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**Federal Act
on the Amendment of the Swiss Civil Code
(Part Five: The Code of Obligations)**

of 30 March 1911 (Status as of 1 September 2023)

The Federal Assembly of the Swiss Confederation,

having considered the Dispatches of the Federal Council dated 3 March 1905 and 1 June 1909¹

decrees:

Division One: General Provisions

Title One: Creation of Obligations

Section One: Obligations arising by Contract

Art. 1

A. Conclusion of the contract
I. Mutual expression of intent
1. In general

¹ The conclusion of a contract requires a mutual expression of intent by the parties.

² The expression of intent may be express or implied.

Art. 2

2. Secondary terms

¹ Where the parties have agreed on all the essential terms, it is presumed that the contract will be binding notwithstanding any reservation on secondary terms.

² In the event of failure to reach agreement on such secondary terms, the court must determine them with due regard to the nature of the transaction.

³ The foregoing is subject to the provisions governing the form of contracts.

AS 27 317 and BS 2 199

¹ BBl 1905 II 1, 1909 III 747, 1911 I 695

Art. 3

II. Offer and acceptance

1. Offer subject to time limit

¹ A person who offers to enter into a contract with another person and sets a time limit for acceptance is bound by his offer until the time limit expires.

² He is no longer bound if no acceptance has reached him on expiry of the time limit.

Art. 4

2. Offer without time limit

a. In the parties' presence

¹ Where an offer is made in the offeree's presence and no time limit for acceptance is set, it is no longer binding on the offeror unless the offeree accepts it immediately.

² Contracts concluded by telephone are deemed to have been concluded in the parties' presence where they or their agents communicated in person.

Art. 5

b. In the parties' absence

¹ Where an offer is made in the offeree's absence and no time limit for acceptance is set, it remains binding on the offeror until such time as he might expect a reply sent duly and promptly to reach him.

² He may assume that his offer has been promptly received.

³ Where an acceptance sent duly and promptly is late in reaching the offeror and he does not wish to be bound by his offer, he must immediately inform the offeree.

Art. 6

3. Implied acceptance

Where the particular nature of the transaction or the circumstances are such that express acceptance cannot reasonably be expected, the contract is deemed to have been concluded if the offer is not rejected within a reasonable time.

Art. 6^{a2}

3a. Unsolicited goods

¹ The sending of unsolicited goods does not constitute an offer.

² The recipient is not obliged to return or keep such goods.

³ Where unsolicited goods have obviously been sent in error, the recipient must inform the sender.

² Inserted by No I of the FA of 5 Oct. 1990, in force since 1 July 1991 (AS 1991 846; BBl 1986 II 354).

Art. 7

4. Non-binding offer, announcement of prices, display

1 An offeror is not bound by his offer if he has made express declaration to that effect or such a reservation arises from the circumstances or from the particular nature of the transaction.

2 The sending of tariffs, price lists and the like does not constitute an offer.

3 By contrast, the display of merchandise with an indication of its price does generally constitute an offer.

Art. 8

5. Publicly promised remuneration

1 A person who publicly promises remuneration or a reward in exchange for the performance of an act must pay in accordance with his promise.

2 If he withdraws his promise before performance has been made, he must reimburse any person incurring expenditure in good faith on account of the promise up to the maximum amount promised unless he can prove that such person could not have provided the performance in question.

Art. 9

6. Withdrawal of offer and acceptance

1 An offer is deemed not to have been made if its withdrawal reaches the offeree before or at the same time as the offer itself or, where it arrives subsequently, if it is communicated to the offeree before he becomes aware of the offer.

2 The same applies to a withdrawal of an acceptance.

Art. 10

III. Entry into effect of a contract concluded in the parties' absence

1 A contract concluded in the parties' absence takes effect from the time acceptance is sent.

2 Where express acceptance is not required, the contract takes effect from the time the offer is received.

Art. 11

B. Form of contracts

I. Formal requirements and significance in general

1 The validity of a contract is not subject to compliance with any particular form unless a particular form is prescribed by law.

2 In the absence of any provision to the contrary on the significance and effect of formal requirements prescribed by law, the contract is valid only if such requirements are satisfied.

Art. 12

- II. Written form
 - 1. Form required by law
 - a. Scope

Where the law requires that a contract be done in writing, the requirement also applies to any amendment to the contract with the exception of supplementary collateral clauses that do not conflict with the original document.

Art. 13

- b. Effect

¹ A contract required by law to be in writing must be signed by all persons on whom it imposes obligations.

² ...³

Art. 14

- c. Signature

¹ Signatures must be appended by hand by the parties to the contract.

² A signature reproduced by mechanical means is recognised as sufficient only where such reproduction is customarily permitted, and in particular in the case of signatures on large numbers of issued securities.

^{2bis} An authenticated electronic signature combined with an authenticated time stamp within the meaning of the Federal Act of 18 March 2016⁴ on Electronic Signatures is deemed equivalent to a handwritten signature, subject to any statutory or contractual provision to the contrary.⁵

³ The signature of a blind person is binding only if it has been duly certified or if it is proved that he was aware of the terms of the document at the time of signing.

Art. 15

- d. Mark in lieu of signature

Subject to the provisions relating to bills of exchange, any person unable to sign may make a duly certified mark by hand or give a certified declaration in lieu of a signature.

Art. 16

- 2. Form stipulated by contract

¹ Where the parties agree to make a contract subject to formal requirements not prescribed by law, it is presumed that the parties do not wish to assume obligations until such time as those requirements are satisfied.

³ Repealed by Annex No 2 to the FA of 19 Dec. 2003 on Electronic Signatures, with effect from 1 Jan. 2005 (AS **2004** 5085; BBl **2001** 5679).

⁴ SR **943.03**

⁵ Inserted by Annex No 2 to the FA of 19 Dec. 2003 on Electronic Signatures (AS **2004** 5085; BBl **2001** 5679). Amended by Annex No II 4 of the FA of 18 March 2016 on Electronic Signatures, in force since 1 Jan. 2017 (AS **2016** 4651; BBl **2014** 1001).

2 Where the parties stipulate a written form without elaborating further, the provisions governing the written form as required by law apply to satisfaction of that requirement.

Art. 17

C. Cause of obligation An acknowledgment of debt is valid even if it does not state the cause of the obligation.

Art. 18

D. Interpretation of contracts, simulation 1 When assessing the form and terms of a contract, the true and common intention of the parties must be ascertained without dwelling on any inexact expressions or designations they may have used either in error or by way of disguising the true nature of the agreement.

2 A debtor may not plead simulation as a defence against a third party who has become his creditor in reliance on a written acknowledgment of debt.

Art. 19

E. Terms of the contract 1 The terms of a contract may be freely determined within the limits of the law.

I. Definition of terms 2 Clauses that deviate from those prescribed by law are admissible only where the law does not prescribe mandatory forms of wording or where deviation from the legally prescribed terms would contravene public policy, morality or rights of personal privacy.

Art. 20

II. Nullity 1 A contract is void if its terms are impossible, unlawful or immoral.

2 However, where the defect pertains only to certain terms of a contract, those terms alone are void unless there is cause to assume that the contract would not have been concluded without them.

Art. 21

III. Unfair advantage 1 Where there is a clear discrepancy between performance and consideration under a contract concluded as a result of one party's exploitation of the other's straitened circumstances, inexperience or thoughtlessness, the person suffering damage may declare within one year that he will not honour the contract and demand restitution of any performance already made.

2 The one-year period commences on conclusion of the contract.

Art. 22

IV. Agreement to conclude a contract

¹ Parties may reach a binding agreement to enter into a contract at a later date.

² Where in the interests of the parties the law makes the validity of a contract conditional on observance of a particular form, the same applies to the agreement to conclude a contract.

Art. 23

F. Defect in consent
I. Error
1. Effect

A party labouring under a fundamental error when entering into a contract is not bound by that contract.

Art. 24

2. Cases of mistake

¹ An error is fundamental in the following cases in particular:

1. where the party acting in error intended to conclude a contract different from that to which he consented;
2. where the party acting in error has concluded a contract relating to a subject matter other than the subject matter he intended or, where the contract relates to a specific person, to a person other than the one he intended;
3. where the party acting in error has promised to make a significantly greater performance or has accepted a promise of a significantly lesser consideration than he actually intended;
4. where the error relates to specific facts which the party acting in error considered in good faith to be a necessary basis for the contract.

² However, where the error relates solely to the reason for concluding the contract, it is not fundamental.

³ Calculation errors do not render a contract any less binding, but must be corrected.

Art. 25

3. Invoking error contrary to good faith

¹ A person may not invoke error in a manner contrary to good faith.

² In particular, the party acting in error remains bound by the contract he intended to conclude, provided the other party accepts that contract.

Art. 26

4. Error by negligence

¹ A party acting in error and invoking that error to repudiate a contract is liable for any damage arising from the nullity of the agreement where the error is attributable to his own negligence, unless the other party knew or should have known of the error.

² In the interests of equity, the court may award further damages to the person suffering damage.

Art. 27

5. Incorrect intermediation

Where an offer to enter into a contract or the acceptance of that offer has been incorrectly communicated by a messenger or other intermediary, the provisions governing error apply *mutatis mutandis*.

Art. 28

II. Fraud

¹ A party induced to enter into a contract by the fraud of the other party is not bound by it even if his error is not fundamental.

² A party who is the victim of fraud by a third party remains bound by the contract unless the other party knew or should have known of the fraud at the time the contract was concluded.

Art. 29

III. Duress
1. Consent to contract

¹ Where a party has entered into a contract under duress from the other party or a third party, he is not bound by that contract.

² Where the duress originates from a third party and the other party neither knew nor should have known of it, a party under duress who wishes to be released from the contract must pay compensation to the other party where equity so requires.

Art. 30

2. Definition of duress

¹ A party is under duress if, in the circumstances, he has good cause to believe that there is imminent and substantial risk to his own life, limb, reputation or property or to those of a person close to him.

² The fear that another person might enforce a legitimate claim is taken into consideration only where the straitened circumstances of the party under duress have been exploited in order to extort excessive benefits from him.

Art. 31

IV. Defect of consent negated by ratification of the contract

¹ Where the party acting under error, fraud or duress neither declares to the other party that he intends not to honour the contract nor seeks restitution for the performance made within one year, the contract is deemed to have been ratified.

² The one-year period runs from the time that the error or the fraud was discovered or from the time that the duress ended.

³ The ratification of a contract made voidable by duress or fraud does not automatically exclude the right to claim damages.

Art. 32

G. Agency
 I. With authorisation
 1. In general
 a. Effect of agency

¹ The rights and obligations arising from a contract made by an agent in the name of another person accrue to the person represented, and not to the agent.

² Where the agent did not make himself known as such when making the contract, the rights and obligations arising therefrom accrue directly to the person represented only if the other party must have inferred the agency relationship from the circumstances or did not care with whom the contract was made.

³ Where this is not the case, the claim must be assigned or the debt assumed in accordance with the principles governing such measures.

Art. 33

b. Scope of authority

¹ Where authority to act on behalf of another stems from relationships established under public law, it is governed by the public law provisions of the Confederation or the cantons.

² Where such authority is conferred by means of the transaction itself, its scope is determined by that transaction.

³ Where a principal grants such authority to a third party and informs the latter thereof, the scope of the authority conferred on the third party is determined according to wording of the communication made to him.

Art. 34

2. Authority arising from a transaction
 a. Restriction and revocation

¹ A principal authorising another to act on his behalf by means of a transaction may restrict or revoke such authority at any time without prejudice to any rights acquired by those involved under existing legal relationships, such as an individual contract of employment, a partnership agreement or a mandate.⁶

² Any advance waiver of this right by the principal is void.

³ Where the represented party has expressly or de facto announced the authority he has conferred, he may not invoke its total or partial revocation against a third party acting in good faith unless he has likewise announced such revocation.

Art. 35

b. Effect of death, incapacity, etc.

¹ The authority conferred by means of a transaction is extinguished on the loss of capacity to act, bankruptcy, death, or declaration of presumed

⁶ Amended by No II Art. 1 No 1 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

death of the principal or the agent, unless the contrary has been agreed or is implied by the nature of the transaction.⁷

² The same applies on the dissolution of a legal entity or a company or partnership entered in the commercial register.

³ The mutual personal rights of the parties are unaffected.

Art. 36

c. Return of the instrument conferring authority

¹ Where an agent has been issued with an instrument setting out his authority, he must return it or deposit it with the court when that authority has ended.

² Where the principal or his legal successors have omitted to insist on the return of such instrument, they are liable to bona fide third parties for any damage arising from that omission.

Art. 37

d. Time from which end of authority takes effect

¹ Until such time as an agent becomes aware that his authority has ended, his actions continue to give rise to rights and obligations on the part of the principal or the latter's legal successors as if the agent's authority still existed.

² This does not apply in cases in which the third party is aware that the agent's authority has ended.

Art. 38

II. Without authority

1. Ratification

¹ Where a person without authority enters into a contract on behalf of a third party, rights and obligations do not accrue to the latter unless he ratifies the contract.

² The other party has the right to request that the represented party ratify the contract within a reasonable time, failing which he is no longer bound by it.

Art. 39

2. Failure to ratify

¹ Where ratification is expressly or implicitly refused, action may be brought against the person who acted as agent for compensation in respect of any damage caused by the extinction of the contract unless he can prove that the other party knew or should have known that he lacked the proper authority.

² Where the agent is at fault, the court may order him to pay further damages on grounds of equity.

³ In all cases, claims for unjust enrichment are reserved.

⁷ Amended by Annex No 10 of the FA of 19 Dec. 2008 (Adult Protection, Law of Persons and Law of Children), in force since 1 Jan. 2013 (AS 2011 725; BBl 2006 7001).

Art. 40

III. Reservation
of special provi-
sions

The special provisions governing the authority of agents and governing bodies of companies and partnerships and of registered and other authorised agents are unaffected.

Art. 40^a⁸

H. Revocation in
door-to-door
sales and similar
contracts
I. Scope of appli-
cation

¹ The following provisions apply to contracts relating to goods and services intended for the customer's personal or family use where:

- a. the supplier of the goods or services acted in a professional or commercial capacity; and
- b. the consideration from the buyer exceeds 100 francs.

² These provisions do not apply to legal transactions that are entered into by financial institutions and banks within the framework of existing financial services contracts in accordance with the Financial Services Act of 15 June 2018^{9,10}

^{2bis} For insurance policies, the provisions of the Insurance Policies Act of 2 April 1908¹¹ apply.¹²

³ In the event of significant change to the purchasing power of the national currency, the Federal Council shall adjust the sum indicated in para. 1 let. b accordingly.

Art. 40^b¹³

II. General prin-
ciple

A customer may revoke his offer to enter into a contract or his acceptance of such an offer if the transaction was proposed:

- a.¹⁴ at his place of work, on residential premises or in their immediate vicinity;
- b. on public transport or on a public thoroughfare;
- c. during a promotional event held in connection with an excursion or similar event;

⁸ Inserted by No I of the FA of 5 Oct. 1990, in force since 1 July 1991 (AS 1991 846; BBl 1986 II 354).

⁹ SR 950.1

¹⁰ Amended by No II of the FA of 19 June 2020, in force since 1 Jan. 2022 (AS 2020 4969; BBl 2017 5089).

¹¹ SR 221.229.1

¹² Inserted by No II of the FA of 19 June 2020, in force since 1 Jan. 2022 (AS 2020 4969; BBl 2017 5089).

¹³ Inserted by No I of the FA of 5 Oct. 1990, in force since 1 July 1991 (AS 1991 846; BBl 1986 II 354).

¹⁴ Amended by No I of the FA of 18 June 1993, in force since 1 Jan. 1994 (AS 1993 3120; BBl 1993 I 757).

d.¹⁵ by telephone or by a comparable means of simultaneous verbal communication.

Art. 40c¹⁶

- III. Exceptions The customer has no right of revocation:
- a. if he expressly requested the contractual negotiations;
 - b. if he declared his offer or acceptance at a stand at a market or trade fair.

Art. 40d¹⁷

- IV. Duty to inform
- 1 The supplier must inform the customer in writing or in another form that may be evidenced by text of the latter's right of revocation and of the form and time limit to be observed when exercising such right, and must provide his address.¹⁸
 - 2 Such information must be dated and permit identification of the contract in question.
 - 3 The information must be transmitted in such a manner that the customer is aware of it when he proposes or accepts the contract.¹⁹

Art. 40e²⁰

- V. Revocation
1. Form and time limit
 - 1 Revocation need not be in any particular form. The onus is on the customer to prove that he has revoked the contract within the time limit.²¹
 - 2 The prescriptive period for revocation is 14 days and commences as soon as the customer:²²
 - a. has proposed or accepted the contract; and
 - b. has become aware of the information stipulated in Art. 40d.

15 Inserted by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

16 Inserted by No I of the FA of 5 Oct. 1990 (AS 1991 846; BBl 1986 II 354). Amended by No I of the FA of 18 June 1993, in force since 1 Jan. 1994 (AS 1993 3120; BBl 1993 I 757).

17 Inserted by No I of the FA of 5 Oct. 1990 (AS 1991 846; BBl 1986 II 354). Amended by No I of the FA of 18 June 1993, in force since 1 Jan. 1994 (AS 1993 3120; BBl 1993 I 757).

18 Amended by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

19 Amended by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

20 Inserted by No I of the FA of 5 Oct. 1990 (AS 1991 846; BBl 1986 II 354). Amended by No I of the FA of 18 June 1993, in force since 1 Jan. 1994 (AS 1993 3120; BBl 1993 I 757).

21 Amended by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

22 Amended by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

³ The onus is on the supplier to prove when the customer received the information stipulated in Art. 40*d*.

⁴ The time limit is observed if, on the last day of the prescriptive period, the customer informs the supplier of revocation or posts his written notice of revocation.²³

Art. 40²⁴

2. Consequences ¹ Where the customer has revoked the contract, the parties must provide restitution for any performance already made.

² Where the customer has made use of the goods, he owes an appropriate rental payment to the supplier.

³ Where the supplier has rendered services to him, the customer must reimburse the supplier for outlays and expenses incurred in accordance with the provisions governing mandates (Art. 402).

⁴ The customer does not owe the supplier any further compensation.

Art. 40g²⁵

Section Two: Obligations in Tort

Art. 41

A. General principles
I. Conditions of liability

¹ Any person who unlawfully causes damage to another, whether wilfully or negligently, is obliged to provide compensation.

² A person who wilfully causes damage to another in an immoral manner is likewise obliged to provide compensation.

Art. 42

II. Determining the damage

¹ A person claiming damages must prove that damage occurred.

² Where the exact value of the damage cannot be quantified, the court shall estimate the value at its discretion in the light of the normal course of events and the steps taken by the person suffering damage.

²³ Amended by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

²⁴ Inserted by No I of the FA of 5 Oct. 1990, in force since 1 July 1991 (AS 1991 846; BBl 1986 II 354).

²⁵ Inserted by No I of the FA of 5 Oct. 1990 (AS 1991 846; BBl 1986 II 354). Repealed by Annex No 5 to the Civil Jurisdiction Act of 24 March 2000, with effect from 1 Jan. 2001 (AS 2000 2355; BBl 1999 III 2829).

³ The costs of treating animals kept as pets rather than for investment or commercial purposes may be claimed within appropriate limits as a loss even if they exceed the value of the animal.²⁶

Art. 43

III. Determining compensation

¹ The court determines the form and extent of the compensation provided for damage incurred, with due regard to the circumstances and the degree of culpability.

^{1bis} Where an animal kept as a pet rather than for investment or commercial purposes has been injured or killed, the court may take appropriate account of its sentimental value to its owner or his dependants.²⁷

² Where damages are awarded in the form of periodic payments, the debtor must at the same time post security.

Art. 44

IV. Grounds for reducing compensation

¹ Where the person suffering damage consented to the harmful act or circumstances attributable to him helped give rise to or compound the damage or otherwise exacerbated the position of the party liable for it, the court may reduce the compensation due or even dispense with it entirely.

² The court may also reduce the compensation award in cases in which the damage was caused neither wilfully nor by gross negligence and where payment of such compensation would leave the liable party in financial hardship.

Art. 45

V. Special cases
1. Homicide and personal injury
a. Damages for homicide

¹ In a case of homicide, compensation must cover all expenses arising and in particular the funeral costs.

² Where death did not occur immediately, the compensation must also include the costs of medical treatment and losses arising from inability to work.

³ Where others are deprived of their means of support as a result of homicide, they must also be compensated for that loss.

Art. 46

b. Damages for personal injury

¹ In the event of personal injury, the victim is entitled to reimbursement of expenses incurred and to compensation for any total or partial inability to work and for any loss of future earnings.

²⁶ Inserted by No II of the FA of 4 Oct. 2002 (Animals), in force since 1 April 2003 (AS 2003 463; BBl 2002 3885 5418).

²⁷ Inserted by No II of the FA of 4 Oct. 2002 (Animals), in force since 1 April 2003 (AS 2003 463; BBl 2002 3885 5418).

² Where the consequences of the personal injury cannot be assessed with sufficient certainty at the time the award is made, the court may reserve the right to amend the award within two years of the date on which it was made.

Art. 47

c. Satisfaction In cases of homicide or personal injury, the court may award the victim of personal injury or the dependants of the deceased an appropriate sum by way of satisfaction.

Art. 48²⁸

2. ...

Art. 49²⁹

3. Injury to personality rights ¹ Any person whose personality rights are unlawfully infringed is entitled to a sum of money by way of satisfaction provided this is justified by the seriousness of the infringement and no other amends have been made.

² The court may order that satisfaction be provided in another manner instead of or in addition to monetary compensation.

Art. 50

VI. Multiple liable parties
1. In tort ¹ Where two or more persons have together caused damage, whether as instigator, perpetrator or accomplice, they are jointly and severally liable to the person suffering damage.

² The court determines at its discretion whether and to what extent they have right of recourse against each other.

³ Abettors are liable in damages only to the extent that they received a share in the gains or caused damage due to their involvement.

Art. 51

2. On different legal grounds ¹ Where two or more persons are liable for the same damage on different legal grounds, whether under tort law, contract law or by statute, the provision governing recourse among persons who have jointly caused damage is applicable *mutatis mutandis*.

² As a rule, compensation is provided first by those who are liable in tort and last by those who are deemed liable by statutory provision without being at fault or in breach of contractual obligation.

²⁸ Repealed by Art. 21 para. 1 of the FA of 30 Sept. 1943 on Unfair Competition, with effect from 1 March 1945 (BS 2 951).

²⁹ Amended by No II 1 of the FA of 16 Dec. 1983, in force since 1 July 1985 (AS 1984 778; BBl 1982 II 661).

Art. 52

VII. Self-defence, necessity, legitimate use of force

1 Where a person has acted in self-defence, he is not liable to pay compensation for damage caused to the person or property of the aggressor.

2 A person who damages the property of another in order to protect himself or another person against imminent damage or danger must pay damages at the court's discretion.

3 A person who uses force to protect his rights is not liable in damages if in the circumstances the assistance of the authorities could not have been obtained in good time and such use of force was the only means of preventing the loss of his rights or a significant impairment of his ability to exercise them.

Art. 53

VIII. Relationship with criminal law

1 When determining fault or lack of fault and capacity or incapacity to consent, the court is not bound by the provisions governing criminal capacity nor by any acquittal in the criminal court.

2 The civil court is likewise not bound by the verdict in the criminal court when determining fault and assessing compensation.

Art. 54

B. Liability of persons lacking capacity to consent

1 On grounds of equity, the court may also order a person who lacks capacity to consent to provide total or partial compensation for the damage he has caused.

2 A person who has temporarily lost his capacity to consent is liable for any damage caused when in that state unless he can prove that said state arose through no fault of his own.

Art. 55

C. Liability of employers

1 An employer is liable for the damage caused by his employees or ancillary staff in the performance of their work unless he proves that he took all due care to avoid a damage of this type or that the damage would have occurred even if all due care had been taken.³⁰

2 The employer has a right of recourse against the person who caused the damage to the extent that such person is liable in damages.

Art. 56

D. Liability for animals
I. Damages

1 In the event of damage caused by an animal, its keeper is liable unless he proves that in keeping and supervising the animal he took all due care

³⁰ Amended by No II Art. 1 No 2 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

or that the damage would have occurred even if all due care had been taken.

² He has a right of recourse if the animal was provoked either by another person or by an animal belonging to another person.

³ ...³¹

Art. 57

II. Seizure of animals

¹ A person in possession of a plot of land is entitled to seize animals belonging to another which cause damage on that land and take them into his custody as security for his claim for compensation or even to kill them, where justified by the circumstances.

² He nonetheless has an obligation to notify the owner of such animals without delay or, if the owner is not known to him, to take the necessary steps to trace the owner.

Art. 58

E. Liability of property owners
I. Damages

¹ The owner of a building or any other structure is liable for any damage caused by defects in its construction or design or by inadequate maintenance.

² He has a right of recourse against persons liable to him in this regard.

Art. 59

II. Safety measures

¹ A person who is at risk of suffering damage due to a building or structure belonging to another may insist that the owner take the necessary steps to avert the danger.

² Orders given by the police for the protection of persons and property are unaffected.

Art. 59a³²

F. Liability in respect of cryptographic keys

¹ The owner of a cryptographic key used to generate electronic signatures or seals is liable to third parties for any damage they have suffered as a result of relying on a valid certificate issued by a provider of certification services within the meaning of the Federal Act of 18 March 2016³³ on Electronic Signatures.

³¹ Repealed by Art. 27 No 3 of the FA of 20 June 1986 on Hunting, with effect from 1 April 1988 (AS 1988 506; BBl 1983 II 1197).

³² Inserted by Annex No 2 to the FA of 19 Dec. 2003 on Electronic Signatures (AS 2004 5085; BBl 2001 5679). Amended by Annex No II 4 of the FA of 18 March 2016 on Electronic Signatures, in force since 1 Jan. 2017 (AS 2016 4651; BBl 2014 1001).

³³ SR 943.03

² The owner is absolved of liability if he can satisfy the court that he took all the security precautions that could reasonably be expected in the circumstances to prevent misuse of the cryptographic key.

³ The Federal Council defines the security precautions to be taken pursuant to paragraph 2.

Art. 60

G. Prescription³⁴ ¹ The right to claim damages or satisfaction prescribes three years from the date on which the person suffering damage became aware of the loss, damage or injury and of the identity of the person liable for it but in any event ten years after the date on which the harmful conduct took place or ceased.³⁵

^{1bis} In cases death or injury, the right to claim damages or satisfaction prescribes three years from the date on which the person suffering damage became aware of the damage and of the identity of person liable for it, but in any event twenty years after the date on which the harmful conduct took place or ceased.³⁶

² If the person liable has committed a criminal offence through his or her harmful conduct, then notwithstanding the foregoing paragraphs the right to damages or satisfaction prescribes at the earliest when the right to prosecute the offence becomes time-barred. If the right to prosecute is no longer liable to become time-barred because a first instance criminal judgment has been issued, the right to claim damages or satisfaction prescribes at the earliest three years after notice of the judgment is given.³⁷

³ Where the tort has given rise to a claim against the person suffering damage, he may refuse to satisfy the claim even if his own claim in tort is time-barred.

Art. 61

H. Liability of civil servants and public officials³⁸ ¹ The Confederation and the cantons may by way of legislation enact provisions that deviate from those of this Section to govern the liability of civil servants and public officials to pay damages or satisfaction for any damage they cause in the exercise of their duties.

³⁴ Amended by Annex No 2 to the FA of 19 Dec. 2003 on Electronic Signatures, in force since 1 Jan. 2005 (AS 2004 5085; BBl 2001 5679.03).

³⁵ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

³⁶ Inserted by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

³⁷ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

³⁸ Amended by Annex No 2 to the FA of 19 Dec. 2003 on Electronic Signatures, in force since 1 Jan. 2005 (AS 2004 5085; BBl 2001 5679).

² The provisions of this Section may not, however, be modified by cantonal legislation in the case of commercial duties performed by civil servants or public officials.

Section Three: Obligations deriving from Unjust Enrichment

Art. 62

A. Requirement
I. In general

¹ A person who has enriched himself without just cause at the expense of another is obliged to make restitution.

² In particular, restitution is owed for money benefits obtained for no valid reason whatsoever, for a reason that did not transpire or for a reason that subsequently ceased to exist.

Art. 63

II. Payment in satisfaction of a non-existent obligation

¹ A person who has voluntarily satisfied a non-existent debt has a right to restitution of the sum paid only if he can prove that he paid it in the erroneous belief that the debt was owed.

² Restitution is excluded where payment was made in satisfaction of a debt that has prescribe or of a moral obligation.

³ The provisions of federal debt collection and bankruptcy law governing the right to the restitution of payments made in satisfaction of non-existent claims are unaffected.

Art. 64

B. Scope of restitution
I. Obligations of the unjustly enriched party

There is no right of restitution where the recipient can show that he is no longer enriched at the time the claim for restitution is brought, unless he alienated the money benefits in bad faith or in the certain knowledge that he would be bound to return them.

Art. 65

II. Rights in respect of expenditures

¹ The recipient is entitled to reimbursement of necessary and useful expenditures, although where the unjust enrichment was received in bad faith, the reimbursement of useful expenditures must not exceed the amount of added value as at the time of restitution.

² He is not entitled to any compensation for other expenditures, but where no such compensation is offered to him, he may, before returning the property, remove anything he has added to it provided this is possible without damaging it.

Art. 66

C. Exclusion of restitution

No right to restitution exists in respect of anything given with a view to producing an unlawful or immoral outcome.

Art. 67

D. Prescription

¹ The right to claim restitution for unjust enrichment prescribes three years after the date on which the person suffering damage learned of his or her claim and in any event ten years after the date on which the claim first arose.³⁹

² Where the unjust enrichment consists of a claim against the person suffering damage, he or she may refuse to satisfy the claim even if his or her own claim for restitution has prescribed.

Title Two: Effect of Obligations**Section One: Performance of Obligations****Art. 68**

A. General principles
I. Performance by the obligor in person

An obligor is not obliged to discharge his obligation in person unless so required by the obligee.

Art. 69

II. Object of performance
1. Part payment

¹ A creditor may refuse partial payment where the total debt is established and due.

² If the creditor wishes to accept part payment, the debtor may not refuse to settle the part of the debt that he acknowledges is due.

Art. 70

2. Indivisible performance

¹ Where indivisible performance is due to several obligees, the obligor must make performance to all of them jointly, and each obligee may demand that performance be made to all of them jointly.

² Where indivisible performance is due by several obligors, each of them has an obligation to make performance in full.

³ Unless circumstances dictate otherwise, an obligor who has satisfied the obligee may then claim proportionate compensation from the other obligors and to that extent the claim of the satisfied obligee passes to him.

³⁹ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

- Art. 71**
3. Debt of generic object
- ¹ If the object owed is defined only in generic terms, the obligor may choose what object is given in repayment unless otherwise stipulated under the legal relationship.
- ² However, the obligor must not offer an object of less-than-average quality.
- Art. 72**
4. Obligations involving choice of performance
- Where an obligation may be discharged by one of several alternative types of performance, the obligor may choose which performance to make unless otherwise stipulated under the legal relationship.
- Art. 73**
5. Interest
- ¹ Where an obligation involves the payment of interest but the rate is not set by contract, law or custom, interest is payable at the rate of 5% per annum.
- ² Public law provisions governing abusive interest charges are not affected.
- Art. 74**
- B. Place of performance
- ¹ The place of performance is determined by the intention of the parties as stated expressly or evident from the circumstances.
- ² Except where otherwise stipulated, the following principles apply:
1. pecuniary debts must be paid at the place where the creditor is resident at the time of performance;
 2. where a specific object is owed, it must be delivered at the place where it was located when the contract was entered into;
 3. other obligations must be discharged at the place where the obligor was resident at the time they arose.
- ³ Where the obligee may require performance of an obligation at his domicile but this has changed since the obligation arose, thereby significantly hindering performance by the obligor, the latter is entitled to render performance at the original domicile.
- Art. 75**
- C. Time of performance
I. Open-ended obligations
- Where no time of performance is stated in the contract or evident from the nature of the legal relationship, the obligation may be discharged or called in immediately.

Art. 76

II. Obligations
subject to time
limit

1. Monthly time
limits

1 A time limit expressed as the beginning or end of a month means the first or last day of the month respectively.

2 A time limit expressed as the middle of the month means the fifteenth day of that month.

Art. 77

2. Other time
limits

1 Where an obligation must be discharged or some other transaction accomplished within a certain time limit subsequent to conclusion of the contract, the time limit is defined as follows:

1. where the time limit is expressed as a number of days, performance falls due on the last thereof, not including the date on which the contract was concluded, and where the number stipulated is eight or fifteen days, this means not one or two weeks but a full eight or fifteen days;
2. where the time limit is expressed as a number of weeks, performance falls due in the last week of the period on the same day of the week as the one on which the contract was concluded;
3. where the time limit is expressed as a number of months or as a period comprising several months (a year, half-year or quarter), performance falls due in the last month of the period on the same day of the month as the one on which the contract was concluded or, where the last month of the period contains no such day, on the last day of that month.

The term ‘half-month’ has the same meaning as a time limit of fifteen days; if the time limit is expressed as a period of one or more months plus one half-month, the fifteen days are counted last.

2 Time limits are calculated in the same manner when stipulated as running from a date other than the date on which the contract was concluded.

3 Where an obligation must be discharged before a specified time limit, performance must occur before that time expires.

Art. 78

3. Sundays and
public holidays

1 Where the time of performance or the last day of a time limit falls on a Sunday or on a day officially recognised as a public holiday⁴⁰ at the place of performance, the time of performance or the last day of a time limit is deemed to be the next working day.

⁴⁰ In relation to the statutory time limits under federal law and the time limits fixed by authorities by virtue of federal law, Saturday is now regarded as equivalent to a public holiday (Art. 1 of the FA of 21 June 1963 on the Application of Limitation Periods to Saturdays; SR 173.110.3).

² Any agreement to the contrary is unaffected.

Art. 79

III. Performance during business hours

Performance of the obligation must be made and accepted during normal business hours on the date stipulated.

Art. 80

IV. Extension of the time limit

Where the agreed time limit for performance is extended, in the absence of an agreement to the contrary, the new time limit runs from the first day following expiry of the previous time limit.

Art. 81

V. Early performance

¹ Unless the terms or nature of the contract or the circumstances indicate that the parties intended otherwise, performance may be rendered before the date on which the time limit expires.

² However, the obligor is not entitled to apply a discount unless that discount has been agreed or is sanctioned by custom.

Art. 82

VI. In bilateral contracts
1. Order of performance

A party to a bilateral contract may not demand performance until he has discharged or offered to discharge his own obligation, unless the terms or nature of the contract allow him to do so at a later date.

Art. 83

2. Allowance for unilateral insolvency

¹ Where one party to a bilateral contract has become insolvent, in particular by virtue of bankruptcy proceedings or execution without satisfaction, and this deterioration in its financial position jeopardises the claim of the other party, the latter may withhold performance until security has been provided for the consideration.

² He may withdraw from the contract if, on request, no such security is provided within a reasonable time.

Art. 84⁴¹

D. Payment
I. National currency

¹ Pecuniary debts must be discharged in legal tender of the currency in which the debt was incurred.

² A debt expressed in a currency other than the national currency of the place of payment may be discharged in that national currency at the rate

⁴¹ Amended by Annex No 2 to the FA of 22 Dec. 1999 on Currency and Payment Instruments, in force since 1 May 2000 (AS 2002 1144; BBl 1999 7258).

of exchange that applies on the day it falls due, unless literal performance is required by inclusion in the contract of the expression ‘actual currency’ or words to that effect.

Art. 85

II. Allocation
1. Of part payments

1 A debtor may offset a part payment against the debt principal only if he is not in arrears with interest payments and expenses.

2 Where a creditor has received guarantees, pledges or other security for a portion of his claim, the debtor may not offset a part payment against that portion in preference to less well secured portions of the claim.

Art. 86

2. In the case of multiple debts
a. At the discretion of debtor or creditor

1 A debtor with several debts to the same creditor is entitled to state at the time of payment which debt he means to redeem.

2 In the absence of any statement from the debtor, the payment will be allocated to the debt indicated by the creditor in his receipt, unless the debtor objects immediately.

Art. 87

b. By law

1 Where no valid debt redemption statement has been made and the receipt does not indicate how the payment has been allocated, it is allocated to whichever debt is due or, if several are due, to the debt that first gave rise to enforcement proceedings against the debtor or, in the absence of such proceedings, to the debt that fell due first.

2 Where several debts fell due at the same time, the payment is offset against them proportionately.

3 If none of the debts is yet due, the payment is allocated to the one offering the least security for the creditor.

Art. 88

III. Receipt and return of borrower's note
1. Right of the debtor

1 A debtor making a payment is entitled to demand a receipt and, provided the debt is fully redeemed, the return or annulment of the borrower's note.

2 If the debt is not completely redeemed or the borrower's note confers other rights on the creditor, the debtor is entitled to demand only a receipt and that a record of the payment be entered on the borrower's note.

Art. 89

2. Effect

1 Where interest or other periodic payments are due, a creditor unreservedly issuing a receipt for a later periodic payment is presumed to have received all previous periodic payments.

² If he issues a receipt for redemption of the debt principal, he is presumed to have received the interest.

³ The return of the borrower's note to the debtor gives rise to a presumption that the debt has been redeemed.

Art. 90

3. Return of borrower's note not possible

¹ If the creditor claims to have lost the borrower's note, on redeeming the debt, the debtor may insist that the creditor declare by public deed or notarised document that the borrower's note has been annulled and the debt redeemed.

² The provisions governing annulment of securities are reserved.

Art. 91

E. Default of obligee
I. Requirement

The obligee is in default if he refuses without good cause to accept performance properly offered to him or to carry out such preparations as he is obliged to make and without which the obligor cannot render performance.

Art. 92

II. Effect
1. On obligations relating to objects
a. Right to deposit object

¹ Where the obligee is in default, the obligor is entitled to deposit the object at the expense and risk of the obligee, thereby discharging his obligation.

² The court decides which place should serve as depositary; however, merchandise may be deposited in a warehouse without need for a court decision.⁴²

Art. 93

b. Right to sell

¹ Where the characteristics of the object or the nature of the business preclude a deposit or the object is perishable or gives rise to maintenance costs or substantial storage costs, after having given formal warning to the obligee and with the court's permission, the obligor may dispose of the object by open sale and deposit the sale proceeds.

² Where the object has a quoted stock exchange or market price or its value is low in proportion to the costs involved, the sale need not be open and the court may authorise it without prior warning.

Art. 94

c. Right to take back the object

⁴² Amended by Annex No 5 to the Civil Jurisdiction Act of 24 March 2000, in force since 1 Jan. 2001 (AS 2000 2355; BBI 1999 III 2829).

¹ The obligor is entitled to take back the object deposited providing the obligee has not declared that he accepts it or providing the deposit has not had the effect of redeeming a pledge.

² As soon as the object is taken back, the claim and all accessory rights become effective again.

Art. 95

2. On other obligations

Where the obligation does not relate to objects and the obligee is in default, the obligor may withdraw from the contract in accordance with the provisions governing default of the obligor.

Art. 96

F. Performance prevented for other reasons

The obligor is entitled to deposit his performance or to withdraw from the contract, as in the case of default on the part of the obligee, where performance cannot be rendered either to the obligee or to his representative for some other reason pertaining to the obligee or where through no fault of the obligor there is uncertainty as to the identity of the obligee.

Section Two: The Consequences of Non-Performance of Obligations

Art. 97

A. Failure to perform
I. Obligor's duty to compensate
1. In general

¹ An obligor who fails to discharge an obligation at all or as required must make amends for the resulting damage unless he can prove that he was not at fault.

² The procedure for debt enforcement is governed by the provisions of the Federal Act of 11 April 1889⁴³ on Debt Collection and Bankruptcy and the Civil Procedure Code of 19 December 2008⁴⁴ (CPC).⁴⁵

Art. 98

2. Obligation to act or refrain from action

¹ Where the obligation is to take certain action, the obligee may without prejudice to his claims for damages obtain authority to perform the obligation at the obligor's expense.

² Where the obligation is to refrain from taking certain action, any breach of such obligation renders the obligor liable to make amends for the damage caused.

⁴³ SR 281.1

⁴⁴ SR 272

⁴⁵ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

³ In addition, the obligee may request that the situation constituting a breach of the obligation be rectified and may obtain authority to rectify it at the obligor's expense.

Art. 99

II. Scope of liability and compensation

1. In general

¹ The obligor is generally liable for any fault attributable to him.

² The scope of such liability is determined by the particular nature of the transaction and in particular is judged more leniently where the obligor does not stand to gain from the transaction.

³ In other respects, the provisions governing liability in tort apply *mutatis mutandis* to a breach of contract.

Art. 100

2. Exclusion of liability

¹ Any agreement purporting to exclude liability for unlawful intent or gross negligence in advance is void.

² At the discretion of the court, an advance exclusion of liability for minor negligence may be deemed void provided the party excluding liability was in the other party's service at the time the waiver was made or the liability arises in connection with commercial activities conducted under official licence.

³ The specific provisions governing insurance policies are unaffected.

Art. 101

3. Liability for associates

¹ A person who delegates the performance of an obligation or the exercise of a right arising from a contractual obligation to an associate, such as a member of his household or an employee is liable to the other party for any damage the associate causes in carrying out such tasks, even if their delegation was entirely authorised.⁴⁶

² This liability may be limited or excluded by prior agreement.

³ If the obligee is in the obligor's service or if the liability arises in connection with commercial activities conducted under official licence, any exclusion of liability by agreement may apply at most to minor negligence.

Art. 102

B. Default of obligor

1. Requirement

¹ Where an obligation is due, the obligor is in default as soon as he receives a formal reminder from the obligee.

⁴⁶ Amended by No II Art. 1 No 3 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

2 Where a deadline for performance of the obligation has been set by agreement or as a result of a duly exercised right of termination reserved by one party, the obligor is automatically in default on expiry of the deadline.

Art. 103

II. Effect
1. Liability for accidental damage

1 An obligor in default is liable in damages for late performance and even for accidental damage.

2 He may discharge himself from such liability by proving that his default occurred through no fault of his own or that the object of performance would have suffered the accidental damage to the detriment of the obligee even if performance had taken place promptly.

Art. 104

2. Default interest
a. In general

1 A debtor in default on payment of a pecuniary debt must pay default interest of 5% per annum even where a lower rate of interest was stipulated by contract.

2 Where the contract envisages a rate of interest higher than 5%, whether directly or by agreement of a periodic bank commission, such higher rate of interest may also be applied while the debtor remains in default.

3 In business dealings, where the normal bank discount rate at the place of payment is higher than 5%, default interest may be calculated at the higher rate.

Art. 105

b. Debtor in default on payments of interest, annuities and gifts

1 A debtor in default on payment of interest, annuities or gifts is liable for default interest only as of the day on which enforcement proceedings are initiated or legal action is brought.

2 Any agreement to the contrary is assessed by the court in accordance with the provisions governing penalty clauses.

3 Default interest is never payable on default interest.

Art. 106

3. Excess damage

1 Where the value of the damage suffered by the creditor exceeds the default interest, the debtor is liable also for this additional damage unless he can prove that he is not at fault.

2 Where the additional damage can be anticipated, the court may award compensation for such damage in its judgment on the main claim.

4. Withdrawal and damages
a. Subject to time limit

Art. 107

¹ Where the obligor under a bilateral contract is in default, the obligee is entitled to set an appropriate time limit for subsequent performance or to ask the court to set such time limit.

