

**Practice  
Guides**

# SWISS M&A

**Third Edition**

Contributing Editors

Ueli Studer, Kelsang Tsün and Joanna Long



LEXOLOGY

**Getting the Deal Through**

# SWISS M&A

## Practice Guide

Third edition

Contributing Editors

Ueli Studer, Kelsang Tsün and Joanna Long

Reproduced with permission from Law Business Research Ltd

This article was first published in June 2022

For further information please contact [editorial@gettingthedealthrough.com](mailto:editorial@gettingthedealthrough.com)

**Publisher**

Edward Costelloe  
edward.costelloe@lbresearch.com

**Subscriptions**

Claire Bagnall  
claire.bagnall@lbresearch.com

**Senior business development managers**

Adam Sargent  
adam.sargent@gettingthedealthrough.com

Dan Brennan  
dan.brennan@gettingthedealthrough.com

Published by  
Law Business Research Ltd  
Meridian House, 34-35 Farringdon Street  
London, EC4A 4HL, UK  
Tel: +44 20 7234 0606  
Fax: +44 20 7234 0808

© Law Business Research Ltd 2022

No photocopying without a CLA licence.

First published 2020  
Third edition

ISBN 978-1-83862-987-8

The information provided in this publication is general and may not apply in a specific situation. Legal advice should always be sought before taking any legal action based on the information provided. This information is not intended to create, nor does receipt of it constitute, a lawyer–client relationship. The publishers and authors accept no responsibility for any acts or omissions contained herein. The information provided was verified between May and June 2022. Be advised that this is a developing area.

Printed and distributed by  
Encompass Print Solutions  
Tel: 0844 2480 112

# Acknowledgements

The publisher acknowledges and thanks the following for their assistance throughout the preparation of this book:

ADVESTRA AG

BAKER MCKENZIE

BÄR & KARRER AG

BRATSCHI LTD

FMP FUHRER MARBACH & PARTNERS

HOMBURGER AG

KELLERHALS CARRARD BASEL KLG

NIEDERER KRAFT FREY LTD

PESTALOZZI ATTORNEYS AT LAW LTD

SCHELLENBERG WITTMER LTD

UBS BUSINESS SOLUTIONS AG

VISCHER

WALDER WYSS LTD

# Contents

Introduction .....	1
<i>Ueli Studer, Kelsang Tsün and Joanna Long</i>	
1 Structuring Cross-border Transactions.....	6
<i>Dieter Gericke and Reto Heuberger</i>	
2 Pricing .....	16
<i>Philippe Weber and Manuel Werder</i>	
3 Data Privacy and Cybersecurity.....	26
<i>David Vasella</i>	
4 Key Intellectual Property Issues in M&A Transactions .....	38
<i>Peter Widmer and Peter Bigler</i>	
5 Financial Market Regulation .....	49
<i>Stefan Kramer, Benedikt Maurenbrecher and Manuel Baschung</i>	
6 Merger Control.....	56
<i>Marcel Dietrich and Richard Stäuber</i>	
7 Warranties, Indemnities and Insurance in Private M&A .....	68
<i>Christoph Vonlanthen and Oliver Triebold</i>	
8 Private M&A.....	75
<i>Christoph Neeracher, Philippe Seiler and Raphael Annasohn</i>	
9 Public M&A.....	82
<i>Mariel Hoch</i>	
10 Carve-out Transactions .....	91
<i>Christoph Vonlanthen and Oliver Triebold</i>	
11 Joint Ventures – Selected Aspects .....	98
<i>Pascal Richard and Petra Hanselmann</i>	

## Contents

12	Venture Capital Investments.....	108
	<i>Beat Schwarz and Franz Schubiger</i>	
13	Special Purpose Acquisition Companies .....	119
	<i>Matthias Courvoisier</i>	
14	Distressed M&A in Switzerland.....	127
	<i>Emanuel Dettwiler and Lukas Bopp</i>	
15	Real Estate Transactions with a Special Focus on Hotel Acquisitions.....	137
	<i>Markus Aeschbacher, Thomas Schönenberger and Ion Eglin</i>	
16	Acquisition Financing.....	149
	<i>Philip Spoerlé and Markus Wolf</i>	
17	Labour and Employment .....	159
	<i>Manuel Werder and Valerie Meyer Bahar</i>	
18	Tax Considerations in M&A Transactions.....	168
	<i>Susanne Schreiber and Cyrill Diefenbacher</i>	
19	Post-Merger Integration.....	182
	<i>Petra Hanselmann and Pascal Richard</i>	
20	Shareholder Activism in Switzerland .....	194
	<i>Rashid Bahar, Annette Weber and Valérie Bayard</i>	
21	Dispute Resolution.....	206
	<i>Gérald Virieux and Mladen Stojiljković</i>	
	About the Authors.....	215
	Contact Details .....	227

