IN-HOUSE VIEW

Swiss M&A

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The In-House View: Swiss M&A provides a topical analysis of the legal framework, opportunities, challenges and risks that arise in connection with M&A transactions in Switzerland. It explores key trends, legislative developments and other issues impacting strategic decision-making.

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Private M&A

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Summary

Legal framework and recent changes

Switzerland continues to provide a generally favourable legal framework for private M&A, giving parties extensive contractual freedom in agreeing on the terms to apply to a transaction. In addition, despite other jurisdictions' tightening on foreign investment control and certain political aspirations to introduce the same in Switzerland, to date there are still very few restrictions in this respect. Projects that could have a discouraging effect on (foreign) investors are approached with a certain degree of caution.

On 19 June 2020, the Swiss parliament approved a general corporate law reform amending the Swiss Code of Obligations (the Corporate Law Reform), which entered into force on 1 January 2023. The Corporate Law Reform modernised corporate governance by strengthening shareholders' and minority shareholders' rights, and promoting gender equality in boards of directors and in senior management. In this regard, listed companies must reach a minimum threshold of 30% of women for the board of directors and 20% for management. In the case of non-compliance with these thresholds, companies must explain in their remuneration report why these thresholds have not been met and indicate the measures planned to remedy the situation. The provisions of the Ordinance on Excessive Compensation (the Minder Ordinance) applicable to listed companies have been integrated into the Code of Obligations, with only a few changes. Furthermore, the Corporate Law Reform facilitates company formation, makes capital rules more flexible and revises the rules on corporate restructurings. Pursuant to this revision, the board of directors is required to monitor a company's liquidity and is further obliged to take measures to ensure solvency. Beyond this, the Corporate Law Reform modernises the way in which general meetings of shareholders may be conducted as it allows for the holding of virtual meetings, which may also take place abroad. Moreover, the general assembly may pass its decisions by means of a written circular resolution. Finally, the Corporate Law Reform introduces certain disclosure requirements for commodity firms (report of payments made to public authorities) and allows the share capital to be fixed in a foreign currency.

From 1 January 2023, companies had two years to make any necessary amendments to their articles of association and organisational regulations. Regarding gender representation, listed companies have five years to comply with the new provisions for the board of directors and 10 years for the management board.

On 19 December 2025, the Swiss parliament approved the Investment Screening Act, introducing Switzerland's first cross-sector foreign direct investment screening regime. The purpose of investment control is to avoid possible threats to public order because of foreign investors taking over a domestic company. It should also prevent major distortions of competition in the event of the acquisition of a domestic company by a foreign state or state-related investors. However, the law is limited to investments by foreign state-controlled investors (not private foreign investors) in security-critical sectors (eg, defence, energy, telecommunications and health). The Investment Screening Act is not expected to enter into force before 2027.

On 26 September 2025, Swiss parliament approved the Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (LETA), establishing a centralised, non-public federal register of beneficial owners. LETA applies to virtually all Swiss legal entities (AG, GmbH, cooperatives) and foreign entities with a Swiss nexus, requiring them to identify and report any natural person holding at least 25% of capital or voting rights, or exercising control by other means. Listed companies, their majority-owned subsidiaries (75% or more), and pension funds are exempt. The register is accessible only to competent authorities and persons subject to the Anti-Money Laundering Act, and intentional violations carry fines of up to 500,000 Swiss francs. The LETA enters into force on 1 October 2026. For private M&A transactions, any change of control triggers a one-month reporting obligation, requiring parties to factor beneficial ownership compliance into deal structuring and post-closing steps.

Development of private M&A activity

The record years 2021 and 2022 have been followed by a comparatively calm 2023, whereas 2024 continued the prior year's trend before a solid recovery in 2025. In 2025, 502 transactions involving Swiss participation were recorded (compared to 464 in 2024, which is a significant increase of around 8%). The total transaction volume also rose significantly by approximately 45%, climbing from US$115 billion in 2024 to approximately US$167 billion in 2025. This notable increase was driven by a handful of large-scale deals, with the top five transactions alone accounting for around 40% of the total transaction volume, or approximately US$70 billion. Similar to previous years, outbound deals were approximately twice as high as inbound deals, accounting for 45% of overall transactions with Swiss participation. Inbound transactions, which involve foreign entities acquiring Swiss companies or stakes, amounted to 133 transactions or 26% of the total. The share of domestic transactions decreased to 49 transactions or 10% of all transactions (14% in 2024).