² If performance has not been rendered by the end of that time limit, the obligee may compel performance in addition to suing for damages in connection with the delay or, provided he makes an immediate declaration to this effect, he may instead forego subsequent performance and either claim damages for non-performance or withdraw from the contract altogether.

b. Without time limit

Art. 108

No time limit need be set:

1. where it is evident from the conduct of the obligor that a time limit would serve no purpose;
2. where performance has become pointless to the obligee as a result of the obligor's default;
3. where the contract makes it clear that the parties intended that performance take place at or before a precise point in time.

c. Effect of withdrawal

Art. 109

¹ An obligee withdrawing from a contract may refuse the promised consideration and demand the return of any performance already made.

² In addition he may claim damages for the lapse of the contract, unless the obligor can prove that he was not at fault.

Section Three: Obligations Involving Third Parties

A. Subrogation

Art. 110

A third party who satisfies the creditor is by operation of law subrogated to his rights:

1. if he redeems an object given in pledge for the debt of another and he owns said object or has a limited right in rem in it;
2. if the debtor notifies the creditor that the third party who is paying is to take the creditor's place.

B. Guarantee of performance by third party

Art. 111

A person who gives an undertaking to ensure that a third party performs an obligation is liable in damages for non-performance by said third party.

Art. 112

C. Contracts
conferring rights
on third parties
I. In general

¹ A person who, acting in his own name, has entered into a contract whereby performance is due to a third party is entitled to compel performance for the benefit of said third party.

² The third party or his legal successors have the right to compel performance where that was the intention of the contracting parties or is the customary practice.

³ In this case the obligee may no longer release the obligor from his obligations once the third party has notified the obligor of his intention to exercise that right.

Art. 113

II. In the case of
liability insurance

Where an employer has taken out liability insurance and his employee has contributed at least half of the premiums, the employee has sole claim to the policy benefits.

Title Three: Extinction of Obligations**Art. 114**

A. Extinction of
accessory rights

¹ Where a claim ceases to exist by virtue of being satisfied or in some other manner, all accessory rights such as guarantees and charges are likewise extinguished.

² Interest that has accrued may be reclaimed only if that right is conferred on the obligee by the contract or is evident from the circumstances.

³ The specific provisions governing charges on immovable property, securities and composition agreements are unaffected.

Art. 115

B. Extinction by
agreement

No particular form is required for the extinction of a claim by agreement even where the obligation itself could not be assumed without satisfying certain formal requirements required by law or elected by the parties.

Art. 116

C. Novation
I. In general

¹ Where a new debt relationship is contracted, there is no presumption of novation in respect of an old one.

² In particular, in the absence of agreement to the contrary, novation does not result from signature of a bill of exchange in respect of an existing debt or from the issue of a new borrower's note or contract of surety.

Art. 117

II. In relation to
current accounts

¹ The mere posting of individual entries in a current account does not result in novation.

² However, there is a presumption of novation if the balance on the account has been drawn and acknowledged.

³ Where special security exists for one of the account entries, unless otherwise agreed, such security is retained even if the balance on the account is drawn and acknowledged.

Art. 118

D. Merger

¹ An obligation is deemed extinguished by merger where the capacities of creditor and debtor are united in the same entity.

² In the event of de-merger, the obligation is revived.

³ The specific provisions governing charges on immovable property and securities are unaffected.

Art. 119

E. Performance
becomes impos-
sible

¹ An obligation is deemed extinguished where its performance is made impossible by circumstances not attributable to the obligor.

² In a bilateral contract, the obligor thus released is liable for the consideration already received pursuant to the provisions on unjust enrichment and loses his counter-claim to the extent it has not yet been satisfied.

³ This does not apply to cases in which, by law or contractual agreement, the risk passes to the obligee prior to performance.

Art. 120

F. Set-off
I. Requirement
1. In general

¹ Where two persons owe each other sums of money or performance of identical obligations, and provided that both claims have fallen due, each party may set off his debt against his claim.

² The debtor may assert his right of set-off even if the countervailing claim is contested.

³ A time-barred claim may be set off provided that it was not time-barred at the time it became eligible for set-off.

Art. 121

2. Under surety

A surety may refuse to satisfy the creditor to the extent that the principal debtor has a right of set-off.

- Art. 122**
3. In contracts conferring rights on third parties A person who has undertaken an obligation in favour of a third party may not set off that obligation against his own claims against said party.
- Art. 123**
4. Where the debtor is bankrupt
- 1 Where the debtor is bankrupt, his creditors may set off their claims, even if they are not due, against the claims that the adjudicated bankrupt holds against them.
- 2 The exclusion or challenge of set-off in the event of the debtor's bankruptcy is governed by the provisions of debt collection and bankruptcy law.
- Art. 124**
- II. Effect of set-off
- 1 A set-off takes place only if the debtor notifies the creditor of his intention to exercise his right of set-off.
- 2 Once this has occurred, to the extent that they cancel each other out, the claim and countervailing claim are deemed to have been satisfied as of the time they first became susceptible to set-off.
- 3 The special customs relating to commercial current accounts are unaffected.
- Art. 125**
- III. Exceptions
- The following obligations may not be discharged by set-off except with the creditor's consent:
1. obligations to restore or replace objects that have been deposited, unlawfully removed or retained in bad faith;
 2. obligations that by their very nature require actual performance to be rendered to the creditor, such as maintenance claims and salary payments that are absolutely necessary for the upkeep of the creditor and his family;
 3. obligations under public law in favour of the state authorities.
- Art. 126**
- IV. Waiver
- The debtor may waive his right of set-off in advance.
- Art. 127**
- G. Prescription
I. Periods
1. Ten years
- All claims prescribe after ten years unless otherwise provided by federal civil law.

Art. 128

2. Five years

The following prescribe after five years:

1. claims for agricultural and commercial rent and other rent, interest on capital and all other periodic payments;
2. claims in connection with delivery of foodstuffs, payments for board and lodging and hotel expenses;
- 3.⁴⁷ claims in connection with work carried out by tradesmen and craftsmen, purchases of retail goods, medical treatment, professional services provided by advocates, solicitors, legal representatives and notaries, and work performed by employees for their employers.

Art. 128^{a48}

2a. Twenty years

Claims for damages or satisfaction arising from an injury or death in breach of contract prescribe three years from the date on which the person suffering damage became aware of the damage, but in any event twenty years after the date on which the harmful conduct took place or ceased.

Art. 129

3. Mandatory prescriptive periods

The prescriptive periods laid down under this Title may not be altered by contract.

Art. 1304. Start of prescriptive period
a. In general

- 1 The prescriptive period commences as soon as the debt is due.
- 2 Where a debt falls due on notification, the prescriptive period commences on the first date on which such notice is admissible.

Art. 131

b. For periodic obligations

- 1 In the case of life annuities and similar periodic obligations, the prescriptive period for the principal claim commences on the date on which the first instalment in arrears was due.
- 2 When the principal claim prescribes, so too do all claims in respect of individual payments.

⁴⁷ Amended by No II Art. 1 No 4 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

⁴⁸ Inserted by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

Art. 132

5. Computation of prescriptive periods

1 When computing prescriptive periods, the date on which the prescriptive period commences is not included and the period is not deemed to have expired until the end of its last day.

2 In other respects the provisions governing computation of time limits for performance also apply to prescription.

Art. 133

II. Effect on accessory claims

When the principal claim prescribes, so too do all claims for interest and other accessory claims.

Art. 134

III. Prevention and suspension of the prescriptive period

1 The prescriptive period does not commence and, if it has begun, is suspended:

- 1.⁴⁹ in respect of the claims of children against their parents, until the children reach the age of majority;
- 2.⁵⁰ in respect of the claim of person lacking capacity of judgement against his or her carer, for the duration of the advance care directive;
3. in respect of the claims of spouses against each other, for the duration of the marriage;
- 3^{bis}.⁵¹ in respect of the claims of registered partners against each other, for the duration of the registered partnership;
- 4.⁵² in respect of the claim of an employee against his employer with whom he shares a household, for the duration of the employment relationship;
5. for as long as the debtor has the usufruct of the claim;
- 6.⁵³ for as long as the claim cannot be brought before a court for objective reasons;

⁴⁹ Amended by Annex No 1 to the FA of 20 March 2015 (Child Maintenance), in force since 1 Jan. 2017 (AS 2015 4299; BBl 2014 529).

⁵⁰ Amended by Annex No 10 of the FA of 19 Dec. 2008 (Adult Protection, Law of Persons and Law of Children), in force since 1 Jan. 2013 (AS 2011 725; BBl 2006 7001).

⁵¹ Inserted by Annex No 11 to the AS 2005 5097; BBl 2004 4955 4965 of 18 June 2004, in force since 1 Jan. 2007 (AS 2005 5685; BBl 2003 1288).

⁵² Amended by No II Art. 1 No 5 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

⁵³ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

7.⁵⁴ for claims made by or against a testator, for the duration of the public inventory procedure;

8.⁵⁵ for the duration of settlement talks, mediation proceedings or any other extra-judicial dispute resolution procedure, provided the parties agree thereon in writing.

² The prescriptive period begins or resumes at the end of the day on which the cause of prevention or suspension ceases to apply.

³ The specific provisions of debt collection and bankruptcy law are unaffected.

Art. 135

The prescriptive period is interrupted:

1. if the debtor acknowledges the claim and in particular if he makes interest payments or part payments, gives an item in pledge or provides surety;

2.⁵⁶ by debt enforcement proceedings, an application for conciliation, submission of a statement of claim or defence to a court or arbitral tribunal, or a petition for bankruptcy.

Art. 136⁵⁷

¹ Where the prescriptive period for one person who is jointly and severally liable for a debt or jointly liable for indivisible performance is interrupted, it is likewise interrupted for all other co-obligors, provided the interruption is due to an act by the creditor.

² Where the prescriptive period for the principal debtor is interrupted, it is likewise interrupted for the surety, provided the interruption is due to an act by the creditor.

³ However, where the prescriptive period for the guarantor is interrupted, it is not interrupted for the principal debtor.

⁴ An interruption effective against an insurer is also effective against the debtor and vice-versa, provided there is a direct claim against the insurer.

IV. Interruption of prescriptive period

1. Grounds for interruption

2. Effect of interruption on co-obligors

⁵⁴ Inserted by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

⁵⁵ Inserted by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

⁵⁶ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

⁵⁷ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

Art. 137

3. Start of new prescriptive period

1 A new prescriptive period commences as of the date of the interruption.

a. In the event of acknowledgment or judgment

2 If the claim has been acknowledged by public deed or confirmed by court judgment, the new prescriptive period is always ten years.

Art. 138

b. By action of the creditor

1 Where the prescriptive period has been interrupted by an application for conciliation, or the submission of a statement of claim or defence, a new prescriptive period commences when the dispute is settled before the relevant court.⁵⁸

2 Where the prescriptive period has been interrupted by debt enforcement proceedings, a new prescriptive period commences as of each step taken in the proceedings.

3 Where the prescriptive period has been interrupted by a petition for bankruptcy, a new prescriptive period commences as of the time specified by bankruptcy law at which it once again becomes possible to assert the claim.

Art. 139⁵⁹

V. Prescription of the right of recourse

Where two or more debtors are jointly and severally liable, the right of recourse of each debtor who has satisfied the creditor prescribes three years from date on which he satisfies the creditor and is aware of his co-debtors.

Art. 140

VI. Prescription of a charge on chattels

The existence of a charge on chattels does not prevent the prescription of a claim, although the fact of its prescription does not prevent the creditor from asserting his right under the charge.

Art. 141

VII. Waiver of the prescription defence⁶⁰

1 The debtor may waive the right to object on the grounds of prescription, in each case for a maximum of ten years from the start of the prescriptive period.⁶¹

⁵⁸ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS **2010** 1739; BBl **2006** 7221).

⁵⁹ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS **2018** 5343; BBl **2014** 235).

⁶⁰ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS **2018** 5343; BBl **2014** 235).

⁶¹ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS **2018** 5343; BBl **2014** 235).

^{1bis} The waiver must be made in writing. Only the user of general terms and conditions of business may waive the defence of prescription in such terms and conditions.⁶²

² A waiver granted by a joint and several debtor does not bind the other joint and several debtors.

³ The same applies to co-obligors of an indivisible debt and to the surety in the event of waiver by the principal debtor.

⁴ A waiver granted by a debtor shall bind the debtor's insurers and vice-versa, provided a direct claim exists against the insurer.⁶³

Art. 142

VIII. Application A court may not apply the prescriptive defence of its own accord.

Title Four: Special Relationships relating to Obligations

Section One: Joint and Several Obligations

Art. 143

A. Joint and several debtors
I. Requirement

¹ Debtors become jointly and severally liable for a debt by stating that each of them wishes to be individually liable for performance of the entire obligation.

² Without such a statement of intent, debtors are joint and severally liable only in the cases specified by law.

Art. 144

II. Relationship between creditor and debtor
1. Effect
a. Liability of the debtors

¹ A creditor may at his discretion request partial performance of the obligation from each joint and several debtor or else full performance from any one of them.

² All the debtors remain under the obligation until the entire claim has been redeemed.

Art. 145

b. Objections by the debtors

¹ A joint and several debtor may raise against the creditor only those objections that are based either on his personal relationship with the creditor or on the nature of or collective reason for the joint and several obligation.

⁶² Inserted by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

⁶³ Inserted by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

² Each joint and several debtor is liable to the others if he fails to raise the objections which all of them are entitled to raise.

Art. 146

c. Action taken by individual debtors

Unless otherwise provided, a joint and several debtor must not take any action which might impair the position of his fellows.

Art. 147

2. Extinction of the joint and several obligation

¹ Where one joint and several debtor satisfies the creditor by payment or set-off, the others are discharged to that extent.

² Where one joint and several debtor is released from liability without satisfaction of the creditor, such release does not benefit the others save to the extent justified by the circumstances or the nature of the obligation.

Art. 148

III. Relationship between joint and several debtors

1. Participation

¹ Unless the legal relationship between the joint and several debtors indicates otherwise, each of them assumes an equal share of the payment made to the creditor.

² A joint and several debtor who pays more than his fair share has recourse against the others for the excess.

³ Amounts that cannot be recovered from one joint and several debtor must be borne in equal shares by the others.

Art. 149

2. Subrogation

¹ A joint and several debtor with right of recourse against his fellow debtors is subrogated to the rights of the creditor to the extent the latter has been satisfied.

² The creditor is liable if he favours the legal position of one joint and several debtor to the detriment of the others.

Art. 150

B. Joint and several creditors

¹ Multiple creditors become joint and several creditors where the debtor states that he wishes to grant each of them the right to receive full performance of the debt and in the cases prescribed by law.

² Performance made to one joint and several creditor discharges the debtor as against all of them.

³ The debtor may choose which joint and several creditor he makes the payment to, provided none of them has initiated legal proceedings against him.

Section Two: Conditional Obligations

Art. 151

A. Condition precedent
I. In general

¹ A contract is conditional if its binding nature is made dependent on the occurrence of an event that is not certain to happen.

² The contract takes effect as soon as this condition precedent occurs, unless the parties clearly intended otherwise.

Art. 152

II. Before the condition occurs

¹ Until such time as the condition precedent occurs, the conditional obligor must refrain from any act which might prevent the due performance of his obligation.

² A conditional obligee whose rights are jeopardised is entitled to apply for the same protective measures as if his claim were unconditional.

³ On fulfilment of the condition precedent, dispositions made before it occurred are void to the extent that they impair the effect of the condition precedent.

Art. 153

III. Benefits enjoyed in the interim

¹ A creditor into whose possession a promised object has been delivered before the condition precedent occurred may, on fulfilment of the condition precedent, keep any benefits obtained from it in the interim.

² If the condition precedent fails to occur, he is obliged to return such benefits.

Art. 154

B. Condition subsequent

¹ A contract whose termination is made dependent on the occurrence of an event that is not certain to happen lapses as soon as that condition is fulfilled.

² As a rule, there is no retroactive effect.

Art. 155

C. Joint provisions
I. Fulfilment of the condition

If the condition consists of an act by one of the parties and that act need not be carried out in person, it may also be carried out by the party's heirs.

Art. 156

II. Prevention in bad faith

A condition is deemed fulfilled where one of the parties has prevented its fulfilment by acting in bad faith.

Art. 157

III. Inadmissible conditions

Where a condition is attached with the intention of encouraging an unlawful or immoral act or omission, the conditional claim is void.

**Section Three:
Earnest Money, Forfeit Money, Salary Deductions and Contractual Penalties**

Art. 158

A. Earnest and forfeit money

¹ Earnest money paid on entering into a contract is deemed a mark of the party's intention to honour the contract rather than a forfeit.

² Unless otherwise stipulated by agreement or local custom, the earnest money is retained by the recipient without being deducted from his claim.

³ Where a sum of forfeit money has been agreed, the party that paid the sum may withdraw from the contract by relinquishing it and the party that received it by returning twice the amount.

Art. 159⁶⁴

B. ...

Art. 160

C. Contractual penalty
I. Rights of the creditor
1. Relation between penalty and contractual performance

¹ Where a penalty is promised for non-performance or defective performance of a contract, unless otherwise agreed, the creditor may only compel performance or claim the penalty.

² Where the penalty is promised for failure to comply with the stipulated time or place of performance, the creditor may claim the penalty in addition to performance provided he has not expressly waived such right or accepted performance without reservation.

³ The foregoing does not apply if the debtor can prove that he has the right to withdraw from the contract by paying the penalty.

Art. 161

2. Relation between penalty and damage

¹ The penalty is payable even if the creditor has not suffered any damage.

⁶⁴ Repealed by No II Art. 6 No 1 of the FA of 25 June 1971, with effect from 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

² Where the damage suffered exceeds the penalty amount, the creditor may claim further compensation only if he can prove that the debtor was at fault.

Art. 162

3. Forfeiture of part payments

¹ Any agreement that part payments are forfeited to the creditor in the event the contract is terminated shall be determined in accordance with the provisions governing contractual penalties.

² ...⁶⁵

Art. 163

II. Amount, nullity and reduction of the penalty

¹ The parties are free to determine the amount of the contractual penalty.

² The penalty may not be claimed where its purpose is to reinforce an unlawful or immoral undertaking or, unless otherwise agreed, where performance has been prevented by circumstances beyond the debtor's control.

³ At its discretion, the court may reduce penalties that it considers excessive.

Title Five: Assignment of Claims and Assumption of Debt

Art. 164

A. Assignment of claims
I. Requirements
1. Voluntary assignment
a. Admissibility

¹ A creditor may assign a claim to which he is entitled to a third party without the debtor's consent unless the assignment is forbidden by law or contract or prevented by the nature of the legal relationship.

² The debtor may not object to the assignment on the grounds that it was excluded by agreement against any third party who acquires the claim in reliance on a written acknowledgement of debt in which there is no mention of any prohibition of assignment.

Art. 165

b. Form of the contract

¹ An assignment is valid only if done in writing.

² No particular form is required for an undertaking to enter into an assignment agreement.

⁶⁵ Repealed by Annex 2 No II 1 to the FA of 23 March 2001 on Consumer Credit, with effect from 1 Jan. 2003 (AS 2002 3846; BBl 1999 III 3155).

Art. 166

2. Assignment by law or court order

Where legal provisions or a court judgment require a claim to be assigned to another person, the assignment is effective towards third parties without need for any particular form or even for a statement of intent by the former creditor.

Art. 167

II. Effect of assignment

1. Position of the debtor

a. Payment made in good faith

Where, before the assignment has been brought to his attention by the assignor or the assignee, the debtor makes payment in good faith to his former creditor or, in the case of multiple assignments, to a subsequent assignee who acquired the claim, he is validly released from his obligation.

Art. 168

b. Refusal of payment and deposit

¹ In the event of dispute as to entitlement, the debtor may refuse payment and discharge his obligation by depositing the payment with the court.

² He makes payment at his own risk if he does so with knowledge of the dispute.

³ Where legal action is pending and the debt is due, each party may require the debtor to deposit the payment with the court.

Art. 169

c. Objections raised by the debtor

¹ Any objection that could have been made to the assignor's claim may also be made to the assignee if it applied at the time the debtor first learned of the assignment.

² If the debtor held a countervailing claim that was not yet due at that time, he may nonetheless set it off against the assigned claim provided it did not fall due any later than the assigned claim.

Art. 170

2. Transfer of preferential and accessory rights, documents and evidence

¹ The assignment of a claim includes all preferential and accessory rights except those that are inseparable from the person of the assignor.

² The assignor is bound to surrender to the assignee the legal document pertaining to the debt together with all available evidence thereof and to furnish him with all information necessary to assert the claim.

³ Arrears of interest are presumed assigned with the main debt.

Art. 171

3. Warranty
a. In general

¹ Where assignment is made for valuable consideration, the assignor warrants that the claim exists at the time of assignment.

² However, he does not warrant that the debtor is solvent unless he has undertaken to do so.

³ Where there is no valuable consideration for the assignment, the assignor does not even warrant that the claim exists.

Art. 172

b. In the case of assignment by way of satisfaction

Where a creditor has assigned his claim in payment without fixing the amount at which the claim should be credited, the assignee need credit only the amount that he actually receives from the debtor or would have been able to obtain by exercising all due diligence.

Art. 173

c. Scope of liability

¹ The assignor is liable under warranty only for the valuable consideration received plus interest and in addition for the costs of the assignment and of any unsuccessful proceedings against the debtor.

² Where a claim is assigned by operation of law, the previous creditor warrants neither the existence of the claim nor the solvency of the debtor.

Art. 174

III. Special provisions

Where the law envisages special provisions governing the assignment of claims, these are unaffected.

Art. 175

B. Assumption of debt
I. Debtor and debt acquirer

¹ A person who promises to answer for the debt of another assumes an obligation to release the debtor from his obligation either by satisfying the creditor or by taking the debtor's place with the consent of the creditor.

² The debtor may not compel performance of the obligation by the party assuming the debt until the debtor has discharged his obligations under the debt assumption contract.

³ If the previous debtor is not released from his debt, he may request that the new debtor furnish security.

Art. 176

II. Contract between debt acquirer and creditor
1. Offer and acceptance

¹ The accession of the debt acquirer to the debt relationship in lieu of and with the release of the previous debtor is effected by means of a contract between the debt acquirer and the creditor.

² An offer to enter into the contract may consist of notification of the creditor that the debt is to be assumed. Notification must be made either by the debt acquirer or, on his authority, by the previous debtor.

³ The creditor's acceptance may be express or implied by the circumstances and is presumed once the creditor unreservedly takes receipt of a payment from the debt acquirer or consents to some other act performed by him in the capacity of debtor.

Art. 177

2. Lapse of offer ¹ The creditor may declare his acceptance at any time, but the debt acquirer and the former debtor may set the creditor a time limit for acceptance and where this expires without communication from the creditor, he is deemed to have refused the offer.

² If the creditor agrees some other debt assumption arrangement before the offer has been accepted and the new prospective debt acquirer has also made an offer to the creditor, the party that made the previous offer is no longer bound thereby.

Art. 178

III. Effect of change of debtor
1. Accessory rights

¹ The rights that are accessory to the debt remain unaffected by the change of debtor save to the extent that they are inseparable from the person of the previous debtor.

² However, pledges and sureties provided by third parties remain in place in favour of the creditor only provided the pledgor or surety has consented to the assumption of the debt.

Art. 179

2. Objections

¹ Any defences arising from the debt relationship are available to the new debtor as they were to the former.

² The new debtor may not invoke the defences personally available to the old debtor against the creditor, unless otherwise provided in the contract with the creditor.

³ Where the debt acquirer has defences arising against the debtor from the legal relationship underlying the assumption of debt, these may not be invoked against the creditor.

Art. 180

IV. Failure of debt assumption contract

¹ In the event of the failure of the debt assumption contract, the previous debtor's obligation is revived with all accessory rights, subject to the rights of bona fide third parties.

² The creditor may also claim damages from the would-be debt acquirer for any damage suffered as a result of the loss of security previously obtained or for similar reasons, unless the would-be debt acquirer can prove that he was in no way to blame for the failure of the debt assumption contract or the damage caused to the creditor.

Art. 181

V. Assignment of assets or a business with assets and liabilities

¹ A person to whom assets or a business with assets and liabilities are assigned automatically becomes liable to the creditors of the debts encumbering such assets or business on notification of the assignment to the creditors by him or by publication in official journals.

² However, the previous debtor remains jointly and severally liable with the new debtor for three years, commencing on the date of notification or publication in the case of claims already due and on the maturity date in the case of claims falling due subsequently.⁶⁶

³ In other respects, an assumption of debt of this kind has the same effect as the assumption of an individual debt.

⁴ The takeover by assignment of assets or businesses of commercial enterprises, cooperatives, associations, foundations or sole proprietorships registered in the commercial register is governed by the provisions of the Mergers Act of 3 October 2003^{67,68}

Art. 182⁶⁹

VI. ...

Art. 183

VII. In relation to division of estate and land purchase

The special provisions governing assumption of debt when dividing estates or disposing of pledged immovable property are unaffected.

Division Two: Types of Contractual Relationship**Title Six: Sale and Exchange****Section One: General Provisions****Art. 184**

A. Rights and obligations of the parties in general

¹ A contract of sale is a contract whereby the seller undertakes to deliver the item sold and transfer ownership of it to the buyer in return for the sale price, which the buyer undertakes to pay to the seller.

⁶⁶ Amended by Annex No 2 to the Mergers Act of 3 Oct. 2003, in force since 1 July 2004 (AS 2004 2617; BBl 2000 4337).

⁶⁷ SR 221.301

⁶⁸ Inserted by Annex No 2 to the Mergers Act of 3 Oct. 2003 (AS 2004 2617; BBl 2000 4337). Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁶⁹ Repealed by Annex No 2 to the Mergers Act of 3 Oct. 2003, with effect from 1 July 2004 (AS 2004 2617; BBl 2000 4337).

² Unless otherwise provided by agreement or custom, the seller and the buyer are obliged to discharge their obligations simultaneously *quid pro quo*.

³ The price is deemed sufficiently determined where it can be determined from the circumstances.

Art. 185

B. Benefits and risks

¹ The benefit and risk of the object pass to the buyer on conclusion of the contract, except where otherwise agreed or dictated by special circumstance.

² Where the object sold is defined only in generic terms, the seller must select the particular item to be delivered and, if it is to be shipped, must hand it over for dispatch.

³ In a contract subject to a condition precedent, benefit and risk of the object do not pass to the buyer until the condition has been fulfilled.

Art. 186

C. Reservation of cantonal law

Cantonal law may limit or exclude the right to bring claims in connection with retail sales of alcoholic beverages, including hotel bills.

Section Two: The Chattel Sale

Art. 187

A. Object

¹ Any sale in which the object is not land, property or a right in rem entered in the land register is a chattel sale.

² Where constituent parts of land, such as crops, architectural salvage materials or quarry products, are separated therefrom for transfer to the acquirer, their sale constitutes a chattel sale.

Art. 188

B. Seller's obligations

I. Transfer

1. Transfer costs

Unless otherwise provided by agreement or custom, the seller bears the costs of transfer and in particular those of measuring and weighing, while the buyer bears those of documentation and receipt.

Art. 189

2. Transport costs

¹ Unless otherwise provided by agreement or custom, if the object sold must be transported to a place other than the place of performance, the buyer bears the costs of such transport.

² The seller is presumed to have borne the transport costs where free delivery has been agreed.

³ Where delivery free of shipping costs and duties has been agreed, the seller is deemed to have assumed the export, transit and import duties payable during transport but not the consumer tax levied on receipt of the object.

Art. 190

3. Delivery de-
fault
a. Withdrawal
from commercial
transactions

¹ Where in commercial transactions the contract specifies a time limit for delivery and the seller is in default, the presumption is that the buyer will forego delivery and claim damages for non-performance.

² However, if the buyer prefers to demand delivery, he must inform the seller without delay on expiry of the time limit.

Art. 191

b. Liability for
and computation
of damages

¹ A seller who fails to discharge his contractual obligation is liable for the resultant damage to the buyer.

² The buyer in a commercial transaction is entitled to compensation of the difference between the sale price and the price he has paid in good faith to replace the object that was not delivered to him.

³ In the case of goods with a market or stock exchange price, the buyer need not buy the replacement object but is entitled to claim as damages the difference between the contractual sale price and the market price at the time of performance.

Art. 192

II. Warranty of
title
1. Warranty obli-
gation

¹ The seller is obliged to transfer the purchased goods to the buyer free from any rights enforceable by third parties against the buyer that already exist at the time the contract is concluded.

² Where on conclusion of the contract the buyer was aware of the existence of such rights, the seller is not bound unless by any express warranty given.

³ Any agreement to exclude or limit the warranty obligation is void if the seller has intentionally omitted to mention the right of a third party.

Art. 193⁷⁰

2. Procedure
a. Third-party
notice

¹ The requirements for and effects of the third-party notice are governed by the CPC⁷¹.

² In the event of failure to serve the third-party notice for reasons not attributable to the seller, he is released from his warranty obligation to

⁷⁰ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

⁷¹ SR 272

the extent that he can prove that the outcome would have been more favourable had the third-party notice been served promptly.

Art. 194

b. Surrender of object without court decision

¹ The seller remains subject to the warranty obligation even if the buyer has in good faith acknowledged the right of a third party without waiting for a court decision or if he has agreed to submit to arbitration, provided that the seller was warned of the arbitration proceedings in good time but declined an invitation to engage therein.

² The same applies if the buyer proves that he was compelled to surrender the object.

Art. 195

3. Rights of the buyer
a. Full dispossession

¹ In the case of full dispossession, the contract of sale is deemed terminated and the buyer has the right to claim:

1. restitution of the price paid, with interest, less the value of any fruits the buyer has obtained or neglected to obtain from the object and other benefits derived therefrom;
2. reimbursement of his expenditures on the object, to the extent this cannot be obtained from the third party with the superior right;
3. reimbursement of all judicial and extra-judicial costs arising from the proceedings, apart from those he would have avoided by serving third-party notice on the seller;
4. compensation for all other damage directly caused by the dispossession.

² The seller is also obliged to make good any further loss suffered by the buyer unless the seller can prove that he is not at fault.

Art. 196

b. Partial dispossession

¹ Where the buyer is dispossessed of only part of the purchased object or it is encumbered with a charge in rem for which the seller is guarantor, the buyer may not seek termination of the contract of sale but may only claim damages for being thus dispossessed.

² However, where in the circumstances there is cause to presume that he would not have entered into the contract if he had foreseen such a partial dispossession, he has the right to request its termination.

³ In this case, he must return to the seller that part of the item of which he has not been dispossessed together with the benefits he obtained from it in the interim.

Art. 196a⁷²

c. Objects of cultural heritage

In the case of objects of cultural heritage within the meaning of Article 2 paragraph 1 of the Cultural Property Transfer Act of 20 June 2003⁷³, actions for breach of warranty of title prescribe one year after the buyer discovered the defect of title but in any event 30 years after the contract was concluded.

Art. 197

III. Warranty of quality and fitness

1. Object of the warranty
a. In general

¹The seller is liable to the buyer for any breach of warranty of quality and for any defects that would materially or legally negate or substantially reduce the value of the object or its fitness for the designated purpose.

² He is liable even if he was not aware of the defects.

Art. 198

b. In livestock trading

There is no warranty obligation in sales of livestock (horses, donkeys, mules, cattle, sheep, goats or pigs) unless the seller has given express warranty in writing to the buyer or has intentionally misled the buyer.

Art. 199

2. Exclusion of warranty

Any agreement to exclude or limit the warranty obligation is void if the seller has fraudulently concealed the failure to comply with warranty from the buyer.

Art. 200

3. Defects known to the buyer

¹ The seller is not liable for defects known to the buyer at the time of purchase.

² He is not liable for defects that any normally attentive buyer should have discovered unless he assured the buyer that they do not exist.

Art. 201

4. Notice of defects
a. In general

¹ The buyer must inspect the condition of the purchased object as soon as feasible in the normal course of business and, if he discovers defects for which the seller is liable under warranty, must notify him without delay.

² Should he fail to do so, the purchased object is deemed accepted except in the case of defects that would not be revealed by the customary inspection.

⁷² Inserted by Art. 32 No 2 of the Cultural Property Transfer Act of 20 June 2003, in force since 1 June 2005 (AS 2005 1869; BBl 2002 535).

⁷³ SR 444.1

³ Where such defects come to light subsequently, the seller must be notified immediately, failing which the object will be deemed accepted even in respect of such defects.

Art. 202

b. In livestock trading

¹ Where in a sale of livestock a written assurance includes no time limit and does not warrant that an animal is pregnant, the seller is not liable to the buyer unless a defect is discovered and notified within nine days of delivery or of the notice of default in taking delivery and an application is made to the competent authority within the same time limit to have the animal examined by experts.

² The court evaluates the experts' report at its discretion.

³ In other respects the procedure is governed by regulations enacted by the Federal Council.

Art. 203

5. Intentional deceit

Where the seller has wilfully misled the buyer, liability for breach of warranty is not limited by any failure on the buyer's part to give prompt notice of defects.

Art. 204

6. Remote sale and purchase

¹ A buyer who complains that an object sent from another place is defective is obliged to place it in temporary storage, provided the seller has no representative in the place in which it was received, and cannot simply return it to the seller.

² The buyer is obliged to have the condition of the object duly and promptly witnessed, failing which he will bear the burden of proving that the alleged defects already existed when he took receipt of the object.

³ Where there is a risk that the object will rapidly deteriorate, the buyer has the right and, should the interests of the seller so require, the obligation to arrange its sale with the assistance of the competent authority of the place where the object is located, but must notify the seller of such sale as soon as possible to avoid rendering himself liable in damages.

Art. 205

7. Types of action
a. Rescission or reduction

¹ In claims for breach of warranty of quality and fitness, the buyer may sue either to rescind the contract of sale for breach of warranty or to have the sale price reduced by way of compensation for the decrease in the object's value.

² Even where the buyer has brought action for rescission the court is free to order a reduction in the price of the object if it does not consider rescission justified by the circumstances.

³ If the decrease in the object's value is equal to the sale price, the buyer may only sue for rescission.

Art. 206

b. Substitute performance

¹ Where the contract of sale is for delivery of a specified quantity of fungibles, the buyer may choose to bring action either for rescission or for a reduction in the sale price or to request other acceptable goods of the same kind.

² Where the purchased objects have not been sent from another place, the seller may discharge his obligation to the buyer by immediately delivering acceptable items of the same kind and making good any damage the buyer has suffered.

Art. 207

c. Rescission when the object is destroyed

¹ Action for rescission of the contract of sale may be brought if the object has been destroyed as a result of its defects or by accident.

² In such cases the buyer must return only that which remains of the object.

³ If the object is destroyed through the fault of the buyer or has been sold on or transformed by him, his only claim is for compensation for the decrease in value.

Art. 208

8. Rescission of the contract of sale
a. In general

¹ In the event of rescission of the contract of sale the buyer must return the object to the seller together with any benefits derived from it in the interim.

² The seller must reimburse to the buyer the sale price paid together with interest and, in accordance with the provisions governing full dispossession, compensation for litigation costs, expenses and the damage incurred by the buyer as a result of the delivery of defective goods.

³ The seller is obliged to compensate the buyer for any further damage unless he can prove that no fault is attributable to him.

Art. 209

b. For sales of batches or sets of objects

¹ Where the sale involves a batch or set of objects of which only some are defective, action for rescission may be brought only in respect of the defective items.

² However, where the defective items cannot be separated from the unflawed items without substantial prejudice to the buyer or the seller, rescission of the contract of sale must extend to the entire batch or set.

³ Rescission in respect of the main sale object necessarily involves rescission in respect of all accessory objects even if they are priced separately, whereas rescission in respect of accessory objects does not extend to the main object.

Art. 210⁷⁴

9. Prescription ¹ An action for breach of warranty of quality and fitness prescribes two years after delivery of the object to the buyer, even if he does not discover the defects until later, unless the seller has assumed liability under warranty for a longer period.

² The period amounts to five years where defects in an object that has been incorporated in an immovable work in a manner consistent with its nature and purpose have caused the work to be defective.

³ In the case of cultural property within the meaning of Article 2 paragraph 1 of the Cultural Property Transfer Act of 20 June 2003⁷⁵, actions for breach of warranty of quality and fitness prescribe one year after the buyer discovered the defect but in any event 30 years after the contract was concluded.

⁴ An agreement to reduce the prescriptive period is null and void if:

- a. the prescriptive period is reduced to less than two years, or less than one year in the case of second-hand goods;
- b. the object is intended to be used by the buyer or his or her family; and
- c. the seller is acting in the course of his or her professional or commercial activities.

⁵ The defence of defective goods remains available to the buyer provided he has notified the seller within the prescriptive period.

⁶ The seller may not invoke the prescriptive period if it is proved that he wilfully misled the buyer. The foregoing does not apply to the 30-year period under paragraph 3.

Art. 211

C. Obligations of the buyer
I. Payment of the sale price and acceptance of the object ¹ The buyer has an obligation to pay the price in accordance with the terms of the contract and to accept the sale object provided it is offered to him by the seller as contractually agreed.

⁷⁴ Amended by No I of the FA of 16 March 2012 (Prescription of Guarantee Claims. Extension and Coordination), in force since 1 Jan. 2013 (AS 2012 5415; BBl 2011 2889 3903).

⁷⁵ SR 444.1

² Unless otherwise provided by agreement or custom, such acceptance must take place immediately.

Art. 212

II. Fixing the price

¹ Where the buyer places a firm order without indicating the sale price, the price is presumed to be the average current market price at the place of performance.

² Where the price is based on the weight of the goods, the weight of the packaging (tare) is deducted.

³ The foregoing does not apply to special commercial customs whereby the gross weight of certain resale merchandise is reduced by a set amount or percentage or the price is based on the gross weight including packaging.

Art. 213

III. Time when price falls due, interest

¹ The price falls due as soon as the property passes into the buyer's possession, unless some other juncture is agreed.

² Regardless of the provision governing default on expiry of a specified time limit, interest accrues on the sale price even if no reminder is issued where such practice is customary or the buyer may derive fruits or other benefits from the purchased object.

Art. 214

IV. Buyer in default
1. Seller's right of withdrawal

¹ Where the property is to be delivered against advance payment of the price in full or in instalments and the buyer is in default on such payment, the seller is entitled to withdraw from the contract without further formality.

² However, if he intends to exercise this right he must notify the buyer immediately.

³ Where the purchased object has passed into the buyer's possession prior to payment, the seller may withdraw from the contract on the grounds that the buyer is in default and demand the return of the object only if he has expressly reserved the right to do so.

Art. 215

2. Liability for and computation of damages

¹ Where the buyer in a commercial transaction fails to discharge his payment obligation, the seller is entitled to compensation for the difference between the sale price and the price at which he has subsequently sold the object in good faith.

² In the case of goods with a market or stock exchange price, the seller is entitled to claim as damages the difference between the contractual

sale price and the market price at the time of performance without needing to sell the object on.

Section Three: The Sale of Immovable Property

Art. 216

A. Formal requirements

¹ A contract for the sale of immovable property is valid only if done as a public deed.

² A preliminary contract and an agreement conferring a right of pre-emption, purchase or repurchase in relation to immovable property is valid only if done as a public deed.⁷⁶

³ An agreement conferring a right of pre-emption without fixing a price is valid if done in writing.⁷⁷

Art. 216a⁷⁸

Abis. Duration and priority notice

Rights of pre-emption or repurchase may be agreed for a maximum duration of 25 years and rights of purchase for a maximum of 10 years, and they may be entered under priority notice in the land register.

Art. 216b⁷⁹

Ater. Inheritance and assignment

¹ Unless otherwise agreed, contractual rights of pre-emption, purchase and repurchase may be inherited but not assigned.

² Where assignment is permitted by contractual agreement, it is subject to the same formal requirements as apply to the establishment of the right.

Art. 216c⁸⁰

Aquater. Rights of pre-emption
I. Pre-emption events

¹ A right of pre-emption may be exercised on the sale of the immovable property or any other legal transaction economically equivalent to a sale (pre-emption event).

⁷⁶ Amended by No II of the FA of 4 Oct. 1991, in force since 1 Jan. 1994 (AS 1993 1404; BBl 1988 III 889).

⁷⁷ Amended by No II of the FA of 4 Oct. 1991, in force since 1 Jan. 1994 (AS 1993 1404; BBl 1988 III 889).

⁷⁸ Inserted by No II of the FA of 4 Oct. 1991, in force since 1 Jan. 1994 (AS 1993 1404; BBl 1988 III 889).

⁷⁹ Inserted by No II of the FA of 4 Oct. 1991, in force since 1 Jan. 1994 (AS 1993 1404; BBl 1988 III 889).

⁸⁰ Inserted by No II of the FA of 4 Oct. 1991, in force since 1 Jan. 1994 (AS 1993 1404; BBl 1988 III 889).

² In particular, the following are not pre-emption events: allocation to an heir in the division of an estate, forced sale, or acquisition in performance of public duties.

Art. 216^{a81}

II. Effect of pre-emption, conditions

¹ The seller must inform persons with a right of pre-emption of the conclusion and content of any contract of sale entered into.

² Where the contract of sale is terminated after the right of pre-emption has been exercised or if necessary permission is refused for reasons pertaining to the person of the buyer, such termination or refusal has no effect on the person to whom the right of pre-emption accrues.

³ Unless the pre-emption agreement provides otherwise, the person with the right of pre-emption may purchase the property on the conditions agreed by the seller with the third party.

Art. 216^{e82}

III. Exercise, forfeiture

A person wishing to exercise his right of pre-emption must give notice of his intention within three months to the seller or, if it is entered in the land register, to the owner. This time limit commences on the day on which the person with the right of pre-emption became aware of the conclusion and content of the contract of sale.

Art. 217

B. Conditional purchase and reservation of ownership

¹ Conditional purchases of immovable property are not entered in the land register until the condition has been fulfilled.

² A reservation of ownership may not be entered in the land register.

Art. 218⁸³

C. Agricultural properties

The Federal Act of 4 October 1991⁸⁴ on Rural Land Rights applies to the sale of agricultural properties.

Art. 219

D. Warranty

¹ Unless otherwise agreed, the seller of a property must compensate the buyer if it is not of the size indicated in the contract of sale.

⁸¹ Inserted by No II of the FA of 4 Oct. 1991, in force since 1 Jan. 1994 (AS 1993 1404; BBl 1988 III 889).

⁸² Inserted by No II of the FA of 4 Oct. 1991, in force since 1 Jan. 1994 (AS 1993 1404; BBl 1988 III 889).

⁸³ Amended by Art. 92 No 2 of the FA of 4 Oct. 1991 on Rural Land Rights, in force since 1 Jan. 1994 (AS 1993 1410; BBl 1988 III 953).

⁸⁴ SR 211.412.11

² Where the property is not of the size entered in the land register based on an official survey, the seller must compensate the buyer only where he gave express warranty to that effect.

³ The warranty obligation in respect of defects in a building prescribes five years after ownership is acquired.

Art. 220

E. Benefits and risks

Where the agreement stipulates a date on which the buyer is to take possession of the property, the presumption is that the associated benefits and risks do not pass to the buyer until that date.

Art. 221

F. Reference to chattel sale

In other respects, the provisions governing chattel sale apply *mutatis mutandis* to the sale and purchase of land.

Section Four: Special Types of Sale

Art. 222

A. Sale by sample

¹ In a sale by sample, the person to whom the sample was entrusted is not obliged to prove that the sample he presented is identical with the one received; his personal assurance to the court is sufficient, even where the sample presented has altered in form since delivery, provided that such alteration was a necessary consequence of the examination made of the sample.

² In any event the other party is entitled to prove that the sample is not the same one.

³ If the sample has been spoiled or been destroyed while in the possession of the buyer, even if he was not at fault, the onus is not on the seller to prove that the object conforms with the sample, but on the buyer to prove the contrary.

Art. 223

B. Sale on approval or inspection

¹ In a sale on approval or inspection, the buyer is free to accept or refuse the object.

I. Effect

² Until it is accepted, the seller remains its owner even if it has passed into the buyer's possession.

Art. 224

II. Inspection on the seller's premises

¹ Where the object is to be inspected on the premises of the seller, he is released from his obligation if the buyer fails to accept the object within the agreed or customary time limit.

