up to their full pro-rata participation.

Law stated - 3 February 2026

Board protections

What fiduciary duties and liability protections normally apply to investor directors in your jurisdiction? Do directors typically have special voting or consent rights?

Under Swiss law, all board members (including investor directors) have a fiduciary duty to the portfolio company and a duty to act in its best interest. This supersedes a potential duty of loyalty to the venture capital investor to which they report.

The board of directors has certain non-transferable duties as set out in the Swiss Code of Obligations, but will otherwise (at least partially) delegate day-to-day management of the portfolio company to individual board members or to the executive management. The board of directors is obliged to carefully select, instruct and supervise the persons to whom it delegates authority.

Board members are liable to the portfolio company, its shareholders and (in the event of a bankruptcy) its creditors for damages arising from a breach of their fiduciary duties.

Most venture capital investors demand that portfolio companies put in place directors' and officers' liability insurance to cover damages caused by negligent acts and omissions of investor directors. In addition, some venture capital investors demand indemnification letters from the portfolio company to the benefit of their investor director. However, whether and to what extent such indemnification letters are enforceable under Swiss law is a matter of controversy.

Each board member has one vote, with the chairperson having a casting vote in the event of a tie (if not foreseen otherwise in the articles of association). For certain important board decisions, venture capital investors typically demand an increased quorum to ensure that such decisions cannot be made without their consent. A list of these decisions is typically included in the shareholders' agreement and possibly the organisational or board regulations.

Law stated - 3 February 2026

Financial reports

What rights to financial reporting or company access do venture capital investors normally receive?

Venture capital investors with a significant investment in the portfolio company typically receive a suite of financial reports from the portfolio company, including annual financial statements, quarterly financial reports and financial statements, management reports and a budget for the next financial year. In addition, they may have the right to demand access to the portfolio company's management or records (or both) upon reasonable advance notice, as well as the (occasional) right to appoint an independent auditor. The frequency of reports is a matter of negotiation and increases with the maturity of the portfolio company.

Law stated - 3 February 2026

PUBLIC OFFERINGS AND LISTINGS

Securities law requirements
What are the securities law requirements in your jurisdiction for venture capital investors to sell their securities in the public markets?

Whether venture capital investors are allowed to sell their shares in Swiss portfolio companies in the public markets mainly depends on the listing status of the company. In the Swiss venture capital context, the shareholders' agreement usually regulates share sales in public markets (or otherwise) before the company completes an initial public offering (IPO). Post-IPO, the shares in Swiss portfolio companies may typically be sold freely after the expiry of a lock-up period. Public offerings of securities and the listing of securities on a stock exchange in Switzerland usually require the publication of a prospectus (if no statutory exemption applies). The main stock exchange in Switzerland is the SIX Swiss Exchange- , which has a designated market segment for small- and medium-sized enterprises called Sparks.

Law stated - 3 February 2026

Registration and listing rights
What registration rights, listing rights or other rights do venture capital investors normally receive?

In the Swiss venture capital context, shareholders' agreements often stipulate that there will be no public market and no registration or listing rights for the issued shares prior to an IPO of the company's shares on a Swiss or foreign stock exchange. Many US investors insist on registration rights substantially similar to those provided in the National Venture Capital Association investors' rights agreement. These are generally included in the shareholders' agreement in a slightly condensed form.

Law stated - 3 February 2026

Other resale rights

What other resale rights in the public markets do venture capital investors usually receive?

Outside a public listing or IPO of shares in Swiss portfolio companies, venture capital investors in Switzerland typically do not receive resale rights in the public markets. However, typical shareholders' agreements in the Swiss venture capital context often contain clauses to facilitate an IPO, such as clauses regarding listing approval, lock-up agreements and conversion of preferred shares into one class of common shares for the purposes of a public listing.

Law stated - 3 February 2026

COMPANY SALES (M&A)

Standard sale structures

What are the standard structures or methods for venture capital portfolio companies to be sold in your jurisdiction?

Venture capital portfolio companies are usually sold through a share deal (ie, the sale of all or the majority of the shares in the company). A share deal is typically favoured by the founders since, under certain conditions, this allows them to realise a tax-free capital gain. Although this makes it more difficult for venture capital funds to return their limited partners' investments in a timely manner, the consideration to be paid in these share deals is often divided between an upfront payment, milestone payments and earn-out elements (eg, sales milestones or royalties).

Asset deals for the sale of all (or substantially all) of the venture capital portfolio company's assets remain rare outside scenarios of financial distress.

In the life sciences sector, licensing deals offer a flexible alternative to M&A transactions, allowing companies to monetise individual assets to raise capital without diluting existing shareholders. They do have some disadvantages, however, since upfront payments rarely provide a true exit, and the timeline for receiving all milestone payments and royalties often exceeds a venture capital fund's life cycle.

Law stated - 3 February 2026

Role of investors

What is the role of venture capital investors in a portfolio company sale? Do they have rights to force or block a company sale?

The terms and conditions under which a party may block a trade sale or force other parties to join a trade sale are typically set forth in the shareholders' agreement. The contractual documentation governing Swiss venture capital portfolio companies usually contains an extensive set of restrictions on the transfers of shares. These can include general transfer restrictions for a certain period of time for some investors (a lock-up), rights of first refusal and call options in certain triggering events. In addition, venture capital investors are usually granted a tag-along right if a significant stake in the company is offered for sale. The documentation also often includes drag-along rights in the event of certain qualified

transactions, such as a change of control event. Typically, venture capital investors can neither force nor block a company sale on their own, but they may be able to do so as a group. This may be different if the drag-along right is only triggered upon reaching a certain minimum exit valuation; in such cases, the venture capital investor may block a company sale below this valuation.

