

# Contents in Brief

Preface .....	V
List of Authors .....	VII
List of Abbreviations .....	XXVII
Bibliography .....	XXXI
Legislative Materials .....	XXXIII

## **General** 1

Chapter 1: What Is a Corporation? What Should a Corporation Do? .....	3
---	---

Chapter 2: Corporations and Limited Liability Companies: a Comparison .....	29
--	----

## **Incorporation and Capital Structure** 41

Chapter 3: Incorporation of a Corporation .....	43
---	----

Chapter 4: Capital Increases and Capital Reductions .....	57
---	----

Chapter 5: Transformational Transactions: Mergers, Demergers, Asset Transfers .....	79
--	----

## **Corporate Governance** 105

Chapter 6: Shareholders and Shareholder Rights .....	107
--	-----

Chapter 7: Board of Directors .....	125
-------------------------------------	-----

Chapter 8: Executive Management .....	149
---------------------------------------	-----

Chapter 9: Employment Contracts .....	157
---------------------------------------	-----

Chapter 10: Accounting and Auditing .....	175
---	-----

IX

**Litigation and Liability** 191

Chapter 11: Liability, Indemnification, and Insurance ..... 193

Chapter 12: Corporate Social Responsibility ..... 207

**Special Rules for Listed Companies** 223

Chapter 13: Listing of a Swiss Corporation on SIX Swiss Exchange .. 225

Chapter 14: Financial Reporting and Rules on Inside Information ... 247

Chapter 15: Compensation Rules for Listed Swiss Corporations ..... 265

Chapter 16: Disclosure of Substantial Shareholdings  
and Management Transactions ..... 293

Chapter 17: Takeover Rules ..... 309

**Dissolution of a Corporation** 333

Chapter 18: Solvent and Insolvent Liquidation  
of a Swiss Corporation ..... 335

Index ..... 353

# Contents

Preface .....	V
List of Authors .....	VII
Contents in Brief .....	IX
List of Abbreviations .....	XXVII
Bibliography .....	XXXI
Legislative Materials .....	XXXIII

## General

	1
<b>Chapter 1: What Is a Corporation? What Should a Corporation Do? .....</b>	<b>3</b>
I. What Is a Corporation? .....	3
A. A Legal Entity for Many Purposes .....	3
B. Sources of Corporate Law .....	4
C. Other Types of Business Associations in Switzerland .....	6
D. Characteristics of a Corporation .....	8
E. Key Statistical Data .....	10
II. Business Purpose and Ultimate Purpose of a Corporation .....	12
A. Profit-Making and Other Ultimate Purposes .....	12
B. Business Purpose Clause .....	12
III. Whom Should a Swiss Corporation Serve? .....	13
A. Swiss Corporations in Context .....	13
B. Shareholder Value and Stakeholder Interests .....	13
C. Court Practice and Regulation .....	14
D. Recent Developments in the Public Debate .....	15
E. Conclusion .....	16
IV. Groups of Companies .....	18
A. Principle of Separation and Groups of Companies .....	18
B. Legal Recognition of Corporate Groups .....	20
C. Exceptions to the Principle of Separation .....	20
1. Liability as a Shadow Director .....	21
2. Disgorgement of Improper Benefits and Financial Assistance .....	22
3. Liability from Reliance in a Group .....	23
4. Piercing the Corporate Veil .....	23