# 19

## Post-Merger Integration

**Petra Hanselmann and Pascal Richard<sup>1</sup>**

### **Introduction**

Successful M&A transactions need to deliver the value expected by the buyer when doing the acquisition. Poor performance in dealing with post-merger integration<sup>2</sup> is often the reason why acquisitions do not realise their full potential. Bringing together businesses with different cultures and integrating different management structures, IT systems and trading relationships often proves very challenging, in particular in a multinational environment. Experience shows that effectively managing the post-acquisition integration phase by developing a robust integration plan and effective implementation process is of paramount importance for the overall success of an M&A transaction.

A number of legal aspects frequently arise during integrations. In this chapter, we outline the typical process for the development of a post-acquisition integration plan and summarise some of the most common legal aspects to be taken into consideration in post-merger integration projects from a Swiss legal perspective.

### **Integration planning**

Starting integration planning early – even before the signing of the transaction – allows a faster and more efficient implementation of the integration. The main phases of an integration are typically structured as follows:

- Programme set-up: the set-up of a robust integration programme is crucial as it will avoid later issues and problems in the integration process. An appropriate programme design and structure facilitates an efficient integration programme. In particular, careful consideration should be given to the appointment of an integration director. As the integration process is a heavy-change management exercise typically affecting the personal interests and jobs of many employees, it is recommended that the selected integration director is an

---

<sup>1</sup> Petra Hanselmann and Pascal Richard are partners at Pestalozzi Attorneys at Law Ltd.

<sup>2</sup> Also referred to as post-acquisition integration.

experienced and respected senior personality from the business, who brings credibility and trust to the integration process. Equally important is the establishment of the programme's governance. Strong leaders should be selected to sponsor and manage the integration programme and the individual work streams. The establishment of the principal roles and responsibilities need to take place early in the process.

- **Planning phase:** the management of the acquiring company must determine the key strategic business objectives and develop an integration blueprint in consideration of the future operating model and the synergy case. The integration blueprint is a strategic and operational document that is established in the early weeks of an integration programme. Its main purpose is to build alignment between the involved parties across a number of key dimensions, such as the strategic and financial rationale for the transaction, the principles and priorities of the integration programme, the degree and pace of integration, critical dates and milestones, organisation design and key appointments. A main part of the value created by an M&A transaction is generated with synergies between the two businesses. During the early stage of the transaction, a synergy case is typically prepared with a top-down approach. During the integration process, the synergy case needs to be bottom-up developed and validated. A small working team should validate the defined sources of synergy benefit (cost synergies) and identify new opportunities for increased return (revenue synergies) as early as possible.
- **Integration and implementation:** based on the integration blueprint, detailed step lists are created for the individual steps in each workstream and jurisdiction indicating the documents required and the timing of each individual step. The detailed step lists serve as a basis for the actual implementation process in the various jurisdictions. The management and implementation of the various steps ultimately depends on the size of the integration process, the geographical scope and the steps involved. In the implementation phase, regular status update calls among the various workstreams are typically scheduled to ensure an ongoing smooth process and to identify any unexpected issues early in the process. Depending on their size and complexity, post-acquisition integration projects may take several years. The implementation of the integration and the execution of the synergy case benefits from systematic programme reporting and tracking. A special focus needs to be put on managing people issues and communication.

Integration projects usually create a substantial workload to be dealt with. For this reason, specialised external advisors are typically engaged to support the in-house teams. As the in-house team's knowledge is crucial, it is important that outside counsel and the in-house legal team work very closely together to achieve the best result.