² In the absence of any such time limit the seller may, after an appropriate interval, call on the buyer to declare whether he accepts the object, and the seller is released from his obligation if the buyer fails to make such declaration immediately on request.

Art. 225

III. Inspection on the buyer's premises

¹ Where the object has been delivered to the buyer prior to inspection, the sale is deemed to have been approved if the buyer neither declares that he rejects the object nor returns it within the agreed or customary time limit or, in the absence of any such time limit, immediately on demand by the seller.

² The sale is similarly treated as completed, if the buyer pays the whole or part of the price without reservation or if he deals with the property otherwise than was necessary for its inspection.

Art. 226⁸⁵

Art. 226a–226d⁸⁶

C. ...

Art. 226e⁸⁷

Art. 226f–226k⁸⁸

Art. 226l⁸⁹

Art. 226m⁹⁰

⁸⁵ Repealed by No I of the FA of 23 March 1962, with effect from 1 Jan. 1963 (AS 1962 1047; BBI 1960 I 523).

⁸⁶ Inserted by No I of the FA of 23 March 1962 (AS 1962 1047; BBI 1960 I 523). Repealed by Annex 2 No II 1 to the FA of 23 March 2001 on Consumer Credit, with effect from 1 Jan. 2003 (AS 2002 3846; BBI 1999 III 3155).

⁸⁷ Inserted by No I of the FA of 23 March 1962 (AS 1962 1047; BBI 1960 I 523). Repealed by No I of the FA of 14 Dec. 1990, with effect from 1 July 1991 (AS 1991 974; BBI 1989 III 1233, 1990 I 120).

⁸⁸ Inserted by No I of the FA of 23 March 1962 (AS 1962 1047; BBI 1960 I 523). Repealed by Annex 2 No II 1 to the FA of 23 March 2001 on Consumer Credit, with effect from 1 Jan. 2003 (AS 2002 3846; BBI 1999 III 3155).

⁸⁹ Inserted by No I of the FA of 23 March 1962 (AS 1962 1047; BBI 1960 I 523). Repealed by Annex No 5 to the Civil Jurisdiction Act of 24 March 2000, with effect from 1 Jan. 2001 (AS 2000 2355; BBI 1999 III 2829).

⁹⁰ Inserted by No I of the FA of 23 March 1962 (AS 1962 1047; BBI 1960 I 523). Repealed by Annex 2 No II 1 to the FA of 23 March 2001 on Consumer Credit, with effect from 1 Jan. 2003 (AS 2002 3846; BBI 1999 III 3155).

Art. 227⁹¹**Art. 227a–227i**⁹²**Art. 228**⁹³**Art. 229**

D. Auctions
I. Conclusion of
the purchase

¹ At a compulsory auction, a contract of sale is concluded when the official auctioneer knocks the object down to the highest bidder.

² In the case of a voluntary auction that has been publicly announced and is open to all bidders, a contract of sale is concluded when the seller accepts the bid of the highest bidder.

³ Unless the seller has expressed some other intention, the auctioneer is deemed to have the authority to knock the object down to the highest bidder.

Art. 230

II. Avoidance

¹ Any interested party may within ten days bring a claim for avoidance in respect of an auction whose outcome has been influenced by unlawful or immoral means.

² In the case of a compulsory auction, the avoidance claim must be brought before the supervisory authority, and in all other cases before the court.

Art. 231

III. Binding nature of bids at auction

1. In general

¹ A bidder is bound by his offer according to the auction terms and conditions.

² Unless these provide otherwise, he is released from his obligation if a higher bid is made or if his own bid is not accepted immediately after the usual call has been made.

Art. 232

2. Immovable property

¹ In the case immovable property, the highest bid must be accepted or refused at the auction itself.

⁹¹ Repealed by No I of the FA of 23 March 1962, with effect from 1 Jan. 1963 (AS 1962 1047; BBl 1960 I 523).

⁹² Inserted by No I of the FA of 23 March 1962 (AS 1962 1047; BBl 1960 I 523). Repealed by No I of the FA of 13 Dec. 2013 (Repeal of the Provisions on Advance Payment Agreements), with effect from 1 July 2014 (AS 2014 869; BBl 2013 4631 5793).

⁹³ Repealed by No I of the FA of 13 Dec. 2013 (Repeal of the Provisions on Advance Payment Agreements), with effect from 1 July 2014 (AS 2014 869; BBl 2013 4631 5793).

² Any condition whereby the bidder is bound to maintain his bid after the auction is void, other than in the case of compulsory auctions or sales of land or buildings that require official approval.

Art. 233

IV. Cash payment

¹ The successful bidder must pay in cash unless the auction terms and conditions provide otherwise.

² The seller may immediately withdraw from the transaction if payment is not tendered in cash or in accordance with the auction terms and conditions.

Art. 234

V. Warranty

¹ Sale at compulsory auction is without warranty, apart from special assurances given or where the bidders are intentionally deceived.

² The successful bidder acquires the object in the condition and with the attendant rights and encumbrances indicated in the public registers or the lot description and/or those that exist by operation of law.

³ In sales at voluntary public auction, the seller has the same liability as in any other sale, but in the lot description he may disclaim any warranty obligation with the exception of liability for intentional deceit.

Art. 235

VI. Transfer of ownership

¹ The successful bidder for a chattel acquires title to it as soon as it is knocked down to him, whereas ownership of immovable property is not transferred until the entry is made in the land register.

² The official auctioneers immediately notify the land registry of the sale at auction by reference to the formal auction record.

³ The provisions governing acquisition of ownership at compulsory auction are reserved.

Art. 236

VII. Cantonal provisions

The cantons may enact other provisions governing sale at public auction within the bounds of federal law.

Section Five: The Contract of Exchange

Art. 237

A. Reference to provisions governing purchase

The rules governing contracts of sale also apply to contracts of exchange in the sense that each party to the exchange is treated as seller in respect

of the object promised by him and as buyer in respect of the object promised to him.

Art. 238

- B. Warranty A party to the exchange who is dispossessed of the object received or has returned it as defective may either claim for damages or for the return of the object that he delivered.

Title Seven: The Gift

Art. 239

- A. Definition 1 A gift is any inter vivos disposition in which a person uses his assets to enrich another without receiving an equivalent consideration.
 2 Waiving a right before having acquired it or renouncing an inheritance does not constitute a gift.
 3 The performance of a moral duty is not considered to be a gift.

Art. 240

- B. Personal capacity
 I. Of the donor 1 A person with capacity to act may make gifts of his assets within the bounds imposed by matrimonial property law and inheritance law.
 2 The assets of a person who lacks capacity to act may be used only to make customary occasional gifts. The liability of the legal representative is reserved.⁹⁴
 3 ...⁹⁵

Art. 241

- II. Of the recipient 1 A person who lacks capacity to act may accept and legally acquire title to a gift provided he has capacity to consent.
 2 However, the gift is not acquired or is annulled where his legal representative forbids him to accept it or instructs him to return it.

Art. 242

- C. Establishing the gift
 I. From hand to hand 1 A gift from hand to hand is made when the donor presents the object to the recipient.

⁹⁴ Amended by Annex No 10 of the FA of 19 Dec. 2008 (Adult Protection, Law of Persons and Law of Children), in force since 1 Jan. 2013 (AS 2011 725; BBl 2006 7001).

⁹⁵ Repealed by Annex No 10 of the FA of 19 Dec. 2008 (Adult Protection, Law of Persons and Law of Children), with effect from 1 Jan. 2013 (AS 2011 725; BBl 2006 7001).

² Gifts of title or rights in rem to immovable property are not effective until an entry is made in the land register.

³ The entry presupposes a valid promise to give.

Art. 243

II. Promise of a gift

¹ The promise of a gift is valid only if done in writing.

² A promise to give title or rights in rem to immovable property is valid only if done as a public deed.

³ On fulfilment of the promise to give, the relationship is treated as a gift from hand to hand.

Art. 244

III. Effect of acceptance

A person who bestows an object on another person by way of a gift may reverse the bestowal at any time before the recipient has accepted it, even where he has effectively separated it from his assets.

Art. 245

D. Conditions and provisos
I. In general

¹ Conditions or provisos may be attached to a gift.

² A gift whose occurrence is made contingent on the donor's death is subject to the provisions governing testamentary dispositions.

Art. 246

II. Fulfilment of provisos

¹ The donor may bring action for fulfilment of a proviso that has been accepted by the recipient.

² Where fulfilment of the proviso is in the public interest, the competent authority may compel fulfilment after the death of the donor.

³ The recipient may refuse to fulfil the proviso if the value of the gift does not cover the expenses occasioned by the proviso and he is not reimbursed for the shortfall.

Art. 247

III. Reversion clause

¹ The donor may provide that the object given shall revert to him in the event that the recipient dies before he does.

² A reversionary right attached to a gift of title or rights in rem to immovable property may be entered under priority notice in the land register.

Art. 248

E. Liability of the donor

¹ The donor is liable for damage caused by the gift to the recipient only in the event of wilful injury or gross negligence.

² He need give only such warranty as he has promised in respect of the object given or the claim assigned.

Art. 249

F. Annulment of gifts
I. Claim for return of gift

Where a gift has been made from hand to hand or a promise to give has been fulfilled, the donor may revoke the gift and claim return of the object given, provided the recipient is still enriched thereby:

- 1.⁹⁶ if the recipient has committed a serious criminal offence against the donor or a person close to him;
2. if the recipient has grossly neglected his duties under family law towards the donor or any of the latter's dependants;
3. if the recipient has failed without good cause to fulfil the provisions attached to the gift.

Art. 250

II. Revocation and invalidation of a promise to give

¹ The donor who has made a promise to give may revoke the promise and refuse to fulfil it:

1. on the same grounds as justify a claim for return of the object given in the case of a gift from hand to hand;
2. where since the promise was made the donor's financial situation has altered to such an extent that making the gift would cause serious hardship;
3. where since the promise was made the donor has acquired duties under family law that previously did not exist or were significantly less onerous.

² All promises to give are annulled when a certificate of loss is issued against the donor or he is declared bankrupt.

Art. 251

III. Prescription and heirs' right of action

¹ Revocation may take place at any time in the year commencing on the day on which the grounds for revocation came to the donor's attention.

² If the donor dies before the end of this one-year period, his right of action passes to his heirs for the remainder of the period.

³ The donor's heirs may revoke the gift if the recipient wilfully and unlawfully caused the donor's death or prevented him from exercising his right of revocation.

⁹⁶ Amended by Annex No 2 to the FA of 26 June 1998, in force since 1 Jan. 2000 (AS 1999 1118; BBl 1996 I 1).

Art. 252

IV. Death of the donor

Unless otherwise provided, where the donor has undertaken to make periodic payments or performance, his obligation is extinguished on his death.

Title Eight:⁹⁷ The Lease**Section One: General Provisions****Art. 253**

A. Definition and scope of application

I. Definition

Leases are contracts in which a landlord or lessor grants a tenant or lessee the use of an object in exchange for rent.

Art. 253a

II. Scope of application

1. Residential and commercial premises

¹ The provisions governing the leasing of residential and commercial premises are also applicable to objects on such premises of which the tenant has use.

² They are not applicable to holiday homes hired for three months or less.

³ The Federal Council issues the provisions for implementation.

Art. 253b

2. Provisions on protection against unfair rents

¹ The provisions governing protection against unfair rents (Art. 269 et seq.) apply *mutatis mutandis* to non-agricultural leases and to other contracts whose essential purpose is to regulate the transfer of the use of residential or commercial premises against valuable consideration.

² They do not apply to the lease of luxury apartments and single-occupancy residential units with six or more bedrooms and reception rooms (not including the kitchen).

³ The provisions governing challenges to unfair rents do not apply to residential premises made available with public sector support for which rent levels are set by a public authority.

Art. 254

B. Tie-in transactions

A tie-in transaction linked to a lease of residential or commercial premises is void where the conclusion or continuation of the lease is made conditional on such transaction and, under its terms, the tenant assumes

⁹⁷ Amended by No I of the FA of 15 Dec. 1989, in force since 1 July 1990 (AS 1990 802; BBl 1985 I 1369). See also the financial provisions of Titles VIII and VIII^{bis} Art. 5, at the end of this Code.

an obligation towards the landlord or a third party which is not directly connected with the use of the leased premises.

Art. 255

- C. Duration
- 1 Leases may be concluded for a limited or indefinite duration.
 - 2 Where the intention is that they should end without notice on expiry of the agreed duration, they have a limited duration.
 - 3 Other leases are deemed to be of indefinite duration.

Art. 256

- D. Obligations of the landlord
- I. In general
- 1 The landlord or lessor is required to make the object available on the agreed date in a condition fit for its designated use and to maintain it in that condition.
 - 2 Clauses to the contrary to the detriment of the tenant or lessee are void if they are set out:
 - a. in previously formulated general terms and conditions;
 - b. in leases for residential or commercial premises.

Art. 256a

- II. Duty of disclosure
- 1 If a report was drawn up on the return of the object at the end of the previous lease, the landlord or lessor must on request make this document available for perusal by the new tenant or lessee when the object is handed over to him.
 - 2 Similarly, the new tenant or lessee has the right to be informed of the amount of rent paid under the previous lease.

Art. 256b

- III. Charges and taxes
- The landlord or lessor bears all taxes and charges in connection with the leased object.

Art. 257

- E. Obligations of the tenant or lessee
- I. Payment of rent and accessory charges
1. Rent
- The rent is the consideration owed by the tenant or lessee to the landlord or lessor for the transfer of the use of the object.

2. Accessory charges
a. In general

Art. 257a

¹ Accessory charges are the consideration due for services provided by the landlord or lessor or a third party in connection with the use of the property.

² They are payable by the tenant or lessee only where this has been specifically agreed with the landlord or lessor.

b. Residential and commercial premises

Art. 257b

¹ Accessory charges for residential and commercial premises are the actual outlays made by the landlord for services connected with the use of the property, such as heating, hot water and other operating costs, as well as public taxes arising from the use of the property.

² The landlord must allow the tenant on his request to inspect the documentation for such outlays.

3. Payment deadlines

Art. 257c

The tenant or lessee must pay the rent and, where applicable, the accessory charges at the end of each month and at the latest on expiry of the lease, unless otherwise agreed or required by local custom.

4. Tenant in arrears

Art. 257d

¹ Where, having accepted the property, the tenant or lessee is in arrears with payments of rent or accessory charges, the landlord or lessor may set a time limit for payment and notify him that in the event of non-payment the landlord or lessor will terminate the lease on expiry of that time limit. The minimum time limit is ten days, and 30 days for leases of residential or commercial premises.

² In the event of non-payment within the time limit the landlord or lessor may terminate the contract with immediate effect or, for leases of residential and commercial premises, subject to at least 30 days' notice ending on the last day of a calendar month.

II. Security furnished by the tenant

Art. 257e

¹ Where the tenant of residential or commercial premises furnishes security in the form of cash or negotiable securities, the landlord must deposit it in a bank savings or deposit account in the tenant's name.

² In residential leases, the landlord is not entitled to ask for more than three months' rent by way of security.

³ The bank may release such security only with the consent of both parties or in compliance with a final payment order or final decision of the court. On expiry of one year following the end of the lease, the tenant

or lessee may request that the security be returned to him by the bank if no claim has been brought against him by the landlord or lessor.

⁴ The cantons may enact further provisions.

Art. 257f

III. Care and consideration

¹ The tenant or lessee must use the object with all due care.

² Where the lease relates to immovable property, the tenant must show due consideration for others who share the building and for neighbours.

³ If, despite written warning from the landlord or lessor, the tenant or lessee continues to act in breach of his duty of care and consideration such that continuation of the lease becomes unconscionable for the landlord or lessor or other persons sharing the building, the landlord or lessor may terminate the contract with immediate effect or, for leases of residential and commercial premises, subject to at least 30 days' notice ending on the last day of a calendar month.

⁴ However, leases of residential and commercial premises may be terminated with immediate effect if the tenant intentionally causes serious damage to the property.

Art. 257g

IV. Duty of notification

¹ On learning of defects which he himself is not obliged to remedy, the tenant or lessee must inform the landlord or lessor.

² Failure to notify renders the tenant or lessee liable for any damage incurred by the landlord or lessor as a result.

Art. 257h

V. Duty of tolerance

¹ The tenant or lessee must tolerate works intended to remedy defects in the object or to repair or prevent damage.

² The tenant or lessee must permit the landlord or lessor to inspect the object to the extent required for maintenance, sale or future leasing.

³ The landlord or lessor must inform the tenant or lessee of works and inspections in good time and take all due account of the latter's interests when they are carried out; all claims of the tenant or lessee for reduction of the rent (Art. 259d) and for damages (Art. 259e) are reserved.

Art. 258

F. Non-performance or defective performance when object handed over

¹ Where the landlord or lessor fails to hand over the property on the agreed date or hands it over with defects rendering it wholly or partly unfit for its designated use, the tenant or lessee may sue for non-performance of contractual obligations pursuant to Articles 107–109 above.

² Where the tenant or lessee accepts the object despite such defects but insists that the contract be duly performed, he may make only such claims as would have accrued to him had the defects arisen during the lease (Art. 259a–259i).

³ The tenant or lessee may bring the claims pursuant to Articles 259a–259i below even if, when handed over to him, the object has defects:

- a. which render the object less fit for its designated use, albeit not substantially so;
- b. which the tenant or lessee would have to remedy at his own expense during the lease (Art. 259).

Art. 259

G. Defects during the contract
I. Obligation of tenant to carry out minor cleaning and repairs

The tenant or lessee must remedy defects which can be dealt with by minor cleaning or repairs as part of regular maintenance and, depending on local custom, must do so at his own expense.

Art. 259a

II. Rights of the tenant
1. In general

¹ Where defects arise in the object which are not attributable to the tenant or lessee and which he is not obliged to remedy at his own expense, or where he is prevented from using the object as contractually agreed, he may require that the landlord or lessor:

- a. repair the object;
- b. reduce the rent proportionately;
- c. pay damages;
- d. assume responsibility for litigation against a third party.

² In addition, a tenant of immovable property may pay rent on deposit rather than to the landlord.

Art. 259b

2. Remedy of defects
a. General principle

Where the landlord is aware of a defect and fails to remedy it within a reasonable time, the tenant may:

- a. terminate the contract with immediate effect if the defect renders the leased property unfit or significantly less fit for its designated use or renders a chattel less fit for purpose;
- b. arrange for the defect to be remedied at the landlord's or lessor's expense if it renders the object less fit for its designated use, albeit not substantially so.

Art. 259c

- b. Exception The tenant or lessee is not entitled to rectification of the defect where the landlord or lessor provides full compensation for the defective object within a reasonable time.

Art. 259d

3. Reduction of rent Where the object is rendered unfit or less fit for its designated use, the tenant or lessee may require the landlord or lessor to reduce the rent proportionately from the time when the landlord or lessor became aware of the defect until the defect is remedied.

Art. 259e

4. Damages Where the defect has caused damage to the tenant or lessee, the landlord or lessor is liable in damages unless he can prove that he was not at fault.

Art. 259f

5. Assumption of litigation Where a third party claims a right over the object that is incompatible with the rights of the tenant or lessee, on notification by the latter the landlord or lessor is obliged to assume responsibility for the litigation.

Art. 259g

6. Deposit of rent
a. General principle
- 1 A tenant of immovable property requesting that a defect be remedied must, in writing, set the landlord a reasonable time limit within which to comply with such request and may warn him that, in the event of failure to comply, on expiry of the time limit the tenant will deposit his future rent payments with an office designated by the canton. He must notify the landlord in writing of his intention to pay rent on deposit.
- 2 Rent paid on deposit is deemed duly paid.

Art. 259h

- b. Release of deposited rent
- 1 The landlord becomes entitled to the rent paid on deposit if the tenant or lessee does not bring claims against him before the conciliation authority within 30 days of the due date for the first rent payment paid into deposit.
- 2 On being notified by the tenant that he intends to pay rent on deposit as it falls due, the landlord may apply to the conciliation authority for release of rent unjustly paid on deposit.

Art. 259⁹⁸

c. Procedure

The procedure is governed by the CPO⁹⁹.**Art. 260**

H. Renovations and modifications

I. By the landlord

¹ The landlord or lessor may renovate or modify the object only where conscionable for the tenant or lessee and the lease has not been terminated.

² In carrying out such works, the landlord or lessor must give due consideration to the tenant or lessee's interests; all claims of the tenant or lessee for reduction of the rent (Art. 259*d*) and for damages (Art. 259*e*) are reserved.

Art. 260a

II. By the tenant

¹ The tenant or lessee may renovate or modify the object only with the written consent of the landlord or lessor.

² Once such consent has been given, the landlord or lessor may require the restoration of the object to its previous condition only if this has been agreed in writing.

³ Where at the end of the lease the object has appreciated significantly in value as a result of renovations or modifications to which the landlord or lessor consented, the tenant or lessee may claim appropriate compensation for such appreciation, subject to any written agreements providing for higher levels of compensation.

Art. 261

J. Change of ownership

I. Alienation of the object

¹ Where after concluding the contract the landlord alienates the object or is dispossessed of it in debt collection or bankruptcy proceedings, the lease passes to the acquirer together with ownership of the object.

² However, the new owner may:

- a. serve notice to terminate a lease on residential or commercial premises as of the next legally admissible termination date if he claims an urgent need of such premises for himself, his close relatives or in-laws;
- b. serve notice to terminate a rental agreement in respect of other objects as of the next legally admissible termination date unless the contract allows for earlier termination.

⁹⁸ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

⁹⁹ SR 272

³ If the new owner terminates sooner than is permitted under the contract with the existing landlord or lessor, the latter is liable for all resultant losses.

⁴ The provisions governing compulsory purchase are unaffected.

Art. 261a

II. Conferral of limited rights in rem

Where the landlord or lessor grants a third party a limited right in rem and this is tantamount to a change of ownership, the provisions governing alienation of the object apply *mutatis mutandis*.

Art. 261b

III. Entry under priority notice in the land register

¹ The parties to a lease may agree to have it entered under priority notice in the land register.

² The effect of such entry is that every future owner must allow the property to be used in accordance with the lease.

Art. 262

K. Sub-letting

¹ A tenant may sub-let all or part of the property with the landlord's consent.

² The landlord may refuse his consent only if:

- a. the tenant refuses to inform him of the terms of the sub-lease;
- b. the terms and conditions of the sub-lease are unfair in comparison with those of the principal lease;
- c. the sub-letting gives rise to major disadvantages for the landlord.

³ The tenant is liable to the landlord for ensuring that the sub-tenant uses the property only in the manner permitted to the tenant himself. To this end the landlord may issue reminders directly to the sub-tenant.

Art. 263

L. Transfer of lease to a third party

¹ The tenant of commercial premises may transfer his lease to a third party with the landlord's written consent.

² The landlord may withhold consent only for good cause.

³ Once the landlord gives his consent, the third party is subrogated to the rights and obligations of the tenant under the lease.

⁴ The tenant is released from his obligations towards the landlord. However, he remains jointly and severally liable with the third party until such time as the lease ends or may be terminated under the contract or by law, but in any event for no more than two years.

Art. 264

M. Early return
of the object

¹ Where the tenant or lessee returns the object without observing the notice period or the deadline for termination, he is released from his obligations towards the landlord or lessor only if he proposes a new tenant or lessee who is acceptable to the landlord or lessor, solvent and willing to take on the lease or rental agreement under the same terms and conditions.

² Otherwise, the tenant or lessee must continue to pay the rent until such time as the lease ends or may be terminated under the contract or by law.

³ Against the rent owing to him, the landlord or lessor must permit account to be taken of:

- a. any expenses he has saved, and
- b. any earnings which he has obtained, or intentionally failed to obtain, from putting the object to some other use.

Art. 265

N. Set-off

The landlord or lessor and the tenant or lessee may not waive in advance their right to set off claims arising from the lease.

Art. 266

O. End of lease
I. Expiry of
agreed duration

¹ Where the parties have expressly or tacitly agreed to a limited duration, the lease comes to an end on expiry thereof without any need for notice to be given.

² If the lease is tacitly continued, its duration becomes indefinite.

Art. 266a

II. Notice of termination and termination dates
1. In general

¹ The parties may give notice to terminate a lease of indefinite duration by observing the legally prescribed notice periods and termination dates, except where they have agreed a longer notice period or a different termination date.

² Where the prescribed notice period or termination date is not observed, termination will be effective as of the next termination date.

Art. 266b

2. Immovable and movable structures

A party may terminate a lease of immovable property or a movable structure by giving three months' notice expiring on a date fixed by local custom or, in the absence of such custom, at the end of a six-month period of the lease.

Art. 266c

3. Residential premises

A party may terminate a lease of residential premises by giving three months' notice expiring on a date fixed by local custom or, in the absence of such custom, at the end of a three-month period of the lease.

Art. 266d

4. Commercial premises

A party may terminate the lease of a commercial property by giving six months' notice expiring on a date fixed by local custom or, in the absence of such custom, at the end of a three-month period of the lease.

Art. 266e

5. Furnished rooms and parking spaces

A party may terminate the lease of furnished rooms, a separately rented parking space or other comparable facility by giving two weeks' notice expiring at the end of a one-month period of the lease.

Art. 266f

6. Chattels

A party may terminate a lease of chattels by giving three days' notice expiring at any time.

Art. 266gIII. Extraordinary notice
1. Good cause

1 Where performance of the contract becomes unconscionable for the parties for good cause, they may terminate the lease by giving the legally prescribed notice expiring at any time.

2 The court determines the financial consequences of early termination, taking due account of all the circumstances.

Art. 266h

2. Bankruptcy of the tenant or lessee

1 Where the tenant or lessee becomes bankrupt after taking possession of the property, the landlord or lessor may call for security for future rent payments. He must grant the tenant or lessee and the bankruptcy administrators an appropriate time limit in which to furnish it.

2 Where no such security is furnished to the landlord or lessor, he may terminate the contract with immediate effect.

Art. 266i

3. Death of the tenant or lessee

In the event of the death of the tenant or lessee, his heirs may terminate the contract by giving the legally prescribed notice expiring on the next admissible termination date.

Art. 266k

4. Chattels

A lessee of a chattel hired for his own private use and leased to him on a commercial basis by the lessor may terminate the lease by giving at least 30 days' notice expiring at the end of a three-month period of the lease. The lessor has no claim for compensation.

Art. 266l

IV. Required form of notice for residential and commercial premises

1. In general

¹ Notice to terminate leases of residential and commercial premises must be given in writing.

² The landlord must give notice of termination using a form approved by the canton which informs the tenant how he must proceed if he wishes to contest the termination or apply for an extension of the lease.

Art. 266m

2. Family residence
a. Notice given by the tenant

¹ Where the leased property serves as the family residence, one spouse may not terminate the lease without the express consent of the other.

² If the spouse cannot obtain such consent or it is withheld without good cause, he or she may apply to the court.

³ The same provisions apply *mutatis mutandis* to registered partners.¹⁰⁰

Art. 266n¹⁰¹

b. Notice given by the landlord

Notice of termination given by the landlord and any notification of a time limit for payment accompanied by a warning of termination in the event of non-payment (Art. 257d) must be served separately on the tenant and on his spouse or registered partner.

Art. 266o

3. Void notice

Notice of termination is void if it does not conform to Articles 266l–266n.

Art. 267

P. Return of the object
I. In general

¹ At the end of the lease, the tenant or lessee must return the object in a condition that accords with its contractually designated use.

² Any clause whereby the tenant or lessee undertakes to pay compensation on termination of the lease is void except insofar as such compensation relates to possible damage.

¹⁰⁰ Inserted by Annex No 11 to the Same-Sex Partnership Act of 18 June 2004, in force since 1 Jan. 2007 (AS 2005 5685; BBl 2003 1288).

¹⁰¹ Amended by Annex No 11 to the Same-Sex Partnership Act of 18 June 2004, in force since 1 Jan. 2007 (AS 2005 5685; BBl 2003 1288).

Art. 267a

II. Inspection of object and notification of tenant or lessee

1 When the object is returned, the landlord or lessor must inspect its condition and immediately inform the tenant or lessee of any defects for which he is answerable.

2 If the landlord or lessor fails to do so, he forfeits his claims save in respect of defects not detectable on customary inspection.

3 Where the landlord or lessor discovers such defects subsequently, he must inform the tenant or lessee immediately.

Art. 268

Q. Landlord's special lien
I. Scope

1 As security for rent for the past year and the current six-month period, a landlord of commercial premises has a special lien on chattels located on the leased premises and either used as fixtures or required for the use of the premises.

2 The landlord's special lien also extends to property brought onto the premises by a sub-tenant to the extent that he has not paid his rent.

3 Goods not subject to attachment by creditors of the tenant are not subject to the lien.

Art. 268a

II. Objects belonging to third parties

1 The rights of third parties to objects which the landlord knew or should have known do not belong to the tenant and to stolen, lost, missing or otherwise mislaid objects take precedence over the landlord's special lien.

2 Where the landlord learns only during the lease that objects brought onto the premises by the tenant are not the latter's property, his lien on them is extinguished unless he terminates the lease as of the next admissible termination date.

Art. 268b

III. Exercise of lien

1 Where the tenant wishes to vacate the premises or intends to remove the objects located thereon, the landlord may, with the assistance of the competent authority, retain such objects as are required to secure his claim.

2 Items removed secretly or by force may, with police assistance, be brought back onto the premises within ten days of their removal.

**Section Two:
Protection against Unfair Rents or other Unfair Claims by
the Landlord in Respect of Leases of Residential and
Commercial Premises**

Art. 269

A. Unfair rent
I. General rule

Rents are unfair where they permit the landlord to derive excessive income from the leased property or where they are based on a clearly excessive sale price.

Art. 269a

II. Exceptions

In particular, rents are not generally held to be unfair if:

- a. they fall within the range of rents customary in the locality or district;
- b. they are justified by increases in costs or by additional services provided by the landlord;
- c. in the case of a recently constructed property, they do not exceed the range of gross pre-tax yield required to cover costs;
- d. they serve merely to balance out a rent decrease previously granted as part of a reallocation of funding costs at prevailing market rates and they are set out in a payment plan made known to the tenant in advance;
- e. they serve merely to balance out the inflation on the risk capital;
- f. they do not exceed the levels recommended in master agreements drawn up by landlords' and tenants' associations or organisations representing similar interests.

Art. 269b

B. Index-linked rent

An agreement to link rent to an index is valid only where the lease is contracted for at least five years and the benchmark is the Swiss consumer prices index.

Art. 269c

C. Periodical rent increases

An agreement to increase the rent periodically by fixed amounts is valid only where:

- a. the lease is contracted for at least three years;
- b. the rent is increased no more than once a year; and
- c. the amount by which it is increased is fixed in francs.

Art. 269d

D. Rent increases and other unilateral amendments by the landlord

¹ The landlord may at any time increase the rent with effect from the next termination date. He must give notice of and reasons for the rent increase at least ten days before the beginning of the notice period for termination using a form approved by the canton.

² The rent increase is void where:

- a. it is not communicated using the prescribed form;
- b. no reasons are given;
- c. notification of the increase is accompanied by notice to terminate or a threat of termination.

³ Paragraphs 1 and 2 also apply where the landlord intends to make other unilateral amendments to the lease to the detriment of the tenant, for example by reducing the services provided or adding new accessory charges.

Art. 270

E. Challenge to rent
I. Request for rent reduction
1. Initial rent

¹ Within 30 days of taking possession of the property, the tenant may challenge the initial rent as unfair within the meaning of Articles 269 and 269a before the conciliation authority and request said authority to order a reduction of the rent:

- a. if the tenant felt compelled to conclude the lease agreement on account of personal or family hardship or by reason of the conditions prevailing on the local market for residential and commercial premises; or
- b. if the initial rent required by the landlord is significantly higher than the previous rent for the same property.

² In the event of a housing shortage, the cantons may make it obligatory in all or part of their territory to use the form stipulated in Article 269d when contracting any new lease.

Art. 270a

2. During the lease

¹ The tenant may challenge the rent as unfair and request its reduction as of the next termination date where he has good cause to suppose that, because of significant changes to the calculation basis and most notably a reduction in costs, the return derived by the landlord from the leased property is now excessive within the meaning of Articles 269 and 269a.

² The tenant must present his request for a rent reduction in writing to the landlord, who has 30 days in which to respond. Where the landlord does not accede to the request in full or in part or does not respond in good time, the tenant may apply to the conciliation authority within 30 days.

³ Paragraph 2 does not apply if the tenant is simultaneously challenging a rent increase and requesting a rent reduction.

Art. 270b

II. Challenging rent increases and other unilateral amendments by the landlord

¹ Within 30 days of receiving notice of a rent increase, the tenant may challenge it before the conciliation authority as unfair within the meaning of Articles 269 and 269a.

² Paragraph 1 also applies where the landlord makes other unilateral amendments to the lease to the detriment of the tenant, in particular by reducing the services provided or adding new accessory charges.

Art. 270c

III. Challenging index-linked rent

Without prejudice to the right to challenge the initial rent, a party may argue before the conciliation authority only that the rent increase or reduction requested by the other party is not justified by a corresponding change in the index.

Art. 270d

IV. Challenging periodical rent increases

Without prejudice to the right to challenge the initial rent, the tenant may not challenge periodical rent increases.

Art. 270e

F. Continued validity of lease during challenge proceedings

The existing lease remains in force without change:

- a. during conciliation proceedings, where the parties fail to reach agreement;
- b. during court proceedings, subject to provisional measures ordered by the court.

Section Three: Protection against Termination of Leases of Residential and Commercial Premises

Art. 271

A. Notice open to challenge
I. In general

¹ Notice of termination may be challenged where it contravenes the principle of good faith.

² On request, reasons for giving notice must be stated.

Art. 271a

II. Notice served by the landlord

¹ Notice of termination served by the landlord may be challenged in particular where it is given:

- a. because the tenant is asserting claims arising under the lease in good faith;
- b. because the landlord wishes to impose a unilateral amendment of the lease to the tenant's detriment or to change the rent;
- c. for the sole purpose of inducing the tenant to purchase the leased premises;
- d. during conciliation or court proceedings in connection with the lease, unless the tenant initiated such proceedings in bad faith;
- e. within three years of the conclusion of conciliation or court proceedings in connection with the lease in which the landlord:
 1. was largely unsuccessful,
 2. withdrew or considerably reduced his claim or action,
 3. declined to bring the matter before the court,
 4. reached a settlement or some other compromise with the tenant;
- f. because of changes in the tenant's family circumstances which do not give rise to any significant disadvantage to the landlord.

² Paragraph 1 let. e. is also applicable where the tenant can produce documents showing that he reached a settlement with the landlord concerning a claim in connection with the lease outside conciliation or court proceedings.

³ Paragraph 1 let. d. and e. are not applicable where notice of termination is given:

- a. because the landlord urgently needs the property for his own use or that of family members or in-laws;
- b. because the tenant is in default on his payments (Art. 257*d*);
- c. because the tenant is in serious breach of his duty of care and consideration (Art. 257*f* para. 3 and 4);
- d. as a result of alienation of the leased premises (Art. 261);
- e. for good cause (Art. 266*g*);
- f. because the tenant is bankrupt (Art. 266*h*).

Art. 272

B. Extension of the lease
I. Tenant's entitlement

¹ The tenant may request the extension of a fixed-term or open-ended lease where termination of the lease would cause a degree of hardship for him or his family that cannot be justified by the interests of the landlord.

² When weighing the respective interests, the competent authority has particular regard to:

- a. the circumstances in which the lease was contracted and the terms of the lease;
- b. the duration of the lease;
- c. the personal, family and financial circumstances of the parties, as well as their conduct;
- d. any need that the landlord might have to use the premises for himself, his family members or his in-laws and the urgency of such need;
- e. the conditions prevailing on the local market for residential and commercial premises.

³ Where the tenant requests a second extension, the competent authority must also consider whether the tenant has done everything that might reasonably be expected of him to mitigate the hardship caused by the notice of termination.

Art. 272a

II. Exclusion of extension

¹ No extension is granted where notice of termination is given:

- a. because the tenant is in default on his payments (Art. 257d);
- b. because the tenant is in serious breach of his duty of care and consideration (Art. 257f para. 3 and 4);
- c. because the tenant is bankrupt (Art. 266h);
- d. in respect of a lease expressly concluded for a limited period until refurbishment or demolition works begin or the requisite planning permission is obtained.

² As a general rule, no extension is granted where the landlord offers the tenant equivalent residential or commercial premises.

Art. 272b

III. Length of extension

¹ A lease may be extended by up to four years in the case of residential premises and by up to six years for commercial premises. Within these overall limits, one or two extensions may be granted.

² Where the parties agree to an extension of the lease, they are not bound by a maximum duration and the tenant may waive a second extension.

Art. 272c

IV. Continued validity of lease

¹ Either party may ask the court to modify the lease in line with changed circumstances when deciding on the lease extension.

² Where the lease is not varied in the decision on the lease extension, it remains in force during the extension period, subject to other means of variation envisaged by law.

Art. 272d

V. Notice given during extension

Unless the decision on extension or the extension agreement stipulates otherwise, the tenant may terminate the lease:

- a. by giving one month's notice expiring at the end of a calendar month in cases where the extension does not exceed one year;
- b. by giving three months' notice expiring on an admissible termination date in cases where the extension exceeds one year.

Art. 273C. Time limits and procedure¹⁰²

¹ A party wishing to challenge termination must bring the matter before the conciliation authority within 30 days of receiving the notice of termination.

² A tenant wishing to apply for a lease extension must submit his request to the conciliation authority:

- a. within 30 days of receiving the notice of termination, where the lease is open-ended;
- b. not later than 60 days before expiry of the lease, where it is of limited duration.

³ A tenant requesting a second extension must submit his request to the conciliation authority not later than 60 days before expiry of the first extension.

⁴ The procedure before the conciliation authority is governed by the CPO^{103,104}

⁵ Where the competent authority rejects a request made by the tenant relating to challenging termination, it must examine ex officio whether the lease may be extended.¹⁰⁵

Art. 273a

D. Family residence

¹ Where the leased property serves as the family residence, the tenant's spouse is likewise entitled to challenge the termination, request a lease extension and exercise the other rights accruing to the tenant in the event that notice of termination is served.

² Agreements providing for an extension of the lease are valid only if concluded with both spouses.

¹⁰² Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

¹⁰³ SR 272

¹⁰⁴ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

¹⁰⁵ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

³ The same provisions apply *mutatis mutandis* to registered partners.¹⁰⁶

Art. 273b

E. Sub-letting

¹ The provisions of this Chapter apply to sub-leases provided the principal lease has not been terminated. A sub-lease may be extended only within the duration of the principal lease.

² Where the main purpose of the sub-lease is to circumvent the provisions governing protection against termination, the sub-tenant is granted such protection without regard to the principal lease. If the principal lease is terminated, the landlord is subrogated to the rights of the tenant in his contract with the sub-tenant.

Art. 273c

F. Mandatory provisions

¹ The tenant may waive the rights conferred on him by the provisions of this Chapter only where this is expressly envisaged.

² All agreements to the contrary are void.

Section Four:¹⁰⁷ ...

Art. 274–274g

Title Eight^{bis}:¹⁰⁸ The Usufructuary Lease

Art. 275

A. Definition and scope of application

I. Definition

The usufructuary lease is a contract whereby the lessor undertakes to grant the lessee the use of a productive object or right and the benefit of its fruits or proceeds in exchange for rent.

Art. 276

II. Scope of application

1. Residential and commercial premises

The provisions governing usufructuary leases of residential and commercial premises also apply to objects made available together with such premises for the use and enjoyment of the tenant.

¹⁰⁶ Inserted by Annex No 11 to the Same-Sex Partnership Act of 18 June 2004, in force since 1 Jan. 2007 (AS 2005 5685; BBl 2003 1288).

¹⁰⁷ Repealed by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, with effect from 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

¹⁰⁸ Inserted by No I of the FA of 15 Dec. 1989, in force since 1 July 1990 (AS 1990 802; BBl 1985 I 1369). See also the Final Provisions of Titles VIII and VIII^{bis} Art. 5 at the end of this Code.

Art. 276a

2. Agricultural lease

¹ Usufructuary leases relating to agricultural enterprises or to agricultural land and buildings are governed by the Federal Act of 4 October 1985¹⁰⁹ on Agricultural Leases, insofar as it contains special provisions.

² In other respects the Code of Obligations applies with the exception of the provisions governing leases of residential and commercial premises.¹¹⁰

Art. 277

B. Inventory

Where machinery, livestock or supplies are included in the lease, each party must furnish the other with a precise, signed inventory and take part in a joint valuation thereof.

Art. 278C. Obligations of the lessor
I. Hand-over of object

¹ The lessor is required to make the object available on the agreed date in a condition fit for its designated use and operation.

² If a report was drawn up on the return of the object at the end of the previous lease, on request the lessor must make this document available for inspection by the new lessee when the object is handed over to him.

³ Similarly, the new lessee has the right to be informed of the amount of rent paid under the previous lease.

Art. 279

II. Major repairs

The lessor is obliged to carry out major repairs to the object that become necessary during the lease at his own expense and as soon as the lessee has informed him of the need for such repairs.

Art. 280

III. Charges and taxes

The lessor bears all taxes and charges in connection with the object.

Art. 281D. Obligations of the lessee
I. Payment of rent and accessory charges
1. In general

¹ The lessee must pay the rent and, where applicable, the accessory charges at the end of each year of the lease but not later than when the lease expires, save where another payment date is stipulated by agreement or local custom.

² Article 257a applies to accessory charges.

¹⁰⁹ SR 221.213.2

¹¹⁰ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

Art. 282

2. Lessee in arrears

¹ Where, having accepted the property, the lessee is in arrears with payments of rent or accessory charges, the lessor may set a time limit of at least 60 days for payment and notify him that in the event of non-payment the lessor will terminate the lease on expiry of that time limit.

² In the event of non-payment within the time limit the lessor may terminate the usufructuary lease with immediate effect or, for leases of residential and commercial premises, subject to at least 30 days' notice ending on the last day of a calendar month.

Art. 283

II. Care, consideration and maintenance

1. Care and consideration

¹ The lessee must use the leased object with due care in accordance with its intended use and in particular must ensure that its long-term productivity is sustained.

² Where the usufructuary lease relates to immovable property, the tenant must show due consideration for others who share the building and for neighbours.

Art. 284

2. Normal maintenance

¹ The lessee must carry out the normal maintenance of the leased object.

² In accordance with local custom, he must carry out minor repairs and replace inexpensive equipment and tools which have become useless as a result of age or wear and tear.

Art. 285

3. Breach of duty by the lessee

¹ If, despite written warning from the lessor, the lessee continues to act in breach of his duty of care, consideration or maintenance such that continuation of the usufructuary lease becomes unconscionable for the lessor or other persons sharing the building, the lessor may terminate the lease with immediate effect or, for leases of residential and commercial premises, subject to at least 30 days' notice ending on the last day of a calendar month.

² However, leases of residential and commercial premises may be terminated with immediate effect if the tenant intentionally causes serious damage to the property.

Art. 286

III. Duty of notification

¹ If major repairs become necessary or a third party makes claims against the object of the usufructuary lease, the lessee must inform the lessor immediately.

² Failure to notify renders the lessee liable for any damage incurred by the lessor as a result.

Art. 287

IV. Duty of tolerance

¹ The lessee must tolerate major repairs intended to remedy defects in the object or to repair or prevent damage.

² The lessee must permit the lessor to inspect the object to the extent required for maintenance, sale or future leasing.

³ The lessor must inform the lessee of works and inspections in good time and take all due account of the latter's interests when they are carried out; the provisions on leases in Title 8 (Art. 259*d* and 259*e*) apply *mutatis mutandis* to all claims of the lessee for reduction of the rent and for damages.