5. Exceptions Outside of Corporate Law .....	24
V. State-Owned Corporations .....	25
VI. Conflict of Laws Aspects .....	26
A. Law Applicable to a Company .....	26
B. Cross-Border Relocations and Reorganizations .....	26
<b>Chapter 2: Corporations and Limited Liability Companies: a Comparison</b> .....	<b>29</b>
I. Overview .....	29
A. Corporations Focus on Capital, LLCs on People .....	29
B. No Difference in Swiss Taxation .....	30
C. Change of Legal Form .....	30
II. Structural Comparison .....	31
A. Independent Legal Personality .....	31
B. Limited Liability of the Shareholders .....	31
C. Transfer of Membership .....	33
1. Approval Requirement .....	33
2. Transfer Formalities .....	33
D. Management Structure .....	34
1. Overview .....	34
2. Shareholders' Meeting .....	34
3. Board of Directors and Management Board .....	35
E. Shared Ownership by the Contributors of Capital .....	36
III. Comparison Table .....	37
 <b>Incorporation and Capital Structure</b> .....	 <b>41</b>
<b>Chapter 3: Incorporation of a Corporation</b> .....	<b>43</b>
I. Incorporation Formalities .....	43
A. Required Steps for Incorporation .....	43
1. Founders .....	43
2. Deed of Incorporation .....	43
3. Filing with the Commercial Register .....	44
4. Assumption of Pre-incorporation Liabilities .....	45
B. Registration in the Commercial Register .....	45
1. Registration and its Effects .....	45
2. Publicity of Commercial Register .....	46
C. Approvals and Restrictions on Foreign Investments .....	47
II. Share Capital and Shares .....	47
A. Share Capital .....	48

1.	Minimum Amount and Currency .....	48
2.	Contributions .....	48
3.	Capital Protection .....	49
B.	Shares .....	49
III.	Articles of Incorporation and Other Constituting Documents .....	50
A.	Content of the Articles of Incorporation .....	50
B.	Amendments .....	52
IV.	Special Incorporation Procedures .....	53
A.	Contribution In Kind .....	53
B.	Set-off of Claims .....	54
C.	Special Benefits .....	54
V.	Organizational Defects .....	54
	<b>Chapter 4: Capital Increases and Capital Reductions .....</b>	<b>57</b>
I.	Overview .....	57
A.	Capital Increase .....	57
B.	Capital Reduction .....	58
II.	Ordinary Capital Increase .....	58
A.	Capital Increase Resolutions and Procedure .....	58
1.	Resolution by the Shareholders' Meeting .....	58
2.	Subscription Form .....	60
3.	Capital Increase Report .....	60
4.	Auditor's Certificate .....	60
5.	Resolution by the Board of Directors .....	61
6.	Registration in the Commercial Register .....	61
B.	Forms of Non-cash Contributions .....	61
III.	Subscription Rights of Shareholders.....	62
IV.	Capital Range .....	64
A.	Authorization of the Board of Directors .....	64
B.	Execution of Capital Increases and Capital Reductions Within the Capital Range .....	66
1.	Capital Increases Within the Capital Range .....	66
2.	Capital Reductions Within the Capital Range .....	67
C.	Amendment or Cancellation of the Capital Range .....	68
V.	Capital Increase out of Conditional Capital .....	69
A.	Introduction of Conditional Capital .....	69
B.	Issuance of Rights and Obligations to Subscribe and Purchase Shares .....	70
C.	Protection of Shareholders and Beneficiaries .....	71

D. Execution of Capital Increases out of Conditional Capital .....	72
E. Cancellation of Conditional Capital .....	73
VI. Capital Reduction Resolved by the Shareholders' Meeting .....	73
A. Ordinary Capital Reduction .....	74
1. Resolution by the Shareholders' Meeting .....	74
2. Protection of Creditors .....	75
3. Execution of the Capital Reduction .....	76
B. Capital Reduction in the Event of a Share Capital Shortfall .....	76
C. Capital Cut .....	76
<b>Chapter 5: Transformational Transactions: Mergers, Demergers,</b>	
<b>Asset Transfers .....</b>	<b>79</b>
I. Introduction .....	79
A. Overview of Transactions .....	79
B. Applicability of Swiss Law .....	80
II. Asset Transfers .....	80
A. Asset Deals by Operation of Law .....	80
1. Process .....	81
2. Consequences .....	82
3. Cross-Border Aspects .....	83
3.1 In General .....	83
3.2 Immigration Asset Deals .....	83
3.3 Emigration Asset Deals .....	84
B. Individual Asset Transfers .....	84
III. Mergers .....	84
A. Mergers by Absorption .....	85
1. Requirements .....	85
1.1 Regular Mergers .....	85
1.2 Simplified Mergers .....	88
2. Consequences .....	89
3. Cross-Border Aspects .....	89
3.1 Immigration Mergers .....	89
3.2 Emigration Mergers .....	90
B. Mergers by Combination .....	91
C. Triangular Mergers .....	91
1. Forward Triangular Mergers .....	92
1.1 Requirements .....	93
1.2 Cross-Border Aspects .....	93
1.3 Assessment .....	94
2. Reverse Triangular Mergers .....	94
2.1 A Popular Structure to Acquire US Companies .....	95