### Legal aspects

#### *Due diligence*

In order to start preparing the integration programme, certain initial information must be available, such as the jurisdictions involved or the tax situation of involved companies, and it needs to be verified, inter alia, if real estate is in place, if works councils are appointed or collective bargaining agreements apply or if contracts with change-of-control clauses exist. Ideally, the information required to start the integration planning relating to the acquired business will already have been collected in the course of the acquisition due diligence. Otherwise, a limited



due diligence is typically required at the initial stage of the integration planning process. In addition, it might also be necessary for due diligence to be conducted on the buyer's existing entities involved in the post-acquisition integration in order to identify any potential legal and other issues that might affect the integration process. In particular, in the case of the acquisition of a competitor, it is important that the parties comply with potential antitrust restrictions when sharing information prior to signing or between signing and closing.

## Statutory mergers

### Overview

A key aspect of the integration process is often the consolidation of several entities in the same jurisdiction so that at the end of the integration process only one entity per jurisdiction remains. Entity consolidation in Switzerland can be achieved either by statutory merger or by an asset transfer with subsequent liquidation. Typically, a merger is less cumbersome than an asset transfer with subsequent liquidation and thus, when it comes to entity consolidations, the preferred method in Switzerland from a legal perspective is a statutory merger.

The merger process in Switzerland is governed in the Swiss Merger Act (SMA). The SMA provides for two types of statutory mergers: merger by way of absorption, whereby an entity is merged into another entity; and merger by way of combination, whereby the merging entities are merged into a newly established entity. In integration situations, merger by way of absorption is the preferred merger form. The merger becomes effective with its registration in the commercial register at the domicile of the surviving entity.<sup>3</sup> Depending on the domicile of the merging entities, the merger documentation must be in German, French or Italian. The merger documentation can be bilingual (for example, German and English) with the official language of the competent commercial register to prevail.

The SMA provides for an ordinary merger procedure and a simplified merger procedure. The simplified merger procedure is applicable in the case of a merger of a wholly owned subsidiary into its parent company or if a company is merged into its sister company.<sup>4</sup> In a simplified procedure, the merging entities, *inter alia*, are not required to:

- establish a merger report;
- have the merger agreement examined by auditors; or
- submit the merger to their shareholders for approval.

Compared to the ordinary process, the simplified merger procedure in particular saves time and costs for the following reason: if the option of a simplified merger is not available, each shareholder must basically receive a pro rata portion of the shares in the merged entity, which leads to additional cost and timing issues as the exchange ratio must be calculated in advance and confirmed by the auditors in their merger report.<sup>5</sup>

Thus, in order to benefit from the simplified merger procedure in an integration process, as a first step it often becomes necessary that a share ownership structure is created where

---

3 Article 22 SMA.

4 Article 23 SMA.

5 The calculation of the exchange ratio requires comparable financial information of the merging entities, which might not be available and thus needs to be prepared in advance.

the dissolving entity becomes either a wholly owned direct subsidiary or a sister company of the surviving entity into which it will be merged. It should be noted that the simplified procedure is not applicable in Switzerland in the case of a reverse merger (ie, the merger of the parent into its wholly owned subsidiary). In such situations, the ordinary merger procedure applies.

### Documents

In the simplified merger procedure, the following documents are required:

- a board resolution of the members of the board of directors of the merging entities approving the merger;<sup>6</sup>
- a merger agreement between the merging entities setting out the key terms of the merger;<sup>7</sup>
- the (audited) balance sheets of the merging entities;<sup>8</sup> and
- the application to the commercial register of each merging entity.<sup>9</sup>

With the exception of the balance sheets, such documents can be established rather quickly. In cases where additional steps such as a change of directors, a name change or a change of the objects of the surviving entity are implemented, additional documents will be required, depending on the specific steps.

### Merger balance sheet

Article 11 SMA provides that all companies involved in a merger need to establish an (audited) balance sheet that must not be older than six months at the date when the merger agreement is signed. If the balance sheet date is older than six months or if material changes have occurred to the financial position of a company involved in the merger, an (audited) interim balance sheet must be established. The relevant balance sheets or the interim balance sheets required for a merger must be audited if the relevant company is subject to an audit. The (audited) balance sheet of the dissolving entity constitutes the merger balance sheet. The merger balance sheet must be attached to the merger agreement, and forms part of the documents to be submitted to the commercial register; in other words, it becomes publicly available.<sup>10</sup> The balance sheet of the surviving entity does not need to be submitted to the commercial register and thus becomes not publicly available. In particular, it is not necessary to provide to the commercial register any pro forma financial statements showing the financial position of the entity after the merger.