Art. 288

E. Rights of the lessee on non-performance or defective performance

¹ The provisions on leases in Title 8 (Art. 258 and 259*a*–259*i*) apply *mutatis mutandis*:

- a. where the lessor fails to hand over the property on the agreed date or hands it over in a defective condition;
- b. where defects arise in the object which are not attributable to the lessee and which he is not obliged to remedy at his own expense, or where he is prevented from using the object as contractually agreed.

² Clauses to the contrary to the detriment of the lessee are void if they are set out:

- a. in previously formulated general terms and conditions;
- b. in usufructuary leases for residential or commercial premises.

Art. 289

F. Renovations and modifications

I. By the lessor

¹ The lessor may renovate or modify the object only where conscionable for the lessee and the usufructuary lease has not been terminated.

² In carrying out such works, the lessor must give due consideration to the lessee's interests; the provisions on leases in Title 8 (Art. 259*d* and Art. 259*e*) apply *mutatis mutandis* to any claims of the lessee for reduction of the rent and for damages.

Art. 289a

II. By the lessee

¹ The lessee requires the lessor's written consent in order to:

- a. alter the manner in which the object has traditionally been managed in ways which will have lasting significance beyond the duration of the lease;
- b. carry out renovations or modifications to the object above and beyond the remit of normal maintenance.

² Once such consent has been given, the lessor may require the restoration of the object to its previous condition only if this has been agreed in writing.

³ Where the lessor has not given his written consent to an alteration within the meaning of paragraph 1 let. a. and the lessee has failed to reverse such alteration within an appropriate time, the lessor may terminate the contract with immediate effect or, for leases of residential and commercial premises, subject to at least 30 days' notice expiring on the last day of a calendar month.

Art. 290

G. Change of ownership

The provisions on leases in Title 8 (Art. 261–261b) apply *mutatis mutandis*:

- a. where the leased object is alienated;
- b. where limited rights in rem are established on the leased object;
- c. where the lease is entered under priority notice in the land register.

Art. 291

H. Sub-letting

¹ The lessee may sub-let all or part of the leased object with the lessor's consent.

² The lessor may refuse his consent to the sub-letting of premises which form part of a leased property only if:

- a. the lessee refuses to inform him of the terms of the sub-lease;
- b. the terms and conditions of the sub-lease are unfair in comparison with those of the usufructuary lease;
- c. the sub-letting gives rise to major disadvantages for the lessor.

³ The lessee is liable to the lessor for ensuring that the sub-tenant or sub-lessee uses the object only in the manner permitted to the lessee himself. To this end the lessor may issue reminders directly to the sub-tenant or sub-lessee.

Art. 292

J. Transfer of usufructuary lease to a third party

Article 263 applies *mutatis mutandis* to the transfer of a usufructuary lease of commercial premises to a third party.

Art. 293

K. Early return of the object

¹ Where the lessee returns the object without observing the notice period or the deadline for termination, he is released from his obligations towards the lessor only if he proposes a new lessee who is acceptable to

the lessor, solvent and willing to take on the lease on the same terms and conditions.

² Otherwise, the lessee must continue to pay the rent until such time as the lease ends or may be terminated under the contract or by law.

³ Against the rent owing to him the lessor must permit the following to be brought into account:

- a. any expenses he has saved, and
- b. any earnings which he has obtained, or intentionally failed to obtain, from putting the object to some other use.

Art. 294

L. Set-off

Article 265 applies *mutatis mutandis* to the set-off of claims arising from a usufructuary lease.

Art. 295

M. End of usufructuary lease
I. Expiry of agreed duration

¹ Where the parties have expressly or tacitly agreed to a limited duration, the usufructuary lease comes to an end on expiry thereof without any need for notice to be given.

² If the usufructuary lease is tacitly continued, it is deemed to have been extended on the same terms and conditions for a further year unless otherwise agreed.

³ A party may terminate the extended usufructuary lease by giving the legally prescribed period of notice expiring at the end of a lease year.

Art. 296

II. Notice of termination and termination dates

¹ The parties may terminate an open-ended usufructuary lease by giving six months' notice expiring on any date of their choosing unless otherwise stipulated by agreement or local custom and unless the nature of the leased object implies that the parties intended otherwise.

² The parties may terminate an open-ended usufructuary lease of residential or commercial premises by giving at least six months' notice expiring on a date fixed by local custom or, absent in the absence of such custom, at the end of a three-month lease period. The parties may agree a longer notice period or another termination date.

³ Where the prescribed notice period or termination date is not observed, termination will be effective as of the next termination date.

Art. 297

III. Extraordinary notice
1. Good cause

¹ Where performance of the contract becomes unconscionable for the parties for good cause, they may terminate the usufructuary lease by giving the legally prescribed notice expiring at any time.

² The court determines the financial consequences of early termination, taking due account of all the circumstances.

Art. 297a

2. Bankruptcy of the lessee

¹ Where the lessee becomes bankrupt after taking possession of the property, the lease ends on commencement of bankruptcy proceedings.

² However, where the lessor has received sufficient security for the current year's rent and the inventory, he must continue the lease until the end of the lease year.

Art. 297b

3. Death of the lessee

In the event of the death of the lessee, his heirs and the lessor may terminate the contract by giving the legally prescribed notice expiring on the next admissible termination date.

Art. 298

IV. Required form of notice for residential and commercial premises

¹ Notice to terminate usufructuary leases of residential or commercial premises must be given in writing.

² The lessor must give notice of termination using a form approved by the canton which informs the lessee how he must proceed if he wishes to contest the termination or apply for an extension of the lease.

³ Notice to terminate is void if it does not fulfil the above requirements.

Art. 299

N. Return of the object
I. In general

¹ At the end of the usufructuary lease, the lessee must return the object together with all items listed in the inventory in the condition they are in at that time.

² He is entitled to compensation for improvements which result:

- a. from endeavours exceeding the normal degree of diligence due in managing the object;
- b. for renovations or modifications to which the lessor gave his written consent.

³ He must compensate the lessor for any deterioration that could have been prevented by diligent management of the object.

⁴ Any agreement whereby the lessee undertakes to pay compensation on termination of the lease is void except insofar as such compensation relates to possible damage.

Art. 299a

II. Inspection of object and notification of lessee

- 1 When the object is returned, the lessor must inspect its condition and immediately inform the lessee of any defects for which he is answerable.
- 2 If the lessor fails to do so, he forfeits his claims save in respect of defects not detectable on customary inspection.
- 3 Where the lessor discovers such defects subsequently, he must inform the lessee immediately.

Art. 299b

III. Replacement of inventory items

- 1 Where items listed in the inventory were valued when the object was originally handed over to the lessee, he must return an inventory of items of the same type and estimated value or pay compensation for any reduction in value.
- 2 The lessee is not obliged to pay compensation for missing items if he can prove that they were lost through the fault of the lessor or force majeure.
- 3 The lessee is entitled to compensation for added value resulting from his outlays and his labour.

Art. 299c

O. Lessor's lien

The lessor of commercial premises has the same right of lien in respect of the rent for the past year and the current year of a usufructuary lease as the landlord under the provisions governing leases and rental agreements (Art. 268 et seq.).

Art. 300

P. Protection against termination of usufructuary leases of residential and commercial premises

- 1 The provisions on leases in Title 8 (Art. 271–273c) apply *mutatis mutandis* to protection against termination of usufructuary leases of residential or commercial premises.
- 2 The provisions governing the family residence (Art. 273a) are not applicable.

Art. 301¹¹¹

Q. Procedure

The procedure is governed by the CPO¹¹².

¹¹¹ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBI 2006 7221).

¹¹² SR 272

R. Livestock lease
I. Rights and obligations of the tenant farmer

Art. 302

¹ In respect of a lease of livestock which is not part of an agricultural tenancy, all benefits arising from leased livestock belong to the tenant farmer unless otherwise provided by agreement or local custom.

² The tenant farmer feeds and cares for the livestock and pays rent to the lessor in the form of either money or a share in the benefits in kind.

Art. 303

II. Liability

¹ Unless otherwise provided by agreement or local custom, the tenant farmer is liable for damage to the leased livestock unless he can prove that such damage could not have been avoided even with all due care and attention.

² The tenant farmer is entitled to have any extraordinary costs of caring for the livestock reimbursed by the lessor unless the tenant farmer was at fault in incurring such costs.

³ The tenant farmer must inform the lessor as soon as possible of serious accidents or illness.

Art. 304

III. Termination

¹ Where the lease is open-ended, either party may terminate it as of any date of their choosing, unless otherwise provided by agreement or local custom.

² However, such termination must take place in good faith and not at an inopportune juncture.

Title Nine: The Loan

Section One: The Loan for Use

Art. 305

A. Definition

A loan for use is a contract whereby the lender undertakes to make an object available free of charge to the borrower for the latter's use and the borrower undertakes to return it to him after having made use of it.

Art. 306

B. Effect
I. Borrower's right of use

¹ The borrower may make use of the loaned object only for the purpose stipulated in the contract or, in the absence of any stipulation, for its normal purpose or the purpose dictated by its nature.

² He is not entitled to grant use of the object to a third party.

³ A borrower acting in breach of these provisions is liable even for accidental damage unless he can prove that the object would have been affected in any event.

Art. 307

II. Maintenance costs

¹ The borrower bears the ordinary costs of maintenance and, in the case of loaned animals, in particular the costs of feeding them.

² He is entitled to reimbursement of extraordinary expenses he has been obliged to incur for the lender's benefit.

Art. 308

III. Liability of joint borrowers

Persons who have jointly borrowed a single object are jointly and severally liable for it.

Art. 309

C. Termination
I. Loan for designated use

¹ Where the loan for use is open-ended, it ends as soon as the borrower has made use of the object as agreed or on expiry of the period in which such use could have been made of it.

² The lender is entitled to reclaim the object before that time if the borrower uses it for a purpose contrary to the agreement, if he damages it, if he permits a third party to use it or if unforeseen developments occur which leave the lender in urgent need of the object.

Art. 310

II. Loan for non-designated use

Where the contract stipulates neither the purpose nor the duration of the loan, the lender may reclaim the loaned object whenever he sees fit.

Art. 311

III. Death of the borrower

The loan for use ends on the death of the borrower.

Section Two: The Fixed-Term Loan

Art. 312

A. Definition

A fixed-term loan is a contract whereby the lender undertakes to transfer the ownership of a sum of money or of other fungible goods to the borrower, who in return undertakes to return objects of the same quantity and quality to him.

Art. 313

B. Effect
I. Interest
1. Liability for interest

¹ In normal dealings, interest is payable on a fixed-term loan only where this has specifically been agreed.

² In commercial transactions, interest is payable on fixed-term loans even where this has not been expressly agreed.

Art. 314

2. Rules governing interest

¹ Where the interest rate is not stipulated in the contract, it is presumed to be the customary rate for loans of the same type at the time and place that the fixed-term loan was received.

² Unless otherwise agreed, the promised interest is payable annually.

³ Any prior agreement that interest will be added to the loan principal and become subject to further interest is void, subject to standard business practices and in particular those of savings banks for calculating interest on current accounts and similar commercial instruments under which the calculation of compound interest is customary.

Art. 315

II. Prescriptive period for claims for delivery and acceptance

The borrower's claim for delivery and the lender's claim for acceptance of the fixed-term loan prescribe six months after the date on which the other party defaults.

Art. 316

III. Insolvency of the borrower

¹ The lender may refuse to hand over the fixed-term loan if the borrower becomes insolvent after entering into the contract.

² The lender has the right to refuse delivery even if insolvency occurred before the contract was concluded but he only subsequently became aware of it.

Art. 317

C. Goods in lieu of money

¹ Where the borrower receives securities or goods rather than the agreed sum of money, the amount of the fixed-term loan is deemed to be the current or market price of the securities or goods concerned at the time and place of delivery.

² Any agreement to the contrary is void.

Art. 318

D. Timing of repayment

Where a fixed-term loan contract does not stipulate the repayment date or the period of notice to terminate the contract or the expiry of the contract at any time on first request, the borrower must repay the loan within six weeks of the first request by the lender.

Title Ten:¹¹³ The Employment Contract

Section One: The Individual Employment Contract

Art. 319

A. Definition and conclusion
I. Definition

¹ By means of an individual employment contract, the employee undertakes to work in the service of the employer for a limited or unlimited period and the employer undertakes to pay him a salary based on the amount of time he works (time wage) or the tasks he performs (piece work).

² A contract whereby an employee undertakes to work regularly in the employer's service by hours, half-days or days (part-time work) is likewise deemed to be an individual employment contract.

Art. 320

II. Creation

¹ Except where the law provides otherwise, the individual employment contract is not subject to any specific formal requirement.

² It is deemed to have been concluded where the employer accepts the performance of work over a certain period in his service which in the circumstances could reasonably be expected only in exchange for salary.

³ Where an employee performs work in good faith for the employer under a contract which is subsequently found to be invalid, both parties must discharge their obligations under the employment relationship as if the contract had been valid until such time as one party terminates the relationship on grounds of the invalidity of the contract.

Art. 321

B. Obligations of the employee
I. Duty to work in person

The employee must carry out the contractually assumed tasks in person, unless otherwise required by agreement or the circumstances.

Art. 321a

II. Duty of care and loyalty

¹ The employee must carry out the work assigned to him with due care and loyally safeguard the employer's legitimate interests.

² He must use the employer's machinery, work tools, technical equipment, installations and vehicles in the appropriate manner and treat them and all materials placed at his disposal for the performance of his work with due care.

¹¹³ Amended by No I of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Transitional and Final Provisions of Title X Art. 7 at the end of this Code.

³ For the duration of the employment relationship the employee must not perform any paid work for third parties in breach of his duty of loyalty, in particular if such work is in competition with his employer.

⁴ For the duration of the employment relationship the employee must not exploit or reveal confidential information obtained while in the employer's service, such as manufacturing or trade secrets; he remains bound by such duty of confidentiality even after the end of the employment relationship to the extent required to safeguard the employer's legitimate interests.

Art. 321b

III. Disclosure and hand-over of benefits received and work produced

¹ The employee is accountable to his employer for everything, and in particular sums of money, he receives from third parties in the performance of his contractual activities and must hand it over to the employer immediately.

² He must likewise immediately hand over to the employer all work produced in the course of his contractual activities.

Art. 321c

IV. Overtime

¹ If more hours of work are required than envisaged under the employment contract or provided for by custom, standard employment contract or collective employment contract, the employee is obliged to perform such overtime to the extent that he is able and may conscientiously be expected to do so.

² In consultation with the employee, the employer may compensate him within an appropriate period for the overtime worked by granting him time off in lieu of at least equal length.

³ Where the overtime is not compensated by time off in lieu and unless otherwise agreed in writing or under a standard employment contract or collective employment contract, the employer must compensate the employee for the overtime worked by paying him his normal salary and a supplement of at least one-quarter thereof.

Art. 321d

V. Compliance with general directives and instructions

¹ The employer is entitled to issue general directives and specific instructions regarding the performance of the work and the conduct of employees in his business or household.

² The employee must comply in good faith with the employer's general directives and specific instructions.

Art. 321e

VI. Employee's liability

1 The employee is liable for any damage he causes to the employer whether wilfully or by negligence.

2 The extent of the duty of care owed by the employee is determined by the individual employment contract, taking due account of the occupational risk, level of training and technical knowledge associated with the work as well as the employee's aptitudes and skills of which the employer was or should have been aware.

Art. 322C. Obligations of the employer
I. Salary

1. Type and amount in general

1 The employer must pay the agreed or customary salary or the salary that is fixed by standard employment contract or collective employment contract.

2 Where the employee lives in the employer's household, his board and lodgings are part of the salary unless agreement or custom provide otherwise.

Art. 322a

2. Share in the business results

1 Where the employee is by contract entitled to a share in the profits, the turnover or the results of the business expressed in some other manner, such share is calculated on the basis of the results for the financial year as defined by statutory provision and generally recognised commercial principles.

2 The employer must furnish all the necessary information to the employee or, in his stead, to an expert designated by both employer and employee or appointed by the court and must grant the employee or the expert such access to the accounts as is required for verification of the business results.

3 In addition, where a share in the profits of the business has been agreed, a copy of the profit and loss account must be made available to the employee on request.¹¹⁴

Art. 322b3. Commission
a. Entitlement

1 Where the employee is by contract entitled to commission on particular transactions, his entitlement is established as soon as the transaction with the third party enters into force.

2 In the case of transactions involving performance in instalments and insurance policies, it may be agreed in writing that such entitlement arises as each instalment falls due or is performed.

¹¹⁴ Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

³ The entitlement to commission lapses subsequently if through no fault of his the employer fails to carry out the transaction or the third party fails to fulfil his obligations; in the event of only partial performance, the commission is reduced proportionately.

Art. 322c

b. Statement

¹ Where the terms of the contract do not require the employee to draw up a statement of commission due to him, on each date on which commission falls due, the employer must provide him with a written statement including a breakdown of the transactions on which it is payable.

² The employer must furnish all the necessary information to the employee or, in his stead, to an expert designated by both employer and employee or appointed by the court, and must grant the employee or the expert such access to the books of account or supporting documents as is required for verification of the commission statement.

Art. 322d

4. Bonuses

¹ Where the employer pays a bonus over and above the salary on particular occasions, such as at Christmas or the end of the financial year, the employee is entitled to such bonus where it is contractually stipulated.

² If the employment relationship ends prior to the occasion on which the bonus is paid, the employee is entitled to a pro rata bonus where the contract so provides.

Art. 323

II. Payment of salary

1. Payment terms and periods

¹ Unless shorter periods or other payment terms have been agreed or are customary and unless otherwise provided by standard employment contract or collective employment contract, the salary is paid to the employee at the end of each month.

² Unless a shorter payment period has been agreed or is customary, commission is paid at the end of each month; however, where execution of a transaction takes more than half a year, the due date of the commission payable on it may be deferred by written agreement.

³ Shares in business results are payable as soon as the results are determined, but not later than six months after the end of the financial year.

⁴ If an employee is in hardship and requests an advance against salary due for work already performed, the employer must advance such sum as may reasonably be expected of him.

Art. 323a

2. Withholding
of salary

¹ To the extent provided for by individual agreement, custom, standard employment contract or collective employment contract, the employer may withhold part of the salary.

² The amount withheld on any given payment date must not exceed one-tenth of the salary due and the cumulative amount withheld must not exceed the salary due for one week's work; however, a higher amount may be withheld under the terms of a standard employment contract or collective employment contract.

³ Unless otherwise provided by individual agreement, custom, standard employment contract or collective employment contract, the salary withheld is deemed to be security for the employer's claims arising from the employment relationship rather than a contractual penalty.

Art. 323b

3. Salary protec-
tion

¹ Unless otherwise provided by agreement or custom, the salary must be paid to the employee in legal tender during working hours; a written salary statement must be provided to the employee.

² Where the employer holds claims against the employee, he may set them off against the employee's salary claim only to the extent that such salary claim is subject to attachment, although claims for compensation of intentional damage may be set off without restriction.

³ Any agreement whereby the salary must be used for the employer's benefit is void.

Art. 324

III. Salary in the
event work is not
possible

1. Failure by em-
ployer to accept
performance

¹ Where the employer is at fault in preventing performance of the work or fails to accept its performance for other reasons, he remains obliged to pay the salary but the employee is not obliged to make up the time thus lost.

² The salary payable in this event is reduced by any amounts that the employee saved as a result of being prevented from working or that he earned by performing other work or would have earned had he not intentionally foregone such work.

Art. 324a

2. Employee pre-
vented from
working
a. General prin-
ciple

¹ Where the employee is prevented from working by personal circumstances for which he is not at fault, such as illness, accident, legal obligations or public duties, the employer must pay him his salary for a limited time, including fair compensation for lost benefits in kind, provided the employment relationship has lasted or was concluded for longer than three months.

² Subject to longer periods being fixed by individual agreement, standard employment contract or collective employment contract, the employer must pay three weeks' salary during the first year of service and thereafter the salary for appropriately longer periods depending on the duration of the employment relationship and the particular circumstances.

³ The employer has the same obligation in the event that an employee becomes pregnant.¹¹⁵

⁴ A written agreement, standard employment contract or collective employment contract may derogate from the above provisions provided it gives the employee terms of at least equivalent benefit.

Art. 324b

b. Exceptions

¹ If the employee has compulsory insurance prescribed by law against the financial consequences of being prevented from working by personal circumstances for which he is not at fault, the employer is not obliged to pay his salary where the insurance benefits for that limited period cover at least four-fifths of the salary income lost over that period.

² Where the insurance benefits are less, the employer must pay the difference between them and four-fifths of the salary.

³ Where the insurance benefits are paid only after a waiting period, the employer must pay at least four-fifths of the salary during that period.¹¹⁶

Art. 325¹¹⁷

IV. Assignment and pledge of salary claims

¹ The employee may assign or pledge his future salary claims as security for maintenance or support obligations under family law only to the extent that such claims are subject to attachment; at the request of an interested party the debt collection office at the employee's domicile determines the amount that is not subject to attachment in accordance with Article 93 of the Federal Act of 11 April 1889¹¹⁸ on Debt Collection and Bankruptcy.

² Any assignment or pledge of future salary claims as security for other obligations is void.

¹¹⁵ Amended by Annex No 1 to the FA of 3 Oct. 2003, in force since 1 July 2005 (AS 2005 1429; BBl 2002 7522, 2003 1112 2923).

¹¹⁶ Inserted by Annex No 12 to the FA of 20 March 1981 on Accident Insurance, in force since 1 Jan. 1984 (AS 1982 1676 1724 Art. 1 para. 1; BBl 1976 III 141).

¹¹⁷ Amended by No I of the FA of 14 Dec. 1990, in force since 1 July 1991 (AS 1991 974; BBl 1989 III 1233, 1990 I 120).

¹¹⁸ SR 281.1

Art. 326

V. Piece work
1. Work allocation

1 Where by contract the employee carries out piece work for a single employer, the latter must allocate a sufficient quantity of work to him.

2 The employer may allocate time work to the employee where through no fault of his own the employer is unable to allocate piece work as contractually agreed or where time work is temporarily required for operational reasons.

3 If the rate of pay for such time work is not fixed by individual agreement, standard employment contract or collective employment contract, the employer must pay the employee the average salary he previously earned on a piece work basis.

4 An employer who is unable to allocate sufficient piece work or time work remains nonetheless obliged pursuant to the provisions governing failure to accept performance to pay the salary that he would have paid for time work.

Art. 326a

2. Piece work rates

1 Where by contract the employee carries out piece work, the employer must inform him of the applicable rate of pay before the start of each task.

2 Should the employer fail to give such information, he must pay the going rate for identical or comparable work.

Art. 327

VI. Work tools, materials and expenses

1. Work tools and materials

1 Unless otherwise provided by agreement or custom, the employer provides the employee with the tools and materials that the work requires.

2 Where the employee himself supplies such tools or materials with the employer's consent, he is entitled to appropriate compensation unless otherwise provided by agreement or custom.

Art. 327a

2. Expenses
a. In general

1 The employer must reimburse the employee for all expenses necessarily incurred in the performance of the work and, in the case of work done off the employer's premises, for his necessary living expenses.

2 An individual agreement, standard employment contract or collective employment contract may provide that such expenses be reimbursed in the form of a fixed sum, such as a per diem or a weekly or monthly allowance, provided that this covers all necessary expenses.

3 Any agreement whereby the employee must bear all or part of such necessary expenses is void.

Art. 327b

- b. Motor vehicle
- ¹ Where with the employer's consent the employee uses his own motor vehicle or a vehicle supplied by the employer for business purposes, he is entitled to reimbursement of the normal running and maintenance costs incurred in the performance of his work.
- ² Where with the employer's consent the employee uses his own motor vehicle for work purposes, the employee is also entitled to reimbursement of the tax on the vehicle and the premiums for third-party liability insurance as well as appropriate compensation for wear and tear, to the extent that the vehicle is used for business purposes.
- ³ ...¹¹⁹

Art. 327c

- c. Payment dates
- ¹ Expenses are reimbursed when the salary is paid based on the statement of expenses submitted by the employee, unless a shorter period has been agreed or is customary.
- ² Where an employee regularly incurs expenses in the performance of his contractual obligations, the employer must pay him an advance against such expenses at regular intervals but not less frequently than every month.

Art. 328

- VII. Protection of the employee's personality rights
1. In general
- ¹ Within the employment relationship, the employer must acknowledge and safeguard the employee's personality rights, have due regard for his health and ensure that proper moral standards are maintained. In particular, he must ensure that employees are not sexually harassed and that any victim of sexual harassment suffers no further adverse consequences.¹²⁰
- ² In order to safeguard the personal safety, health and integrity of his employees he must take all measures that are shown by experience to be necessary, that are feasible using the latest technology and that are appropriate to the particular circumstances of the workplace or the household, provided such measures may reasonably be expected of him in the light of each specific employment relationship and the nature of the work.^{121 122}

¹¹⁹ Repealed by No 12 of the Annex to the FA of 20 March 1981 on Accident Insurance, with effect from 1 Jan. 1984 (AS **1982** 1676 1724 Art. 1 para. 1; BBl **1976** III 141).

¹²⁰ Sentence inserted by Annex No 3 to the FA of 24 March 1995 on Gender Equality, in force since 1 July 1996 (AS **1996** 1498; BBl **1993** I 1248).

¹²¹ Revised by the Federal Assembly Drafting Committee (Art. 33 ParlPA; AS **1974** 1051).

¹²² Amended by Annex No 3 to the FA of 24 March 1995 on Gender Equality, in force since 1 July 1996 (AS **1996** 1498; BBl **1993** I 1248).

Art. 328a

2. Shared house-
hold

1 Where the employee lives in the employer's household, the employer must provide adequate board and appropriate lodgings.

2 If the employee is prevented from working through no fault of his own by sickness or accident, the employer must provide care and medical assistance for a limited period, this being three weeks within the first year of service and thereafter for appropriately longer periods depending on the duration of the employment relationship and the particular circumstances.

3 The employer has the same obligations in the event that an employee is pregnant or gives birth.

Art. 328b¹²³

3. When han-
dling personal
data

The employer may handle data concerning the employee only to the extent that such data concern the employee's suitability for his job or are necessary for the performance of the employment contract. In all other respects, the provisions of the Data Protection Act of 25 September 2020¹²⁴ apply.¹²⁵

Art. 329

VIII. Days off
work, holidays,
and leave

1. Days off
work¹²⁶

1 The employer must allow the employee one day off per week, generally Sunday or, where circumstances do not permit this, a full weekday instead.

2 In special circumstances, he may allow the employee several days off together or two half-days instead of one full day, provided the employee consents to this.

3 In addition, he must allow the employee the customary hours and days off work and, once notice has been given to terminate the employment relationship, the time required to seek other employment.

4 When determining time off work, due account is to be taken of the interests of both employer and employee.

¹²³ Inserted by Annex No 2 to the FA of 19 June 1992 on Data Protection, in force since 1 July 1993 (AS 1993 1945; BBl 1988 II 413).

¹²⁴ SR 235.1

¹²⁵ Second sentence amended by Annex 1 No II 18 of the Data Protection Act of 25 Sept. 2020, in force since 1 Sept. 2023 (AS 2022 491; BBl 2017 6941).

¹²⁶ Amended by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Work and Caring for Family Members, in force since 1 July 2021 (AS 2020 4525; BBl 2019 4103).

Art. 329a

2. Holidays

a. Annual entitlement

¹ The employer must allow the employee during each year of service at least four weeks' holiday and five weeks' holiday for employees under the age of 20.¹²⁷

² ...¹²⁸

³ Where an employee has not yet completed one year's service, his holiday entitlement is fixed pro rata.

Art. 329b

b. Reduction

¹ Where in a given year of service the employee through his own fault is prevented from working for more than a month in total, the employer may reduce his holiday entitlement by one-twelfth for each full month of absence.¹²⁹

² Where the total absence does not exceed one month in a given year of service and is the result of personal circumstances for which the employee is not at fault, such as illness, accident, legal obligations, public duties or leave for youth work, the employer is not entitled to reduce his holiday entitlement.¹³⁰

³ The employer may not reduce the holiday entitlement of:

- a. a female employee who is prevented from working by pregnancy for up to two months;
- b. a female employee who has taken maternity leave in accordance with Article 329f;
- c.¹³¹ a male employee who has taken paternity leave in accordance with Article 329g;
- d. an employee who has taken carer's leave in accordance with Article 329i,
- e.¹³² an employee who has taken adoption leave in accordance with Article 329j.¹³³

¹²⁷ Amended by No I of the FA of 16 Dec. 1983, in force since 1 July 1984 (AS 1984 580; BBl 1982 III 201).

¹²⁸ Repealed by No I of the FA of 16 Dec. 1983, with effect from 1 July 1984 (AS 1984 580; BBl 1982 III 201).

¹²⁹ Amended by Art. 117 of the FA of 25 June 1982 on Unemployment Insurance, in force since 1 Jan. 1984 (AS 1982 2184, 1983 1204; BBl 1980 III 489).

¹³⁰ Amended by Art. 13 of the FA of 6 Oct. 1989 on Youth Work, in force since 1 Jan. 1991 (AS 1990 2007; BBl 1988 I 825).

¹³¹ Amended by Annex No 1 of the FA of 1 Oct. 2021, in force since 1 Jan. 2023 (AS 2022 468; BBl 2019 7095, 7303).

¹³² Amended by Annex No 1 of the FA of 1 Oct. 2021, in force since 1 Jan. 2023 (AS 2022 468; BBl 2019 7095, 7303).

¹³³ Amended by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Work and Caring for Family Members, in force since 1 July 2021 (AS 2020 4525; BBl 2019 4103).

⁴ A standard employment contract or collective employment contract may derogate from paragraphs 2 and 3 provided that, taken as a whole, it gives employees terms of at least equal benefit.¹³⁴

Art. 329c

c. Consecutive weeks, timing

¹ The holiday entitlement for a given year of service is generally granted during that year; at least two weeks of holiday must be taken consecutively.¹³⁵

² The employer determines the timing of holidays taking due account of the employee's wishes to the extent these are compatible with the interests of the business or household.

Art. 329d

d. Salary

¹ The employer must pay the employee the full salary due for the holiday entitlement and fair compensation for any lost benefits in kind.

² During the employment relationship, the holiday entitlement may not be replaced by monetary payments or other benefits.

³ If while on holiday, the employee carries out paid work for a third party which harms the employer's legitimate interests, the employer may refuse to pay the salary due for the holidays concerned and may reclaim any salary already paid.

Art. 329e¹³⁶

3. Leave for extracurricular youth work

¹ During each year of service the employer must grant employees under the age of 30 leave of up to one working week for the purpose of carrying out unpaid leadership, care or advisory activities in connection with extracurricular youth work for cultural or social organisations and for related initial and ongoing training.

² The employee has no salary entitlement during such leave for youth work. An individual agreement, standard employment contract or collective employment contract may provide otherwise to the employee's benefit.

³ The employer and employee should agree on the timing and duration of leave for youth work, having due regard for each other's interests. Where they cannot reach agreement, such leave must be granted on con-

¹³⁴ Inserted by No I of the FA of 16 Dec. 1983, in force since 1 July 1984 (AS 1984 580; BBl 1982 III 201).

¹³⁵ Amended by No I of the FA of 16 Dec. 1983, in force since 1 July 1984 (AS 1984 580; BBl 1982 III 201).

¹³⁶ Inserted by Art. 13 of the FA of 6 Oct. 1989 on Youth Work, in force since 1 Jan. 1991 (AS 1990 2007; BBl 1988 I 825).

dition that the employee gives two months' advance notice of his intention to exercise his right. Any leave for youth work not taken by the end of the calendar year is forfeited.

⁴ At the employer's request, the employee must furnish proof of the activities and functions he has carried out in relation to youth work.

Art. 329^f¹³⁷

4. Maternity leave

¹ After having given birth, a female employee is entitled to maternity leave of at least 14 weeks.

² In the event of the hospitalisation of the new-born child, the maternity leave shall be extended by the extended period of payment of the maternity allowance.¹³⁸

Art. 329^g¹³⁹

5. Paternity leave

¹ An employee who is legally the father at the time of the birth of a child or who becomes the legal father within the following six months is entitled to paternity leave of two weeks.

² Paternity leave must be taken within six months of the birth of the child.

³ It may be taken in full weeks or on a day-to-day basis.

Art. 329^h¹⁴⁰

6. Leave to care for family members

An employee is entitled to paid leave for the time he or she spends caring for a family member or life partner with health problems; however, the leave is limited to no more than three days per event and no more than ten days per year.

¹³⁷ Inserted by Annex No 1 to the FA of 3 Oct. 2003, in force since 1 July 2005 (AS 2005 1429; BBl 2002 7522, 2003 1112 2923).

¹³⁸ Inserted by No II of the FA of 18 Dec. 2020, in force since 1 July 2021 (AS 2021 288; BBl 2019 141).

¹³⁹ Inserted by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Employment and Caring for Family Members, in force since 1 Jan. 2021 (AS 2020 4525; BBl 2019 4103).

¹⁴⁰ Inserted by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Employment and Caring for Family Members, in force since 1 Jan. 2021 (AS 2020 4525; BBl 2019 4103).

Art. 329i¹⁴¹

7. Leave to care for a child whose health is seriously impaired by illness or accident

1 If an employee is entitled to carer's allowance under Articles 16*n*–16*s* of the Loss of Earning Compensation Act (LECA) of 25 September 1952¹⁴² because his or her child's health has been seriously impaired by illness or accident, he or she is entitled to carer's leave of a maximum of 14 weeks.

2 The carer's leave must be taken within a period of 18 months. The period begins on the day for which the first daily allowance is claimed.

3 If both parents are in employment, each parent is entitled to carer's leave of a maximum of seven weeks. They may choose to apportion the leave in a different way.

4 The leave may be taken in one stretch or on a day-to-day basis.

5 The employer must be informed immediately about the arrangements made for taking the leave and about any changes to these arrangements.

Art. 329j¹⁴³

8. Adoption leave

1 If an employee adopts a child, he or she shall be entitled to adoption leave of two weeks provided the requirements of Article 16*t* LECA¹⁴⁴ are met.

2 The adoption leave must be taken within one year of adopting the child.

3 It may be taken by one parent or shared between both parents. Both parents may not take their share of leave at the same time.

4 It may be taken in full weeks or on a day-to-day basis.

Art. 330

IX. Other duties
1. Security

1 Where the employee furnishes security for performance of his obligations under the employment contract, the employer must keep it separate from his own assets and guarantee its safekeeping.

2 The employer returns such security at the latest at the end of the employment relationship unless the date of its return has been deferred by written agreement.

3 Where the employer asserts claims arising from the employment relationship and these are contested, he may retain the security until they

¹⁴¹ Inserted by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Work and Caring for Family Members, in force since 1 July 2021 (AS 2020 4525; BBI 2019 4103).

¹⁴² SR 834.1

¹⁴³ Inserted by Annex No 1 of the FA of 1 Oct. 2021, in force since 1 Jan. 2023 (AS 2022 468; BBI 2019 7095, 7303).

¹⁴⁴ SR 834.1

are resolved but must at the employee's request deposit any retained security with the court.

⁴ In the event of the employer's bankruptcy, the employee may demand the return of the security kept separate from the employer's own assets, subject to any claims of the latter arising from the employment relationship.

Art. 330a

2. Reference

¹ The employee may at any time request from the employer a reference concerning the nature and the duration of the employment relationship, the quality of his work and his conduct.

² At the employee's express request the reference must be limited to the nature and duration of the employment relationship.

Art. 330b¹⁴⁵

3. Duty of information

¹ Where the employment contract has been concluded for an indefinite duration or for longer than one month, within one month of the beginning of the employment relationship, the employer must inform the employee in writing of:

- a. the names of the contracting parties;
- b. the date of the beginning of the employment relationship;
- c. the employee's function;
- d. the salary and any additional benefits;
- e. the length of the working week.

² In the event of changes to the contractual elements that are subject to the duty of information pursuant to paragraph 1 during the employment relationship, the employee must be informed of such changes in writing within one month of their entry into force.

¹⁴⁵ Inserted by Art. 2 No 2 of the FA of 17 Dec. 2004 approving and implementing the Protocol relating to the extension of the Agreement between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other, on the free movement of persons to new EU member states and approving the revision of the accompanying measures on the free movement of persons, in force since 1 April 2006 (AS 2006 979; BBl 2004 5891 6565).

Art. 331

D. Employee benefits provision
I. Obligations of the employer¹⁴⁶

¹ Where the employer contributes to an employee benefits scheme¹⁴⁷ or the employees make their own contributions, the employer must transfer these contributions to a foundation, a cooperative or a public law institution.

² Where the employer's contributions and any made by the employee are used to take out health insurance, personal accident insurance, life assurance, disability insurance or whole life assurance in favour of the employee with a regulated insurance company or a recognised health insurance fund, the employer is not obliged to transfer the contributions as stipulated in the previous paragraph if an independent claim against the insurer would accrue to the employee on the occurrence of the event insured against.

³ Where the employee is obliged to make contributions to a benefits scheme, the employer must simultaneously contribute an amount at least equal to the total contributions of all his employees; he must finance his contributions from his own funds or from contribution reserves held by the fund which have previously been accumulated by the employer for this purpose and are shown separately in the fund's accounts. The employer must transfer the contribution deducted from the employee's salary together with his own contribution to the benefits scheme not later than at the end of the first month following the calendar year or insurance year for which the contributions are due.¹⁴⁸

⁴ The employer must furnish the employee with the necessary information regarding his rights and entitlements against a benefits scheme or an insurer.¹⁴⁹

⁵ At the request of the central office for 'Pillar 2' (occupational pension) insurance, the employer must supply any information available to him that might facilitate the location of persons entitled to dormant assets or of the institutions that manage such assets.¹⁵⁰

¹⁴⁶ Amended by Annex No 2 of the Vested Benefits Act of 17 Dec. 1993, in force since 1 Jan. 1995 (AS **1994** 2386; BBl **1992** III 533).

¹⁴⁷ Term in accordance with Annex No 2 of the Vested Benefits Act of 17 Dec. 1993, in force since 1 Jan. 1995 (AS **1994** 2386; BBl **1992** III 533).

¹⁴⁸ Amended by Annex No 2 to the FA of 3 Oct. 2003 (OPA Revision I), in force since 1 Jan. 2005 (AS **2004** 1677 1700; BBl **2000** 2637).

¹⁴⁹ Amended by Annex No 2 to the FA of 17 Dec. 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits, in force since 1 Jan. 1995 (AS **1994** 2386; BBl **1992** III 533).

¹⁵⁰ Inserted by No II 2 of the FA of 18 Dec. 1998, in force since 1 May 1999 (AS **1999** 1384; BBl **1998** V 5569).

Art. 331a¹⁵¹

II. Beginning and end of insurance cover

¹ Benefits cover commences on the date on which the employment relationship begins and ends on the date on which the employee leaves the benefits scheme.

² However, he continues to enjoy life assurance and invalidity cover until he joins a new occupational benefits scheme, subject to a maximum period of one month.

³ The benefits scheme may require the insured to pay premiums for pension insurance maintained after the end of the occupational benefits

Art. 331b¹⁵²

III. Assignment and pledge

Claims for future benefits may not be validly assigned or pledged before they fall due.

Art. 331c¹⁵³

IV. Reservations on medical grounds

Occupational benefits schemes may make reservations on medical grounds in relation to invalidity and life policies. Such reservations may be made for a maximum of five years.

Art. 331d¹⁵⁴

V. Promotion of home ownership
1. Pledge

¹ At any time up to three years before becoming entitled to draw retirement benefits, the employee may pledge his entitlement to occupational benefits or an amount up to the limit of his transferable benefits for the purpose of acquiring a property for his own personal use.

² The pledge is also permitted for the purpose of acquiring shares in a housing cooperative or similar participatory venture provided a residential unit jointly financed in this manner is for the employee's own personal use.

³ The pledge is valid only if notified in writing to the benefits scheme.

⁴ The amount pledged by employees aged 50 or older must not exceed the transferable benefit entitlement they would have had at 50 or one-

¹⁵¹ Amended by Annex No 2 to the FA of 17 Dec. 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits, in force since 1 Jan. 1995 (AS 1994 2386; BBl 1992 III 533).

¹⁵² Amended by Annex No 2 to the FA of 17 Dec. 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits, in force since 1 Jan. 1995 (AS 1994 2386; BBl 1992 III 533).

¹⁵³ Amended by Annex No 2 to the FA of 17 Dec. 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits, in force since 1 Jan. 1995 (AS 1994 2386; BBl 1992 III 533).

¹⁵⁴ Inserted by No II of the FA of 17 Dec. 1993 on the Promotion of Home Ownership using Occupational Pension Benefits, in force since 1 Jan. 1995 (AS 1994 2372; BBl 1992 VI 237).

half of their transferable benefit entitlement at the time the pledge is given.

⁵ Married employees may pledge benefits only with the written consent of their spouse. Where the employee cannot obtain such consent or if it is withheld, the employee may apply to the civil courts.¹⁵⁵ The same applies to registered partnerships.¹⁵⁶

⁶ Where the pledge is realised before the benefits fall due or the cash payment is made, Articles 30*d*, 30*e*, 30*g* and Article 83*a* of the Federal Act of 25 June 1982¹⁵⁷ on Occupational Old Age, Survivors' and Invalidity Pension Provision are applicable.¹⁵⁸

⁷ The Federal Council determines:

- a. the purposes for which the pledge is permissible and the definition of 'own personal use';
- b. the conditions to be fulfilled for the pledging of entitlements to acquire shares in a housing cooperative or similar participatory venture.

Art. 331e¹⁵⁹

2. Early withdrawal

¹ At any time up to three years before becoming entitled to draw retirement benefits, the employee may claim an amount from his benefits scheme for the purpose of acquiring a property for his own personal use.

² Employees under the age of 50 may withdraw an amount up to the limit of their transferable benefits. Employees aged 50 or older are entitled to withdraw no more than the transferable benefit entitlement they would have had at 50 or one-half of their transferable benefit entitlement at the time of the early withdrawal.

³ The employee may also use such amount for the purpose of acquiring shares in a housing cooperative or similar participatory venture provided a residential unit jointly financed in this manner is for the employee's own personal use.

⁴ The early withdrawal brings about an immediate reduction in occupational benefit entitlements in accordance with the benefits scheme regulations and the actuarial basis employed by the benefits scheme. In order to avoid a shortfall in benefits cover resulting from this reduction in

¹⁵⁵ Second sentence amended by Annex No 1 of the FA of 19 June 2015 (Pension Equality on Divorce), in force since 1 Jan. 2017 (AS **2016** 2313; BBl **2013** 4887).

¹⁵⁶ Amended by Annex No 11 to the Same-Sex Partnership Act of 18 June 2004, in force since 1 Jan. 2007 (AS **2005** 5685; BBl **2003** 1288).

¹⁵⁷ SR **831.40**

¹⁵⁸ Amended by Annex No 1 of the FA of 19 June 2015 (Pension Equality on Divorce), in force since 1 Jan. 2017 (AS **2016** 2313; BBl **2013** 4887).

¹⁵⁹ Inserted by No II of the FA of 17 Dec. 1993 on the Promotion of Home Ownership using Occupational Pension Benefits, in force since 1 Jan. 1995 (AS **1994** 2372; BBl **1992** VI 237).

benefits in the event of death or disability, the benefits scheme offers supplementary insurance either directly or as broker for a third-party insurer.

⁵ Married employees may make such an early withdrawal and any subsequent establishment of a charge on immovable property only with the written consent of their spouse. Where the employee cannot obtain such consent or if it is withheld, the employee may apply to the civil courts. The same applies to registered partnerships.¹⁶⁰

⁶ Where married persons divorce before the benefits fall due, the early withdrawal is deemed a transferable benefit and is divided in accordance with Article 123 of the Civil Code¹⁶¹, Articles 280 and 281 CPO¹⁶² and Articles 22–22*b* of the Vested Benefits Act of 17 December 1993¹⁶³. The same applies in the event of judicial dissolution of a registered partnership.¹⁶⁴

⁷ If the early withdrawal or pledge of entitlements jeopardises the liquidity of the benefits scheme, the fund may defer execution of the requests concerned. The benefits scheme must lay down in its regulations the order of priority in which early withdrawals or pledges of entitlements will be deferred in such an event. The Federal Council regulates the details.