2.2	Assessment .....	95
2.3	Admissibility under Swiss Law? .....	95
D.	Share-for-Share Deals (Quasi-Mergers) .....	96
1.	Requirements .....	97
2.	Cross-Border Aspects .....	97
3.	Assessment .....	97
IV.	Demergers .....	98
A.	Demergers Under the Merger Act .....	99
1.	Requirements .....	99
2.	Consequences .....	100
3.	Cross-Border Aspects .....	101
B.	Synthetic Demergers .....	101
1.	Shares in the Subsidiary Distributed as a Dividend In Kind ...	101
2.	Capital Increase in the Subsidiary .....	102
3.	Options to Buy Shares in the Subsidiary Distributed as a Dividend In Kind .....	103
4.	Capital Reduction with Transfer of Shares in the Subsidiary .....	103
<b>Corporate Governance</b> .....		105
<b>Chapter 6: Shareholders and Shareholder Rights</b> .....		107
I.	Common Stock, Dual-Class Shares, Preference Shares, Participation Certificates, and Profit-Sharing Certificates .....	107
A.	Types of Shares .....	107
1.	Common Stock .....	107
2.	Dual-Class Shares .....	107
3.	Preference Shares .....	108
4.	Participation Certificates .....	109
5.	Profit-Sharing Certificates .....	110
B.	Form of Shares .....	111
II.	Rules on Share Transfers .....	112
A.	Contractual Share Transfers .....	112
1.	Transfer Restrictions .....	112
2.	Form of Share Transfer .....	114
B.	Other Share Transfers .....	114
C.	Consequences of Share Transfer .....	115
III.	Shareholder Rights .....	115
A.	Dividends and Other Financial Rights .....	115
B.	Information and Inspection Rights .....	116

IV.	Shareholders' Meeting .....	118
	A. Participation and Voting Rights .....	118
	B. Right to Request the Calling of a Shareholders' Meeting and Inclusion of Agenda Items .....	118
	C. Invitation .....	119
	D. Form of Meeting and Time .....	120
	E. Representation .....	120
	F. Powers and Duties of the Shareholders' Meeting .....	121
V.	Legal Remedies .....	122
	A. Challenge of Shareholder Resolutions .....	122
	B. Special Investigation .....	122
	C. Action for Information .....	123
	<b>Chapter 7: Board of Directors</b> .....	125
I.	Legal Framework .....	125
	A. Sources of Law .....	125
	B. Role of the Board of a Swiss Company .....	126
II.	Eligibility Requirements for Board Members .....	127
	A. Qualifications .....	127
	B. Nationality and Domicile .....	127
	C. Independence .....	128
	D. Shareholdings in the Company .....	129
	E. External Mandates: "Overboarding" .....	129
III.	Board Composition .....	130
	A. Number of Directors .....	130
	B. Shareholder Representatives .....	130
	C. Representative Directors .....	131
	D. Diversity and Gender Representation .....	131
	E. No Employee Representation .....	132
IV.	Election and Removal of Directors .....	132
	A. Election .....	132
	B. Term and Limitations .....	133
	C. Removal and Resignation .....	134
V.	Organization of the Board .....	135
	A. Board Chair .....	135
	B. Executives on the Board .....	136
	C. Board Committees .....	137

