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Recent updates on the Stock Corporation Act in Switzerland

Swiss Corporation law:

More flexible formation and capital regulations as of January 1, 2023

From January 1, 2023, more flexible formation and capital regulations will apply to stock corporations. At its meeting on February 2, 2022, the Swiss Federal Council enacted the corresponding amendments to the Code of Obligations (CO) and the Commercial Registry Ordinance (HRegV). This concludes the extensive revision of the Corporation Act, which is part of the CO. Swiss Parliament adopted the revision of the Stock Corporation Act on June 19, 2020. The bill includes, among other items, the implementation of the rip-off initiative at the legislative level, new provisions for more flexible formation and capital regulations, the introduction of gender guidelines, and stricter transparency rules for companies active in the extraction of raw materials. The Federal Council has already enacted the latter two amendments as well as the extension of the moratorium on debt restructuring decided as part of the revision of the Corporation Act. All other provisions are coming into force on January 1, 2023.

More flexibility in formation and capital regulations

In the revision of the Corporation Act, Parliament has also adopted new provisions for more flexible formation and capital regulations. Specifically, a new legal institution will be introduced: the capital spread. The board of directors of a company may be authorized by the shareholders at a shareholders meeting to increase or decrease the capital at its own discretion within a pre-determined (capital) range and for a maximum period of five years.

Share capital now also in foreign currency

As part of the revision of company law, the Federal Council was instructed to draw up a catalog of permissible foreign currencies for the share capital. It will now also be possible to hold share capital in the following foreign currencies: EUR, USD, GBP and JPY. The Federal Council also took note of the consultation results on these changes. There were only isolated calls for the catalog of permissible currencies to be broadened to include cryptocurrencies, for example. The Federal Council therefore refrains from extending the list of permissible foreign currencies.

Revocation of the Ordinance against Excessive Compensation in Listed Stock Corporations

Because all provisions on excessive compensation are now regulated at the legislative level, the Swiss Federal Council is also completely revoking the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV) as of January 1, 2023.

Source: Federal Council media release dated February 2, 2022

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