⁸ In other respects Articles 30*d*, 30*e*, 30*g* and Article 83*a* of the Federal Act of 25 June 1982¹⁶⁵ on Occupational Old Age, Survivors' and Invalidity Pension Provision are applicable.¹⁶⁶

Art. 331f¹⁶⁷

3. Restrictions if the benefits scheme has a cover deficit

¹ The benefits scheme may provide in its regulations that the pledges of assignments, early withdrawals and repayments may be subject to time or volume restrictions or even refused while the fund has a cover deficit.

² The Federal Council determines the conditions under which the restrictions stipulated in paragraph 1 are permissible and the scope thereof.

¹⁶⁰ Amended by Annex No 1 of the FA of 19 June 2015 (Pension Equality on Divorce), in force since 1 Jan. 2017 (AS **2016** 2313; BBl **2013** 4887).

¹⁶¹ SR **210**

¹⁶² SR **272**

¹⁶³ SR **831.42**

¹⁶⁴ Amended by Annex 1 of the FA of 19 June 2015 (Pension Equality on Divorce), in force since 1 Jan. 2017 (AS **2016** 2313; BBl **2013** 4887).

¹⁶⁵ SR **831.40**

¹⁶⁶ Amended by Annex No 1 of the FA of 19 June 2015 (Pension Equality on Divorce), in force since 1 Jan. 2017 (AS **2016** 2313; BBl **2013** 4887).

¹⁶⁷ Inserted by Annex No 2 to the FA of 18 June 2004, in force since 1 Jan. 2005 (AS **2004** 4635; BBl **2003** 6399).

Art. 332¹⁶⁸

E. Right to inventions and designs

¹ Inventions and designs produced by the employee alone or in collaboration with others in the course of his work for the employer and in performance of his contractual obligations belong to the employer, whether or not they may be protected.

² By written agreement, the employer may reserve the right to acquire inventions and designs produced by the employee in the course of his work for the employer but not in performance of his contractual obligations.

³ An employee who produces an invention or design covered by paragraph 2 must notify the employer thereof in writing; the employer must inform the employee within six months if he wishes to acquire the invention or design or release it to the employee.

⁴ Where it is not released to the employee, the employer must pay him separate, appropriate remuneration to be determined with due regard to all pertinent circumstances and in particular the economic value of the invention or design, the degree to which the employer contributed, any reliance on other staff and on the employer's facilities, the expenses incurred by the employee and his position in the company.

Art. 332a¹⁶⁹**Art. 333**

F. Transfer of employment relationship

1. Effects¹⁷⁰

¹ Where the employer transfers the company or a part thereof to a third party, the employment relationship and all attendant rights and obligations pass to the acquirer as of the day of the transfer, unless the employee refuses such transfer.¹⁷¹

^{1bis} Where the transferred relationship is governed by a collective employment contract, the acquirer is obliged to abide by it for one year unless it expires or is terminated sooner.¹⁷²

² In the event that the employee refuses the transfer, the employment relationship ends on expiry of the statutory notice period; until then, the acquirer and the employee are obliged to perform the contract.

¹⁶⁸ Amended by Annex No II to the FA of 5 Oct. 2001 on the Protection of Designs, in force since 1 July 2002 (AS 2002 1456; BBl 2000 2729).

¹⁶⁹ Repealed by Annex No II to the FA of 5 Oct. 2001 on the Protection of Designs, with effect from 1 July 2002 (AS 2002 1456; BBl 2000 2729).

¹⁷⁰ Amended by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

¹⁷¹ Amended by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

¹⁷² Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

³ The former employer and the acquirer are jointly and severally liable for any claims of an employee which fell due prior to the transfer or which fall due between that juncture and the date on which the employment relationship could normally be terminated or is terminated following refusal of the transfer.

⁴ Moreover, the employer may not transfer the rights arising from an employment relationship to a third party unless otherwise agreed or dictated by the circumstances.

Art. 333a¹⁷³

2. Consultation of employees' organisation

¹ Where the employer transfers the company or a part thereof to a third party, he must inform the organisation that represents the employees or, where there is none, the employees themselves in good time before the transfer takes place of:

- a. the reason for the transfer;
- b. its legal, economic and social consequences for the employees.

² Where measures affecting the employees are envisaged as a result of such transfer, the organisation that represents the employees or, where there is none, the employees themselves must be consulted in good time before the relevant decisions are taken.

Art. 333b¹⁷⁴

3. Transfer of the company on insolvency

If the company or part thereof is transferred during a debt restructuring moratorium, in the course of bankruptcy proceedings or under a composition agreement with assignment of assets, the employment relationship with all rights and obligations is transferred to the acquirer if this has been agreed with the acquirer and the employee does not object to the transfer. In addition, Article 333, with the exception of its paragraph 3, and 333a apply *mutatis mutandis*.

Art. 334¹⁷⁵

G. End of the employment relationship
I. Fixed-term employment relationship

¹ A fixed-term employment relationship ends without notice.

² A fixed-term employment relationship tacitly extended beyond the agreed duration is deemed to be an open-ended employment relationship.

¹⁷³ Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

¹⁷⁴ Inserted by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS 2013 4111; BBl 2010 6455).

¹⁷⁵ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

³ After ten years, any employment relationship contracted for a longer duration may be terminated by either party by giving six months' notice expiring at the end of a month.

Art. 335¹⁷⁶

II. Open-ended employment relationship

1. Notice in general

¹ An employment relationship for an unlimited period may be terminated by either party.

² The party giving notice of termination must state his reasons in writing if the other party so requests.

Art. 335a¹⁷⁷

2. Notice periods
a. In general

¹ Notice periods must be the same for both parties; where an agreement provides for different notice periods, the longer period is applicable to both parties.

² However, where the employer has given notice to terminate the employment relationship or expressed an intention to do so for economic reasons, the employee may be permitted a shorter notice period by individual agreement, standard employment contract or collective employment contract.

Art. 335b¹⁷⁸

b. During the probation period

¹ During the probation period, either party may terminate the contract at any time by giving seven days' notice; the probation period is considered to be the first month of an employment relationship.

² Different terms may be envisaged by an individual written agreement, a standard employment contract or a collective employment contract; however, the probation period may not exceed three months.

³ Where the period that would normally constitute the probation period is interrupted by illness, accident or performance of a non-voluntary legal obligation, the probation period is extended accordingly.

Art. 335c¹⁷⁹

c. After the probation period

¹ The employment relationship may be terminated at one month's notice during the first year of service, at two months' notice in the second to

¹⁷⁶ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

¹⁷⁷ Inserted by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

¹⁷⁸ Inserted by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

¹⁷⁹ Inserted by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

ninth years of service and at three months' notice thereafter, all such notice to expire at the end of a calendar month.

² These notice periods may be varied by written individual, standard or collective employment contract; however, they may be reduced to less than one month only by collective employment contract and only for the first year of service.

³ If the employer terminates the employment relationship and if the employee is entitled to paternity leave in accordance with Article 329g before the end of the employment relationship, the period of notice of termination shall be extended by the number of days of paternity leave not yet taken.¹⁸⁰

Art. 335d¹⁸¹

II^{bis}. Mass redundancies
1. Definition

Mass redundancies are notices of termination given by the employer to employees of a business within 30 days of each other for reasons not pertaining personally to the employees and which affect:

1. at least 10 employees in a business normally employing more than 20 and fewer than 100 employees;
2. at least 10% of the employees of a business normally employing at least 100 and fewer than 300 employees;
3. at least 30 employees in a business normally employing at least 300 employees.

Art. 335e¹⁸²

2. Scope of application

¹ The provisions governing mass redundancies apply equally to fixed-term employment relationships terminated prior to expiry of their agreed duration.

² They do not apply in the event of cessation of business operations by court order or in the case of mass redundancies due to bankruptcy or under a composition agreement with assignment of assets.¹⁸³

¹⁸⁰ Inserted by Annex No 1 of the FA of 27 Sept. 2019, in force since 1 Jan. 2021 (AS 2020 4689; BBl 2019 3405 3851).

¹⁸¹ Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

¹⁸² Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

¹⁸³ Amended by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS 2013 4111; BBl 2010 6455).

Art. 335f¹⁸⁴

3. Consultation
of employees'
organisation

¹ An employer intending to make mass redundancies must consult the organisation that represents the employees or, where there is none, the employees themselves.

² He must give them at least an opportunity to formulate proposals on how to avoid such redundancies or limit their number and how to mitigate their consequences.

³ He must furnish the organisation that represents the employees or, where there is none, the employees themselves with all appropriate information and in any event must inform them in writing of:

- a. the reasons for the mass redundancies;
- b. the number of employees to whom notice has been given;
- c. the number of employees normally employed in the business;
- d. the period in which he plans to issue the notices of termination.

⁴ He must forward a copy of the information stipulated in paragraph 3 to the cantonal employment office.

Art. 335g¹⁸⁵

4. Procedure

¹ The employer notifies the cantonal employment office in writing of any intended mass redundancies and forwards a copy of such notification to the organisation that represents the employees or, where there is none, to the employees themselves.

² Such notification must contain the results of the consultation with the organisation that represents the employees (Art. 335f) and all appropriate information regarding the intended mass redundancies.

³ The cantonal employment office seeks solutions to the problems created by the intended mass redundancies. The organisation that represents the employees or, where there is none, the employees themselves may submit their own comments.

⁴ Where notice to terminate an employment relationship has been given within the context of mass redundancies, the relationship ends 30 days after the date on which the mass redundancies were notified to the cantonal employment office unless such notice of termination takes effect at a later date pursuant to statutory or contractual provisions.

¹⁸⁴ Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

¹⁸⁵ Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

Art. 335*h*¹⁸⁶

5. Social plan
a. Definition and principles

¹ A social plan is an agreement in which an employer and employees set out measures to avoid redundancies or to reduce their numbers and mitigate their effects.

² It must not jeopardise the continued existence of the company.

Art. 335*i*¹⁸⁷

b. Duty to negotiate

¹ The employer must hold negotiations with the employees with the aim of preparing a social plan if he:

- a. normally employs at least 250 employees; and
- b. intends to make at least 30 employees redundant within 30 days for reasons that have no connection with their persons.

² Redundancies over a longer period of time that are based on the same operational decision are counted together.

³ The employer negotiates:

- a. with the employee associations that are party to the collective employment contract if he is a party to this collective employment contract;
- b. with the organisation representing the employees; or
- c. directly with the employees if there is no organisation representing the employees.

⁴ The employee associations, the organisation representing the employees or the employees may invite specialist advisers to the negotiations. These persons must preserve confidentiality in dealings with persons outside the company.

Art. 335*j*¹⁸⁸

c. Preparation by an arbitral tribunal

¹ If the parties are unable to agree on a social plan, an arbitral tribunal is appointed.

² The arbitral tribunal issues the social plan in a binding arbitral award *auf*.

¹⁸⁶ Inserted by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS 2013 4111; BBl 2010 6455).

¹⁸⁷ Inserted by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS 2013 4111; BBl 2010 6455).

¹⁸⁸ Inserted by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS 2013 4111; BBl 2010 6455).

Art. 335^{k189}

d. During bankruptcy or composition proceedings

The provisions on the social plan (Art. 335*h*–335*j*) do not apply to mass redundancies that occur during bankruptcy or composition proceedings that are concluded with a composition agreement.

Art. 336¹⁹⁰

III. Protection from termination

1. Wrongful termination

a. General principle

¹ Notice of termination is unlawful where given by one party:

- a. on account of an attribute pertaining to the person of the other party, unless such attribute relates to the employment relationship or substantially impairs cooperation within the business;
- b. because the other party exercises a constitutional right, unless the exercise of such right breaches an obligation arising from the employment relationship or substantially impairs cooperation within the business;
- c. solely in order to prevent claims under the employment relationship from accruing to the other party;
- d. because the other party asserts claims under the employment relationship in good faith;
- e.¹⁹¹ because the other party is performing Swiss compulsory military or civil defence service or Swiss alternative civilian service or a non-voluntary legal obligation.

² Further, notice of termination given by the employer is unlawful when given:

- a. because the employee is or is not a member of an employees' organisation or because he carries out trade union activities in a lawful manner;
- b. while the employee is an elected employee representative on the staff council for the business or on a body linked to the business and the employer cannot cite just cause to terminate his employment;
- c.¹⁹² in the context of mass redundancies, without his having consulted the organisation that represents the employees or, where there is none, the employees themselves (Art. 335*f*).

³ The protection against termination of employment afforded pursuant to paragraph 2 letter b to an employee representative whose mandate has

¹⁸⁹ Inserted by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS 2013 4111; BBl 2010 6455).

¹⁹⁰ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

¹⁹¹ Amended by Annex No 3 to the FA of 6 Oct. 1995 on Alternative Civilian Service, in force since 1 Oct. 1996 (AS 1996 1445; BBl 1994 III 1609).

¹⁹² Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

ended as a result of transfer of the employment relationship (Art. 333) continues until such time as the mandate would have expired had such transfer not taken place.¹⁹³

Art. 336a¹⁹⁴

b. Penalties

¹ A party who terminates the employment relationship unlawfully must pay compensation to the other party.

² The court determines the compensation taking due account of all the circumstances, though it must not exceed an amount equivalent to six months' salary for the employee. Claims for damages on other counts are unaffected.

³ Where termination is unlawful pursuant to Article 336 paragraph 2 letter c, compensation may not exceed two months' salary for the employee.¹⁹⁵

Art. 336b¹⁹⁶

c. Procedure

¹ A party seeking compensation pursuant to Articles 336 and 336a must submit his objection to the notice of termination in writing to the party giving such notice not later than the end of the notice period.

² Where the objection has been properly submitted and the parties cannot reach agreement on the continuation of the employment relationship, the party on whom notice was served may bring his claim for compensation. The claim prescribes if not brought before the courts within 180 days of the end of the employment relationship.

Art. 336c¹⁹⁷

2. Termination at an inopportune juncture

a. By the employer

¹ After the probation period has expired, the employer may not terminate the employment relationship:

- a.¹⁹⁸ while the other party is performing Swiss compulsory military or civil defence service or Swiss alternative civilian service or, where such service lasts for more than eleven¹⁹⁹ days, during the four weeks preceding or following it;

¹⁹³ Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

¹⁹⁴ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

¹⁹⁵ Inserted by No I of the FA of 17 Dec. 1993, in force since 1 May 1994 (AS 1994 804; BBl 1993 I 805).

¹⁹⁶ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

¹⁹⁷ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

¹⁹⁸ Amended by Annex No 3 to the FA of 6 Oct. 1995 on Alternative Civilian Service, in force since 1 Oct. 1996 (AS 1996 1445; BBl 1994 III 1609).

¹⁹⁹ Revised by the Federal Assembly Drafting Committee (Art. 33 ParlPA; AS 1974 1051).

- b. while the employee through no fault of his own is partially or entirely prevented from working by illness or accident for up to 30 days in the first year of service, 90 days in the second to fifth years of service and 180 days in the sixth and subsequent years of service;
- c. during the pregnancy of an employee and the sixteen weeks following birth;
- c^{bis}.²⁰⁰ before the end of the extended period of maternity leave in accordance with Article 329f paragraph 2;
- c^{ter}.²⁰¹ for as long as the employee is entitled to carer's leave under Article 329i, but for no longer than six months from the day on which the period within which to take the leave begins;
- d. while the employee is participating with the employer's consent in an overseas aid project ordered by the competent federal authority.

² Any notice of termination given during the proscribed periods stipulated in paragraph 1 is void; by contrast, where such notice was given prior to the commencement of a proscribed period but the notice period has not yet expired at that juncture, it is suspended and does not resume until the proscribed period has ended.

³ Where a specific end-point, such as the end of a month or working week, has been set for termination of the employment relationship and such end-point does not coincide with the expiry of the resumed notice period, the latter is extended until the next applicable end-point.

Art. 336d²⁰²

b. By the employee

¹ After the probation period has expired, the employee may not terminate the employment relationship if he is required to deputise for a hierarchical superior whose function the employee is capable of assuming or for the employer himself who is prevented from working by the reasons set out at Article 336c paragraph 1 letter a.

² Article 336c paragraphs 2 and 3 apply *mutatis mutandis*.

²⁰⁰ Inserted by No II of the FA of 18 Dec. 2020, in force since 1 July 2021 (AS 2021 288; BBl 2019 141).

²⁰¹ Originally let. c^{bis}. Inserted by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Work and Caring for Family Members, in force since 1 July 2021 (AS 2020 4525; BBl 2019 4103).

²⁰² Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

Art. 337

IV. Termination
with immediate
effect

1. Requirements

a. For good
cause

¹ Both employer and employee may terminate the employment relationship with immediate effect at any time for good cause; the party doing so must give his reasons in writing at the other party's request.²⁰³

² In particular, good cause is any circumstance which renders the continuation of the employment relationship in good faith unconscionable for the party giving notice.

³ The court determines at its discretion whether there is good cause, However, under no circumstances may the court hold that good cause is constituted by an employee being prevented from working through no fault of his own.

Art. 337a

b. Salary at risk

In the event of the employer's insolvency, the employee may terminate the employment relationship with immediate effect unless he is furnished with security for his claims under such relationship within an appropriate period.

Art. 337b

2. Consequences

a. Termination
for good cause

¹ Where the good cause for terminating the employment relationship with immediate effect consists in breach of contract by one party, he is fully liable in damages with due regard to all claims arising under the employment relationship.

² In other eventualities the court determines the financial consequences of termination with immediate effect at its discretion, taking due account of all the circumstances.

Art. 337c²⁰⁴

b. Termination
without just
cause

¹ Where the employer dismisses the employee with immediate effect without good cause, the employee is entitled to damages in the amount he would have earned had the employment relationship ended after the required notice period or on expiry of its agreed duration.

² Such damages are reduced by any amounts that the employee saved as a result of the termination of the employment relationship or that he earned by performing other work or would have earned had he not intentionally foregone such work.

³ The court may order the employer to pay the employee an amount of compensation determined at the court's discretion taking due account of

²⁰³ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

²⁰⁴ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

all circumstances; however, compensation may not exceed the equivalent of six months' salary for the employee.

Art. 337d

c. Failure to take up post and departure without just cause

1 Where the employee fails to take up his post or leaves it without notice without good cause, the employer is entitled to compensation equal to one-quarter of the employee's monthly salary; in addition, he is entitled to damages for any further losses.

2 Where the employer has suffered no losses or lower losses than the value of the compensation stipulated in the previous paragraph, the court may reduce the compensation at its discretion.

3 Where the claim for damages is not extinguished by set-off, it must be asserted by means of legal action or debt enforcement proceedings within 30 days of the failure to take up the post or departure from it, failing which it prescribes.²⁰⁵

4 ...²⁰⁶

Art. 338

V. Death of the employee or employer
1. Death of the employee

1 The employment relationship ends on the death of the employee.

2 However, the employer must pay the salary for a further month thereafter or, where the employee had completed more than five years of service, for a further two months, provided the employee is survived by a spouse, a registered partner, children who are minors or, in the absence of such heirs, other persons to whom he had a duty to provide support.²⁰⁷

Art. 338a

2. Death of the employer

1 On the death of the employer, the employment relationship passes to his heirs; the provisions governing transfer of employment relationships on transfer of a business apply *mutatis mutandis*.

2 Where an employment relationship was entered into with the employer in person, it ends on his death; however, the employee may claim appropriate compensation for losses incurred as a result of the premature termination of the employment relationship.

²⁰⁵ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

²⁰⁶ Repealed by No I of the FA of 18 March 1988, with effect from 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

²⁰⁷ Amended by Annex No 11 to the Same-Sex Partnership Act of 18 June 2004, in force since 1 Jan. 2007 (AS 2005 5685; BBl 2003 1288).

VI. Consequences of termination of the employment relationship
 1. Maturity of claims

Art. 339

¹ When the employment relationship ends, all claims arising therefrom fall due.

² In the case of claims for commission on transactions performed partly or entirely after the end of the employment relationship, the due date may be deferred by written agreement, albeit generally for no more than six months, or for no more than one year in the case of transactions involving performance in instalments, and for no more than two years in the case of insurance policies and transactions whose execution takes more than half a year.

³ The claim for a share of the business results becomes due in accordance with Article 323 paragraph 3.

2. Return

Art. 339a

¹ By the time the employment relationship ends, each contracting party must return to the other everything received from him or from third parties for his account during the employment relationship.

² In particular, the employee must return motor vehicles and travel tickets and repay advances against salary and expenses to the extent that they exceed his claims.

³ The contracting parties' rights of lien are unaffected.

3. Severance allowance
 a. Requirements

Art. 339b

¹ Where an employment relationship with an employee of at least 50 years of age comes to an end after twenty years or more of service, the employer must pay the employee a severance allowance.

² If the employee dies during the employment relationship, such allowance is paid to the surviving spouse, registered partner or children who are minors or, in the absence of such heirs, other persons to whom he had a duty to provide support.²⁰⁸

b. Amount and due date

Art. 339c

¹ The amount of the severance allowance may be fixed by written individual agreement, standard employment contract or collective employment contract but may never be less than two months' salary for the employee.

²⁰⁸ Amended by Annex No 11 to the Same-Sex Partnership Act of 18 June 2004, in force since 1 Jan. 2007 (AS 2005 5685; BBl 2003 1288).

² Where the amount of the severance allowance is not fixed, the court has discretion to determine it taking due account of all the circumstances, although it must not exceed the equivalent of eight months' salary for the employee.

³ The severance allowance may be reduced or dispensed with if the employee has terminated the employment relationship without good cause or the employer himself has terminated it with immediate effect for good cause or where the payment of such allowance would inflict financial hardship on him.

⁴ The severance allowance is due on termination of the employment relationship, but the due date may be deferred by written individual agreement, standard employment contract or collective employment contract or by court order.

Art. 339d

c. Benefits in lieu of allowance

¹ Where the employee receives benefits from an occupational benefits scheme, these may be deducted from the severance allowance to the extent that they were funded by the employer either directly or through his contributions to the occupational benefits scheme.²⁰⁹

² The employer is likewise released from his obligation to make a severance allowance to the extent that he gives a binding commitment to make future benefits contributions on the employee's behalf or has a third party give such a commitment.

Art. 340

VII. Prohibition of competition
1. Requirements

¹ An employee with capacity to act may give the employer a written undertaking to refrain from engaging in any activity that competes with the employer once the employment relationship has ended and in particular to refrain from running a rival business for his own account or from working for or participating in such a business.

² The prohibition of competition is binding only where the employment relationship allows the employee to have knowledge of the employer's clientele or manufacturing and trade secrets and where the use of such knowledge might cause the employer substantial harm.

Art. 340a

2. Restrictions

¹ The prohibition must be appropriately restricted with regard to place, time and scope such that it does not unfairly compromise the employee's future economic activity; it may exceed three years only in special circumstances.

²⁰⁹ Amended by Annex No 2 to the FA of 25 June 1982 on Occupational Old Age, Survivors' and Invalidity Pension Provision, in force since 1 Jan. 1985 (AS 1983 797 827 Art. 1 Abs. 1; BBl 1976 I 149).

² The court may at its discretion impose restrictions on an excessive prohibition of competition, taking due account of all the circumstances; in particular it will have due regard to any consideration made by the employer.

Art. 340b

3. Consequences of infringement

¹ An employee who infringes the prohibition of competition must provide compensation for the resultant damage to the employer.

² Where an employee who infringes the prohibition is liable to pay a contractual penalty, unless otherwise agreed he may exempt himself from the prohibition by paying it; however, he remains liable in damages for any further damage.

³ Where expressly so agreed in writing, in addition to the agreed contractual penalty and any further damages, the employer may insist that the situation that breaches the contract be rectified to the extent justified by the injury or threat to the employer's interests and by the conduct of the employee.

Art. 340c

4. Extinction

¹ The prohibition of competition is extinguished once the employer demonstrably no longer has a substantial interest in its continuation.

² The prohibition is likewise extinguished if the employer terminates the employment relationship without the employee having given him any good cause to do so, or if the employee terminates it for good cause attributable to the employer.

Art. 341

H. No right of waiver and prescription

¹ For the period of the employment relationship and for one month after its end, the employee may not waive claims arising from mandatory provisions of law or the mandatory provisions of a collective employment contract.

² General provisions governing prescriptive periods are applicable to claims under the employment relationship.

Art. 342

I. Reservation of public law and effects under civil law

¹ The following are reserved:

- a.²¹⁰ the provisions of the Confederation, cantons and communes regarding employment relationships under public law, except in respect of Article 331 paragraph 5 and Articles 331a–331e;

²¹⁰ Amended by No II 2 of the FA of 18 Dec. 1998, in force since 1 May 1999 (AS 1999 1384; BBl 1998 V 5569).

- b. the public law provisions of the Confederation and the cantons governing work and vocational training.

² Where federal or cantonal provisions governing work and vocational training impose an obligation under public law on the employer or employee, the other party has a claim under civil law for performance of said obligation if it is susceptible to inclusion in the individual employment contract.

Art. 343²¹¹

Section Two: Special Individual Employment Contracts

A.²¹² The Apprenticeship Contract

Art. 344

I. Definition and conclusion
1. Definition

An apprenticeship contract is a contract whereby the employer undertakes to provide an apprentice with the requisite training for a particular vocation and the apprentice undertakes to work in the employer's service in order to acquire such training.

Art. 344a

2. Conclusion and content

¹ An apprenticeship contract is valid only if it is done in writing.

² The contract must stipulate the nature and duration of the vocational training, the salary, the probation period, the working hours and the holiday entitlement.

³ The probation period must be no less than one month and no longer than three months. Where not stipulated by the parties in the contract, it is three months.

⁴ By agreement between the parties and with the consent of the cantonal authority, the probation period may exceptionally be extended before its expiry to a final duration of up to six months.

⁵ The contract may contain other terms, in particular regarding the supply of work tools, contributions towards the costs of board and lodgings, the payment of insurance premiums and other obligations to be performed by the parties.

⁶ Any agreement restricting the apprentice's freedom to decide his vocational activities once the apprenticeship is complete is void.

²¹¹ Repealed by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, with effect from 1 Jan. 2011 (AS **2010** 1739; BBl **2006** 7221).

²¹² Amended by Annex No II 3 to the FA of 13 Dec. 2002 on Vocational and Professional Education and Training, in force since 1 Jan. 2004 (AS **2003** 4557; BBl **2000** 5686).

II. Effects

1. Special obligations of the trainee and his legal representative

Art. 345

¹ The apprentice must do his utmost to achieve the goal of the apprenticeship.

² The apprentice's legal representative must do his best to support the employer in his task and to foster a good relationship between the employer and the apprentice.

Art. 345a

2. Special obligations of the employer

¹ The employer must ensure that the vocational training is supervised by a specialist with the necessary professional skills and personal qualities.

² He must without deducting any salary allow the apprentice the time required to attend technical college and take interdisciplinary courses and to sit the vocational examinations on completion of the apprenticeship.

³ While the apprentice is still under the age of 20, the employer must grant him a holiday entitlement of at least five weeks per year of apprenticeship.

⁴ He may allocate work outside the relevant vocational field and piece work to the apprentice only insofar as such work is related to the vocation in which the apprentice is being instructed and the training is not thereby impaired.

Art. 346III. Termination
1. Early termination

¹ During the probation period, the apprenticeship relationship may be terminated at any time by giving seven days' notice.

² The apprenticeship relationship may be terminated with immediate effect for good cause within the meaning of Article 337, and in particular where:

- a. the specialist supervising the training lacks the professional skills or personal qualities required to train the apprentice;
- b. the apprentice does not have the physical or intellectual aptitude required for his training or if his health or morals are in doubt; the apprentice and, where applicable, his legal representative must be heard beforehand;
- c. the training cannot be completed or can only be completed under fundamentally different conditions.

Art. 346a

2. Certificate of apprenticeship

¹ At the end of the apprenticeship, the employer must provide the apprentice with a certificate setting out the requisite information concerning the vocational training acquired and the duration of the apprenticeship.

² At the request of the apprentice or his legal representative, the certificate must also give information on the skills, achievements and conduct of the apprentice.

B. The Commercial Traveller's Contract**Art. 347**

I. Definition and conclusion
1. Definition

¹ Under a commercial traveller's contract, the commercial traveller undertakes to broker or conclude all manner of transactions on behalf of the owner of a trading, manufacturing or other type of commercial company off the employer's business premises in exchange for payment of a salary.

² Any employee who is not primarily engaged in itinerant activities or who works only occasionally or temporarily for the employer or who acts as a travelling salesman for his own account is not considered a commercial traveller.

Art. 347a

2. Conclusion and content

¹ The employment relationship is defined by written contract which stipulates in particular:

- a. the duration and termination of the employment relationship;
- b. the commercial traveller's authority;
- c. the remuneration and reimbursement of expenses;
- d. the applicable law and the forum, where one of the parties is resident abroad.

² In the absence of a written contract, the matters specified in the previous paragraph are determined by statutory provision and customary working conditions.

³ An oral agreement is valid only with regard to the commencement of service, the nature and location of the commercial travel and other terms that do not contradict the statutory provisions or the written contract.

II. Obligations
and authority of
the commercial
traveller
1. Special obli-
gations

Art. 348

¹ The commercial traveller must visit the clients in the prescribed manner unless there is just cause to vary it; he may neither broker nor conclude transactions on his own behalf or on behalf of a third party without the written consent of the employer.

² Where the commercial traveller is authorised to conclude transactions, he must comply with the prescribed prices and other terms and conditions and must declare that any changes thereto are subject to approval by the employer.

³ The commercial traveller must report regularly on his activities, pass on all orders received immediately to the employer and notify the employer of any matters of note that concern his clients.

Art. 348a

2. Del credere

¹ Any agreement whereby the commercial traveller is made liable for the client's payment or any other type of performance of the client's obligations or for all or part of the recovery costs is void.

² Where the commercial traveller concludes transactions with private individuals, he may by means of a written undertaking assume liability in a given transaction for at most one-quarter of the losses incurred by the employer as a result of non-performance of the client's obligations, on condition that an appropriate del credere commission is agreed.

³ In the case of insurance policies the travelling insurance broker may by means of a written undertaking assume liability for at most one-half of the recovery costs where a single-payment premium or premium instalments are not paid and he seeks their recovery by way of legal action or compulsory execution.

Art. 348b

3. Authority

¹ Unless otherwise agreed in writing, a commercial traveller only has authority to broker transactions.

² Where the commercial traveller is authorised to conclude transactions, his powers extend to all legal procedures normally associated with their execution; however, without special authority he may not take receipt of payments from clients nor approve payment periods.

³ Article 34 of the Federal Act of 2 April 1908²¹³ on Insurance Policies is reserved.

²¹³ SR 221.229.1

Art. 349

III. Special obligations of the employer
1. Area of activity

¹ Where a particular area or clientele is allocated to the commercial traveller, it is deemed to have been allocated to him exclusively unless otherwise agreed in writing; however, the employer remains authorised to enter into transactions personally within the area or clientele allocated to the commercial traveller.

² The employer may unilaterally vary the contractually stipulated area or clientele where legitimate reasons require such variation before expiry of the notice to terminate the contract; however, where this is the case, the commercial traveller is entitled to compensation and has good cause for termination of the employment relationship.

Art. 349a

2. Salary
a. In general

¹ The employer must pay the commercial traveller a salary consisting of a fixed salary component with or without commission.

² A written agreement whereby the salary consists exclusively or principally of commission is valid only if such commission gives appropriate remuneration for the services of the commercial traveller.

³ The salary may be freely determined by written agreement for a probation period of no more than two months.

Art. 349b

b. Commission

¹ Where an area or clientele is allocated exclusively to a commercial traveller, the agreed or customary commission is payable to him on all transactions concluded by him or his employer within such area or clientele.

² If a particular area or clientele has not been allocated exclusively to him, the commercial traveller is entitled to commission only on transactions that he personally brokered or concluded.

³ Where it is not yet possible to calculate the precise value of a transaction when the commission falls due, the initial commission payable is based on the minimum value calculated by the employer, with the balance falling due at the latest when the transaction is executed.

Art. 349c

c. Prevention from travelling

¹ Where the commercial traveller through no fault of his own is prevented from travelling and his salary must nonetheless be paid to him by law or by contract, it is calculated on the basis of the fixed salary component plus appropriate compensation for loss of commission.

² Where the commission makes up less than one-fifth of the salary, it may be agreed in writing that no compensation for loss of commission

is owed to him should he be prevented from travelling through no fault of his own.

³ Where a commercial traveller who is prevented from travelling through no fault of his own receives his full salary, at the employer's request he must carry out work on the business premises to the extent he is capable of such work and it may reasonably be required of him.

Art. 349d

3. Expenses

¹ Where the commercial traveller works for several employers at the same time and there is no written agreement stipulating how expenses are to be divided, each employer must reimburse an equal share.

² Any agreement stipulating that the fixed salary component or commission includes reimbursement of all or part of the expenses is void.

Art. 349e

4. Special lien

¹ By way of securing claims due to him under the employment relationship and, in the event that the employer becomes insolvent, claims that are not yet due, the commercial traveller has a special lien on chattels and securities and on any payments received from clients by virtue of an authority to collect with which he has been vested.

² The lien does not extend to travel tickets, price lists, client lists and other documents.

Art. 350

IV. Termination 1. In special circumstances

¹ Where commission makes up at least one-fifth of a commercial traveller's salary and is subject to major seasonal fluctuations, and where the commercial traveller has worked for the employer since the end of the previous season, any notice of termination served on him by the employer during the following season may not expire until the end of the second month following the month in which it was served.

² On the same conditions, where a commercial traveller has been retained by an employer until the end of one season any notice of termination given by him during the period prior to the beginning of the following season may not expire until the end of the second month following the month in which it was served.

Art. 350a

2. Special consequences

¹ At the end of the employment relationship, the commercial traveller is entitled to commission on all the transactions that he concluded or brokered and on all orders passed on to the employer before the end of the employment relationship, whatever the date of their acceptance or execution.

² The commercial traveller must return to the employer all samples, patterns and models, price lists, customer lists and other documents supplied to him for his work activities by the end of the employment relationship, subject to the right of lien.

C. The Homeworker's Contract

Art. 351

I. Definition and conclusion
1. Definition

Under a homeworker's contract, the homeworker²¹⁴ undertakes to work for the employer in return for a salary, such work to be carried out alone or with members of his family and in his home or on other premises of his choosing.

Art. 351a

2. Notification of conditions

¹ Before each work assignment is given to the homeworker, the employer must inform him of the applicable conditions and specifications to the extent these are not already covered by the general terms and conditions of employment; he must specify the materials to be procured by the homeworker and state in writing the amounts to be reimbursed for such materials and the salary.

² If information regarding the salary and the amounts to be reimbursed for materials procured by the homeworker is not given in writing before the work is allocated, the customary terms and conditions of employment are applicable.

Art. 352

II. Special obligations of the home worker
1. Performance of the work

¹ The homeworker must start the work he has accepted on time, finish it by the agreed deadline and deliver the results to the employer.

² If the work is defective and the homeworker is at fault, he is obliged to rectify it at his own expense to the extent that the defects can be removed.

Art. 352a

2. Materials and work tools

¹ The homeworker is obliged to treat the materials and tools supplied by the employer with all due care, to give account of how they are used and to return tools and unused materials to the employer.

²¹⁴ Term in accordance with Art. 21 No 1 of the Homeworking Act of 20 March 1981, in force since 1 April 1983 (AS 1983 108; BBl 1980 II 282). This amendment is taken into account in Art. 351–354 and 362 para. 1.

² Where in the course of his work the homeworker notes defects in the materials or tools supplied, he must inform the employer immediately and await further instructions before continuing work.

³ Where the materials or tools supplied have been damaged through the fault of the homeworker, he is liable to the employer at most for the replacement cost.

Art. 353

III. Special obligations of the employer

1. Acceptance of completed work

¹ The employer must inspect the completed work on delivery and notify the homeworker of any defects within one week.

² Where the employer fails to notify defects to the homeworker promptly, the work is deemed to have been accepted.

Art. 353a

2. Salary
a. Payment

¹ Where the homeworker is engaged by the employer on a continuous basis, the salary for the work carried out is paid twice monthly or, with the homeworker's consent, at the end of each month, and otherwise on delivery of the completed work.

² Each salary payment must be accompanied by a written statement giving the reasons for any salary deductions that have been made.

Art. 353b

b. When prevented from working

¹ An employer who engages the home worker on a continuous basis is obliged pursuant to Articles 324 and 324a to pay his salary in the event that the employer fails to accept his work or he is prevented from working by personal circumstances for which he is not at fault.

² In other cases the employer is not obliged to pay the salary pursuant to Articles 324 and 324a.

Art. 354

IV. Termination

¹ Where trial work is assigned to the homeworker, unless otherwise agreed the employment relationship is deemed to have been entered into on a trial basis for a fixed period.

² Unless otherwise agreed, where the homeworker is engaged by the employer on a continuous basis, the employment relationship is deemed to have been entered into for an indefinite period, and in all other cases it is deemed to have been entered into for a fixed period.

D. Applicability of General Provisions

Art. 355

The general provisions governing individual employment contracts are applicable by way of supplement to apprenticeship contracts, commercial traveller's contracts and homemaker's contracts.

Section Three: The Collective Employment Contract and the Standard Employment Contract

A. The Collective Employment Contract

Art. 356

I. Definition, content, form and duration
1. Definition and content

¹ A collective employment contract is a contract whereby employers or employers' associations and employees' associations jointly lay down clauses governing the conclusion, nature and termination of employment relationships between the employers and individual employees.

² The collective employment contract may also contain other clauses, provided they pertain to the relationship between employers and employees or are limited to the formulation of such clauses.

³ Further, the collective employment contract may define the mutual rights and obligations of the contracting parties and the monitoring and enforcement of the clauses specified in the previous paragraphs.

⁴ Where more than one employers' association and/or employees' association is bound by the collective employment contract either from the outset or as a result of subsequent accession with the consent of the original contracting parties, they have equal rights and obligations thereunder and any contrary agreement is void.

Art. 356a

2. Freedom of association and freedom to practise a profession

¹ Any clause in a collective employment contract or individual agreement between the contracting parties intended to compel an employer or employee to join a contracting association is void.

² Any clause in a collective employment contract or individual agreement between the contracting parties intended to exclude or restrict the practice of a particular profession or occupation by an employee or his acquisition of the necessary vocational training is void.

³ The clauses and agreements referred to in the previous paragraph are valid by way of exception if they are justified by overriding interests that warrant protection, in particular personal health and safety or the

quality of work; however, denial of access to the profession is not an interest that warrants protection.

Art. 356b

3. Accession

¹ Individual employers and individual employees in the service of employers bound by the collective employment contract may accede to it with the consent of the contracting parties, whereupon they become participating employers and employees.

² The collective employment contract may stipulate the rules governing such accession. Unreasonable conditions attaching to accession, such as unreasonable monetary contributions, may be declared void or limited to an admissible level by the court; however, clauses and agreements intended to set contributions in favour of one individual contracting party are always void.

³ Any clause in a collective employment contract or individual agreement between the contracting parties intended to compel members of associations to accede to the collective employment contract is void if such associations are not entitled to become party to it or to conclude an analogous contract.

Art. 356c

4. Form and duration

¹ The conclusion of a collective employment contract, its amendment and termination by mutual agreement, the accession of a new contracting party and notice to terminate the contract are valid only if done in writing, as are declarations of accession by individual employers or employees, the consent to such accession by the contracting parties pursuant to Article 356b paragraph 1 and notice to withdraw from the contract.

² Where the collective employment contract is open-ended and does not provide otherwise, after one year has elapsed any of the contracting parties may withdraw from it at any time by giving six months' notice, which is effective for all other parties. The same applies *mutatis mutandis* to parties subsequently acceding to the contract.

Art. 357

II. Effects

1. On participating employers and employees

¹ Unless otherwise stipulated in the collective employment contract, its provisions relating to the formation, nature and termination of individual employment relationships are binding on the participating employers and employees for the duration of the contract and may not be derogated.

² Any agreement between participating employers and employees that contradicts the compulsory provisions of the collective employment

contract is void and replaced by those provisions; however, such an agreement may be valid if it is to the benefit of the employee.

Art. 357a

2. On the contracting parties

¹ The contracting parties are obliged to ensure compliance with the collective employment contract; to this end associations must exert their influence on their members and, where required, have recourse to the means placed at their disposal by their articles of association and the law.

² Each contracting party has a duty to maintain harmonious industrial relations and in particular to refrain from any hostile action on matters regulated by the collective employment contract; such duty applies without restriction only where expressly so agreed.

Art. 357b

3. Joint enforcement

¹ A collective employment contract concluded between associations may stipulate that each contracting party has an actionable claim against the other parties in the event that they fail to discharge their duty to ensure that the participating employers and employees abide by the contract as regards the following matters:

- a. the formation, nature and termination of employment relationships, in respect of which the claim is for a declaratory judgment only;
- b. the payment of contributions to equalisation funds or other institutions in connection with the employment relationship, the representation of employees within businesses and the maintenance of harmonious industrial relations;
- c. monitoring activities, the provision of security and contractual penalties in relation to the provisions set out in letters a and b.

² Clauses within the meaning of the previous paragraph may be agreed where the contracting parties are expressly authorised so to do by their articles of association or resolution passed by their governing body.

³ Unless otherwise stipulated in the collective employment contract, the provisions governing simple partnerships apply *mutatis mutandis* to relations between the contracting parties.

Art. 358

III. Relationship to mandatory law

The mandatory law of the Confederation and the cantons takes precedence over the collective employment contract; however, other provisions may be agreed to the benefit of employees provided they do not conflict with mandatory law.

B. The Standard Employment Contract

Art. 359

I. Definition and content

¹ The standard employment contract is a contract in which clauses governing the formation, nature and termination of certain types of employment relationship are laid down.

² The cantons shall draw up standard employment contracts for agricultural workers and domestic staff to regulate in particular working hours, leisure time and employment conditions for female employees and minors.

³ Article 358 is applicable *mutatis mutandis* to the standard employment contract.

Art. 359a

II. Competent authorities and procedure

¹ Where the scope of application of a standard employment contract extends over more than one canton, the Federal Council is responsible for issuing it, but otherwise the canton is responsible.

² Before being issued, the standard employment contract shall be published in an appropriate manner and a time limit set within which interested parties may submit their comments in writing; furthermore, the relevant professional associations and public bodies shall be consulted.

³ The standard employment contract comes into force once it has been issued in accordance with the provisions governing official publications.

⁴ The same procedure applies to the rescission or amendment of a standard employment contract.

Art. 360

III. Effects

¹ Unless otherwise agreed, the standard employment contract applies directly to the employment relationships that it governs.

² The standard employment contract may stipulate that agreements derogating from certain of its provisions must be done in writing.

Art. 360a²¹⁵

IV. Minimum wage 1. Requirements

¹ Where the wages that are customary for a geographical area, occupation or industry are repeatedly and unfairly undercut within a particular occupation or economic sector and there is no collective employment contract laying down a minimum wage that may be declared universally

²¹⁵ Inserted by Annex No 2 to the FA of 8 Oct. 1999 on Workers posted to Switzerland, in force since 1 June 2004 (AS 2003 1370; BBl 1999 6128).

binding, on application by the tripartite commission as defined in Article 360*b*, the competent authority may issue a fixed-term standard employment contract providing for a minimum wage varied by region and, where applicable, by locality in order to combat or prevent abusive practices.

² The minimum wage must not conflict with the public interest or prejudice the legitimate interests of other economic sectors or sections of the population. It must have due regard to the minority interests of the economic sectors or occupations concerned that stem from regional and business diversity.