VI.	Procedures and Decision-Making .....	139
	A. Meetings, Quorum, and Majority Requirements .....	139
	B. Information Rights .....	140
	C. Conflicts of Interest .....	141
	D. Actions for Nullity of Board Resolutions .....	142
VII.	Powers and Duties .....	143
	A. Board Powers .....	143
	B. Duties of Directors .....	144
	1. Duty of Care .....	144
	2. Duty of Loyalty .....	145
	3. Equal Treatment .....	146
	C. Legal Nature of the Board Mandate .....	146
VIII.	Board Compensation .....	147
	<b>Chapter 8: Executive Management</b> .....	149
I.	Delegation of Management .....	149
II.	Organization .....	151
	A. Organizational Regulations .....	151
	B. Inalienable and Non-delegable Powers and Duties of the Board ...	152
	C. Restrictions .....	153
	D. Gender Guidelines for Listed Companies .....	153
III.	Legal Relationship .....	153
	A. Qualification .....	153
	B. Duties .....	154
IV.	Power of Representation .....	154
	<b>Chapter 9: Employment Contracts</b> .....	157
I.	Establishment of Employment Contracts .....	157
II.	Duties of the Employee .....	157
	A. Duty to Carry out the Work .....	157
	B. Duty of Care and Loyalty .....	158
III.	Duties of the Employer .....	160
	A. Salary Payment .....	160
	B. Duty to Safeguard the Personality of the Employee .....	161
	C. Duty to Provide a Reference Letter .....	162
IV.	Working Time .....	163
	A. Overtime ( <i>Überstunden</i> ) and Extra Time ( <i>Überzeit</i> ) .....	163
	B. Annual Vacation and Other Absences .....	164

V.	Compensation .....	165
	A. Determination of Salary .....	165
	B. Bonus .....	165
	C. Deductions of Salary .....	166
	D. Expenses .....	167
VI.	Termination .....	167
	A. Notice Period .....	167
	B. Mass Layoffs .....	168
	C. Protection against Wrongful Termination .....	168
	D. Protection against Termination with Immediate Effect without Good Cause .....	169
	E. Protection against Termination at an Inopportune Moment .....	171
	F. Conclusion of a Termination Agreement .....	172
VII.	Restrictive Covenants .....	172
	A. Non-compete Covenant .....	172
	B. Non-solicitation Covenant .....	173
VIII.	Pension System .....	173
	<b>Chapter 10: Accounting and Auditing .....</b>	<b>175</b>
I.	Auditing .....	175
	A. Statutory Auditor .....	175
	B. Audit Requirement .....	176
	C. Audit Review .....	177
	D. Audit Report .....	178
II.	Accounting and Reporting .....	179
	A. Statutory Financial Statements .....	179
	1. Requirements .....	179
	2. Language .....	180
	3. Currency .....	180
	B. Consolidated Financial Statements .....	182
	1. Requirements .....	182
	2. Exceptions .....	182
	C. Disclosure .....	183
	D. Accounting Standards .....	184
	E. Statutory Accounting Rules .....	185
	1. Principles of Orderly Financial Accounting .....	185
	2. Balance Sheet Eligibility .....	186
	F. Interim Financial Statements .....	186
	G. Reserve Requirements .....	187

<b>Litigation and Liability</b>	191
<b>Chapter 11: Liability, Indemnification, and Insurance</b>	193
I. Civil Liability of Directors and Officers for Breach of Duty	193
A. Corporate Bodies Liable for Breach of Duty	193
B. Standing to Sue	194
1. Company Damage While a Going Concern	194
2. Company Damage in the Context of Insolvency Proceedings	195
3. Direct Damage of Shareholders or Creditors	195
C. Requirements for Liability for Breach of Duty	196
1. Damage	196
2. Breach of Duty	196
3. Causation	197
4. Fault	198
D. Joint and Several Liability	198
E. Statute of Limitations	199
II. Other Grounds for Civil Liability	199
A. Founders' Liability and Liability for Capital Increases	199
B. Liability of Shareholders and Piercing the Corporate Veil	200
C. Auditors' Liability	201
D. Prospectus Liability	201
E. Liability in Connection with Social Security and Taxes	201
F. Liability of Employees	202
III. Criminal Liability of Directors and Officers	202
IV. Indemnification	204
V. D&O Insurance	205
<b>Chapter 12: Corporate Social Responsibility</b>	207
I. Introduction	207
II. Non-Financial Reporting Obligations	208
A. Scope	208
B. Purpose and Content of the CSR Report	210
1. Scope and Materiality	210
2. Responsible Corporate Body	211
3. Specific Matters to Be Covered	211
3.1 Environmental Issues	211
3.2 Social Issues	211
3.3 Employee Issues	211
3.4 Human Rights Standards	211
3.5 Anti-Corruption Measures	212