The most active sectors in 2025 by deal count were telecommunications, media, and technology (TMT), followed by pharmaceuticals and life sciences and the industrial markets sector. Accounting for 84 transactions and a (significantly decreased) deal volume of around US$10 billion, 17% of all transactions in 2025 were attributable to the TMT sector. This means TMT reclaimed the top position by deal count from the industrial markets sector, which had led in 2023 and 2024. With 74 transactions and a deal volume around US$53 billion in 2025, the pharmaceuticals and life sciences sector was the clear volume driver, significantly exceeding the previous year (59 deals with a volume of around US$41 billion in 2024). The industrial markets sector fell from first to third place in 2025, reporting 72 deals with a transaction volume of US$8.8 billion (compared to 84 deals and US$24.4 billion in 2024).

Despite outperforming the prior year, 2025 still fell slightly short of market participants' expectations. Nevertheless, we saw ongoing strong M&A activity in 2025. Important factors were, in our view, Switzerland’s stable political and regulatory environment, with very few investment restrictions, in combination with very attractive potential investment opportunities – besides large cap targets, this also includes small and medium-sized enterprises dealing with succession planning. Private equity remained a central pillar of the Swiss M&A market, accounting for 142 deals or 28% of all transactions, with a combined value of around US$46 billion. Finally, transformation and portfolio reshaping have continued to account for a substantial portion of M&A, and so have consolidation waves in various sectors (such as healthcare, TMT and consumer markets).

Cross-border transactions have always been key to Switzerland's M&A landscape and continued to be a driving force in 2025. The significance of cross-border deals can also be observed with respect to private equity investments. In terms of jurisdictions, western European countries were involved in over half of all Swiss transactions, both from an inbound and outbound perspective.

Landmark transactions

In June 2025, Holcim Ltd completed the 100% spin-off of its North American business into a newly listed company called Amrize Ltd, which began trading on the SIX Swiss Exchange and the New York Stock Exchange. This transaction is the largest Swiss deal of 2025, valued at US$33.7 billion.

In October 2025, Novartis AG announced the acquisition of Avidity Biosciences Inc for US$12 billion, making it the second-largest Swiss M&A transaction of the year.

In April 2025, the merger of Baloise Holding Ltd and Helvetia Holding AG was announced, in a transaction valued at US$10.8 billion, marking a landmark consolidation in the Swiss insurance sector.

A notable transaction in the industrial markets sector is the acquisition of Techem GmbH by a consortium led by Partners Group Holding AG for US$7.8 billion.

As for the TMT sector, SoftBank Group Corp announced the acquisition of ABB Ltd's robotics division for US$5.4 billion.

Outlook 2026

After a certain slowdown in 2020 owing to the covid-19 pandemic and M&A activities achieving historical levels in the past few years, the global M&A market is expected to see a moderate increase in activity for 2026, despite ongoing geopolitical tensions including the wars in Ukraine and the Middle East, tightening global trade regimes and tariff uncertainty.

The macroeconomic backdrop is stabilising, with the current low interest rate environment and the prospect of gradual rate easing offering selective windows of opportunity for deal-making. The strong Swiss franc, despite its elevated level, could present an opportunity for Swiss acquirers, potentially boosting outbound M&A activity. On the other hand, the geopolitical situation may also have a negative impact on the M&A market, as the price of commodities (oil and gas) remains high and ongoing uncertainty continues to cause caution among buyers and sellers.

Key drivers of M&A activity in 2026 are expected to include portfolio reshaping and carve-outs, selective cross-border expansion by well-capitalised Swiss buyers, and a slightly higher share of private equity-backed transactions as sponsors redeploy capital. Technology-led transformation, particularly AI capability, cyber resilience, and enterprise-wide readiness, will increasingly determine the success of M&A transactions. Sector-wise, TMT is expected to continue driving deal activity, while pharmaceuticals and life sciences should keep attracting capital given its scale and strategic relevance.

Typical stages of Swiss private M&A transactions

The process of private M&A transactions differs substantially depending, inter alia, on the parties involved and the envisaged form of transaction. However, owing to the recent sellers' market and the ongoing trend towards an ever more competitive and sophisticated market, structured transactions and corporate auctions along the lines described below have become market practice in Switzerland.