³ In the case of repeated infringements of the provisions on the minimum wage in a standard employment contract in accordance with paragraph 1 or if there is evidence that no longer using the standard employment contract may lead to further abusive practices in terms of paragraph 1, at the request of the tripartite commission, the competent authority may extend the standard employment contract for a limited period.²¹⁶

Art. 360*b*²¹⁷

2. Tripartite commissions

¹ The Confederation and each canton shall establish a tripartite commission consisting of an equal number of employers' and employees' representatives in addition to representatives of the state.

² Employers' and employees' associations have the right to put forward candidates for selection as their representatives within the meaning of paragraph 1.

³ The commissions monitor the labour market. If they observe abusive practices within the meaning of Article 360*a* paragraph 1, they normally seek to reach agreement directly with the employers concerned. Where this cannot be achieved within two months, they petition the competent authority to issue a standard employment contract fixing a minimum wage for the affected sectors or occupations.

⁴ If labour market conditions in the affected sectors change, the tripartite commission petitions the competent authority to amend or rescind the standard employment contract.

⁵ To enable them to discharge their responsibilities, the tripartite commissions have the right to obtain information and inspect any business document necessary to the conduct of their investigation. In the event of a dispute, a ruling is given by a body specially appointed for this purpose by the Confederation or the canton, as applicable.

²¹⁶ Inserted by No II of the FA of 30 Sept. 2016, in force since 1 April 2017 (AS 2017 2077; BBl 2015 5845).

²¹⁷ Inserted by Annex No 2 to the FA of 8 Oct. 1999 on Workers posted to Switzerland, in force since 1 June 2003 (AS 2003 1370; BBl 1999 6128).

⁶ Where necessary for the conduct of their investigations, on application the tripartite commissions may obtain personal data contained in corporate collective employment contracts from the Federal Statistical Office.²¹⁸

Art. 360c²¹⁹

3. Official secrecy

¹ The members of tripartite commissions are subject to official secrecy; in particular they are obliged to keep secret from third parties any information of a commercial or private nature gained in the exercise of their office.

² Such duty of secrecy remains in force even after membership of the tripartite commission has ceased.

Art. 360a²²⁰

4. Effects

¹ The standard employment contract as defined in Article 360a also applies to employees who work only temporarily within its geographical scope and to employees whose services have been loaned out.

² It is not permissible to derogate from a standard employment contract as defined in Article 360a to the detriment of the employee.

Art. 360e²²¹

5. Associations' right of action

Employers' and employees' associations have the right to apply for a declaratory judgment as to whether an employer is in compliance with the standard employment contract as defined in Article 360a.

Art. 360f²²²

6. Notification

A canton issuing a standard employment contract pursuant to Article 360a must forward a copy to the competent federal office²²³.

²¹⁸ Inserted by Art. 2 No 2 of the FA of 17 Dec. 2004 approving and implementing the Protocol relating to the extension of the Agreement between the Swiss Confederation, of the one part, and the EU and its member states, of the other part, on the free movement of persons to new EU member states and approving the revision of the accompanying measures on the free movement of persons, in force since 1 April 2006 (AS 2006 979; BBl 2004 5891 6565).

²¹⁹ Inserted by Annex No 2 to the FA of 8 Oct. 1999 on Workers posted to Switzerland, in force since 1 June 2003 (AS 2003 1370; BBl 1999 6128).

²²⁰ Inserted by Annex No 2 to the FA of 8 Oct. 1999 on Workers posted to Switzerland, in force since 1 June 2004 (AS 2003 1370; BBl 1999 6128).

²²¹ Inserted by Annex No 2 to the FA of 8 Oct. 1999 on Workers posted to Switzerland, in force since 1 June 2004 (AS 2003 1370; BBl 1999 6128).

²²² Inserted by Annex No 2 to the FA of 8 Oct. 1999 on Workers posted to Switzerland, in force since 1 June 2004 (AS 2003 1370; BBl 1999 6128).

²²³ Now the State Secretariat for Economic Affairs (SECO).

Section Four: Mandatory Provisions

Art. 361

A. Provisions from which no derogation is permissible to the detriment of the employer or the employee

1 It is not permissible to derogate from the following provisions to the detriment of either the employer or the employee by individual agreement, standard employment contract or collective employment contract:

Article 321c: paragraph 1 (overtime);

Article 323: paragraph 4 (advances);

Article 323b: paragraph 2 (set-off against countervailing claims);

Article 325: paragraph 2 (assignment and pledge of salary claims);

Article 326: paragraph 2 (allocation of work);

Article 329d: paragraph 2 and 3 (holiday pay);

Article 331: paragraphs 1 and 2 (employee benefits scheme contributions);

Article 331b: (assignment and pledge of claims to occupational benefits);²²⁴

...²²⁵

Article 334: paragraph 3 (termination of long-term employment relationships);

Article 335: (termination of employment relationships);

Article 335k: (social plan during bankruptcy or composition proceedings)²²⁶

Article 336: paragraph 1 (wrongful termination);

Article 336a: (compensation in the event of wrongful termination);

Article 336b: (compensation procedure);

Article 336d: (termination by the employee at an inopportune juncture);

Article 337: paragraphs 1 and 2 (termination with immediate effect for good cause);

Article 337b: paragraph 1 (consequences of justified termination);

²²⁴ Inserted by Annex No 2 to the FA of 17 Dec. 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits, in force since 1 Jan. 1995 (AS **1994** 2386; BBl **1992** III 533).

²²⁵ Repealed by Annex No 2 to the FA of 17 Dec. 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits, with effect from 1 Jan. 1995 (AS **1994** 2386; BBl **1992** III 533).

²²⁶ Inserted by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS **2013** 4111; BBl **2010** 6455).

- Article 337d: (consequences of failure to take up post or departure without just cause);
- Article 339: paragraph 1 (maturity of claims);
- Article 339a: (return);
- Article 340b: paragraph 1 and 2 (consequences of infringement of the prohibition of competition);
- Article 342: paragraph 2 (civil law effects of public law);
...²²⁷
- Article 346: (early termination of apprenticeship contract);
- Article 349c: paragraph 3 (prevention from travelling);
- Article 350: (termination in special cases);
- Article 350a: paragraph 2 (return).²²⁸

² Any agreement or clause of a standard employment contract or collective employment contract that derogates from the aforementioned provisions to the detriment of the employer or the employee is void.

Article 362

B. Provisions from which no derogation is permissible to the detriment of the employee

¹ It is not permissible to derogate from the following provisions to the detriment of the employee by individual agreement, standard employment contract or collective employment contract:²²⁹

- Article 321e: (employee's liability);
- Article 322a: paragraphs 2 and 3 (share in the business results);
- Article 322b: paragraphs 1 and 2 (entitlement to commission);
- Article 322c: (statement of commission);
- Article 323b: paragraph 1, second sentence (salary statement);
- Article 324: (salary where employer fails to accept work);
- Article 324a: paragraphs 1 and 3 (salary where employee is prevented from working);
- Article 324b: (salary where employee has compulsory insurance);
- Article 326: paragraphs 1, 3 and 4 (piece work);
- Article 326a: (piece work rates);

²²⁷ Repealed by Annex No 5 to the Civil Jurisdiction Act of 24 March 2000, with effect from 1 Jan. 2001 (AS 2000 2355; BBl 1999 III 2829).

²²⁸ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

²²⁹ Amended by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Employment and Caring for Family Members, in force since 1 Jan. 2021 (AS 2020 4525; BBl 2019 4103).

- Article 327a: paragraph 1 (reimbursement of expenses in general);
- Article 327b: paragraph 1 (reimbursement of expenses for motor vehicles);
- Article 327c: paragraph 2 (advances for expenses);
- Article 328: (protection of the employee's personality rights in general);
- Article 328a: (protection of personality rights of employees living in the employer's household);
- Article 328b: (protection when handling personal data);²³⁰
- Article 329: paragraphs 1, 2 and 3 (days off work);
- Article 329a: paragraphs 1 and 3 (holiday entitlement);
- Article 329b: paragraphs 2 and 3 (reduction of holiday entitlement);
- Article 329c: (consecutive weeks and timing of holidays);
- Article 329d: paragraph 1 (holiday pay);
- Article 329e: paragraphs 1 and 3 (leave for youth work);²³¹
- Article 329f: (maternity leave);²³²
- Article 329g: (paternity leave);²³³
- Article 329h: (leave to care for family members);²³⁴
- Article 329i: (Leave to care for a child whose health is seriously impaired by illness or accident);²³⁵
- Article 329j: (Adoption leave);²³⁶
- Article 330: paragraphs 1, 3 and 4 (security);
- Article 330a: (reference);
- Article 331: paragraphs 3 and 4 (contributions and information for employee benefits);

²³⁰ Inserted by Annex No 2 to the FA of 19 June 1992 on Data Protection, in force since 1 July 1993 (AS **1993** 1945; BBl **1988** II 413).

²³¹ Inserted by Art. 13 of the FA of 6 Oct. 1989 on Youth Work, in force since 1 Jan. 1991 (AS **1990** 2007; BBl **1988** I 825).

²³² Inserted by Annex No 12 Annex No 1 to the FA of 3 Oct. 2003, in force since 1 July 2005 (AS **2005** 1429; BBl **2002** 7522, **2003** 1112 2923).

²³³ Inserted by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Employment and Caring for Family Members, in force since 1 Jan. 2021 (AS **2020** 4525; BBl **2019** 4103).

²³⁴ Inserted by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Employment and Caring for Family Members, in force since 1 Jan. 2021 (AS **2020** 4525; BBl **2019** 4103).

²³⁵ Inserted by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Work and Caring for Family Members, in force since 1 July 2021 (AS **2020** 4525; BBl **2019** 4103).

²³⁶ Inserted by Annex No 1 of the FA of 1 Oct. 2021, in force since 1 Jan. 2023 (AS **2022** 468; BBl **2019** 7095, 7303).

- Article 331a: (beginning and end of insurance cover);²³⁷
 ...²³⁸
- Article 332: paragraph 4 (remuneration for inventions);
- Article 333: paragraph 3 (liability in the event of transfer of employment relationships);
- Article 335c: (notice periods)²³⁹
- Article 335i: (duty to negotiate in order to conclude a social plan)²⁴⁰
- Article 335j: (preparation of the social plan by an arbitral tribunal)²⁴¹
- Article 336: paragraph 2 (wrongful termination by the employer);
- Article 336c: (termination by the employer at an inopportune juncture);
- Article 337a: (termination with immediate effect because salary is at risk);
- Article 337c: paragraph 1 (consequences of termination without just cause);
- Article 338: (death of the employee);
- Article 338a: (death of the employer);
- Article. 339b: (Requirements for severance allowance);
- Article. 339d: (benefits in lieu);
- Article. 340: paragraph 1 (Requirements for prohibition of competition);
- Article. 340a: paragraph 1 (restrictions on prohibition of competition);
- Article. 340c: (extinction of prohibition of competition);
- Article. 341: paragraph 1 (no right of waiver);
- Article. 345a: (obligations of the master²⁴²);
- Article. 346a: (certificate of apprenticeship);
- Article. 349a: paragraph 1 (commercial traveller's salary);

²³⁷ Amended by Annex No 2 to the FA of 17 Dec. 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits, in force since 1 Jan. 1995 (AS **1994** 2386; BBl **1992** III 533).

²³⁸ Repealed by Annex No 2 to the FA of 17 Dec. 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits, with effect from 1 Jan. 1995 (AS **1994** 2386; BBl **1992** III 533).

²³⁹ Inserted by No II 1 of the FA of 20 Dec. 2019 on Improving the Compatibility of Employment and Caring for Family Members, in force since 1 Jan. 2021 (AS **2020** 4525; BBl **2019** 4103).

²⁴⁰ Inserted by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS **2013** 4111; BBl **2010** 6455).

²⁴¹ Inserted by the Annex to the FA of 21 June 2013, in force since 1 Jan. 2014 (AS **2013** 4111; BBl **2010** 6455).

²⁴² Now: the employer.

- Article. 349b: paragraph 3 (payment of commission);
 Article. 349c: paragraph 1 (salary where prevented from travelling);
 Article. 349e: paragraph 1 (commercial traveller's lien);
 Article. 350a: paragraph 1 (commission on termination of the employment relationship);
 Article. 352a: paragraph 3 (home worker's liability);
 Article. 353: (acceptance of completed work);
 Article. 353a: (payment of salary);
 Article. 353b: paragraph 1 (salary where home worker is prevented from working).²⁴³

² Any agreement or clause of a standard employment contract or collective employment contract that derogates from the aforementioned provisions to the detriment of the employee is void.

Title Eleven: The Work Contract

Art. 363

- A. Definition
 A work contract is a contract whereby the contractor undertakes to produce a piece of work and the customer undertakes to pay the contractor for that work.

Art. 364

- B. Effects
 I. Contractor's obligations
 1. In general
¹ The contractor generally has the same duty of care as the employee in an employment relationship.²⁴⁴
² The contractor is obliged to carry out the work in person or to have it carried out under his personal supervision, unless the nature of the work is such that his personal involvement is not required.
³ Unless otherwise required by agreement or custom, the contractor is obliged to supply the resources, tools and machinery necessary for producing the work at his own expense.

Art. 365

2. Regarding materials
¹ Where the contractor is responsible for supplying the materials, he is liable to the customer for their quality and has the same warranty obligation as a seller.

²⁴³ Amended by No I of the FA of 18 March 1988, in force since 1 Jan. 1989 (AS 1988 1472; BBl 1984 II 551).

²⁴⁴ Amended by No II Art. 1 No 6 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

² Where materials are supplied by the customer, the contractor must treat them with all due care, give account of how they are used and return any that remain unused to the customer.

³ If, when producing the work, the contractor notes defects in the materials supplied or in the designated construction site or if any other circumstance arises which might compromise the correct or timely production of the work, he must inform the customer immediately, failing which he shall himself be liable for any adverse consequences.

Art. 366

3. Prompt commencement and contractual production of the work

¹ Where the contractor does not begin the work on time or delays its production in breach of contract or, through no fault of the customer, falls so far behind that there is no longer any prospect of completing the work on time, the customer is entitled to withdraw from the contract without waiting for the agreed delivery date.

² Where during the production of the work it becomes evident that, through the fault of the contractor, the work will be produced in a manner that is defective or otherwise contrary to the contract, the customer may set the contractor or have the contractor set an appropriate time limit within which to take remedial action and notify him that any failure to do so will result in the hire of a third party to take such remedial action or to complete the work at the risk and expense of the contractor.

Art. 367

4. Liability for defects
a. Identification of defects

¹ The customer must inspect the condition of the delivered or completed work as soon as feasible in the normal course of business and must inform the contractor of any defects discovered.

² Each party is entitled to request that the work be inspected by experts at his own expense and that a legal record be made of their findings.

Art. 368

b. Rights of the customer in the event of defects

¹ Where the work is so defective or deviates from the contractual terms to such an extent that the customer has no use for it or cannot reasonably be expected to accept it, the customer may refuse acceptance and, if the contractor is at fault, seek damages.

² In the case of minor defects in the work or only slight deviations from the contractual terms, the customer may reduce the price in proportion to the decrease in its value or require the contractor to rectify the work at his own expense and to pay damages if he was at fault, provided such rectification is possible without excessive cost to the contractor.

³ In the case of works produced on the customer's land or property which by their nature cannot be removed without disproportionate detriment, the customer has only the rights stipulated in paragraph 2.

Art. 369

c. Customer's liability

The rights accruing to the customer in respect of defects in the work are forfeited if he is at fault for such defects due to having given instructions concerning production of the work that were contrary to the express warnings of the contractor or for any other reason.

Art. 370

d. Approval of the work

¹ Once the completed work has been expressly or tacitly approved by the customer, the contractor is released from all liability save in respect of defects which could not have been discovered on acceptance and normal inspection or were deliberately concealed by the contractor.

² Tacit approval is presumed where the customer omits to inspect the work and give notice of defects as provided by law.

³ Where defects come to light only subsequently, the customer must notify the contractor as soon as he becomes aware of them, otherwise the work is deemed to have been approved even in respect of such defects.

Art. 371²⁴⁵

e. Prescription

¹ The right of the customer to bring claims due to defects in the work prescribes two years from acceptance of the work. However, the prescriptive period amounts to five years where defects in a movable object that has been incorporated in an immovable work in a manner consistent with its nature and purpose have caused the work to be defective.

² The customer's claims in respect of defects in an immovable work against both the contractor and any architect or engineer who provided services in connection with such work prescribe five years after completion of the work.

³ Otherwise the rules governing prescription of the corresponding rights of a buyer apply *mutatis mutandis*.

Art. 372

II. Customer's obligations

1. Due date for payment

¹ The customer must pay for the work on completion or delivery.

² Where the work is delivered in stages and payment in instalments has been agreed, the amount due for each stage of the work is payable on delivery thereof.

²⁴⁵ Amended by No I of the FA of 16 March 2012 (Limitation Periods for Guarantee Claims. Extension and Coordination), in force since 1 Jan. 2013 (AS 2012 5415; BBl 2011 2889 3903).

2. Amount of payment
a. Firm commitment

Art. 373

¹ Where the payment was fixed in advance as an exact amount, the contractor is obliged to produce the work for the agreed amount and may not charge more even if the work entailed more labour or greater expense than predicted.

² However, where production of the work was prevented or seriously hindered by extraordinary circumstances that were unforeseeable or excluded according to the conditions assumed by both parties, the court may at its discretion authorise an increase in the price or the termination of the contract.

³ The customer must pay the full price even where the work has entailed less labour than predicted.

b. By the value of the work

Art. 374

Where the price was not fixed in advance or fixed only as an approximate amount, it is determined according to the value of the work produced and the expenses incurred by the contractor.

C. Termination
I. Withdrawal because estimate exceeded

Art. 375

¹ Where an estimate agreed with the contractor is exceeded by a disproportionate amount through no fault of the customer, he has the right to withdraw from the contract before or after completion.

² In the case of construction work carried out on his land or property, the customer is entitled to an appropriate reduction in the price or, if the work is not yet complete, to call a halt to the work and withdraw from the contract against equitable compensation for work already done.

II. Destruction of the work

Art. 376

¹ If the work is destroyed by accident prior to completion or delivery, the contractor is not entitled to payment for work done or of expenses incurred unless the customer is in default on acceptance of the work.

² In this case any loss of materials is borne by the party that supplied them.

³ Where the work has been destroyed either due to a defect in the materials supplied or in the construction site designated by the customer or as a result of the method of production that he prescribed, the contractor shall be entitled to payment for the work already done and of expenses incurred that were not included in the price, provided he alerted the customer to the risks in good time, and also to damages if the customer was at fault.

Art. 377

III. Withdrawal
by the customer
against indem-
nity

The customer may withdraw from the contract at any time before the work is completed provided he pays for work already done and indemnifies the contractor in full.

Art. 378

IV. Impossibility
of performance
for reasons at-
tributable to the
customer

1 Where completion of the work is rendered impossible by chance occurrence affecting the customer, the contractor is entitled to payment for the work already done and of expenses incurred that were not included in the price.

2 Where the customer is at fault for the impossibility of performance, the contractor may also claim damages.

Art. 379

V. Death or inca-
pacity of the
contractor

1 Where the contractor dies or becomes incapable of finishing the work through no fault of his own, the work contract becomes void if it was concluded in view of the personal attributes of the contractor.

2 The customer is obliged to accept and pay for work already done to the extent it is of use to him.

Title Twelve: The Publishing Contract**Art. 380**

A. Definition

A publishing contract is a contract whereby the originator – the author of a literary or artistic work or his legal successor – undertakes to entrust the work to a publisher, who undertakes to reproduce and distribute it.

Art. 381

B. Effects
I. Transfer of
copyright and
warranty

1 The author's rights to the work are transferred to the publisher to the extent and for as long as required for performance of the contract.

2 The originator must give warranty to the publisher that he had the right to make the work available for publication at the time the contract was concluded and, where it is subject to copyright protection, that he holds the copyright.

3 Where all or part of the work has already been made available for publication to a third party or the originator is aware that it has already been published, he must inform the publisher before entering into the contract.

II. Originator's
power of dis-
posal

Art. 382

¹ As long as the editions of the work to which the publisher is entitled have not yet been exhausted, the originator may not make other arrangements regarding the work or parts thereof to the publisher's detriment.

² Newspaper articles or relatively short passages of magazine copy may be published elsewhere by the originator at any time.

³ Contributions to collections or anthologies and relatively lengthy magazine articles must not be published elsewhere by the originator within three months of the appearance in print of such contribution or article.

III. Number of
editions

Art. 383

¹ Where no clause was agreed that stipulates the number of editions, the publisher is entitled to produce only one.

² Where nothing was agreed, the publisher determines the size of the edition but at the originator's request must print at least enough to generate reasonable sales, and once the first print run is completed, he must not print any further copies.

³ Where the publishing contract confers publishing rights for several or all editions of a work and the publisher fails to produce a new edition after the previous edition is exhausted, the originator may have the court set a time limit for the publication of a new edition, failing which the publisher forfeits such rights.

IV. Publication
and sale

Art. 384

¹ The publisher is obliged to publish the work in an appropriate format without abridgment, addition or alteration, to take reasonable steps to publicise the work and to devote the customary resources in order to promote sales thereof.

² He must fix the price at his discretion but not so high as to hinder sales of the work.

V. Improve-
ments and cor-
rections

Art. 385

¹ The author retains the right to correct and improve his work provided this does not prejudice the interests or increase the liability of the publisher, but must compensate the publisher for any unforeseen costs incurred as a result.

² The editor may not produce a new version, edition or print run of the work without having previously given the author the opportunity to improve it.

Art. 386

VI. Collected
and separate edi-
tions

¹ The right to publish different works by the same author separately does not entail the right to publish them together in collected edition.

² Similarly, the right to publish the complete works of an author or all of his works in a given genre does not give the publisher the right to publish the individual works separately.

Art. 387

VII. Translation
rights

Unless otherwise agreed with the publisher, the originator retains the exclusive right to commission a translation of the work.

Art. 388

VIII. Author's
remuneration
1. Amount

¹ The originator is deemed entitled to remuneration where in the circumstances the presumption is that publication of the work would necessarily involve such remuneration.

² The amount thereof is fixed by the court on the basis of expert opinion.

³ Where the publisher is entitled to produce several editions, the presumption is that the level of remuneration and the other terms and conditions for subsequent editions are the same as for the first edition.

Art. 389

2. Due date for
payment, record
of sales and
complimentary
copies

¹ The remuneration is payable as soon as the complete work or, in the case of works appearing in separate parts (volumes, fascicles, issues), each part thereof is printed and ready for distribution.

² Where the remuneration is made partly or entirely contingent on expected sales, the publisher is obliged to produce the customary record of sales with corroborating documentation.

³ Unless otherwise agreed, the originator is entitled to receive the customary number of complimentary copies.

Art. 390

C. Termination
I. Destruction of
the work

¹ If the work is destroyed by chance after delivery to the publisher, he remains obliged to pay the author's remuneration.

² If the author has a second copy of the destroyed work, he must make it available to the publisher, and otherwise he must recreate the work where this is possible with little effort.

³ In either case he is entitled to appropriate compensation.

Art. 391

II. Destruction of the edition

¹ If an edition already produced by the publisher is partly or entirely destroyed by chance prior to its distribution, the publisher is entitled to replace the destroyed copies at his own expense without giving rise to a claim for additional remuneration on the part of the originator.

² The publisher is obliged to replace the destroyed copies where this is possible without disproportionate expense.

Art. 392

III. Grounds for termination pertaining to the person of the author or the publisher

¹ The contract is extinguished on the death or incapacity of the author before the work is completed or in the event that the author is prevented from completing it through no fault of his own.

² By way of exception, the court may authorise the full or partial continuation of the contract, where this is deemed both feasible and equitable, and order any necessary measures.

³ In the event of the publisher's bankruptcy, the originator may entrust the work to another publisher unless he is furnished with security for performance of the publishing obligations not yet due at the time bankruptcy proceedings were commenced.

Art. 393

D. Work on a project originated by the publisher

¹ Where one or more authors accept a commission to work on a project originated by a publisher, they are entitled only to the agreed remuneration.

² The publisher owns the copyright to the work as a whole.

Title Thirteen: The Mandate**Section One: The Simple Mandate****Art. 394**

A. Definition

¹ A mandate is a contract whereby the mandatee undertakes to conduct certain business or provide certain services in accordance with the terms of the contract.

² Contracts for the provision of work or services not covered by any other specific type of contract are subject to the provisions governing mandates.

³ Remuneration is payable where agreed or customary.

Art. 395

B. Creation

A mandate is deemed to have been accepted where it has not been declined immediately and relates to business which is conducted by the mandatee by official appointment or on a professional basis or for which he has publicly offered his services.

Art. 396C. Effects
I. Scope of the mandate

¹ Unless expressly defined, the scope of the mandate is determined by the nature of the business to which it relates.

² In particular, it includes the authority to carry out such transactions as are required for performance of the mandate.

³ The mandatee requires special authority to agree a settlement, accept an arbitration award, accept liabilities under a bill of exchange, alienate or encumber land or make gifts.²⁴⁶

Art. 397II. Obligations of the mandatee
1. Compliance with instructions

¹ A mandatee who has received instructions from the mandator on how to conduct the business entrusted to him may deviate from them only to the extent that circumstances prevent him from obtaining the mandator's permission and that he may safely assume such permission would have been forthcoming had the mandator been aware of the situation.

² Where such conditions are not satisfied and the mandatee nevertheless deviates from the mandator's instructions to the latter's detriment, the mandate is deemed to have been performed only if the mandatee accepts liability for the resultant damage.

Art. 397a²⁴⁷

Ibis, Duty to notify

If it is anticipated that the mandator will become permanently incapable of judgement, the mandatee must notify the adult protection authority at the mandator's domicile if such notification appears appropriate in order to safeguard the interests concerned.

Art. 3982. Faithful performance
a. In general

¹ The mandatee generally has the same duty of care as the employee in an employment relationship.²⁴⁸

²⁴⁶ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS **2010** 1739; BBl **2006** 7221).

²⁴⁷ Inserted by Annex No 10 of the FA of 19 Dec. 2008 (Adult Protection, Law of Persons and Law of Children), in force since 1 Jan. 2013 (AS **2011** 725; BBl **2006** 7001).

²⁴⁸ Amended by No II Art. 1 No 7 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS **1971** 1465; BBl **1967** II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

² The mandatee is liable to the mandator for the diligent and faithful performance of the business entrusted to him.

³ He must conduct such business in person unless authorised or compelled by circumstance to delegate it to a third party or where such delegation is deemed admissible by custom.

Art. 399

b. In the event of delegation

¹ A mandatee who has delegated the business entrusted to him to a third party without authority is liable for the latter's actions as if they were his own.

² Where such delegation was authorised, he is liable only for any failure to act with due diligence when selecting and instructing the third party.

³ In both cases, claims held by the mandatee against the third party may be enforced by the mandator directly against the third party.

Art. 400

3. Account of agency

¹ The mandatee is obliged at the mandator's request, which may be made at any time, to give an account of his activities under the mandate and to return anything received for whatever reason as a result of such activities.

² He must pay interest on any sums which he is late in forwarding to the mandator.

Art. 401

4. Transfer of acquired rights

¹ Where the mandatee acting on the mandator's behalf acquires claims in his own name against third parties, such claims pass to the mandator provided he has fulfilled all his obligations towards the mandatee under the mandate relationship.

² The same applies in relation to the mandatee's assets if the mandatee is bankrupt.

³ Similarly, where the mandatee is bankrupt, the mandator may claim chattels of which the mandatee took possession in his own name but on the mandator's behalf, subject to the mandatee's own rights of lien.

Art. 402

III. Obligations of the mandator

¹ The mandator is obliged to reimburse the mandatee for expenses incurred in the proper performance of the mandate plus interest and to release him from obligations entered into.

² The mandator must also compensate the mandatee for any damage incurred in performance of the mandate unless the mandator can prove that the damage occurred through no fault of his own.

Art. 403

IV. Liability of joint mandators and mandatees

1 Where several persons conclude a mandate as mandators, they are jointly and severally liable to the mandatee.

2 Where several persons conclude a mandate as mandatees, they are jointly and severally liable to the mandator and, save to the extent they are authorised to delegate to third parties, may commit the mandator only through joint action.

Art. 404

D. Termination
I. Grounds
1. Revocation, termination

1 The mandate may be revoked or terminated at any time by either party.

2 However, a party doing so at an inopportune juncture must compensate the other for any resultant damage.

Art. 405

2. Death, incapacity, bankruptcy

1 Unless otherwise agreed or implied by the nature of the business, the mandate ends on loss of capacity to act, bankruptcy, death or declaration of presumed death of the mandator or the mandatee.²⁴⁹

2 However, where termination of the mandate jeopardises the mandator's interests, the mandatee, his heir or his representative is obliged to continue conducting the business until such time as the mandator, his heir or his representative is able to conduct it himself.

Art. 406

II. Effects of extinction of the contract

Actions taken by the mandatee before he became aware of the termination of the mandate are binding on the mandator or his heir as if the contract had still been in force.

Section One^{bis},²⁵⁰**The Marriage or Partnership Brokerage Mandate****Art. 406a**

A. Definition and applicable law

1 A person accepting a mandate to broker a marriage or partnership undertakes, in exchange for remuneration, to introduce the mandator to persons who are potential spouses or long-term partners.

2 The provisions governing simple mandates are applicable by way of supplement to marriage or partnership brokerage mandates.

²⁴⁹ Amended by Annex No 10 of the FA of 19 Dec. 2008 (Adult Protection, Law of Persons and Law of Children), in force since 1 Jan. 2013 (AS 2011 725; BBl 2006 7001).

²⁵⁰ Inserted by Annex No 2 to the FA of 26 June 1998, in force since 1 Jan. 2000 (AS 1999 1118; BBl 1996 I 1).

B. Introduction of or to foreign nationals
I. Costs of return journey

Art. 406b

¹ Where the person to be introduced travels from or to a foreign destination, the mandatee must reimburse the costs of the return journey if this takes place within six months of arrival.

² Where the local authority has borne such costs, it is subrogated to the claim held by the person introduced against the mandatee.

³ The mandatee may claim reimbursement of such travel costs from the mandator only up to the maximum amount stipulated in the contract.

II. Duty to obtain a licence

Art. 406c

¹ Professional marriage and partnership brokerage activities involving foreign nationals require a licence issued by the authority designated by cantonal law and are regulated by that authority.

² The Federal Council shall issue the implementing provisions and determine in particular:

- a. the requirements for and term of the licence;
- b. the penalties imposed on the mandatee in the event of non-compliance;
- c. the obligation of the mandatee to furnish security for the costs of repatriating persons introduced under the mandate.

C. Form and content

Art. 406d

The contract must be done in writing and contain the following information:

1. the name and address of each party;
2. the number and nature of the services that the mandatee undertakes to provide and the amount of the remuneration and costs, in particular registration fees, corresponding to each service;
3. the maximum amount owed to the mandatee by way of reimbursement for his defraying the costs of return journeys of persons travelling to or from foreign countries (Art. 406b);
4. the terms of payment;
- 5.²⁵¹ the right of the mandator to give written notice of the revocation of his offer to enter into the contract or of his acceptance of the offer without compensation within 14 days;

²⁵¹ Amended by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

- 6.²⁵² the stipulation that the mandatee is prohibited from accepting any payment before the 14-day period has expired;
7. the right of the mandator to terminate the contract at any time, subject to any liability in damages arising from termination at an inopportune juncture.

Art. 406^e²⁵³

D. Entry into force, revocation, notice of termination

1 The contract does not become binding on the mandator until 14 days after he receives a duplicate signed by both parties. The mandatee must not accept any payment from the mandator before the 14-day period has expired.

2 During the period under paragraph 1, the mandator may give written notice of the revocation of his offer to enter into the contract or of his acceptance of the offer. Any advance waiver of this right is invalid. In addition, the provisions on the consequences of revocation (Art. 40f) apply *mutatis mutandis*.

3 Notice of termination must be done in writing.

Art. 406^f²⁵⁴

E. ...

Art. 406g

F. Information and data protection

1 Before the contract is signed and throughout its duration, the mandatee must inform the mandator of any particular difficulties pertaining to the latter's personal circumstances that might arise in the performance of the obligations thereunder.

2 When processing the mandator's personal data, the mandatee is bound by a duty of discretion; the provisions of the Data Protection Act of 25 September 2020²⁵⁵ apply.²⁵⁶

Art. 406h

G. Reduction

Where excessive remuneration or expenses have been agreed, the mandator may apply to the court to reduce these to an appropriate amount.

²⁵² Amended by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

²⁵³ Amended by No I of the FA of 19 June 2015 (Revision of the right of revocation), in force since 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

²⁵⁴ Repealed by No I of the FA of 19 June 2015 (Revision of the right of revocation), with effect from 1 Jan. 2016 (AS 2015 4107; BBl 2014 921 2993).

²⁵⁵ SR 235.1

²⁵⁶ Amended by Annex 1 No II 18 of the Data Protection Act of 25 Sept. 2020, in force since 1 Sept. 2023 (AS 2022 491; BBl 2017 6941).

Section Two: The Letter of Credit and the Loan Authorisation

Art. 407

A. Letter of credit

¹ The provisions governing mandates and payment instructions are applicable to letters of credit in which the principal instructs the addressee to pay a specified person the sums requested by the latter, whether or not a maximum amount is stipulated.

² Where the letter of credit does not stipulate a maximum amount and obviously disproportionate amounts are requested, the addressee must notify the principal and withhold payment pending further instructions.

³ The instruction conveyed by means of a letter of credit is deemed to have been accepted only where acceptance of a specified amount has been declared.

Art. 408

B. Loan authorisation
I. Definition and form

¹ Where a person has received and accepted a mandate to grant or renew a loan to a third party in his own name and for his own account but on the authorisation of the mandator, the mandator is liable for the payee's obligation in the same manner as a surety, provided that the mandatee has not exceeded his authority.

² The mandator incurs such liability only where the authorisation was given in writing.

Art. 409

II. Incapacity of payee to enter into a contract

The mandator may not plead as defence against the mandatee the fact that the payee did not have personal capacity to enter into the contract.

Art. 410

III. Payment extension granted on own authority

The mandator ceases to be liable for the obligation where the mandatee has on his own authority granted the payee an extension of the term of payment or has neglected to proceed against him as instructed by the mandator.

Art. 411

IV. Borrower and principal

The legal relationship between the mandator and the third party granted a loan is subject to the provisions governing the legal relationship between the surety and the principal debtor.

Section Three: The Brokerage Contract

Art. 412

A. Definition
and form

¹ A brokerage contract is a contract whereby the broker is given the mandate to arrange an opportunity to conclude a contract or to facilitate the conclusion of a contract in exchange for a fee.

² The brokerage contract is generally subject to the provisions governing simple mandates.

Art. 413

B. Broker's fee
I. When due

¹ The broker's fee becomes payable as soon as the information he has given or the intermediary activities he has carried out result in the conclusion of the contract.

² Where the contract is concluded subject to a condition precedent, the fee becomes due only once such condition has been satisfied.

³ Where there is a contractual undertaking to reimburse the broker's expenses, the broker may request such reimbursement even if the transaction fails to materialise.

Art. 414

II. Fixing the fee

Where the amount of remuneration is not stipulated, the parties are deemed to have agreed a fee determined by the tariff of fees, where such exists, and otherwise by custom.

Art. 415

III. Forfeiture

Where the broker acts in the interests of a third party in breach of the contract or procures a promise of remuneration from such party in circumstances tantamount to bad faith, he forfeits his right to a fee and to any reimbursement of expenses.

Art. 416²⁵⁷

IV. ...

²⁵⁷ Repealed by Annex No 2 to the FA of 26 June 1998, with effect from 1 Jan. 2000 (AS 1999 1118; BBl 1996 I 1).

Art. 417²⁵⁸

V. Excessive fees

Where an excessive fee has been agreed for identifying an opportunity to conclude or for facilitating the conclusion of an individual employment contract or a purchase of immovable property, on application by the debtor the court may reduce the fee to an appropriate amount.

Art. 418

C. Reservation of cantonal law

The cantons reserve the right to enact special regulations governing stockbrokers, official brokers and employment agencies.

Section Four:²⁵⁹ The Agency Contract**Art. 418a**A. General
I. Definition

¹ An agent is a person who undertakes to act on a continuous basis as an intermediary for one or more principals in facilitating or concluding transactions on their behalf and for their account without entering into an employment relationship with them.²⁶⁰

² Unless otherwise agreed in writing, the provisions of this Section also apply to persons acting as agents by way of secondary occupation. The provisions governing *del credere*, prohibition of competition and termination of contracts for good cause may not be excluded to the detriment of the agent.

Art. 418b

II. Applicable law

¹ The provisions governing brokerage contracts apply by way of supplement to agents acting as intermediaries and those governing commissions apply by way of supplement to agents acting as proxies.

² ...²⁶¹

Art. 418cB. Obligations of the agent
I. General and *del credere*

¹ The agent must safeguard the principal's interests with the diligence of a prudent businessman.

²⁵⁸ Amended by No II, Art. 1, No 8 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

²⁵⁹ Inserted by No I of the FA of 4 Feb. 1949, in force since 1 Jan. 1950 (AS 1949 I 802; BBl 1947 III 661). See also the Final and Transitional Provisions of Title XIII, at the end of this Code.

²⁶⁰ Amended by No II Art. 1 No 8 and 9 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

²⁶¹ Repealed by No I let. b of the Annex to the FA of 18 Dec. 1987 on Private International Law (IPLA), with effect from 1 Jan. 1989 (AS 1988 1776; BBl 1983 I 263).

² Except where otherwise agreed in writing, the agent may also act for other principals.

³ He may assume liability for the client's payment or any other type of performance of the client's obligations or for all or part of the costs of recovering receivables only by means of a written undertaking. The agent thereby acquires an inalienable entitlement to adequate special remuneration.

Art. 418d

II. Duty of discretion and prohibition of competition

¹ The agent must not exploit or reveal the principal's trade secrets with which he has been entrusted or of which he became aware by reason of the agency relationship even after the end of the commercial agency contract.

² The provisions governing service contracts apply *mutatis mutandis* to a contractual prohibition of competition. Where such a prohibition has been agreed, on termination of the contract the agent has an inalienable entitlement to adequate special remuneration.

Art. 418e

C. Powers of representation

¹ The agent is considered to be authorised only to facilitate transactions, to receive notices of defects and other declarations whereby clients exercise or reserve their rights in respect of defective performance by the principal, and to exercise the principal's rights to secure evidence thereof.

² By contrast, the agent is not considered to be authorised to accept payments, to grant time limits for payments or to agree other modifications of the contract with clients.

³ Articles 34 and 44 paragraph 3 of the Federal Act of 2 April 1908 on Insurance Policies²⁶² are reserved.

Art. 418f

D. Obligations of the principal
I. In general

¹ The principal must do everything in his power to enable the agent to perform his activities successfully. In particular, he must furnish the agent with the necessary documentation.

² He must notify the agent immediately if he anticipates that the number and/or volume of transactions that will be possible or desirable is likely to be substantially smaller than was agreed or to be expected in the circumstances.

³ Where a particular area or clientele is allocated to the agent, it is allocated to him exclusively unless otherwise agreed in writing.

Art. 418g

II. Commission
 1. On business facilitated and concluded
 a. Scope and entitlement

¹ The agent is entitled to the agreed or customary commercial agent's commission or sales commission on all transactions that he facilitated or concluded during the agency relationship and, unless otherwise agreed in writing, on transactions concluded during the agency relationship by the principal without the agent's involvement but with clients acquired by him for transactions of that kind.

² An agent to whom a particular area or clientele has been allocated exclusively is entitled to the agreed commission or, in the absence of such an agreement, the customary commission on all transactions concluded during the agency relationship with clients belonging to that area or clientele.

³ Unless otherwise agreed in writing, the entitlement to the commission is established as soon as the transaction has been validly concluded with the client.

Art. 418h

b. Lapse of entitlement

¹ The agent's entitlement to commission lapses subsequently where the execution of a concluded transaction is prevented for reasons not attributable to the principal.

² By contrast, the agent is not entitled to any commission where no consideration is given in return for the principal's performance, or where the consideration is so limited that the principal cannot reasonably be expected to pay any commission.

Art. 418i

c. Due date

Unless otherwise provided by agreement or custom, the commission falls due at the end of the calendar half-year in which the transaction was concluded, whereas in insurance business the commission falls due when the first annual premium has been paid.

Art. 418k

d. Statement of commission

¹ Where the agent is not obliged by written agreement to draw up a statement of commission, the principal must provide him with a written statement as at each due date indicating the transactions on which commission is payable.

² On request, the agent must be granted access to the books of account or supporting documents that are relevant to such statement. The agent may not waive this right in advance.

- Art. 418l**
2. Collection commission
- 1 Unless otherwise provided by agreement or custom, the agent is entitled to a collection commission on any amounts he collects and delivers to the principal in accordance with the latter's instructions.
- 2 At the end of the agency relationship the agent loses his authority to collect payments and his entitlement to further collection commission.
- Art. 418m**
- III. Inability to work
- 1 The principal is obliged to pay the agent appropriate compensation if, in breach of his legal or contractual obligations, he is at fault in preventing the agent from earning the volume of commission that was agreed or to be expected in the circumstances. Any agreement to the contrary is void.
- 2 Where an agent who is permitted to represent only one principal at a time is prevented from working through no fault of his own by illness, Swiss compulsory military service or similar reasons, he is entitled for a relatively short period to adequate compensation for loss of income, provided the commercial agency contract has lasted for at least one year. The agent may not waive this right in advance.
- Art. 418n**
- IV. Costs and expenses
- 1 Unless otherwise provided by agreement or custom, the agent is not entitled to reimbursement of costs and expenses incurred in the normal performance of his duties, but is entitled to reimbursement of those incurred as a result of special instructions issued by the principal or in the capacity of agent without authority for the principal, such as freight charges and customs duties.
- 2 The duty to reimburse costs and expenses obtains even where the transaction fails to materialise.
- Art. 418o**
- V. Special lien
- 1 By way of securing claims due to him under the commercial agency relationship and, in the event that the principal becomes insolvent, claims that are not yet due, the agent has a special lien on chattels and securities that he holds pursuant to the contract and on any payments received from clients by virtue of an authority to collect with which he has been vested, and this right of lien may not be waived in advance.
- 2 The lien does not extend to price lists and client lists.

E. Termination
I. Expiry of duration

Art. 418p

¹ Where the commercial agency contract was concluded for a fixed term or its duration is limited by virtue of its purpose, it ends without notice on expiry of that term.

² Where a fixed-term commercial agency contract is tacitly extended by both parties on expiry of its duration, it is deemed to have been renewed for the same duration subject to a maximum of one year.

³ Where termination is subject to prior notice, failure by both parties to give notice is deemed tacit renewal of the contract.

II. Notice of termination
1. In general

Art. 418q

¹ Where the commercial agency contract was not concluded for a fixed term and its duration is not limited by virtue of its purpose, it may be terminated by either party during the first year of the contract by giving one month's notice expiring at the end of the following calendar month. Any agreement of a shorter notice period must be done in writing.

² Where the contract has lasted for at least one year, it may be terminated by giving two months' notice expiring at the end of a calendar quarter. However, the parties may agree a longer notice period or a different termination date.

³ The notice period must be the same for both the principal and the agent.

2. For good cause

Art. 418r

¹ The principal and the agent may at any time terminate the contract with immediate effect for good cause.

² The provisions governing service contracts apply *mutatis mutandis*.

III. Death, incapacity, bankruptcy

Art. 418s

¹ The agency relationship ends on the death or incapacity of the agent or the bankruptcy of the principal.

² Where in essence the agency relationship was entered into with the principal in person, it ends on his death.

IV. Claims of the agent
1. Commission

Art. 418t

¹ Unless otherwise provided by agreement or custom, the agent is entitled to commission on orders subsequently placed by a client acquired by him during the agency relationship only if such orders are placed before the end of the commercial agency contract.