4.	Substantive Reporting Requirements .....	212
5.	Alternative Regulations and International Standards .....	212
6.	Scope of Company Policies .....	213
C.	Authorization and Publication .....	213
III.	Due Diligence and Reporting Obligations on Conflict Minerals and Child Labor .....	213
A.	Scope of Application .....	214
1.	Rules on Conflict Minerals .....	214
2.	Rules on Child Labor .....	215
3.	Alternative International Standards .....	216
B.	Due Diligence Obligations .....	217
1.	Statutory Requirements .....	217
2.	Best Effort Obligations in Due Diligence .....	218
3.	Implementing Provisions .....	218
3.1	Conflict-Affected and High-Risk Areas .....	218
3.2	Minerals and Metals Supply Chain Traceability System .....	219
3.3	System for Traceability in the Supply Chain in the Area of Child Labor .....	219
C.	Competent Corporate Body .....	220
D.	Consolidated Reporting on the Special Due Diligence Obligations .....	220
IV.	Criminal Offenses .....	220
V.	Entry Into Force .....	221

**Special Rules for Listed Companies** 223

<b>Chapter 13: Listing of a Swiss Corporation on SIX Swiss Exchange</b> .....	225
I. Listing .....	225
A. Overview .....	225
1. Stock Exchanges .....	225
2. Legal and Regulatory Framework .....	225
3. Supervisory Bodies .....	227
B. Listing Requirements .....	228
1. Prospectus .....	228
2. SIX Listing Requirements .....	230
C. Listing Procedure .....	231
1. Prospectus Review and Approval .....	232
1.1 Prospectus .....	232
1.2 Prospectus Supplement .....	234
1.3 Pricing Supplement .....	235
2. Admission to Trading and Listing .....	235

II.	Ongoing Requirements for Listed Companies .....	236
A.	Financial Reporting .....	236
1.	Annual Report .....	236
2.	Interim Reporting .....	237
B.	Other Reporting Duties .....	237
1.	Corporate Calendar .....	237
2.	Ad Hoc Publicity .....	237
3.	Disclosure of Management Transactions .....	237
4.	Reporting of Corporate Housekeeping Matters .....	238
5.	Reporting under Special Legislation .....	238
C.	Corporate Law .....	238
1.	Limited Transfer Restrictions .....	238
2.	Lower Threshold to Call a Shareholders' Meeting and to Table Agenda Items .....	239
3.	Shorter Tenure for Directors and Election of Chairman by the Shareholders' Meeting .....	239
4.	Relaxation of the Quorum for Reverse Share Splits .....	239
III.	Public Offerings of Equity Securities, Debt Instruments, and Convertible Bonds .....	240
A.	Public Offering .....	240
B.	Prospectus Duties Depending on the Type of Financial Instrument .....	241
1.	Equity Securities .....	241
2.	Debt Instruments .....	241
3.	Convertible Bonds and Other Hybrid Financings .....	242
IV.	Private Placements .....	242
A.	Absence of Public Offering and Admission to Trading .....	242
B.	Exemptions Under the Financial Services Act .....	243
1.	Exemptions Based on the Type of the Offering .....	243
2.	Exemptions Based on the Type of the Security .....	243
3.	Exemptions in Connection with Admission to Trading .....	244
V.	Delisting .....	244
	<b>Chapter 14: Financial Reporting and Rules on Inside Information .....</b>	<b>247</b>
I.	Reporting Obligations .....	247
A.	Periodic Reporting .....	248
1.	Financial Reporting .....	248
1.1	Annual Report .....	248
1.2	Interim Reports .....	249
2.	Other Corporate Reporting .....	249
B.	Transaction Reporting .....	250