In the first stage, the seller and its advisers prepare the sale documentation and marketing materials. This is followed by a marketing phase in which the seller's financial adviser, or less often the target's executive management, initiates first contact with potential bidders. The latter are then required to execute a non-disclosure agreement to receive further information in the form of an information memorandum. Based on this, bidders may decide to make a non-binding offer, which is followed by the due diligence phase for selected bidders. In this stage of the process, in addition to data room review, management presentations usually take place and expert sessions are set up. Seller's and bidders' counsel will regularly also have a first exchange on the sell-side draft transaction documents. After binding offers are submitted and the seller enters negotiations with the chosen bidder or bidders, parties proceed to the signing of the transaction agreements. Despite generally limited conditionality in Swiss transaction agreements in the recent sellers' market, there is usually a certain lapse of time between signing and closing to account for the necessary governmental approvals and pre-closing covenants. During this phase, the parties typically must fulfil certain obligations and follow contractually agreed rules of conduct. The technicalities of closing vary depending on the form of transaction and target business. For the post-closing phase, the parties may agree on certain restrictive covenants (non-competition and non-solicitation) of the seller and covenants (such as continuation of the business, direct and indirect partial liquidation tax covenants combined with a respective indemnity for a private individual seller) of the purchaser.

Typical governance arrangements

The predominant legal form for private M&A transactions in Switzerland is the stock corporation, irrespective of deal size. Sometimes, limited liability companies are used instead, which is usually because they are treated as transparent for US tax purposes.

A stock corporation is governed by a board of directors that has a supervisory function and certain inalienable duties regarding strategic and other important aspects (eg, appointment of senior management). Directors must be individuals, and they are appointed *ad personam* (ie, proxies or representation by other persons is not permitted). The board of directors usually delegates day-to-day management responsibilities to management based on a respective authorisation in the company's articles of association. Details of the delegation are set out in organisational regulations enacted by the board of directors.

Further particularities on governance, including board and management composition and specific quorum requirements, are commonly also reflected at a contractual level in a shareholders' agreement. While the articles of association of a company are filed with the commercial register and therefore publicly available, there are no public disclosure requirements regarding shareholders' agreements and organisational regulations in the private environment.

Shareholders' agreements

General

Swiss law provides for far-reaching flexibility regarding contractual arrangements in shareholders' agreements, and Swiss market practice has reached a high level of sophistication in this respect. However, certain limitations need to be taken into consideration.

Generally, shareholders' agreements are only enforceable against their respective parties, and there is an ongoing debate in Swiss legal doctrine whether a target company itself can be party to a shareholders' agreement. While certain administrative obligations of the target company are acceptable in the view of most commentators, it is questionable whether further obligations can be validly entered into by the target company under a shareholders' agreement. A further important limitation is that the directors of a company must act in the best interests of the company pursuant to mandatory Swiss corporate law. This must be taken into consideration in the context of enforcing certain provisions under shareholders' agreements. Shareholders' agreements may not have unlimited terms or set out to remain in force for the entire lifetime of a company. Rather, the maximum term should be set at between 20 and 30 years (alternatively at, eg, 10 years with automatic extensions). Non-competition covenants of shareholders in favour of the company are usually enforceable if the shareholders (jointly) control the company or the shareholders are appointed as directors and the covenants are limited geographically and in scope of activity to the business of the company.

Veto rights

Private M&A investors in the Swiss market follow a wide range of investment strategies, which, besides classic control deals, also include non-control deals, club deals and joint ventures between financial investors and corporates. We have also seen various transactions in recent times where a seller retained a minority stake or rolled into the buyer's structure with minority participation. With several shareholders in a company, protection is usually sought via detailed minority and majority rights in shareholders' agreements.

There are certain restrictions regarding implementing the same in a Swiss company's corporate documents. At shareholder level, high quorums can be introduced for specific decisions in the articles of association to the extent that such arrangements do not lead to a per se blocking of the decision-making in the company. At board level, veto rights for individual board members cannot be implemented in a company's articles of association or other corporate documents. However, such veto rights are often agreed on a contractual level between parties. Consequently, while decisions taken in breach of these contractual arrangements would be valid from a corporate law perspective, they may lead to consequences under the shareholders' agreement.

The specific veto rights of minority investors usually depend on the size of the stake held. Investors with stakes up to 20% usually have only fundamental veto rights aimed to secure the protection of the investor's financial interest. Such rights include veto on the dissolution or (de facto) liquidation of the target company and fundamental changes to its business, pro rata rights to participate in capital increases and other financing measures as well as maximum leverage provisions. Minority shareholders with a more significant stake (20 to

49%) typically are also granted a say on material business decisions and the composition of board and management. At shareholder level, statutory law also provides for certain blocking rights of important matters for shareholders holding at least one-third of all votes. These include, inter alia, certain forms of capital increases, the dissolution of the company and the merger or demerger of a company under the Swiss Merger Act.