² On termination of the agency relationship, all the agent's claims for commission or reimbursement of expenses fall due.

³ A later due date may be agreed in writing for commission on transactions to be performed in full or in part after the agency relationship has ended.

Art. 418u

2. Compensation for clientele

¹ Where the agent's activities have resulted in a substantial expansion of the principal's clientele and considerable benefits accrue even after the end of the agency relationship to the principal or his legal successor from his business relations with clients acquired by the agent, the agent or his heirs have an inalienable claim for adequate compensation, provided this is not inequitable.

² The amount of such claim must not exceed the agent's net annual earnings from the agency relationship calculated as the average for the last five years or, where shorter, the average over the entire duration of the contract.

³ No claim exists where the agency relationship has been dissolved for a reason attributable to the agent.

Art. 418v

V. Duty of restitution

By the time the agency relationship ends, each contracting party must return to the other everything received from him or from third parties for his account during the relationship. The contracting parties' rights of lien are unaffected.

Title Fourteen: Agency without Authority

Art. 419

A. Rights and obligations of the agent

I. Manner of execution

Any person who conducts the business of another without authorisation is obliged to do so in accordance with his best interests and presumed intention.

Art. 420

II. Liability of the agent in general

¹ The agent is liable for negligence.

² However, where the agent acted in order to avert imminent damage to the principal, his liability is judged more leniently.

³ Where agency activities are carried out against the express or otherwise recognisable will of the principal and the prohibition was neither immoral nor illegal, the agent is also liable for chance occurrences unless he can prove that they would have occurred even without his involvement.

Art. 421

III. Liability of agents lacking capacity to enter into contracts

¹ Where the agent lacked the capacity to enter into contractual commitments, he is liable for his agency activities only to the extent that he is enriched or alienated the enrichment in bad faith.

² Further liability in tort is reserved.

Art. 422

B. Position of the principal
I. Agency in the principal's best interests

¹ Where agency activities were in the best interests of the principal, he is obliged to reimburse the agent for all expenses that were necessary or useful and appropriate in the circumstances plus interest, to release him to the same extent from all obligations assumed and to compensate him at the court's discretion for any other damage incurred.

² Provided the agent acted with all due care, the claim accrues to him even if the intended outcome was not achieved.

³ Where the agent's expenses are not reimbursed, he has the right of repossession in accordance with the provisions governing unjust enrichment.

Art. 423

II. Business conducted in the agent's interests

¹ Where agency activities were not carried out with the best interests of the principal in mind, he is nonetheless entitled to appropriate any resulting benefits.

² The principal is obliged to compensate the agent and release him from obligations assumed only to the extent the principal is enriched.

Art. 424

III. Approval of agency activities

Where the agent's actions are subsequently approved by the principal, the provisions governing mandates become applicable.

Title Fifteen: The Commission Contract**Art. 425**

A. Buying and selling commission
I. Definition

¹ A buying or selling commission agent is a person who, in return for a commission, buys or sells chattels or securities in his own name but for the account of another (the principal).

² The provisions governing mandates apply to the commission agency relationship, unless otherwise provided in this Title.

Art. 426

II. Obligations of the commission agent
1. Duty of notification, insurance

1 The commission agent must keep the principal informed and in particular must notify him immediately of the performance of the commission contract.

2 He is obliged to insure the goods on commission only where so instructed by the principal.

Art. 427

2. Treatment of goods on commission

1 Where the goods for sale on commission are evidently defective, the commission agent must safeguard the rights of recourse against the carrier, secure evidence of the defective condition of the goods, preserve the goods where possible and notify the principal immediately.

2 If the commission agent omits to fulfil these obligations, he is liable for any damage caused by such omission.

3 Where there is a risk that the goods for sale on commission will rapidly deteriorate, the commission agent has the right and, should the interests of the principal so require, the obligation to arrange their sale with the assistance of the competent authority of the place where the goods are located.

Art. 428

3. Pricing by the principal

1 Where the commission agent sells goods below the minimum price instructed, he is liable to the principal for the difference unless he can prove that such sale averted damage that the principal would otherwise have incurred and that he was unable to seek the principal's instructions in the time available.

2 Furthermore, where the commission agent is at fault, he must compensate the principal for any other damage caused by the breach of contract.

3 Where the commission agent buys at a lower price or sells at a higher price than instructed by the principal, he is not permitted to retain the profit but must credit it to the principal.

Art. 429

4. Advances and loans to third parties

1 A commission agent who makes cash advances or extends credit to a third party without the consent of the principal does so at his own risk.

2 However, where sale on credit is the customary commercial practice at the place of sale, the commission agent is entitled to sell on credit unless the principal has instructed otherwise.

Art. 430

5. Del credere
- 1 Except where he extends credit without authority, the commission agent is liable for the debtor's payment or performance of other obligations only to the extent that he has expressly assumed such liability or if this is a customary commercial practice at his place of business.
 - 2 A commission agent who assumes liability for performance by the debtor is entitled to special remuneration (del credere commission).

Art. 431

- III. Rights of the commission agent
1. Reimbursement of advances and expenses
 - 1 The commission agent is entitled to reimbursement of all advances, expenses and other costs incurred on the principal's behalf plus interest on all such amounts.
 - 2 He may also claim remuneration for storage and transport costs, though not for the wages of his employees.

Art. 432

2. Commission
 - a. Entitlement
 - 1 The commission agent is entitled to commission on execution of the transaction or failure to execute it for a reason attributable to the principal.
 - 2 In the case of transactions that could not be executed for other reasons, the commission agent is entitled to remuneration for his endeavours only to the extent provided for by local custom.

Art. 433

- b. Forfeiture and conversion into transaction for own account
 - 1 The commission agent forfeits his right to commission if he has acted improperly towards the principal and in particular if he has secured an inflated purchase price or a deflated sale price.
 - 2 Moreover, in both these cases the principal has the right to take action against the commission agent himself as buyer or seller.

Art. 434

3. Special lien

The commission agent has a special lien in respect of the goods on commission and the sale proceeds.

Art. 435

4. Sale of goods at auction
 - 1 Where the goods on commission remain unsold or the order to sell is withdrawn and the principal fails to take them back or otherwise dispose of them within a reasonable time, the commission agent may apply to the competent authority at the place where the goods are located to arrange to have them sold at auction.

² The auction may be ordered without first hearing the principal if neither he nor a representative is present at that location.

³ However, official notice must be served on the principal before the auction is held, unless the goods in question are susceptible to rapid deterioration.

Art. 436

5. Agent acting for his own account

a. Pricing and commission

¹ Unless otherwise instructed by the principal, a commission agent instructed to buy or sell goods, bills of exchange or other securities with a quoted exchange or market price is entitled, in his own capacity as seller, to deliver the goods he is instructed to buy or, in his own capacity as buyer, to purchase the goods he is instructed to sell.

² In both cases, the commission agent must account for the exchange or market price that applied at the time the instruction was executed and is entitled to both the usual commission and reimbursement of the expenses normally incurred in commission business.

³ In other respects the transaction is treated as a contract of sale.

Art. 437

b. Presumption of trading for own account

Where the commission agent is permitted to act for his own account and he notifies the principal that the instruction has been executed without naming another person as buyer or seller, the presumption is that he himself has assumed the obligations of the buyer or seller.

Art. 438

c. Lapse of right to trade for own account

The commission agent is not permitted to act as buyer or seller if the principal has withdrawn his mandate and the notice of withdrawal reached the commission agent before he dispatched the notice of execution.

Art. 439

B. Forwarding contract

A forwarding agent or carrier who in return for payment undertakes to carry or forward goods for the consignor's account but in his own name is regarded as a commission agent but is subject to the provisions governing contracts of carriage in relation to the forwarding of the goods.

Title Sixteen: The Contract of Carriage

Art. 440

A. Definition

¹ A carrier is a person who undertakes to transport goods in return for payment (freight charge).

² The provisions governing mandates apply to contracts of carriage unless otherwise provided in this Title.

Art. 441

B. Effects
I. Obligations of the carrier
1. Required information

¹ The consignor must give the carrier precise details of the address of the consignee and the place of delivery, the number, type of packaging, weight and content of packages, the delivery date and the transport route, as well as the value of any valuable objects.

² The consignor is liable for any detriment arising from missing or inaccurate details.

Art. 442

2. Packaging

¹ The consignor ensures that the goods are properly packaged.

² He is liable for the consequences of defects in packaging that are not externally apparent.

³ By contrast, the carrier is liable for the consequences of defects that were externally apparent if he accepted the goods without reservation.

Art. 443

3. Power of disposal over freight

¹ While the goods are in the carrier's possession, the consignor has the right to reclaim them against compensation for the carrier for expenses incurred and any detriment resulting from their repossession, except where:

1. a bill of lading has been issued by the consignor and delivered to the consignee by the carrier;
2. the consignor has arranged for an acknowledgement of receipt to be issued by the carrier and cannot return it;
3. the carrier has sent the consignee written notice that the goods have arrived and are ready for collection;
4. the consignee has requested delivery of the goods after they have arrived at destination.

² In these cases the carrier is obliged to comply solely with the consignee's instructions, although where the consignor has arranged for an acknowledgement of receipt to be issued by the carrier and the goods have not yet arrived at destination, the carrier is bound by such instructions only if the acknowledgement of receipt has been delivered to the consignee.

Art. 444

II. Position of the carrier
 1. Treatment of freight
 a. Delivery not possible

1 Where the goods are rejected, the associated claims remain unpaid or the consignee cannot be contacted, the carrier must inform the consignor and in the interim place the goods in storage or deposit them with a third party at the risk and expense of the consignor.

2 If neither consignor nor consignee disposes of the goods within a reasonable period, in the same manner as a commission agent the carrier may apply to the competent authority at the place where the goods are located to arrange to have them sold in favour of the rightful beneficiary.

Art. 445

b. Sale

1 Where the goods are likely to deteriorate rapidly or their probable value does not cover the associated costs, the carrier must without delay arrange for official confirmation of that fact and may arrange for the sale of the goods in the same manner as when delivery is not possible.

2 Where possible, the interested parties must be informed that such sale has been ordered.

Art. 446

c. Liability

When exercising the rights conferred on him with regard to the handling of the goods, the carrier must safeguard the interests of their owner to the best of his ability and is liable in damages for any fault on his part.

Art. 447

2. Liability of the carrier
 a. Loss or destruction of the goods

1 If the goods are lost or destroyed, the carrier must compensate their full value unless he can prove that the loss or destruction resulted from the nature of the goods or through the fault of the consignor or the consignee or occurred as a result of instructions given by either or of circumstances which could not have been prevented even by the diligence of a prudent carrier.

2 The consignor is deemed to be at fault if he fails to inform the carrier of any especially valuable freight goods.

3 Agreements stipulating an interest in excess of the full value of the goods or an amount of compensation lower than their full value are reserved.

Art. 448

b. Delay, damage, partial destruction

1 Subject to the same conditions and reservations as apply to the loss or destruction of goods, the carrier is liable for any damage resulting from late delivery, damage in transit or the partial destruction of the goods.

2 Unless specifically agreed otherwise, the damages claimed may not exceed those for total loss.

c. Liability for sub-contractors

Art. 449

The carrier is liable for all accidents and errors occurring during the carriage of goods, regardless of whether he transports them to the final destination or sub-contracts the task to another carrier, subject to right of recourse against the sub-contractor to whom goods are entrusted.

Art. 450

3. Duty of notification

The carrier must notify the consignee immediately on arrival of the goods.

Art. 451

4. Lien

¹ Where the consignee disputes claims attaching to the goods, he may demand delivery only if the disputed amount is deposited with the court.

² The deposited amount replaces the goods with regard to the carrier's lien.

Art. 452

5. Forfeiture of liability claims

¹ Unconditional acceptance of the goods and payment of the freight charge extinguish all claims against the carrier, except in cases of deliberate deceit or gross negligence.

² Furthermore, the carrier remains liable for damage that is not externally apparent where such damage is discovered within the time in which, in the circumstances, the consignee was able or might reasonably be expected to inspect the goods, provided he notifies the carrier immediately on discovering such damage.

³ However, such notification must be given no later than eight days after delivery.

Art. 453

6. Procedure

¹ In any dispute, the competent authority at the place where the goods are located may, at the request of either party, order that the goods be deposited with a third party or, where necessary, sold after their condition has been established.

² The sale may be forestalled by satisfying all claims allegedly attaching to the goods or by depositing the amount of such claims with the court.

Art. 454

7. Prescription of actions for damages

¹ Actions for damages against the carrier prescribe one year after the scheduled delivery date in the case of destruction, loss or delay and one year after the date on which the goods were delivered to the consignee in the case of damage.

² The consignee and the consignor may always assert their claims against the carrier by way of defence, provided that objections are lodged within one year and that the claim is not extinguished by acceptance of the goods.

³ The above does not apply to cases of malice or gross negligence on the part of the carrier.

Art. 455

C. State-owned and licensed carriers

¹ Carriers operating under state licence are not empowered to exclude or restrict in advance the application of the provisions governing the carrier's liability to their own benefit by means of special agreement or regulations governing their operations.

² However, the parties may derogate contractually from said provisions to the extent permitted by this Title.

³ The special provisions governing contracts for the carriage of goods by providers of postal services, the railways and steamers are unaffected.²⁶³

Art. 456

D. Use of state transport facilities

¹ Any carrier or forwarding agent who uses a state transport facility to perform carriage obligations he has assumed or who assists in the carriage of goods by such a facility is subject to the special provisions governing freight transport that apply to that facility.

² However, any agreement to the contrary between the carrier or forwarding agent and the principal is unaffected.

³ This article does not apply to road hauliers.

Art. 457

E. Liability of the forwarding agent

A forwarding agent who uses a state transport facility in order to perform obligations under a contract of carriage may not deny liability on grounds of insufficient right of recourse where right of recourse was forfeited through his own fault.

²⁶³ Amended by Annex No II 2 of the Postal Services Act of 17 Dec. 2010, in force since 1 Oct. 2012 (AS 2012 4993; BBl 2009 5181).

Title Seventeen: Registered Power of Attorney and other Forms of Commercial Agency

Art. 458

A. Registered power of attorney
I. Definition and conferral

1 A registered attorney is a person who has been expressly or tacitly granted the authority to conduct operations and to sign per procuration on behalf of a trading, manufacturing or other commercial business by its owner.

2 The owner of the business must give notice of the granting of the power of attorney for entry in the commercial register but is bound by the actions of the registered attorney even before it is entered.

3 The granting of authority to conduct other kinds of business or transactions also requires entry of the attorney in the commercial register.

Art. 459

II. Scope of authority

1 In dealings with bona fide third parties, the registered attorney is deemed authorised to commit the owner of the business by signing bills of exchange and to carry out on his behalf all types of transaction that fall within the scope of the commercial operations and business affairs of the owner.

2 The registered attorney is not authorised to alienate or encumber immovable property unless expressly vested with such powers.

Art. 460

III. Restrictions

1 The registered power of attorney may be limited to the business affairs of a specific branch.

2 It may be conferred on two or more persons collectively (joint power of attorney) such that the signature of one attorney is not binding on the principal unless others participate in the transaction as prescribed.

3 Other limitations of authority have no legal effect on bona fide third parties.

Art. 461

IV. Withdrawal

1 Any withdrawal of the power of attorney must be entered in the commercial register, even where no entry was made of its conferral.

2 As long as such withdrawal has not been registered and published, the registered power of attorney remains in force as against bona fide third parties.

Art. 462

B. Other forms of commercial agency

1 Where the owner of a trading, manufacturing or other commercial establishment appoints a person to represent him in managing the affairs of the business as a whole or in carrying out certain transactions on behalf of the business without granting that person a registered power of attorney, the agency authority of the representative extends to all activities that fall within the normal scope of the commercial operations of the business or are normally connected with the transactions in question.

2 However, a commercial agent is not authorised to sign bills of exchange, take out loans or conduct litigation unless expressly granted such powers.

Art. 463²⁶⁴

C. ...

Art. 464

D. Prohibition of competition

1 A registered attorney or commercial agent appointed to manage the affairs of the business as a whole or employed by the owner of the business may not without the owner's consent engage in transactions for his own account or that of a third party in the economic sectors in which the owner himself is active.²⁶⁵

2 In the event of any violation of this provision, the owner of the business may seek compensation for the resultant damage and appropriate the relevant transactions for his own account.

Art. 465

E. Extinction of power of attorney and other forms of commercial agency

1 The registered power of attorney and authority to act as commercial agent may be revoked at any time without prejudice to rights accruing to the parties concerned under any existing individual contract of employment, partnership agreement, mandate or the like.²⁶⁶

2 The death or incapacity of the owner of the business does not extinguish the registered power of attorney or authority to act as commercial agent.

²⁶⁴ Repealed by No II Art. 6 No 1 of the FA of 25 June 1971, with effect from 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

²⁶⁵ Amended by No II Art. 1 No 10 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

²⁶⁶ Amended by No II Art. 1 No 11 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

Title Eighteen: The Payment Instruction

Art. 466

A. Definition

By means of a payment instruction, the recipient of the instruction (agent) is authorised to transfer money, securities or other fungibles for the account of the party issuing the instruction (principal) to the payee and the payee is authorised to receive them in his own name.

Art. 467

B. Effects

I. Relations between principal and payee

¹ Where the purpose of the payment instruction is to redeem a debt owed by the principal to the payee, the debt is redeemed only once the agent has made the transfer.

² However, where the payee has accepted a payment instruction, he may assert his claim against the principal only if he called for payment from the agent but did not receive it before expiry of the term stipulated in the payment instruction.

³ A creditor who does not wish to accept a payment instruction received from his debtor must notify the debtor immediately in order to avoid liability in damages.

Art. 468

II. Obligations of the agent

¹ An agent who notifies the payee that he accepts the payment instruction unreservedly is obliged to pay the payee and may raise against him only such objections as arise from their personal relationship or from the terms of the payment instruction, not objections arising from his relationship with the principal.

² An agent who is indebted to the principal is obliged to comply with the payment instruction, provided that in doing so his own position is in no way prejudiced.

³ Even in this case the agent is not obliged to declare his acceptance prior to payment, unless otherwise agreed with the principal.

Art. 469

III. Duty to notify non-payment

Where the agent refuses to make the payment called for by the payee or declares in advance that he will not make it, the payee must notify the principal immediately in order to avoid liability in damages.

Art. 470

C. Revocation

¹ The principal may revoke the payment instruction as against the payee unless he issued it in order to redeem a debt to the payee or otherwise in favour of the latter.

² He may revoke it as against the agent provided the agent has not notified the payee of his acceptance.

^{2bis} Unless the regulations of a payment system provide otherwise, a payment instruction in a cashless transaction becomes irrevocable as soon as the transfer amount is debited from the principal's account.²⁶⁷

³ In the event of bankruptcy proceedings against the principal, payment instructions that have not yet been accepted are deemed revoked.

Art. 471

D. Payment instructions relating to securities

¹ The provisions of this Title apply to payment instructions made out to the bearers of negotiable securities on the premise that each such bearer is considered to be the payee in relation to the agent, whereas the rights as between the principal and the payee are established only in respect of each transferor and transferee.

² The special provisions governing cheques and payment instructions similar in nature to bills of exchange are unaffected.

Title Nineteen: The Contract of Bailment

Art. 472

A. Bailment in general
I. Definition

¹ A contract of bailment is a contract in which the bailee undertakes to take receipt of a chattel entrusted to him by the bailor and to keep it in a safe place.

² The bailee may claim remuneration only where this has been expressly stipulated or was to be expected in the circumstances.

Art. 473

II. Obligations of the bailor

¹ The bailor must reimburse the bailee for expenses incurred in performance of the contract.

² He is liable to the bailee for damage caused by the bailment unless he can prove that such damage occurred through no fault of his own.

Art. 474

III. Obligations of the bailee
1. Prohibition of use

¹ The bailee may not use the deposited chattel without the bailor's consent.

² If he does, he must pay the bailor adequate compensation and is liable for any chance occurrence unless he can prove that such occurrence would have affected the chattel in any event.

²⁶⁷ Inserted by Annex No 3 of the Uncertificated Securities Act of 3 Oct. 2008, in force since 1 Oct. 2009 (AS 2009 3577; BBl 2006 9315).

Art. 475

2. Return
a. Rights of the bailor

¹ The bailor may reclaim the bailed chattel together with any growth or accrual thereto at any time, even where a fixed term was agreed for the bailment.

² However, the bailor must reimburse the bailee for expenses incurred with a view to bailment over the agreed term.

Art. 476

b. Rights of the bailee

¹ The bailee may return the bailed chattel before expiry of the stipulated term only where unforeseen circumstances render the bailee unable to keep the chattel safely or without detriment to himself.

² Where no term was agreed for the bailment, the bailee may return the chattel at any time.

Art. 477

c. Place of return

The bailed chattel is returned at the risk and expense of the bailor at the same place where it was to be kept.

Art. 478

3. Liability of joint bailees

Where several bailees have jointly received a chattel in bailment, they are jointly and severally liable.

Art. 479

4. Third-party rights of title

¹ If a third party claims title to the bailed chattel, the bailee remains obliged to return it to the bailor unless it has been attached by court order or the third party has brought action to establish title against the bailor.

² In this event, the bailee must inform the bailor immediately.

Art. 480

IV. Official receiver

Where two or more persons, with a view to protecting their rights, deposit an object whose legal status is disputed or uncertain in bailment with a third party (official receiver), the latter may return it only with the consent of the interested parties or as directed by the court.

Art. 481

B. Bailment of fungibles

¹ Where money is deposited with the express or tacit agreement that the bailee is not obliged to return precisely the same notes and coin but merely the same sum of money, all attendant risks and benefits pass to the bailee.

² A tacit agreement is presumed if the sum of money was unsealed and open when deposited.

³ Where other fungibles or securities are deposited in bailment, the bailee has power to dispose of them only if expressly authorised so to do by the bailor.

Art. 482

C. Warehousing business
I. Right to issue documents of title to goods

¹ A warehouse keeper who publicly offers warehousing services may apply to the competent authority for the right to issue documents of title to the goods kept in storage.

² These documents of title to goods are securities that confer the right to take delivery of the goods stored.

³ They may be made out to a named person, to order or to bearer.

Art. 483

II. Warehouse keeper's duty of safe-keeping

¹ A warehouse keeper has the same duty of care in relation to stored goods as a commission agent.

² Where feasible, he must inform the bailor of any changes in the condition of the goods that call for further measures.

³ He must allow the bailor to inspect the goods and to take test samples during business hours and to take measures necessary to preserve the goods at any time.

Art. 484

III. Intermingling of stored goods

¹ A warehouse keeper may mix fungibles with other items of the same kind and quality only if expressly authorised so to do.

² Each bailor may reclaim a number corresponding to his deposit from any goods thus intermingled.

³ The warehouse keeper may make the required division without the involvement of the other bailors.

Art. 485

IV. Rights of the warehouse keeper

¹ The warehouse keeper is entitled to the agreed or customary warehouse fee and to reimbursement of all expenses not resulting from the actual storage of the goods (freight charges, customs duties, repairs).

² Such expenses must be reimbursed immediately, whereas the warehouse fee is payable in arrears for every three months of storage and in any event whenever all or some of the goods are reclaimed.

³ The warehouse keeper's claims are secured by a lien on the goods, provided he remains in possession of the goods or may dispose of them by means of a document of title to goods.

Art. 486

V. Return of the goods

¹ The warehouse keeper has the same obligation to return the goods as an ordinary bailee, except that he remains bound to observe the contractual storage duration even where an ordinary bailee would be entitled to return them sooner owing to unforeseen circumstances.

² Where a document of title to goods has been issued, the warehouse keeper is entitled and obliged to release the goods only to the beneficiary named therein.

Art. 487

D. Inns, hotels and stables
I. Liability of hoteliers
1. Conditions and scope

¹ Innkeepers and hoteliers who provide accommodation for persons not known to them are liable for any damage, destruction or misappropriation of personal effects brought onto the premises by their guests unless they can prove that such damage is attributable to the guest himself or to his visitors, companions or staff or to force majeure or to the nature of the objects in question.

² However, the liability for personal effects brought onto the premises by guests is subject to an upper limit of 1,000 francs for each guest where no fault can be ascribed to the innkeeper or hotelier or his staff.

Art. 488

2. Specific liability for valuables

¹ Where valuables, large sums of money or securities are not deposited with the innkeeper or hotelier, the latter is only liable for them if he or his staff are at fault.

² Where he accepts or declines the deposit of such items, he is liable for their full value.

³ Where the guest cannot reasonably be expected to deposit such items, the innkeeper or hotelier is liable for them as for the other personal effects of the guest.

Art. 489

3. End of liability

¹ The guest's claims are forfeited if he fails to report any damage to the innkeeper or hotelier immediately.

² The innkeeper or hotelier may not exempt himself from liability by posting disclaimer notices on the premises or making such liability dependent on conditions not specified in law.

Art. 490

II. Liability of stable owners

¹ Owners of stables are liable for any damage, destruction or misappropriation of animals, vehicles and their appurtenances entrusted to or otherwise received by them or by their staff unless they can prove that such

damage is attributable to the bailor or his visitors, companions or staff or to force majeure or to the nature of the animals or objects deposited.

² However, liability for animals, vehicles and appurtenances accommodated in stables is subject to a maximum of 1,000 francs for each bailor where no fault can be ascribed to the stable owner or his staff.

Art. 491

III. Lien

¹ Innkeepers, hoteliers and stable owners have a lien on the animals and objects brought onto their premises as security for their claims in connection with accommodation and storage.

² The provisions governing the landlord's or lessor's right of lien apply *mutatis mutandis*.

Title Twenty:²⁶⁸ The Contract of Surety

Art. 492

A. Requirements I. Definition

¹ Under a contract of surety, the surety undertakes as against the creditor of the principal debtor to vouch for performance of the obligation.

² A contract of surety presupposes the existence of a valid primary obligation. A future or conditional obligation may be guaranteed by means of a contract of surety provided that the primary obligation takes effect.

³ A person standing surety for performance of an obligation resulting from a contract that is not binding on the principal debtor as a result of error or incapacity to make a contract is liable for such obligation, subject to the conditions and doctrines of the law governing surety, if he was aware of the defect vitiating the contract at the time he gave his commitment. The same applies to any person who stands surety for performance of an obligation that is time-barred for the principal debtor.

⁴ Unless the law provides otherwise, the surety may not waive in advance the rights conferred on him under this Title.

Art. 493

II. Form

¹ The contract of surety is valid only where the surety makes a written declaration and indicates in the surety bond the maximum amount for which he is liable.

² Where the surety is a natural person, his declaration must additionally be done in the form of a public deed in conformity with the rules in force at the place where the instrument is drawn up. Where the liability under surety does not exceed the sum of 2,000 francs, it is sufficient for the

²⁶⁸ Amended by No 1 of the FA of 10 Dec. 1941, in force since 1 July 1942 (AS 58 279 644; BBl 1939 II 841). See also the Transitional provisions for this Title at the end of this Code.

surety to indicate the amount for which he is liable and the existence of joint and several liability, if any, in his own hand in the surety bond itself.

³ Contracts of surety in favour of the Confederation or its public institutions or in favour of a canton for the performance of public law obligations, such as customs duties, taxes and the like, and for freight charges merely require the written declaration of the surety and an indication in the surety bond itself of the amount for which he is liable.

⁴ Where the total liability is divided into smaller amounts in order to circumvent the formal requirement of a public deed, the formal requirements for contracts of surety for such partial amounts are the same as those prescribed for the total.

⁵ The sole formal requirement for subsequent amendments to the surety, except where the total liability is increased or the surety is transformed from a simple surety into a joint and several surety, is that they be done in writing. Where the principal obligation is assumed by a third party such that the debtor is released, the contract of surety is extinguished unless the surety has consented in writing to such assumption.

⁶ The formal requirements applicable to the contract of surety also apply to the conferral of special authority to enter into a contract of surety and the promise to stand surety for the contracting party or a third party. The parties may agree in writing to limit the surety's liability to that portion of the principal obligation that is satisfied first.

⁷ The Federal Council may cap the fee payable for drawing up the surety bond as a public deed.

Art. 494

III. Spouse's consent

¹ A married person may validly stand as surety only with the written consent of his spouse given in advance or at the latest simultaneously, unless the spouses are separated by court judgment.

² ... ²⁶⁹

³ The spouse's consent to subsequent amendments of a contract of surety is required only where the total liability is to be increased or a simple surety is to be transformed into a joint and several surety, or where the effect of the amendment is to diminish the level of security substantially.

⁴ The same applies *mutatis mutandis* to registered partners.²⁷⁰

²⁶⁹ Repealed by No I of the FA of 17 June 2005 (Sureties. Spouse's consent), with effect from 1 Dec. 2005 (AS 2005 5097; BBl 2004 4955 4965).

²⁷⁰ Amended by Annex No 11 to the Same-Sex Partnership Act of 18 June 2004, in force since 1 Jan. 2007 (AS 2005 5685; BBl 2003 1288).

Art. 495

- B. Substance
- I. Particularities of different types of surety
- 1. Simple surety

1 The creditor may resort to a simple surety only if, after the surety was provided, the debtor is declared bankrupt or obtains a debt restructuring moratorium, or is the object of debt enforcement proceedings instigated with due diligence by the creditor which have resulted in the issue of a definitive certificate of loss, or has relocated his domicile abroad and can no longer be sued in Switzerland, or legal action against him in foreign courts has been substantially impeded as a result of such relocation.

2 Where the claim is secured by pledges, a simple surety may require that the creditor satisfy his claim first from such pledges, provided the debtor has not been declared bankrupt or obtained a debt restructuring moratorium.

3 Where the surety has undertaken solely to cover any shortfall suffered by the creditor (indemnity bond), he may not be sued unless a definitive certificate of loss has been issued against the principal debtor or the latter has relocated his domicile abroad and can no longer be sued in Switzerland, or legal action against him in foreign courts has been substantially impeded as a result of such relocation. Where a composition agreement has been concluded, the surety may be sued for the remitted portion of the principal obligation immediately on the entry into force of the composition agreement.

4 Agreements to the contrary are reserved.

Art. 496

- 2. Joint and several surety

1 Where a person stands surety for an obligation by appending the words “joint and several” or an equivalent phrase, the creditor may resort to him before suing the principal debtor and before realising property given in pledge provided the principal debtor has defaulted on his debt payments and has been issued with payment reminders to no avail or is manifestly insolvent.

2 The creditor may resort to the surety before realising pledged chattels and debts only to the extent that these are deemed by the court unlikely to cover the debt or where such sequence was agreed or where the debtor has been declared bankrupt or obtained a debt restructuring moratorium.

Art. 497

- 3. Co-surety

1 Where two or more persons stand surety for a single divisible principal obligation, each of them is liable as simple surety for his share and as collateral surety for the shares of the others.

2 Where they have assumed joint and several liability by agreement with the principal debtor or among themselves, each of them is liable for the whole obligation. However, a co-surety may refuse to pay more than his share where debt enforcement proceedings have not been commenced

against all other jointly and severally liable co-sureties who entered into the contract of surety before him or at the same time and who may be sued for the obligation in Switzerland. He has the same right if his co-sureties have paid their share or furnished real security. Unless otherwise agreed, a co-surety who has paid his share has a right of recourse against other jointly and severally liable co-sureties to the extent that each of them has not yet paid his share. This right may be exercised before recourse against the principal debtor.

³ Where it was apparent to the creditor that the surety entered into the contract on condition that others would stand surety with him for the same principal obligation, the surety is released if such condition is not fulfilled or if subsequently one of the co-sureties is released from his liability by the creditor or if his undertaking is declared invalid. In this last case the court may also, on grounds of equity, simply adjudicate that the surety's liability be reduced by an appropriate amount.

⁴ Where several persons have independently agreed to stand surety for the same principal obligation, each of them is liable for the whole amount of his own commitment. However, unless otherwise agreed, a surety who pays such amount has a right of recourse against the others for their respective shares.

Art. 498

4. Collateral surety and counter-surety

¹ A collateral surety who stands surety to the creditor for performance of the obligation assumed by the primary surety is liable together with the latter in the same way as a simple surety is liable with the principal debtor.

² A counter-surety stands surety for the right of recourse against the debtor accruing to the primary surety who honours his commitment.

Art. 499

II. Common provisions
1. Relationship between the surety and the creditor
a. Scope of liability

¹ In all cases, the surety's liability is limited to the maximum amount indicated in the surety bond.

² Unless otherwise agreed, he is liable up to this limit for:

1. the amount of the principal obligation, including the legal consequences of any fault or default on the part of the principal debtor, but not for damage resulting from the extinction of the contract and any contractual penalty unless this was expressly agreed;
2. the costs of debt enforcement proceedings and legal action brought against the principal debtor, provided that the surety was given timely opportunity to avoid them by satisfying the creditor, and, where applicable, for the costs of delivering pledges and transferring liens;

3. interest at the contractually agreed rate up to a maximum of the interest payable for the current year and the previous year or, where applicable, for the annual payments due for the current year and the previous year.

³ Unless otherwise provided by the contract or dictated by the circumstances, the surety is liable only for the principal debtor's obligations arising after the contract of surety was concluded.

Art. 500

b. Reduction of liability by court order

¹ Unless otherwise agreed at the outset or by subsequent amendment, the amount for which a surety who is a natural person is liable decreases every year by three per cent or, where the claim is secured by mortgage, by one per cent of the original maximum liability. In all cases where the surety is a natural person, the amount decreases in at least the same proportion as the obligation.

² This does not apply to contracts of surety in favour of the Confederation or its public institutions or in favour of a canton for the performance public law obligations such as customs duties, taxes and the like, and for freight charges, or to contracts of surety for the performance of official and civil service obligations or for obligations of variable amount, such as current accounts and contracts for delivery by instalments, and for periodic, recurrent obligations.

Art. 501

c. Resort to the surety

¹ The creditor may not apply to the surety in respect of the principal obligation before the date fixed for its payment even if such date is brought forward following the principal debtor's bankruptcy.

² Under a contract of surety of any type, in exchange for furnishing real security, the surety may request that the court suspend the debt enforcement proceedings against him until all pledges have been realised and a definitive certificate of loss has been issued against the principal debtor or a composition agreement has been concluded with the creditors.

³ Where the principal obligation may not fall due without notice being served by the creditor or the principal debtor, the time limit for the surety does not commence until the date on which he receives such notice.

⁴ Where the obligation of a principal debtor residing abroad is annulled or restricted by foreign legislation, such as by provisions relating to clearing systems or a ban on currency transfers, a surety resident in Switzerland may also rely on such legislation unless he has waived this defence.

Art. 502

d. Defences

¹ The surety is entitled and obliged to plead against the creditor all defences open to the principal debtor or his heirs which are not based on the insolvency of the principal debtor. Suretyship for obligations that are not binding on the principal debtor owing to error or incapacity to make a contract or for time-barred obligations is reserved.

² Where the principal debtor waives a defence that is open to him, the surety may nevertheless plead it.

³ Where the surety fails to plead defences open to the principal debtor, he forfeits his right of recourse to the extent that such defences would have released him from liability unless he can prove that he was unaware of them through no fault of his own.

⁴ A person who stands surety for an obligation that is not actionable because it stems from gambling or betting may plead the same defences as are open to the principal debtor even if he was aware of that defect.

Art. 503

e. Creditor's duty of diligence and duty to release documents and pledges

¹ Where the liens and other securities and preferential rights furnished when the contract of surety is concluded or subsequently obtained from the principal debtor for the specific purpose of securing the claim under surety are reduced by the creditor to the detriment of the surety, the latter's liability is decreased by an equal amount unless it can be proven that the damage is less. Claims for restitution of the over-paid amount are unaffected.

² Moreover, in the case of contracts of surety for the performance of official and civil service obligations, the creditor is liable to the surety if, as a result of his failure to supervise the employee as required or to act with the diligence that could reasonably be expected of him, the obligation arose or increased to an extent that it would not have otherwise reached.²⁷¹

³ On being satisfied by the surety, the creditor is required to furnish him with such documents and information as are required to exercise his rights. The creditor must also release to him the liens and other securities furnished when the contract of surety was concluded or subsequently obtained from the principal debtor for the specific purpose of securing the claim under surety or must take the requisite measures to facilitate their transfer. This does not apply to liens and rights of pledge held by the creditor in relation to other claims where they take precedence over those of the surety.

²⁷¹ Amended by No II Art. 1 No 12 of the FA of 25 June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241). See also the Final and Transitional Provisions of Title X, at the end of this Code.

⁴ Where the creditor refuses without just cause to take such measures or has alienated the available evidence or the pledges and other securities for which he is responsible in bad faith or through gross negligence, the surety is released from his liability. He may demand the return of sums already paid and seek compensation for any further damage incurred.

Art. 504

f. Right to demand acceptance of payment

¹ As soon as the principal obligation falls due, even as a result of the bankruptcy of the principal debtor, the surety may at any time demand that the creditor accept satisfaction from him. Where several persons stand surety for an obligation, the creditor is obliged to accept even a part payment, provided it at least equals the share of the surety offering payment.

² Where the creditor refuses without just cause to accept payment, the surety is released from his liability. In this event the liability of all other jointly and severally liable co-sureties is decreased by the amount of his share.

³ If the creditor is prepared to accept satisfaction, the surety may pay him even before the principal obligation falls due. However, the surety has no right of recourse against the principal debtor until the obligation falls due.

Art. 505

g. Creditor's duty to notify and to register his claim in bankruptcy and composition proceedings

¹ Where the debtor is six months in arrears in the payment of capital, interest accrued over half a year or an annual repayment, the creditor must notify the surety. The creditor must inform the surety of the status of the principal obligation on request.

² In the event of bankruptcy or composition proceedings concerning the principal debtor, the creditor must register his claim and do everything conscionable to safeguard his rights. He must inform the surety of the bankruptcy or debt restructuring moratorium as soon as he himself learns of it.

³ Should the creditor fail to take any of these actions, he forfeits his claims against the surety to the extent of any damage to the latter resulting from such failure.

Art. 506

2. Relationship between surety and principal debtor

The surety may require that the principal debtor furnish security and demand his release from liability once the principal obligation falls due:

a. Right to security and release

1. where the principal debtor breaches the agreements made with the surety, and in particular his promise to release the surety by a certain date;

2. where the principal debtor is in default or has relocated his domicile abroad and legal action against him in foreign courts has been substantially impeded as a result;
3. where the surety faces substantially greater risks than when he agreed to offer the surety because of a deterioration in the principal debtor's financial situation, a decrease in the value of the security furnished or the fault of the principal debtor.

Art. 507

b. Surety's right of recourse
aa. In general

¹ The surety is subrogated to the creditor's rights to the extent that he has satisfied him. The surety may exercise these as soon as the obligation falls due.

² However, unless otherwise agreed, he is subrogated only to those liens and other securities which had been furnished when the contract of surety was concluded or were subsequently obtained from the principal debtor for the specific purpose of securing the claim. If on paying only part of the debt the surety is subrogated to only part of a lien, the part remaining with the creditor takes precedence over that of the surety.

³ Special claims and defences arising from the legal relationship between the surety and the principal debtor are reserved.

⁴ Where a pledge securing a claim under surety is realised or the owner of the pledge pays voluntarily, he may only have recourse against the surety for such payment where an agreement to this effect was reached between the pledgor and the surety or the pledge was given subsequently by a third party.

⁵ The prescriptive period for the surety's right of recourse commences on satisfaction of the creditor by the surety.

⁶ The surety has no right of recourse against the principal debtor for payment of any obligation that is not actionable or not binding on the principal debtor as a result of error or incapacity to make a contract. However, if he has assumed liability for a time-barred obligation at the behest of the principal debtor, the latter is liable to him pursuant to the provisions governing mandates.

Art. 508

bb. Surety's duty to notify

¹ Where the surety pays the principal obligation in full or in part, he must notify the principal debtor.

² If he fails to do so and the principal debtor pays it again because he was not and could not be expected to be aware of the surety's payment, the surety forfeits his right of recourse against the principal debtor.

³ This does not affect any claim against the creditor for unjust enrichment.

Art. 509

C. Termination
of the contract of
surety

I. By operation
of law

¹ The surety is released as soon as the principal obligation is extinguished for whatever reason.

² Where the same person is both principal debtor and surety, the creditor retains the special privileges conferred by the contract of surety.

³ Any surety given by a natural person is extinguished once twenty years have elapsed from the date on which the contract was entered into. This does not apply to contracts of surety in favour of the Confederation or its public institutions or in favour of a canton for the performance of public law obligations such as customs duties, taxes and the like, and for freight charges, or to contracts of surety for the performance of official and civil service obligations and for periodic, recurrent obligations.

⁴ During the final year of this period, the creditor may resort to the surety even where a longer duration was agreed for the contract of surety, unless the surety has previously extended the contract or replaced it with a new one.

⁵ The contract of surety may be extended by means of a written declaration by the surety for an additional period of no more than ten years. However, the written declaration is valid only if done no earlier than one year before the contract expires.

⁶ Where the principal obligation becomes payable less than two years before the contract of surety expires and the creditor was unable to give notice to terminate it sooner, under a contract of surety of any type the creditor is entitled to resort to the surety without prior recourse to the principal debtor or the pledges. However, the surety has a right of recourse against the principal debtor even before the principal obligation becomes payable.

Art. 510

II. Fixed-term
contract of
surety; revoca-
tion

¹ A contract of surety for a future obligation may be revoked by the surety at any time by means of a written declaration to the creditor, provided that the obligation has not yet arisen, where the principal debtor's financial situation has substantially deteriorated since the contract was concluded or where it subsequently transpires that his financial situation is substantially worse than the surety had in good faith assumed. Contracts of surety for the performance of official and civil service obligations may no longer be revoked once the official or civil service relationship has come into being.

² The surety is liable to compensate the creditor for any damage resulting from the fact that he relied in good faith on the contract of surety.

³ Where a contract of surety is concluded for a fixed term, the surety's liability is extinguished if the creditor fails to assert his claim at law

within four weeks of the expiry of such term and to pursue it without significant interruption.

⁴ Where the obligation is not due at that juncture, the surety may exempt himself from liability only by furnishing real security.

⁵ If he fails to do so, the contract of surety remains valid, subject to the provision governing the maximum duration of contracts of surety, as if the agreed duration had been until the obligation falls due.

Art. 511

III. Open-ended contract of surety

¹ Where a contract of surety is concluded for an indefinite term, once the principal debtor's obligation falls due the surety may, where action may be brought only on such conditions, request that the creditor assert his claim within a period of four weeks, instigate proceedings to realise any existing pledges and pursue his claim without significant interruption.

² In the case of claims that fall due on expiry of a period of notice served by the creditor, once one year has elapsed since the contract of surety was concluded, the surety has the right to request that the creditor serve notice and, once the obligation is due, exercise his rights in accordance with para. 1.

³ The surety is released if the creditor does not comply with such request.

Art. 512

IV. Contracts of surety for official and civil service obligations

¹ A contract of surety for the performance of official obligations concluded for an indefinite term may be terminated subject to one year's notice expiring at the end of a term of office.

² Where there is no fixed term of office, the surety may terminate the contract by giving one year's notice expiring at the end of a four-year period commencing when the office was taken up.

³ A person standing surety for the performance of civil service obligations for an indefinite term has the same right to give notice of termination as under an open-ended contract of surety for official obligations.

⁴ Agreements to the contrary are unaffected.

Title Twenty-One: Gambling and Betting

Art. 513

A. No actionable claim

¹ Gambling and betting do not give rise to a claim.

² The same applies to advances or loans knowingly made for the purposes of gambling or betting and to contracts for difference and transactions for delivery of commodities or securities that are speculative in character.

Art. 514

B. Debentures and voluntary payment

¹ A promissory note or bill of exchange signed by the gambler or bettor to cover the sum gambled or bet may not be enforced even following delivery of the instrument, subject to the rights that securities confer on bona fide third parties.