C. Ad Hoc Publicity .....	250
1. Price-Sensitive Facts .....	250
2. Disclosure Regime .....	252
3. Flagging of Ad Hoc Announcements .....	253
4. Postponing Disclosure .....	253
5. Sanctions .....	255
II. Rules on Insider Trading .....	256
A. What is Inside Information? .....	256
1. Statutory Rule .....	256
2. Confidential Information .....	256
3. No Statutory Definition of Significant Effect on Prices .....	257
B. Who is an Insider? .....	258
C. What Actions are Prohibited or Restricted .....	258
D. Safe Harbors .....	259
1. “No One Can be Their Own Insider” .....	260
2. “Need to Know” Communication .....	261
E. Sanctions .....	261
1. Administrative Offense .....	261
2. Criminal Offense .....	262
<b>Chapter 15: Compensation Rules for Listed Swiss Corporations .....</b>	<b>265</b>
I. Legal Basis and Background .....	265
II. Regulatory Objectives .....	266
III. Scope of Application .....	266
A. Listed Swiss Corporations .....	266
B. Board and Executive Management .....	267
IV. Definition of Compensation .....	268
V. Say on Pay .....	269
A. Shareholder Approval of Board and Executive Management Compensation .....	269
B. Minimum Requirements for the Say on Pay Vote .....	270
1. Annual Vote .....	271
2. Separate Votes for Board and Executive Management .....	271
3. Binding Effect: What Happens if the Shareholders Say No? ...	272
4. Mandatory Advisory Vote .....	272
C. Flexibility for Companies .....	273
1. Tailored Say on Pay Regimes .....	273
2. Ratification or Vote .....	274
D. Supplementary Amount for New Hires .....	275

E. Equity- or Performance-Based Compensation, Loans, and Post-Employment Benefits .....	275
VI. Compensation Disclosure .....	276
A. Disclosure Requirements under the Swiss Code of Obligations ....	276
1. Contents of Compensation Report .....	276
2. Compensation Subject to Disclosure .....	277
B. Other Disclosure Requirements .....	279
C. No Disclosure of Employment and Service Agreements .....	279
VII. Prohibited Compensation .....	280
A. Overview .....	280
B. Prohibited Compensation Subject to Criminal Sanctions .....	281
1. Severance Pay (art. 735c(1) CO) .....	281
1.1 General Principles .....	281
1.2 Specific cases.....	282
2. Compensation Paid in Advance (art. 735c(5) CO) .....	288
3. Transaction Premiums .....	289
C. Other Prohibited Compensation (Not Subject to Criminal Sanctions) .....	290
1. Excessive or Unjustified Non-compete Payments (art. 735c(2) CO) .....	290
2. Compensation Related to the Past Activity as a Director or an Executive That Is Not Customary Market Practice (art. 735c(3) CO) .....	291
3. Sign-On Bonuses (art. 735c(4) CO) .....	291
4. Certain Types of Compensation Not Stipulated in the Articles of Incorporation (art. 735c(7) and (8) CO) .....	291
VIII. Sanctions .....	292
<b>Chapter 16: Disclosure of Substantial Shareholdings and Management Transactions .....</b>	<b>293</b>
I. Disclosure of Substantial Shareholdings .....	293
A. Legal Basis .....	293
B. Objectives of Regulation .....	293
C. Scope of Reporting Obligations .....	294
1. Issuers Subject to Shareholder Reporting .....	294
2. Positions Subject to Shareholder Reporting .....	294
3. Relevant Thresholds and Transactions Subject to Shareholder Reporting .....	296
4. Persons Subject to Shareholder Reporting .....	297
4.1 Reporting by the Beneficial Owner .....	297