Questions surrounding the concept of control under competition law regulations or accounting standards (in the context of consolidation) also should be taken into consideration regarding minority rights and can have an impact on contractual arrangements between parties in specific cases.

In addition, specifically for private equity investors holding a minority stake, exit rights are usually key and therefore a heavily negotiated point in the context of shareholders' agreements.

Recent trends

W&I insurance

There has been a noticeable increase in the use of warranty and indemnity (W&I) insurance in Swiss private M&A deals in Switzerland. As in the previous year, buyer policies remained a popular solution for bridging the "liability gap" where a seller is willing to give a set of representations and warranties but wants to cap its liability at a level that the buyer is not comfortable with. In these cases, a W&I insurance policy can increase the overall cover to a level that is acceptable to the buyer.

In this context, stapled W&I insurances have been more widely used by sellers in auction processes, whereby sellers will initiate a buyer policy process themselves and usually provide bidders with a non-binding indications report in the data room during the due diligence phase. This is not only a means to expedite the W&I insurance process and to prevent the latter from interfering with the overall transaction timeline but can also help to prevent insurance providers from going into exclusivity with certain bidders at an early stage of the process.

If the liability cannot be capped or excluded owing to the lack of negotiation power of the seller, which, as mentioned, has more rarely been the case in the past year, seller policies are used (especially by financial sponsors). In this way, the risk of potential outstanding claims can be shifted to an insurer to be able to distribute the exit proceeds to the greatest extent possible to investors immediately following closing.

In any case, the impact of obtaining W&I insurance on the overall process of a transaction should be considered by the parties at an early stage to ensure smooth coordination of the different workstreams (including due diligence). This should also include awareness of the limitations of insurance coverage, which are typically as follows:

- liabilities from known facts and matters identified in due diligence or information otherwise disclosed by the seller;
- forward-looking warranties;
- certain tax matters, for example, transfer pricing and secondary tax liabilities;

- pension underfunding;
- civil or criminal fines or penalties where insurance coverage may not be legally provided;
- post-completion price adjustments and non-leakage covenants in locked-box deals;
- certain categories of warranties, for example, environmental matters or product liability; and
- liabilities arising from fraud, corruption and bribery.

Purchase price

Locked-box pricing mechanisms are widely used and accepted in Swiss private M&A transactions, which can be perceived as unusual, in particular, by US and Asian bidders looking to invest in Swiss companies. Sellers aiming to limit balance sheet risks and reduce the risk of post-closing purchase price adjustment disputes have often been successful in pushing towards using locked-box pricing mechanisms in the recent sellers' market. Consequently, locked-box pricing mechanisms are often combined with an interest payment or cash flow participation for the period between the locked-box date and actual payment of the purchase price (ie, closing), allowing sellers to participate in the generated cash flows. Buyers also tend to accept longer periods between the locked-box accounts date and closing. However, hybrid deal structures combining locked-box and closing accounts are also emerging, reflecting increasing sophistication in Swiss M&A transactions.

Conditions

Following the sellers' market in recent years, M&A practice has begun to shift slightly towards a more balanced approach. In 2025 we continued to experience that sellers have usually pushed towards reducing conditionality to an absolute minimum to increase transaction certainty, though discussions that were not possible in the past few years (for example, regarding closing conditions, purchase price adjustments, or deferred purchase price elements) have become more common again. However, especially in highly competitive auctions, bidders have still been reluctant to introduce conditions precedent so as not to impair the overall attractiveness of their offers.

As a result, in particular MAC clauses have largely disappeared, and so have change-of-control waivers, with buyers usually taking the economic risk to secure a deal. But even the outcome of merger control assessment may be a criterion for certain sellers to move forward with a specific bidder, and we have therefore increasingly often encountered "hell or high water" clauses included in merger clearance closing conditions.

Exit routes

In cases where a private equity or other investor is invested in a target jointly with another party, terms of the shareholders' agreement are usually decisive with regard to the conditions under which the investor is able to exit as well as the specific exit route.

The most frequently seen exit routes in Swiss deals are (still) trade sales to a strategic investor or secondary buyouts by a private equity firm. Exits by way of an IPO on the SIX

Swiss Exchange have become more common in recent years, especially in the healthcare and industry sectors.

We continue to see dual-track processes pursued by exiting investors. While there is inherent complexity in running simultaneous IPO and M&A sale processes, sellers hope to increase deal certainty with the dual track, specifically in times of volatile and unpredictable markets, and to maximise valuation.

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