The establishment of the audited balance sheets of the merging entities is often a gating item in the integration process. To save costs, a Swiss merger is ideally timed in such a way that the audited year-end financial statements of the merging entities can be used in connection with the merger. In cross-border acquisitions, however, the business year of the acquired company

---

6 Article 12 SMA.

7 Article 12 SMA.

8 Article 11 SMA.

9 Article 21 SMA.

10 Companies that do not wish to disclose unnecessary information to the public may redact the numbers from the past financial year in the audited balance sheet submitted to the commercial register and should not voluntarily submit the income statement in addition (as only the balance sheet is required from a legal perspective).

group often does not match with the business year of the buyer group, which limits the window in which a merger in Switzerland can be completed based on the year-end financial statements. Thus, the time and cost required to establish (audited) balance sheets in connection with the merger of Swiss entities might be important elements in the overall planning of the integration.

### Retroactive effect

A merger in Switzerland can have retroactive effect from a tax and accounting perspective. However, from a tax perspective such retroactive effect is only possible if the merger is registered in the commercial register at the latest within six months of the merger balance sheet date (ie, if the merger balance sheet date is 31 December, the merger must be registered in the competent commercial register on or before 30 June of the following year). Owing to this tax regulation, and given that 31 December is the business year-end date of the majority of Swiss companies, the Swiss commercial registers suffer from a heavy workload particularly at the end of June and the end of December. It is, therefore, recommendable to have the merger documents pre-examined by the competent commercial register early enough in the process to ensure that the merger is ultimately registered in time.

### Transfer of contracts

In a statutory Swiss merger, all assets, liabilities, employees and contracts are automatically transferred by operation of law to the surviving entity at the date when the merger is registered in the commercial register.<sup>11</sup> However, contracts of the transferring entities might contain non-assignment, change-of-control or similar clauses that trigger the counterparty's termination rights as a consequence of the merger. It is therefore important that the contracts of the transferring entity are reviewed in advance of an intended merger. In cases where important contracts contain any of the aforementioned clauses, the consent of the counterparty should be obtained prior to the merger being implemented. Change-of-control clauses are often not applicable in any change of control within the same group, which is typically the situation in a post-integration process. Nevertheless, in the case of important contracts it is in any event advisable to double-check. Since it can be time-consuming to obtain the consent of a contractual counterparty, the due diligence exercise on the contracts should be started early in the integration phase to avoid any delays in the overall integration process.

### Employees

Under Swiss law, the employees of the dissolving entity are automatically transferred to the surviving entity upon registration of the merger in the competent commercial register.<sup>12</sup> See 'Employment', below, for details of the information and consultation process.

### Creditors' notification

The merging entities must notify their creditors by publishing three times a call to the creditors in the Swiss Official Gazette of Commerce and inform them of their right to request sureties for their claims within a three-month period following the effective date of the merger. The

---

11 Article 22 SMA.

12 Article 333 paragraph 1 of the Swiss Code of Obligations (CO).

creditors' call can be waived if an independent auditor confirms in an auditor's report that there are no claims known or expected that are not covered by the freely distributable equity of the merging entities.<sup>13</sup>

### Timing

The overall timing required for the implementation of an intra-group merger in Switzerland depends on the specific situation, but is on average approximately one to four months. Timing is mainly driven by the time required to establish the (audited) balance sheets of the merging entities, the employee notification process and the time required to collect the required signatures.

## Asset transfers

### Overview

As part of the integration process, assets may need to be transferred from one group entity to another. Swiss law provides for two different processes to implement an asset transfer. An asset transfer can be implemented either by way of an asset transfer in accordance with article 69 et seq SMA, also referred to as a bulk transfer, or an individual asset transfer.

### Bulk transfer versus individual asset transfer

In the case of a bulk transfer, all assets (and liabilities, if any) are transferred by operation of law upon registration of the asset transfer in the competent commercial register of the transferring entity.<sup>14</sup> Article 71 SMA requires that the asset transfer agreement must contain a detailed inventory of the assets, liabilities, contracts and employees to be transferred. As the asset transfer agreement must be submitted to the commercial register to be registered, the details of the assets, liabilities, employees and contracts to be transferred become publicly available. While it is possible to anonymise the names of employees and counterparties to contracts, the details of the assets and liabilities, as well as the number of employees and contracts, still remain largely evident.