Law stated - 3 February 2026

Post-closing protections

What post-closing matters or protections do venture capital investors typically obtain, for example to address ongoing company sale indemnities or director tail liabilities?

In the exit transactions of Swiss portfolio companies, venture capital investors typically limit their representations and warranties to fundamental matters (mainly title and capacity), excluding business representations. Venture capital investors are also usually not willing to enter into restrictive post-closing covenants such as non-compete or non-solicitation obligations. They will also seek to limit their liability to the escrow amount and possible future earn-out payments, allowing them to return the initial sale proceeds to their limited partners. Warranty and indemnity insurance is also becoming more common in the sales of venture capital portfolio companies, often at the request of the selling venture capital funds.

In the context of a company sale, the directors are usually granted discharge for their time as members of the board of directors of the company, which limits their potential liability to a certain extent. In addition, in the share purchase agreement, buyers of a Swiss venture capital portfolio company often forego (to some extent) their right to sue members of the company's management and the board of directors for their activities prior to completion of the transaction. The board member agreements made between the portfolio company and the board member sometimes include an obligation to obtain a 12- to 36-month tail coverage under the directors' and officers' liability insurance.

Law stated - 3 February 2026

LEGAL AND REGULATORY CONSIDERATIONS

Disputes

What types of disputes typically arise in venture capital transactions and how are disputes commonly handled? What provisions normally govern disputes, including choice of governing law, choice of forum and alternative dispute resolution mechanisms?

Disputes regarding venture capital investments in Switzerland may be triggered by a variety of circumstances, including potential breaches of covenants or representations and warranties under the investment agreement, or different views regarding certain rights and obligations under the shareholders' agreement (eg, minority rights, share transfer restrictions or anti-dilution protection).

Disputes among investors, founders or the portfolio company are often resolved outside of formal court or arbitration proceedings by way of a mutual agreement, as it is usually in no party's financial interest to invest time and money (which are needed for growing the company) into litigation or arbitration proceedings. The relevant documentation – particularly the investment agreement and the shareholders' agreement – is typically governed by Swiss law, and disputes are referred either to Swiss state courts or to an arbitration tribunal in Switzerland. Jurisdiction clauses may contain a requirement to engage in an alternative dispute resolution mechanism (such as compulsory mediation) prior to the filing of a claim with a state court or arbitral tribunal.

Law stated - 3 February 2026

Regulatory consents and filings

What regulatory consents, notifications and filings are required for all investors in venture capital transactions in your jurisdiction? Are there ownership restrictions?

As a rule, venture capital transactions in Switzerland do not trigger regulatory consent, notification and filing requirements, except for very large transactions that could trigger merger control notification thresholds or transactions in regulated industries such as banking or insurance. Switzerland does not presently have dedicated regulation to restrict foreign direct investment. A legislative project was adopted in December 2025 and is expected to come into force in 2027, although it is highly targeted towards security-critical sectors and state-controlled investors and is thus expected to have very little practical impact. Swiss corporate law sets out notification requirements for investors towards the portfolio company (ie, not towards the public) regarding the beneficial ownership of shares in the event of the acquisition of shares above a certain threshold.

Law stated - 3 February 2026

Foreign investment

What foreign investment restrictions and other domestic regulatory issues arise for venture capital investors based outside your jurisdiction?

Presently, Switzerland does not have dedicated rules to restrict foreign investment (apart from specific restrictions for the acquisition of certain real estate by foreigners, as well as sector-specific regulations in regulated industries such as banking or insurance).

A legislative project regarding the restriction of some types of foreign investment was adopted in December 2025 and is expected to come into force in 2027. However, this new regulation is limited to majority acquisitions by foreign state-controlled investors in specific security-critical sectors. Given this narrow focus, this regulation should not impact typical venture capital transactions participated in by foreign investors.

Law stated - 3 February 2026

UPDATE AND TRENDS

Key developments

What are the most noteworthy current trends and recent developments in venture capital transactions in your jurisdiction? What developments are expected in the coming year?

In 2024, UBS and Switzerland's largest telecommunications provider, Swisscom, jointly launched the Deep Tech Nation Switzerland Foundation, which intends to establish Switzerland as a leading deep tech nation. To achieve this goal, Deep Tech Nation Switzerland Foundation aims to mobilise 50 billion Swiss francs in venture capital for Swiss startups and scale-ups, potentially creating up to 100,000 new jobs indirectly. In 2025, Switzerland was the number one country in Europe in terms of inbound investments in robotics, according to Deep Tech Nation.

On the regulatory side, new rules to combat abusive bankruptcy practices entered into force on 1 January 2025. The most relevant change for Swiss portfolio companies is the prohibition of a retroactive opting-out from the limited audit (ie, the waiver of the requirement to elect statutory auditors). Irrespective of this waiver, Swiss companies must retain auditors in the case of a capital loss. In light of this updated regulatory framework, it is recommended that Swiss portfolio companies retain auditors prior to the onset of financial difficulties, since it may be difficult to mandate auditors once the portfolio company runs into a capital loss.

Confirmed but not yet implemented legislative projects include a regulation on foreign direct investment (though this should not materially impact typical venture capital transactions for foreign investors) and the introduction of a (non-public) federal transparency register in which Swiss companies will have to enter information on their beneficial owners.

Law stated - 3 February 2026