4.2	Additional Reporting by Holders of Delegated Voting Rights .....	298
4.3	Special Reporting of Positions of Collective Investment Schemes .....	298
4.4	Indirect Transactions and Indirect Shareholdings .....	300
4.5	Acting in Concert or as an Organized Group .....	300
D.	Formalities and Reporting Deadlines .....	302
1.	Timing and Filing Requirements .....	302
2.	Overview of Disclosed Information .....	302
E.	Sanctions .....	303
II.	Disclosure of Management Transactions .....	304
A.	Legal Basis .....	304
B.	Objectives of Regulation .....	304
C.	Scope of Management Transaction Reporting .....	304
1.	Issuers Subject to Management Transaction Reporting .....	304
2.	Positions Subject to Management Transaction Reporting .....	304
3.	Persons Subject to Management Transaction Reporting .....	305
D.	Formalities and Reporting Deadlines .....	305
1.	Timing and Filing Requirements .....	305
2.	Information to Be Disclosed .....	306
3.	Public Record Information .....	306
E.	Sanctions .....	307
	<b>Chapter 17: Takeover Rules</b> .....	<b>309</b>
I.	Introduction .....	309
A.	Regulatory Framework .....	309
B.	Scope of Application .....	309
C.	Takeover Board .....	310
D.	Key Distinctions .....	310
E.	Principles of Swiss Takeover Law .....	311
1.	Efficient Functioning of the Financial Markets .....	311
2.	Protection of the Target's Shareholders .....	311
II.	Takeover Procedure .....	311
A.	Pre-offer Phase .....	311
B.	Offer Phase .....	314
C.	Post-offer Phase .....	318
III.	Selected Topics .....	320
A.	Mandatory Offers .....	320
B.	Offer Price .....	321
1.	Minimum Price Rules .....	321

2.	Best Price Rule .....	322
3.	Same Kind of Consideration .....	322
4.	Foreign Currency .....	323
5.	Certainty of Funds .....	323
6.	Anti-dilution Adjustment .....	323
C.	Offer Conditions .....	323
1.	General Principles .....	323
2.	Admissible Conditions in the Case of Voluntary Offers .....	324
3.	Admissible Conditions in the Case of Mandatory Offers .....	325
4.	Inadmissible Conditions .....	326
D.	Hostile Offers and Defense Measures .....	326
1.	General Duties of the Board/No General Duty to Favor the Highest Price .....	326
2.	Prior to the Launch of the Offer .....	326
3.	Following the Launch of the Offer .....	327
3.1	Inadmissible Defense Measures .....	327
3.2	Admissible Defense Measures .....	328
E.	Competing Offers .....	328
F.	Break Fees and Reverse Break Fees .....	330

**Dissolution of a Corporation** 333

**Chapter 18: Solvent and Insolvent Liquidation of a Swiss Corporation** ... 335

I.	Solvent Liquidation .....	335
A.	Dissolution of a Solvent Corporation .....	335
B.	Liquidation Procedure .....	335
II.	Restructuring and Insolvent Liquidation .....	336
A.	Pre-warning System and Triggering Events .....	336
1.	Liquidity Monitoring .....	337
2.	Going Concern Assessment .....	337
3.	Capital Loss .....	338
4.	Over-Indebtedness .....	338
4.1	Concept .....	338
4.2	Notification to the Bankruptcy Court .....	339
4.3	Duties of the Auditors .....	340
5.	Potential Consequences of Non-compliance .....	340
B.	Out-of-Court Restructuring .....	341
1.	Options to Improve Liquidity .....	341
2.	Options to Remedy Over-Indebtedness .....	341
3.	Debt Subordination .....	342

C. In-Court Restructuring: Moratorium and Composition	
Proceeding .....	343
1. Application and Prerequisites .....	343
2. Granting the Moratorium .....	344
3. Effects of a Moratorium .....	344
3.1 Protection of the Debtor from its Creditors .....	344
3.2 Involvement of the Court and the Administrator in the Debtor's Affairs .....	345
4. Pre-pack .....	346
5. Exit Scenarios .....	347
6. Composition Proceedings for Groups of Companies .....	347
D. Bankruptcy and Liquidation .....	348
1. Effect of a Bankruptcy Decree .....	348
2. Bankruptcy Procedure .....	348
2.1 Ascertainment and Administration of the Assets in Bankruptcy .....	349
2.2 Realization of Assets and Distribution of Proceeds .....	349
2.3 Termination of Bankruptcy Proceedings .....	350
3. Avoidance Actions .....	350
III. International Aspects .....	351
A. Universality of Swiss Insolvency Proceedings .....	351
B. Recognition of Foreign (Insolvency) Proceedings in Switzerland ..	351
<b>Index</b> .....	<b>353</b>