In the case of an individual asset transfer, assets and liabilities are not transferred by operation of law. Rather, an individual transfer of ownership is required. The steps required depend on the kind of assets being transferred. The benefit of an individual asset transfer is that the transfer contract remains confidential and that no dealing with the commercial register is required. The timing of the process remains fully under the control of the involved entities.

A bulk transfer is particularly beneficial if real estate located in different locations is to be transferred. In such cases, the transfer of the real estate becomes effective at the same time as registration of the asset transfer agreement with the competent commercial register. In comparison, if real estate is transferred by way of an individual asset transfer, each individual piece of real estate must be separately registered in the land register at the place of the real estate in order for the real estate transfer to become effective.

---

<sup>13</sup> Article 25 paragraph 2 SMA.

<sup>14</sup> Article 73 SMA.

### Transfer of contracts

In the case of an individual asset transfer, the transfer of a contract requires the consent of the counterparty to the respective contract. Depending on the importance of the contracts, such consent can either be obtained explicitly or a counterparty can merely be informed about the intended transfer of the contract. In the latter case, implied consent is assumed if the informed counterparty does not explicitly object to the transfer and continues to perform the contract after it has been notified. Given that in post-acquisition integrations the transfer of contracts is made among companies of ultimately the same group, the 'implied consent' approach is often chosen. However, depending on the situation and the importance of the contract, it can be advisable to work with explicit consent.

In the case of a bulk transfer, it is not entirely clear if (as in the case of a merger) contracts are transferred automatically by operation of law upon registration of the asset transfer in the commercial register or if the consent of the counterparty must be obtained as well. Although majority doctrine in Switzerland is of the opinion that contracts shall transfer automatically upon registration in the commercial register without consent being required, the situation remains unclear as long as no decisive judicial practice exists. Thus, to be on the safe side, it is still recommended to at least notify a contractual counterparty about the intended transfer and to obtain their explicit or at least implied consent.

### Employees

If a business or part of a business is transferred, the employees pertaining to the business are automatically transferred to the acquiring company under Swiss law.<sup>15</sup> See 'Employment', below, for details of the information and consultation process.

## Cross-border relocations and mergers

### Overview

In certain situations, it might be desirable to move the seat of a foreign entity to Switzerland or the seat of a Swiss entity to a foreign jurisdiction without liquidation of the entity (cross-border relocation), or to merge a Swiss-domiciled entity with a foreign domiciled entity or vice versa (cross-border merger). From a Swiss legal perspective, both the relocation or merger out of Switzerland and the relocation or merger from a foreign jurisdiction into Switzerland are basically possible, subject to the respective foreign jurisdiction allowing such cross-border relocations or mergers.

### Inbound<sup>16</sup>

From a Swiss legal perspective, the process of the transfer of the seat of a foreign company to Switzerland is rather straightforward. A shareholders' meeting must be held in front of a notary at which the shareholders of the foreign company decide to transfer the seat without liquidation to Switzerland and adopt the new Swiss articles of association. At the shareholders' meeting, evidence must be presented to the notary that:

---

15 Article 333 paragraph 1 CO.

16 Articles 161 and 163a Swiss international private law act (IPLA); articles 126 and 146 Commercial Register Ordinance (CRO).

- 1 the foreign company validly exists;
- 2 the foreign law allows the cross-border relocation;
- 3 the existing foreign company form may be transferred to a Swiss company form;
- 4 the board of directors has resolved that the company has decided to move its main business activities to Switzerland; and
- 5 a Swiss-qualified auditor has confirmed that the capital requirements according to Swiss law are fulfilled; ie, that the company has the required minimum share capital as required under Swiss law<sup>17</sup> and shows no capital loss or over-indebtedness.

Evidence for items (2) and (3) is typically provided in the form of a legal opinion either by the Swiss Institute of Comparative Law in Lausanne or by a foreign lawyer confirming that the mentioned requirements are fulfilled. The legal opinion must be in the official language of the competent commercial register or accompanied by a translation, and all documents must be notarised and apostilled. In order for the auditors to issue their confirmation, an (interim) balance sheet of the relocating entity must be established prior to the relocation and attached to the audit confirmation.

From a Swiss perspective, the transfer of the domicile is completed with the registration of the company in the commercial register at the new domicile of the company in Switzerland. The overall process and timing depends to a large extent on the requirements of the foreign jurisdiction and if certain restructuring measures must be implemented prior to the relocation.<sup>18</sup> If the relocating company must be de-registered from the company register in the foreign jurisdiction, the relocation might lead to the situation that the company is simultaneously registered in two different countries for a certain period. The legal consequences that could arise from such a double registration are not fully clarified. It is therefore advisable to coordinate the relocation process as much as possible in order to keep the double-registration period short.

The process for a cross-border merger into Switzerland is similar to the Swiss statutory merger process. In addition, evidence is required that the foreign company has allowed the cross-border merger to Switzerland and in particular the concept of universal succession (ie, the transfer of all assets, liabilities, contracts and employees by operation of law upon registration in the relevant commercial register in Switzerland).

### Outbound<sup>19</sup>

The relocation of the domicile of a Swiss entity to another jurisdiction is mainly driven by the requirements of the foreign jurisdiction. For the Swiss entity to be deleted from the commercial register in Switzerland, evidence must be provided that the foreign law allows the cross-border relocation and that the company continues to exist in the foreign country.<sup>20</sup> Further, an audit

---

17 100,000 Swiss francs in the case of a limited company (AG) or 20,000 Swiss francs in the case of a limited liability company (GmbH).

18 Such as, for example, a capital increase to meet the minimum share capital requirements under Swiss law.

19 Articles 163 and 163b IPLA and articles 127 and 146 CRO.

20 For example, an excerpt from the commercial register of similar documents evidencing the registration in the foreign jurisdiction.

report must confirm that any creditor claims have been fulfilled or secured or that the creditors agree to the deletion of the company from the commercial register in Switzerland, and the tax authorities must confirm that all taxes have been paid. In the case of a relocation or merger out of Switzerland, the creditors of the Swiss company must be notified three times in the Swiss Official Gazette of Commerce about their right to request security for their claim. The relocation process may in any event only be completed once the mandatory two-month waiting period after the creditors' call has lapsed.

### **Filing/approval requirements and competition**

Two further key topics that parties in transactions will need to consider early on in the process relate to structural concerns – namely, filing and approval requirements (eg, merger control or foreign investment control) upon a change of control in a target business – and behavioural concerns; namely, collusion between competitors.

#### **Filing/approval requirements**

Typically, a filing/approval requirement prohibits parties from implementing a transaction before the expiration of the relevant waiting periods after having notified the transaction and before obtaining approval by the competent authorities. In Switzerland, a merger control filing requirement applies based on article 9 of the Swiss Cartel Act of 6 October 1995 (CartA) setting out the requirements for a transaction to be notified with the Swiss Competition Commission (COMCO). If a transaction is subject to merger control approval by COMCO or any other enforcement agencies, the parties are under a standstill obligation between signing and closing. In such a case, parties must refrain from implementing the transaction, for example, by legally transferring the relevant assets. This applies even if the involved parties are not competitors and the relevant actions do not give rise to any antitrust concerns. As a consequence, during the standstill period the parties must avoid any kind of implementation actions. Any such actions that the parties must avoid during the standstill period are commonly referred to as 'gun jumping'. Parties who jump the gun may be subject to fines imposed by enforcement agencies under applicable merger control rules.<sup>21</sup> Further, the parties may be faced with the opening of an ex officio review of the transaction by enforcement agencies and the nullity of the transaction agreement until clearance or rescission of the transaction in the case of prohibition by enforcement agencies under applicable law.<sup>22</sup>

In connection with the integration process, gun jumping includes not only the actions that typically occur at closing and relate to the legal transfer of assets (eg, transfer of shares), but also other actions in connection with the integration planning process by which the transaction is implemented de facto. Therefore, the buyer should not, for example, seek to influence the target's commercial decisions, in particular, neither interfere with the target's customer and supplier relationships nor pricing policies and should also not exercise any influence in relation to dismissing or hiring any employees in the target. It is obvious that the gun-jumping framework creates tension with the restricted actions obligations in the transaction agreement under which

---

21 eg, article 51 CartA.

22 eg, articles 34 and 35 CartA.

the seller usually commits to refraining from a considerable number of actions without seeking the buyer's consent during the suspension period.

For the integration process, it is thus key that the parties put a process in place that addresses the parties' interest in integrating their businesses while still complying with applicable antitrust laws. An effective integration planning process enables the parties to proceed without fear of violating the rules and should in particular cover the following areas:<sup>23</sup>

- assets: what can be done to plan the combination of assets (as well as protect asset value in the interim);
- products and services: what can and cannot be done in relation to joint business plans, branding and product lines;
- customers and suppliers: what can be communicated to customers and how it should be said;
- personnel: what planning can take place in relation to employees' salaries and pensions; and
- systems (IT, finance, etc): data is a key asset but what kind of systems integration planning is permitted.

### Collusion between competitors

Regardless of any filing and approval requirements, if the parties to a transaction are competitors, caution needs to be exercised with respect to exchanging information in connection with the integration process as sharing certain information may infringe applicable antitrust laws. In Switzerland, in cases of infringement, the COMCO may impose fines.<sup>24</sup> Before closing, parties are still considered independent companies that are subject to applicable antitrust rules against collusion. Consequently, the parties must continue to behave like competitors up to closing, which means the parties must not enter into anticompetitive agreements and generally must not exchange any competitively sensitive information (eg, information on commercial strategies, current or prospective pricing, costs, salaries and benefits, margins, capacities, market shares, local sales, territories, customers, suppliers, R&D and technology)<sup>25</sup> prior to closing. To the extent necessary to plan post-closing integration, competitively sensitive information of the target may be disclosed to representatives of the acquirer that are not engaged in the day-to-day operations or marketing strategies concerning any overlapping business (clean team), and must be aggregated or redacted by a clean team before any exchange of such competitively sensitive information effectively takes place.

## Employment

### General

A further key topic in every post-merger integration exercise is the management of employment matters. The fact that a buyer of a newly acquired business will typically expect cost synergy effects may cause uncertainty for the staff of the acquired business. It is of utmost importance to address human resources considerations as a top priority in post-merger integration planning in order to protect the value of the acquired business. Among legal considerations, this should

---

23 *Post-Acquisitions Integration Handbook*, BakerMcKenzie (editor), 2017, p53.

24 Article 49a CartA.

25 Article 5 CartA.



include operational aspects such as retention strategies and the bridging of any cultural differences between the buyer and the acquired business.

Post-merger integration planning will typically deal with merging entities of the newly acquired business, transferring or consolidating assets in the buyer group structure, harmonising the terms and conditions of employment contracts and downsizing the workforce. When taking any such measures, the legal framework protecting employee rights should be carefully taken into consideration.

### Merger of entities/transfer of assets

Consolidation of an acquired business may be carried out, *inter alia*, by way of merging the respective entities of the acquired business or by transferring the relevant business by way of a transfer of assets, liabilities, contracts and employees. Regardless of the method chosen, under article 333 paragraph 1 of the CO, the employment relationships pertaining to the relevant entity or business together with all rights and obligations pass to the acquirer unless the employee rejects the transfer of the employment relationship. In the case of such a rejection, the employment relationship terminates subject to the statutory notice period.<sup>26</sup> There is a mandatory joint and several liability of the transferor and the acquirer with respect to any employee claims that became due and payable before the transfer and after the transfer during the contractually applicable notice period or the statutory notice period in the case of a rejection of the transfer by the employee.<sup>27</sup> If the transferred employment relationships are subject to a collective employment contract, the acquirer must comply with its terms for a period of at least one year unless the collective employment agreement ends before this period by expiration or termination.

Further, the employer has a duty to inform the employee representation or, in its absence, the employees of the reason for the transfer and the legal, social and economic consequences for the employees. Such information has to take place in due time before the completion of the transfer. Typically, the information is made as soon as a transaction is publicly announced. If any measures affecting the employees are planned, the employee representation or, in its absence, the employees, in addition to the information requirement, need to be consulted in due time before the decisions regarding these measures are taken. In the case of a breach of information and consultation rights, the transfer will generally remain legally valid but the employees may be entitled to claim for damages. However, if consultation obligations are breached and employment relationships are transferred by way of a bulk transfer or a merger under the SMA, the employment representation may request that the court blocks the entry of the bulk transfer or the merger in the commercial register.<sup>28</sup>

### Harmonising of terms and conditions/downsizing

Upon a transfer of an employment relationship, the terms and conditions of that employment relationship remain in place. However, it will ultimately be in the buyer's interest that the terms and conditions are harmonised and consolidated within the employment framework applicable

---

26 Depending on the duration of the employment relationship, the statutory notice period ranges between one and three months.

27 Article 333 paragraph 3 CO.

28 Article 28 paragraph 3 and article 77 paragraph 2 SMA.

within the buyer group, thereby integrating the new employees into the work environment and culture of the buyer group. This will inevitably necessitate a change of the terms and conditions of the transferred employment relationships. Generally, under Swiss law, any changes in the employment relationship will require the consent of the employee.

If consent is not provided, the employer will need to formally give notice to the employees that their employment relationships will be terminated within the applicable notice periods or will continue under the new terms and conditions. This may result in a collective dismissal,<sup>29</sup> which triggers additional information and consultation obligations towards the employee representation or, in its absence, the employees. In the case of a collective dismissal, the information and consultation will include stating in writing the reason for the collective dismissal, the number of employees concerned, the number of employees employed and the period in which the dismissals shall be made.<sup>30</sup> The employer is not bound to any proposals made by the employees. However, the employer nevertheless needs to carefully take such proposals into consideration. An infringement of the consultation obligations may generally result in a penalty payment in the amount of a two-month salary on the grounds that the dismissals are viewed as abusive. Further, the employer needs to provide the local labour office with a notification of the collective dismissal and provide a copy of the notification to the employee representation or, in its absence, the employees. The notification will need to include the outcome of the consultation.<sup>31</sup> The concerned employment relationships will terminate 30 days after the notification unless the termination notice regarding the concerned employment relationships becomes effective at a later date owing to any contractual or statutory notice periods. Thus, a failure to give the notification may result in the concerned employment relationships remaining in existence. A consultation aiming at downsizing the staff may be combined with a consultation that is required in the case of a transfer of employment relationships in the context of a merger or a transfer of assets (see above).

---

29 Article 335d CO.

30 Article 335f CO.

31 Article 335g CO.

# Appendix 1

## About the Authors

### **Petra Hanselmann**

Pestalozzi Attorneys at Law Ltd

Petra Hanselmann is a partner at Pestalozzi Attorneys at Law Ltd. Petra graduated from the University of Zurich Law School in 2002 and, after her bar admission in Switzerland in 2005, she obtained an LLM in corporate law from New York University in 2007. From 2007 to 2022 she worked with other major law firms in Zurich and New York. Petra's professional practice is focused on advising domestic and international clients in the areas of mergers and acquisitions, private equity and corporate reorganisations. She has broad experience in particular in cross-border M&A, international joint ventures, carve-out transactions and post-merger integrations with a focus on the industrial, technology and finance sectors.

### **Pascal Richard**

Pestalozzi Attorneys at Law Ltd

Pascal Richard is a partner at Pestalozzi Attorneys at Law Ltd. Pascal graduated from the University of Berne in 2003 and was admitted to the Zurich bar in 2006. He holds an LLM from the College of Law of England and Wales and is qualified as a solicitor of the Senior Courts of England and Wales. Previously, Pascal worked as legal counsel in the legal department of a Swiss defence and technology group of companies and as an associate and partner respectively in business law firms in London and Zurich. Pascal advises listed and non-listed clients on domestic and international M&A, joint venture and carve-out transactions in particular in the financial services industry, as well as general corporate and commercial matters.

### **Pestalozzi Attorneys at Law Ltd**

Loewenstrasse 1

8001 Zurich

Switzerland

Tel: +41 44 217 91 11

## About the Authors

Fax: +41 44 217 92 17

[petra.hanselmann@pestalozzilaw.com](mailto:petra.hanselmann@pestalozzilaw.com)

[pascal.richard@pestalozzilaw.com](mailto:pascal.richard@pestalozzilaw.com)

[franz.schubiger@pestalozzilaw.com](mailto:franz.schubiger@pestalozzilaw.com)

[beat.schwarz@pestalozzilaw.com](mailto:beat.schwarz@pestalozzilaw.com)

[www.pestalozzilaw.com](http://www.pestalozzilaw.com)