² A voluntary payment may be reclaimed only where the intended gambling or betting activity could not take place as a result of chance occurrence or the actions of the recipient, or where the latter has committed an impropriety.

Art. 515

C. Lotteries and prize draws

¹ Lotteries and prize draws give rise to a claim only where they have been approved by the competent authority.

² In the absence of such approval, the claim is treated as a gambling claim.

³ Lotteries or draws authorised abroad do not enjoy legal protection in Switzerland unless the competent Swiss authority has authorised the sale of tickets.

Art. 515^{a272}

D. Gambling in casinos, loans from casinos

Games of chance in casinos give rise to claims where they take place in a casino licensed by the competent authority.

Title Twenty-Two: Life Annuity and the Lifetime Maintenance Agreements

Art. 516

A. Life annuity agreement
I. Nature

¹ A life annuity may be created for the lifetime of the annuitant, the grantor or a third party.

² In the absence of any specific agreement, the presumption is that it is settled for the life of the annuitant.

³ Unless otherwise agreed, an annuity settled for the life of the grantor or of a third party passes to the heirs of the annuitant.

²⁷² Inserted by Annex No 5 to the Gambling Act of 18 Dec. 1998, in force since 1 April 2000 (AS 2000 677; BBl 1997 III 145).

II. Formal requirement

Art. 517

The life annuity agreement is valid only if done in writing.

III. Rights of the annuitant
1. Exercise of entitlement

Art. 518

¹ Unless otherwise agreed, the life annuity is payable every six months in advance.

² If the person on whom the life annuity is settled dies before the end of the period for which it is payable in advance, the grantor owes the full amount.

³ If the grantor is declared bankrupt, the annuitant may assert his entitlements by bringing a capital claim for the amount that would be required at the time the grantor is declared bankrupt to establish an equivalent contract of annuity with a reputable annuity institution.

Art. 519

2. Assignment²⁷³

¹ Unless otherwise agreed, the life annuitant may assign his rights.

² ...²⁷⁴

Art. 520

IV. Life annuities under the law governing insurance policies

The provisions of this Code governing life annuity agreements do not apply to life annuity agreements subject to the Federal Act of 2 April 1908²⁷⁵ on Insurance Policies, with the exception of the provision governing withdrawal of annuity entitlements.

Art. 521

B. Lifetime maintenance agreement

1. Definition

¹ A lifetime maintenance agreement is a contract in which the beneficiary undertakes to transfer an estate or individual assets to the settlor in return for an undertaking to provide maintenance and care for his lifetime.

² If the settlor is appointed heir to the beneficiary, the entire relationship is subject to the provisions governing contracts of succession.

Art. 522

II. Conclusion
1. Form

¹ The lifetime maintenance agreement must be done in the same form as a contract of succession, even where it does not involve the designation of an heir.

²⁷³ Amended by Annex No 6 to the FA of 16 Dec. 1994, in force since 1 Jan. 1997 (AS 1995 1227; BBl 1991 III 1).

²⁷⁴ Repealed by Annex No 6 to the FA of 16 Dec. 1994, with effect from 1 Jan. 1997 (AS 1995 1227; BBl 1991 III 1).

²⁷⁵ SR 221.229.1

² However, where it is concluded with a licensed care home on conditions approved by the competent authority, written form is sufficient.

Art. 523

2. Security

A beneficiary who transfers land to the other party retains a statutory lien on the property as security for his claims in the same manner as a seller.

Art. 524

III. Content

¹ The beneficiary becomes part of the settlor's household and the settlor is obliged to provide him such benefits as he might reasonably expect to receive in the light of the value of the assets transferred and his previous standard of living.

² The settlor is obliged to provide the beneficiary with appropriate accommodation and maintenance and, in the event of his illness, with the necessary care and medical treatment.

³ Subject to approval by the competent authority, care homes may adopt house rules whereby such benefits are incorporated as generally binding contractual terms.

Art. 525

IV. Challenge and reduction

¹ A lifetime maintenance agreement may be challenged by persons to whom the beneficiary has a legal duty of maintenance where conclusion of the agreement would deprive the beneficiary of the means of discharging such duty.

² Instead of rescinding the agreement, the court may order the settlor to maintain such persons, with any such maintenance being brought into account against the benefits owed to the beneficiary under the lifetime maintenance agreement.

³ Actions in abatement by heirs and legal challenges by creditors are reserved.

Art. 526

V. Termination 1. Notice

¹ The lifetime maintenance agreement may be terminated by either party at any time subject to six months' notice, where according to the agreement the performance of one party is substantially greater in value than that of the other and the party benefiting from such imbalance cannot show that the other intended it as a gift.

² The decisive criterion here is the relation between the capital and the life annuity according to the principles applied by any reputable annuity institution.

³ Performance already rendered at the time of termination is returned after its capitalised value plus interest has been set off.

Art. 527

2. Unilateral termination

¹ Either party may unilaterally terminate the agreement where the relationship has become unconscionable as a result of breach of contractual obligations or where other good cause has rendered its continuation exceedingly difficult or impossible.

² Where the agreement is terminated on such grounds, the party at fault must pay adequate compensation to the innocent party in addition to returning the performance received.

³ Instead of rescinding the agreement, at the request of one party or of its own accord the court may dissolve the joint household and award a life annuity to the beneficiary by way of compensation.

Art. 528

3. Termination on the death of the settlor

¹ On the death of the settlor the beneficiary may within one year insist that the agreement be terminated.

² In this event, he has a claim against the heirs equivalent to the claim he would have in the event of the settlor's bankruptcy.

Art. 529

VI. Non-transferable claim, asserting claim in the event of bankruptcy and seizure

¹ The beneficiary's claim is non-transferable.

² In the event of the settlor's bankruptcy, the beneficiary has a claim equivalent to the capital that would be required to acquire from a reputable annuity institution a life annuity equal in value to the benefits owed to him by the settlor.

³ In the case of debt enforcement by attachment, the beneficiary may participate in the attachment in respect of this claim without need to bring prior enforcement proceedings.

Title Twenty-Three: The Simple Partnership

Art. 530

A. Definition

¹ A partnership is a contractual relationship in which two or more persons agree to combine their efforts or resources in order to achieve a common goal.

² A simple partnership within the meaning of this Title is any partnership that does not fulfil the distinctive criteria of any of the other types of partnership codified herein.

- Art. 531**
- B. Relationship between partners
I. Contributions
- 1 Each partner must make a contribution, which may be money, objects, claims or labour.
 - 2 Unless otherwise agreed, contributions must be equal and of the nature and size required to achieve the partnership's purpose.
 - 3 The bearing of risk by and warranty obligations of the partners are governed *mutatis mutandis* by the rules on leases where a contribution involves the transfer by an individual partner of the use of an object, and by the rules governing contracts of sale where it involves transfer of title.
- Art. 532**
- II. Profit and loss
1. Profit sharing
- Each partner is obliged to share with his fellow partners any profit which by nature belongs to the partnership.
- Art. 533**
2. Participation in profits and losses
- 1 Unless otherwise agreed, each partner has an equal share in profits and losses regardless of the nature and amount of his contribution.
 - 2 Where only the partner's share in the profits or his share in the losses is agreed, such agreement applies to both.
 - 3 It is permitted to agree that a partner whose contribution to the common purpose consists of labour will participate in the profits but not in the losses.
- Art. 534**
- III. Partnership resolutions
- 1 Partnership resolutions are made with the consent of all partners.
 - 2 Where the partnership agreement provides for resolutions to be passed by majority vote, it is defined as a numerical majority of the partners.
- Art. 535**
- IV. Management of partnership business
- 1 All partners have the right to manage the partnership unless the task is entrusted exclusively to one or more partners or to third parties by agreement or resolution.
 - 2 Where all or several partners have the right to manage the partnership, each of them may act without the involvement of the others, although every other partner authorised to manage the partnership has the right to object to and thereby forestall any management action before it is carried out.
 - 3 The unanimous consent of all the partners is required to appoint a general attorney or to carry out transactions which transcend the scope of ordinary business, unless there is risk in delay.

Art. 536

V. Liability between partners
1. Prohibition of competition

No partner may carry out transactions for his own benefit which thwart or obstruct the purpose of the partnership.

Art. 537

2. Claims arising from partnership activities

¹ Where one partner incurs expenses or contracts liabilities in connection with affairs conducted on behalf of the partnership or suffers losses as a direct consequence of his management activities or the intrinsically associated risks, the other partners share his liability.

² A partner who makes cash advances on behalf of the partnership may claim interest as of the date on which they were made.

³ By contrast, he is not entitled to remuneration for his personal services.

Art. 538

3. Due diligence

¹ Each partner must conduct partnership affairs with the diligence and care that he would normally devote to his own affairs.

² He is liable to the other partners for any damage caused through his fault and may not set off against such damage the benefits obtained for the partnership in his other activities.

³ Managing partners who are remunerated for their management services are liable in accordance with the provisions governing mandates.

Art. 539

VI. Withdrawal and restriction of management authority

¹ The management authority granted to one of the partners under the partnership agreement may not be withdrawn or restricted by the other partners without good cause.

² Where good cause exists, authority may be withdrawn by each of the other partners even where the partnership agreement provides otherwise.

³ In particular, good cause is deemed to exist where the managing partner is guilty of a serious breach of his duties or has become incapable of proper management of the partnership's affairs.

Art. 540

VII. Managing partners and other partners
1. In general

¹ Unless this Title or the partnership agreement provides otherwise, the relationship between the managing partners and the other partners is subject to the provisions governing mandates.

² Where a partner who lacks management authority conducts business on the partnership's behalf or a managing partner exceeds his management authority, the provisions governing agency without authority apply.

Art. 541

2. Right to information on the affairs of the partnership

¹ A partner who lacks management authority has the right to receive information on the status of the partnership's affairs, to inspect its books and documents and to obtain a summary statement of its financial position for his personal information.

² Any contrary agreement is void.

Art. 542

VIII. Admission of new partners and sub-participation

¹ No partner may admit a third party into the partnership without the consent of the other partners.

² Where a partner unilaterally grants a third party a participation in his own share in the partnership or assigns his entire share to the third party, the latter does not become a partner and in particular does not acquire any right to information on partnership affairs.

Art. 543

C. Relationship between partners and third parties
I. Representation

¹ A partner who deals with a third party on behalf of the partnership but in his own name acquires rights and obligations as against that third party in a purely individual capacity.

² Where a partner deals with a third party in the name of the partnership or all the partners, the other partners acquire rights and obligations as against that third party only to the extent envisaged by the provisions governing representation.

³ A partner is presumed empowered to represent the partnership or all the partners in dealings with third parties as soon as management authority is conferred on him.

Art. 544

II. Effects of representation

¹ Objects, rights in rem and claims transferred to or acquired for the partnership belong jointly to the partners as stipulated in the partnership agreement.

² Unless otherwise provided in the partnership agreement, the creditors of a partner may claim only the share in the proceeds of liquidation of that partner by way of satisfaction.

³ Subject to contrary agreement, partners are jointly and severally liable for obligations to third parties contracted jointly or through representatives.

Art. 545

D. Dissolution
I. Grounds for
dissolution
1. In general

¹ The partnership is dissolved:

1. where the purpose of the partnership has been achieved or become impossible to achieve;
2. on the death of one of the partners, unless it was previously agreed that the partnership would continue with his heirs;
- 3.²⁷⁶ where the share in the proceeds of liquidation of a partner is subject to compulsory sale or one of the partners is declared bankrupt or made subject to a general deputyship;
4. by unanimous decision of the partners;
5. on expiry of the period for which the partnership was established;
6. by notice of termination served by one of the partners, where such right was reserved in the partnership agreement or the partnership was established for an indefinite duration or for the lifetime of one of the partners;
7. by court²⁷⁷ judgment in cases of dissolution for good cause.

² The dissolution of the partnership may be requested for good cause before the duration of the partnership agreement expires or, where it was established for an indefinite duration, with immediate effect.

Art. 546

2. Partnership of
indefinite dura-
tion

¹ Where the partnership was established for an indefinite duration or for the lifetime of one of the partners, each partner may terminate the partnership by giving six months' notice.

² Notice must be given in good faith and not at an inopportune juncture and, where an annual accounting period is envisaged, it must expire at the end of a financial year.

³ Where on expiry of the term for which it had been established the partnership is tacitly continued, it is deemed renewed for an indefinite duration.

Art. 547

II. Effect of dis-
solution on busi-
ness manage-
ment

¹ Where the partnership is dissolved for any reason other than notice of termination, a partner retains his authority to manage the partnership's business until he learns of the dissolution or ought to have learned of it had he shown due diligence.

²⁷⁶ Amended by Annex No 10 of the FA of 19 Dec. 2008 (Adult Protection, Law of Persons and Law of Children), in force since 1 Jan. 2013 (AS 2011 725; BBl 2006 7001).

²⁷⁷ Amendment not relevant to the English text.

² Where the partnership is dissolved on the death of a partner, the heir of the deceased must inform the other partners of his death without delay and continue in good faith to attend to the partnership affairs of the deceased until the requisite arrangements have been made.

³ The other partners must likewise continue to manage the partnership's business in the interim.

Art. 548

III. Liquidation
1. Treatment of
contributions

¹ Contributions to the partnership do not simply revert to those who made them in the liquidation that the partners must carry out after the partnership is dissolved.

² However, each partner is entitled to the value for which his contribution was accepted.

³ Where no such value was determined, his claim is for the value of the contribution at the time it was made.

Art. 549

2. Division of
surplus and deficit

¹ Where a surplus remains after satisfaction of partnership debts, reimbursement of the expenses incurred and advances made by each partner and return of the value of contributions, it is divided as profit among the partners.

² Where, after satisfaction of debts and the reimbursement of expenses and advances, the partnership's assets are not sufficient to cover the return of contributions, the shortfall is borne equally by the partners as a loss.

Art. 550

3. Liquidation
method

¹ The liquidation following the dissolution of the partnership must be carried out jointly by all partners, including those without management authority.

² However, where the partnership agreement related only to certain specific transactions to be carried out by one partner in his own name but on behalf of the partnership, that partner must carry out such transactions and give account of them to the other partners even after the partnership has been dissolved.

Art. 551

IV. Liability to-
wards third parties

The dissolution of the partnership does not affect obligations entered into with third parties.

**Division Three:
Commercial Enterprises and the Cooperative²⁷⁸**

Title Twenty-Four: The General Partnership

Section One: Definition and Formation

Art. 552

A. Commercial partnerships

¹ A general partnership is a partnership in which two or more natural persons join together without limiting their liability towards creditors of the partnership in order to operate a trading, manufacturing or other form of commercial business under one business name.

² The members of the partnership must have it entered in the commercial register.

Art. 553

B. Non-commercial partnerships

Where a partnership does not operate a commercial business, it does not exist as a general partnership until it has itself entered in the commercial register.

Art. 554²⁷⁹

C. Entry in the commercial register

The partnership must be registered in the commercial register for the place where its seat is located.

I. Place of registration

Art. 555

II. Representation

The only details concerning arrangements for representation that are admissible for entry in the commercial register are those which limit it to one partner or specified partners or which provide for representation of the partnership by one partner acting jointly with other partners or with persons vested with a registered power of attorney.

Art. 556

III. Formal requirements

¹ All applications to have facts entered or entries modified must be signed by all the partners in person at the commercial register office or submitted in writing bearing duly authenticated signatures.

²⁷⁸ Amended by Federal Act of 18 Dec. 1936, in force since 1 July 1937 (AS 53 185; BBl 1928 I 205, 1932 I 217). See also the Final and Transitional Provisions of of Titles XXIV to XXXIII, at the end of this Code.

²⁷⁹ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

² Partners who are to represent the partnership must enter the partnership's business name and their own signature in person at the commercial register office or submit these in a duly authenticated form.

Section Two: Relationship between Partners

Art. 557

A. Freedom of contract, reference to simple partnership

¹ The relationship between the partners is primarily determined by the partnership agreement.

² Unless otherwise agreed, the provisions governing simple partnerships apply subject to the modifications set out in the following provisions.

Art. 558

B. Financial reporting²⁸⁰

¹ For each financial year, the profit or loss and each partner's share thereof are determined on the basis of the annual accounts.²⁸¹

² The interest on each partner's share of the capital may be credited to that partner as provided in the agreement even if that share has been reduced by the loss for that financial year. Unless otherwise agreed, the interest rate is four per cent.

³ When calculating the profit or loss, the contractual fee for the work done by a partner is treated as a debt of the partnership.

Art. 559

C. Entitlement to profit, interest and fees

¹ Each partner has the right to draw profit, interest and fees for the previous financial year from the partnership's funds.

² Where so provided under the agreement, interest and fees may be drawn during the financial year, whereas profit may not be drawn until the annual report has been approved.²⁸²

³ Any profit, interest and fees not drawn by the partner are added to his share of the partnership's capital once the annual report has been approved, provided that none of the other partners objects.²⁸³

²⁸⁰ Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

²⁸¹ Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

²⁸² Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

²⁸³ Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

Art. 560

D. Losses

¹ Where a partner's share of the capital has been reduced by losses, he remains entitled to his fees and the interest on his reduced share but may receive his share of the profit only when his share of the capital has been reconstituted.

² No partner is obliged to make a higher contribution than stipulated in the agreement or to make good any reduction in his contribution caused by losses.

Art. 561

E. Prohibition of competition

Without the consent of the other partners, no partner may engage in the line of business in which the partnership operates either for his own account or for third parties or participate in another business as a partner with unlimited liability, a limited partner or a member of a limited liability company.

Section Three: Relationship between the Partnership and Third Parties

Art. 562

A. In general

The partnership may acquire rights, assume obligations, sue and be sued in its own name.

Art. 563B. Representation
I. General principle

Unless the commercial register contains an entry to the contrary, bona fide third parties may safely assume that any partner has authority to represent the partnership.

Art. 564

II. Scope

¹ Any partner entitled to represent the partnership is authorised to carry out in the partnership's name all transactions that serve the partnership's objects.

² Any restriction of the scope of such authority to represent the partnership has no effect as against bona fide third parties.

Art. 565

III. Withdrawal

¹ Authority to represent the partnership may be withdrawn from a partner for good cause.

² Where a partner makes a prima facie case for the existence of good cause and there is risk in delay, on his application the court may issue

an interim order withdrawing authority to represent the partnership. The court's order must be entered in the commercial register.

Art. 566

IV. Registered power of attorney and commercial agency

A registered attorney or commercial agent may be appointed to manage the business of the partnership as a whole only with the consent of all partners authorised to represent the partnership, but such appointment may be revoked as against third parties by any one of them.

Art. 567

V. Transactions and liability in tort

¹ The partnership acquires rights and assumes obligations by the transactions concluded in its name by any partner authorised to represent it.

² For such effect to occur, it is sufficient that the intention to act on behalf of the partnership can be inferred from the circumstances.

³ The partnership is liable in damages for any tort committed by a partner in the exercise of his partnership function.

Art. 568

C. Position of creditors
I. Partners' liability

¹ The partners are jointly and severally liable with their entire assets for all obligations of the partnership.

² Any contrary agreement between partners is void as against third parties.

³ However, a partner may not be held personally liable for a partnership debt, even after he leaves the partnership, unless he has been declared bankrupt or the partnership has been dissolved or debt enforcement proceedings have been brought against it without success. This does not apply to a partner's liability under a joint and several contract of surety concluded in favour of the partnership.

Art. 569

II. Liability of new partners

¹ A person joining a general partnership is jointly and severally liable with his entire assets together with the other partners even for the partnership's obligations that predate his accession.

² Any contrary agreement between partners is void as against third parties.

Art. 570

III. Insolvency of the partnership

¹ The partnership's creditors are entitled to satisfaction from the partnership's assets to the exclusion of the personal creditors of the individual partners.

² Partners have no claim as creditors in insolvency for their capital contributions and accrued interest, but may assert claims for interest already due, fees and any expenses incurred on the partnership's behalf.

Art. 571

IV. Insolvency of the partnership and bankruptcy of the partners

¹ The insolvency of the partnership does not result in the bankruptcy of the partners.

² Likewise, the bankruptcy of one of the partners does not result in the insolvency of the partnership.

³ The rights of partnership creditors in the event of the bankruptcy of a partner are governed by the Debt Collection and Bankruptcy Act of 11 April 1889²⁸⁴.

Art. 572

D. Position of personal creditors of partners

¹ The personal creditors of a partner have no rights to the partnership's assets for the purposes of satisfying or securing their claims.

² Enforcement proceedings brought by them are limited to the interest, fees, profit and share in the proceeds of liquidation payable to their debtor in his capacity as partner.

Art. 573

E. Set off

¹ A personal creditor of a partner may not set off his claim against a debt owed to the partnership.

² Similarly, a partner may not set off a debt to a personal creditor against any debt owed by the creditor to the partnership.

³ However, where a partnership creditor is simultaneously the personal debtor of a partner, the two debts may be set off against each other provided the partner may be held personally liable for any resulting debt to the partnership.

Section Four: Dissolution and Withdrawal

Art. 574

A. In general

¹ The partnership is dissolved by the commencement of insolvency proceedings against it. In other respects, the provisions governing simple partnerships apply to dissolution except where otherwise provided in this Title.

² Other than in the event of insolvency, the partners must report the dissolution to the commercial registrar.

³ Where an action for dissolution of the partnership is brought, on application by one of the parties the court may order provisional measures.

Art. 575

B. Termination
by personal creditors

¹ In the event of the bankruptcy of a partner, the bankruptcy administration may petition for dissolution of the partnership by giving at least six months' notice even where the partnership was formed for a fixed term.

² The same right accrues to a creditor who has attached the share in the proceeds of liquidation of a partner indebted to him.

³ However, until such dissolution has been entered in the commercial register, the partnership or the other partners may prevent the notice from taking effect by satisfying the bankrupt estate or the creditor pursuing his claim.

Art. 576

C. Withdrawal of
partners
I. Agreement

Where the partners agreed prior to dissolution that, notwithstanding the withdrawal of one or more partners, the partnership will be continued by the remaining partners, it ceases to exist only for those that leave; in other respects it continues with all existing rights and obligations.

Art. 577

II. Exclusion by
court order

Where there is good cause for the dissolution of the partnership that pertains chiefly to the person of one or more partners, at the request of all the other partners the court may rule that the partner or partners in question be excluded from the partnership and that their shares of the partnership's assets be allocated to them.

Art. 578

III. Exclusion by
the other partners

Where a partner is declared bankrupt or a creditor who has attached the share in the proceeds of liquidation of a partner indebted to him requests that the partnership be dissolved, the other partners may exclude the partner in question and allocate his share of the partnership's assets to him.

Art. 579

IV. In the case of
two partners

¹ Where the partnership comprises two partners only, the partner who has not given rise to any cause for dissolution may, on the same conditions, continue the partnership's affairs and allocate the other partner's share of the partnership's assets to him.

² The court may issue an order to the same effect where dissolution has been requested for good cause pertaining chiefly to the person of one of the partners.

Art. 580

V. Determining the share

¹ The amount payable to a partner leaving the partnership is determined by agreement.

² Where no provision is made on this matter in the partnership agreement and the parties cannot reach agreement, the court determines the amount with due regard to the asset position of the partnership at the time the partner leaves and any fault attributable to the departing partner.

Art. 581

VI. Registration

The departure of a partner and the continuation of the partnership's affairs by one of the partners must be entered in the commercial register.

Art. 581a²⁸⁵

D. Defects in the organisation of the partnership

In the case of defects in the required organisation of the general partnership the provision of the law on companies limited by shares apply *mutatis mutandis*.

Section Five: Liquidation**Art. 582**

A. General principle

Following its dissolution, the partnership is liquidated in accordance with the following provisions, unless the partners have agreed on an alternative approach or the partnership's assets are subject to insolvency proceedings.

Art. 583

B. Liquidators

¹ The liquidation is carried out by the partners who are authorised to represent the partnership, unless they are prevented from so doing for reasons pertaining to their person or the partners agree to appoint other liquidators.

² At the request of a partner, for good cause the court may dismiss certain liquidators and appoint others to replace them.

³ The liquidators are entered in the commercial register, even where the representation of the partnership remains unchanged.

²⁸⁵ Inserted by No 12 of the FA of 17 March 2017 (Commercial Register Law), in force since 1 Jan. 2021 (AS 2020 957; BBl 2015 3617).

- Art. 584**
- C. Representation of heirs
- The heirs of a partner must appoint a joint representative for the purpose of the liquidation.
- Art. 585**
- D. Rights and obligations of the liquidators
- 1 The liquidators wind up the dissolved partnership's current business, discharge its obligations, call in all debts receivable and realise its assets as required for the division thereof.
- 2 They represent the partnership in all transactions carried out for liquidation purposes, are entitled to conduct legal proceedings, reach settlements, conclude arbitration agreements and even, where required for liquidation purposes, effect new transactions.
- 3 Where a partner objects to a decision by the liquidators to sell partnership assets at an overall sale price or to their refusal of such a sale or to the manner in which they intend to dispose of immovable property, at his request the court will decide the matter.
- 4 The partnership is liable for any damage resulting from torts committed by a liquidator in the exercise of his function.
- Art. 586**
- E. Provisional distribution
- 1 Funds and other assets not required during the liquidation are distributed among the partners on a provisional basis and brought into account against their final share in the proceeds of liquidation.
- 2 The funds required to cover disputed obligations or obligations not yet due must be retained.
- Art. 587**
- F. Division
I. Balance sheet
- 1 The liquidators shall draw up a balance sheet at the beginning of the liquidation.
- 2 Where the liquidation lasts for an extended period, interim accounts²⁸⁶ shall be drawn up every year.
- Art. 588**
- II. Repayment of capital and distribution of surplus
- 1 Assets remaining after redemption of all partnership debts are used first to repay the capital to the partners and then to pay interest accrued over the liquidation period.
- 2 Any surplus is distributed among the partners in accordance with the provisions governing partners' shares in the profit.

²⁸⁶ Term in accordance with No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399). This amendment has been made in the provisions specified in the AS.

Art. 589

G. Deletion from the commercial register

On completion of the liquidation, the liquidators apply to have the partnership's business name deleted from the commercial register.

Art. 590

H. Archiving of ledgers and other documents

¹ The ledgers and other documents of the dissolved partnership are kept for ten years commencing on the date of the partnership's deletion from the commercial register at a location designated by the partners or, if they cannot reach agreement, by the registrar.

² The partners and their heirs retain the right to inspect the ledgers and other documents.

Section Six: Prescription**Art. 591**

A. Object and prescriptive period

¹ Claims of partnership creditors against a partner for partnership debts prescribe five years after the notice of his withdrawal or of the dissolution of the partnership is published in the Swiss Official Gazette of Commerce, unless the debt is by its nature subject to a shorter prescriptive period.

² Where the debt does not fall due until after such notice, the prescriptive period commences on the due date.

³ Prescription does not apply to claims between partners.

Art. 592

B. Special cases

¹ The five-year prescriptive period may not be invoked against a creditor seeking satisfaction solely from undivided partnership assets.

² Where a partner takes over the partnership's business with all its assets and liabilities, he may not invoke the five-year prescriptive period against its creditors. By contrast, for partners who have left the partnership, the five-year prescriptive period is replaced by the three-year prescriptive period in accordance with the principles governing assumption of debt; the same applies in the event that a third party takes over the partnership's business with all its assets and liabilities.²⁸⁷

Art. 593

C. Interruption

An interruption of the prescriptive period as against an ongoing partnership or another partner does not interrupt the prescriptive period as against a departing partner.

²⁸⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Title Twenty-Five: The Limited Partnership

Section One: Definition and Formation

Art. 594

A. Commercial partnerships

¹ A limited partnership is a partnership in which two or more persons join together in order to operate a trading, manufacturing or other form of commercial business under a single business name in such a manner that at least one person is a general partner with unlimited liability but one or more others are limited partners liable only up to the amount of their specific contributions.

² Partners with unlimited liability must be natural persons, but limited partners may also be legal entities and commercial enterprises.

³ The partners must have the partnership entered in the commercial register.

Art. 595

B. Non-commercial partnerships

Where a limited partnership does not operate a commercial business, it does not exist as a limited partnership until it has itself entered in the commercial register.

Art. 596

C. Entry in the commercial register

¹ The partnership must be registered in the commercial register for the place where its seat is located.²⁸⁹

I. Place and contributions in kind²⁸⁸

² ...²⁹⁰

³ Where the specific contributions of limited partners are made wholly or partly in kind, the contribution in kind must be expressly referred to as such and its precise value specified in the registration application and in the entry in the commercial register.

²⁸⁸ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

²⁸⁹ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

²⁹⁰ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

II. Formal requirements

Art. 597

¹ All applications to have facts entered or entries modified must be signed by all the partners in person at the commercial register office or submitted in writing bearing duly authenticated signatures.

² Partners with unlimited liability who are to represent the partnership must enter the partnership's business name and their own signature in person at the commercial register office or submit these in a duly authenticated form.

Section Two: Relationship between Partners**Art. 598**

A. Freedom of contract, reference to general partnership

¹ The relationship between the partners is primarily determined by the partnership agreement.

² Unless otherwise agreed, the provisions governing general partnerships apply subject to the modifications set out in the following provisions.

Art. 599

B. Management of business

The partnership's affairs are managed by the partner or partners with unlimited liability.

Art. 600

C. Position of limited partners

¹ A limited partner is by definition neither entitled nor obliged to manage the affairs of the partnership.

² Nor is he entitled to object to actions taken by managing partners, providing these fall within the scope of the ordinary business activities of the partnership.

³ He has the right to request a copy of the profit and loss account and the balance sheet and to verify their accuracy by inspecting the partnership's ledgers and other documents or have them verified by an impartial expert; in the event of dispute, the expert is appointed by the court.²⁹¹

Art. 601

D. Share in profit and loss

¹ A limited partner's participation in any loss is limited to the amount of his specific contribution.

²⁹¹ Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

² In the absence of agreement on the limited partners' share in profits and losses, it is determined by the court at its discretion.

³ Where the limited partner's specific contribution is not fully paid up or has been subsequently reduced, he may receive the interest, profit and fees due to him only when his contribution has been fully paid in or reconstituted.

Section Three: Relationship between the Partnership and Third Parties

Art. 602

A. In general

The partnership may acquire rights, assume obligations, and sue and be sued in its own name.

Art. 603

B. Representa-
tion

The partnership is represented by its general partner or partners in accordance with the rules governing general partnerships.

Art. 604

C. Liability of
general partners

A partner with unlimited liability may be sued for a partnership debt only if the partnership has been dissolved or debt enforcement proceedings have been brought against it without success.

Art. 605

D. Liability of
limited partners
I. Acting for the
partnership

A limited partner conducting business on behalf of the partnership without stating expressly that he is acting as its registered attorney or commercial agent is liable to bona fide third parties for obligations resulting from such business as if he were a general partner.

Art. 606

II. Lack of regis-
tration

Where the partnership has engaged in business prior to being entered in the commercial register, a limited partner is liable to bona fide third parties for obligations resulting from such business as if he were a general partner unless he can prove that the third parties were aware of the limits to his liability.

Art. 607²⁹²

III. ...

²⁹² Repealed by No I of the FA of 25 Sept. 2015 (Law of Business Names), with effect from 1 July 2016 (AS 2016 1507; BBl 2014 9305).

Art. 608

IV. Scope of liability

¹ A limited partner is liable to third parties in the amount of his specific contribution as entered in the commercial register.

² Where he has stated a higher amount to third parties or the partnership has done so with his knowledge, he is liable up to such higher amount.

³ Creditors are at liberty to show that the value ascribed to contributions in kind did not correspond to their real value at the time they were made.

Art. 609

V. Reduction of limited partner's specific contribution

¹ Where by agreement with the other partners or by means of withdrawal a limited partner has reduced his specific contribution as entered in the commercial register or otherwise announced, such modification has no effect as against third parties until it has been entered in the commercial register and published.

² For obligations contracted prior to such publication, the limited partner remains liable in the unmodified amount.

Art. 610

VI. Creditors' right of action

¹ For the duration of the partnership, its creditors have no right of action against a limited partner.

² If the partnership is dissolved, the creditors, liquidators and insolvency administrators may request that the limited partner's specific contribution be allocated to the liquidation or insolvency assets to the extent that it has not been paid in or has been repaid to the limited partner.

Art. 611

VII. Entitlement to interest and profit

¹ Limited partners are entitled to interest and profit only where and to the extent that payment thereof does not result in a reduction of their specific contribution.

² However, limited partners are required to repay interest and profit unlawfully received. Article 64 applies.²⁹³

Art. 612

VIII. Joining limited partnerships

¹ A person joining a general or limited partnership as a limited partner is liable with his specific contribution for all partnership liabilities including those that were contracted prior to his accession.

² Any agreement to the contrary between the partners is void as against third parties.

²⁹³ Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBI 2008 1589).

- Art. 613**
- E. Position of personal creditors
- 1 The personal creditors of a general partner or a limited partner have no rights to the partnership's assets for the purposes of satisfying or securing their claims.
- 2 Enforcement proceedings brought by them are limited to the interest, profit and share in the proceeds of liquidation payable to their debtor and any fees due to him in his capacity as partner.
- Art. 614**
- F. Set off
- 1 Where a partnership creditor is simultaneously the personal debtor of a limited partner, the creditor has no right to set off the two debts against each other unless the limited partner has unlimited liability.
- 2 In other respects, set off is subject to the provisions governing general partnerships.
- Art. 615**
- G. Insolvency
- I. In general
- 1 The insolvency of the partnership does not result in the bankruptcy of the partners.
- 2 Likewise, the bankruptcy of one of the partners does not result in the insolvency of the partnership.
- Art. 616**
- II. Insolvency of the partnership
- 1 The partnership's creditors are entitled to satisfaction from the partnership's assets to the exclusion of the personal creditors of the individual partners.
- 2 Limited partners have no claim as creditors in insolvency for their specific capital contributions.
- Art. 617**
- III. Procedure against general partners
- Where the partnership's assets are insufficient to satisfy the partnership's creditors, the latter are entitled to seek satisfaction for the entire remainder of their claims from the personal assets of each individual general partner in competition with that partner's personal creditors.
- Art. 618**
- IV. Bankruptcy of limited partners
- In the event of the bankruptcy of a limited partner, neither the partnership's creditors nor the partnership itself have preferential rights over his personal creditors.

Section Four: Dissolution, Liquidation, Prescription

Art. 619

¹ The provisions governing general partnerships also apply to the dissolution and liquidation of limited partnerships and to the prescriptive periods applicable to claims against the partners.

² Where a limited partner is declared bankrupt or his share in the proceeds of liquidation is attached, the provisions governing partners in general partnerships apply *mutatis mutandis*. However, the partnership is not dissolved by the death of a limited partner or his being made subject to a general deputyship.²⁹⁴

Twenty-Sixth title:²⁹⁵ The Company Limited by Shares

Section One: General Provisions

Art. 620²⁹⁶

A. Definition

¹ The company limited by shares is a company in which one or more persons or commercial enterprises participate. It is liable for its obligations to the extent of the company's assets.

² The shareholders are required only to fulfil the duties specified in the articles of association.

³ A shareholder is any person who holds at least one share in the company.

Art. 621²⁹⁷

B. Share capital

¹ The share capital amounts to at least 100,000 francs.

² A share capital in the foreign currency required for business operations is also permitted. At the time of foundation, this must have a value equivalent to at least 100,000 francs. If the share capital is in a foreign currency, the accounts must be kept and financial reports must be filed in the same currency. The Federal Council shall specify which currencies are permitted.

³ The general meeting may resolve to change the currency of the share capital at the start of any financial year. In such an event, the board of

²⁹⁴ Second sentence amended by Annex No 10 of the FA of 19 Dec. 2008 (Adult Protection, Law of Persons and Law of Children), in force since 1 Jan. 2013 (AS 2011 725; BBI 2006 7001).

²⁹⁵ See also the Final Provisions relating to this Title at the end of this Code.

²⁹⁶ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

²⁹⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

directors shall amend the articles of association. It shall establish that the requirements of paragraph 2 have been met, and specify the exchange rate applied. The resolutions of the general meeting and of the board of directors must be done as a public deed.

Art. 622

C. Shares
I. Types

¹ The shares may be either registered or bearer shares. They may be issued in the form of negotiable securities. The articles of association may stipulate that they may be issued as uncertificated or ledger-based securities in accordance with Article 973c or 973d, or as intermediated securities in accordance with the Intermediated Securities Act (FISA) of 3 October 2008^{298, 299}

^{1bis} Bearer shares are permitted only if the company has equity securities listed on a stock exchange or if the bearer shares are organised as intermediated securities in accordance with the FISA and are deposited with a custodian in Switzerland designated by the company or entered in the main register.³⁰⁰

² Shares of both types may exist at the same time in a ratio fixed by the articles of association.

^{2bis} A company with bearer shares must arrange for an entry to be made in the Commercial Register as to whether it has equity securities listed on a stock exchange or its bearer shares are organised as intermediated securities.³⁰¹

^{2ter} If all the equity securities are delisted, the company must within six months either convert the existing bearer shares into registered shares or organise them as intermediated securities.³⁰²

³ Registered shares may be converted into bearer shares and bearer shares into registered shares.³⁰³

²⁹⁸ SR 957.1

²⁹⁹ Amended by No I 1 of the FA of 25. Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

³⁰⁰ Inserted by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes (AS 2019 3161; BBl 2019 279). Amended by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

³⁰¹ Inserted by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, in force since 1 Nov. 2019 (AS 2019 3161; BBl 2019 279).

³⁰² Inserted by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, in force since 1 Nov. 2019 (AS 2019 3161; BBl 2019 279).

³⁰³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴ The shares shall have a nominal value that is greater than zero.³⁰⁴

⁵ If share certificates are issued, they must be signed by at least one member of the board of directors.³⁰⁵

Art. 623

II. Splitting and consolidating shares

¹ By amending the articles of association, the general meeting may divide the shares into shares with a lower nominal value or consolidate them into shares with a higher nominal value, provided the share capital³⁰⁶ remains the same.

² The consolidation of shares that are not listed on a stock exchange requires the consent of all the shareholders concerned.³⁰⁷

Art. 624

III. Issue price

¹ The shares may be issued only at their nominal value or at a price that is higher. This does not apply to the issue of new shares to replace cancelled shares.

2-3 ...³⁰⁸

Art. 625³⁰⁹

Art. 626³¹⁰

D. Content of the articles of association prescribed by law³¹¹

¹ The articles of association must contain provisions concerning:

1. the business name and seat of the company;

³⁰⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁰⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁰⁶ Term in accordance with No II 1 of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745). This amendment has been made throughout the Code.

³⁰⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁰⁸ Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁰⁹ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³¹⁰ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³¹¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

2. the objects of the company;
- 3.³¹² the total share capital, its currency, and the extent to which it is paid up;
4. the number, nominal value and types of shares;
5. and 6.³¹³ ...
- 7.³¹⁴ the form of the company's communications with its shareholders.

² In a company whose shares are listed on a stock exchange, the articles of association must also contain provisions on:

1. the number of activities that the members of the board of directors, the executive board and the board of advisors may carry out in comparable positions in other undertakings with commercial objects;
2. the maximum term of the contracts that govern the remuneration of members of the board of directors, the executive board and the board of advisors, and the maximum notice of termination for unlimited contracts (Art. 735*b*);
3. the principles on the duties and responsibilities of the remuneration committee;
4. the details of the vote of the general meeting on the remuneration of the board of directors, the executive board and of the board of advisors.³¹⁵

³ Other undertakings in terms of paragraph 2 number 1 do not include undertakings that are controlled by the company or that control the company.³¹⁶

³¹² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³¹³ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³¹⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³¹⁵ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³¹⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 627 and 628³¹⁷**Art. 629**³¹⁸

E. Foundation
I. Deed of incorporation
1. Content³¹⁹

¹ The company is founded when the founder members declare by public deed that they are forming a company limited by shares, lay down the articles of association therein and appoint the governing bodies.

² In such deed of incorporation, the founder members shall subscribe for the shares and declare that:

1. all the shares are validly subscribed for;
2. that the promised capital contributions correspond to the full issue price;
3. the requirements for payment of capital contributions prescribed by law and the articles of association are met at the time that the deed of incorporation is signed;
4. there are no contributions in kind, instances of offsetting or special privileges other than those mentioned in the supporting documents.³²⁰

³ If the share capital is specified in a foreign currency or if contributions are made in a different currency from that of the share capital, the exchange rates applied must be indicated in the public deed.³²¹

Art. 630³²²

2. Share subscription

The share subscription is valid only where:

1. the number, nominal value, type, class and issue price of the shares are specified;
2. an unconditional commitment is given to pay up the capital corresponding to the issue price.

³¹⁷ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

³¹⁸ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBI 1983 II 745).

³¹⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

³²⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

³²¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

³²² Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBI 1983 II 745).

- Art. 631**³²³
- II. Supporting documents
- 1 In the deed of incorporation, the notary must specify the foundation documents individually and confirm that they have been laid before him or her and the founder members.
- 2 The following documents must be appended to the deed of incorporation:
1. the articles of association;
 2. the incorporation report;
 3. the audit confirmation;
 4. confirmation that the capital contributions have been deposited in cash;
 5. the agreements on contributions-in-kind;
 - 6.³²⁴ ...

- Art. 632**³²⁵
- III. Capital contributions
1. Minimum contribution
- 1 When the company is founded, capital equivalent to at least 20 per cent of the nominal value of each share must be paid up.
- 2 In all cases the capital contribution must be at least 50,000 francs. If the share capital is in a foreign currency, the contributions made at the time of foundation must have a value equivalent to at least 50,000 francs.³²⁶

³²³ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

³²⁴ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³²⁵ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³²⁶ Second sentence inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

2. Payment of contributions
 a. Money contributions

Art. 633³²⁷

¹ Money contributions must be deposited in a bank as defined in Article 1 paragraph 1 of the Banking Act of 8 November 1934³²⁸ for the exclusive use of the company.

² The bank may release the money only when the company has been entered in the commercial register.

³ Money contributions are payments in the currency of the share capital and payments in freely convertible currencies that are different from that of the share capital.

b. Contributions in kind

Art. 634³²⁹

¹ The items forming a contribution in kind shall satisfy the contribution requirement only if the following requirements are met:

1. They may be entered as assets on the balance sheet.
2. They may be transferred to the company's assets.
3. On the company being entered in the commercial register, the company immediately acquires ownership and may freely dispose of the items or, in the case of immovable property, receives an unconditional right to enter it in the land register.
4. Their value may be realised by transfer to a third party.

² The contribution in kind must be agreed in writing. The contract must be done as a public deed if this is required for the transfer of the object.

³ A single public deed is sufficient even if immovable property situated in two or more cantons constitutes the contribution in kind. The deed must be done by a notary at the seat of the company.

⁴ The articles of association must indicate the items, their valuation and the name of the contributor and the shares that they have been issued and any other considerations provided by the company. The general meeting may repeal the related provisions of the articles of association after ten years.

³²⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³²⁸ SR 952.0

³²⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 634a³³⁰

c. Offset with a claim

1 Shares may be paid up by offset with a claim.

2 Offset with a claim shall also satisfy the contribution requirement if the claim is no longer covered by assets.

3 The articles of association must indicate the amount of the claim being offset, the name of the shareholder and the shares that they have been issued. The general meeting may repeal the related provisions of the articles of association after ten years.

Art. 634b³³¹

d. Subsequent contribution

1 The board of directors shall determine the rules governing subsequent contributions in respect of shares that are not fully paid-up.

2 Subsequent contributions may be made in money or in kind, by offset against a claim or by converting freely disposable equity capital.

Art. 635³³²

3. Verification of capital contributions

The founder members shall draw up a written statutory report in which they give account of:

a. Statutory report

- 1.³³³ the nature and condition of contributions in kind and the appropriateness of their valuation;
2. the existence of debts and whether such debts may be set off;
3. the reasons for and appropriateness of special privileges accorded to founder members or other persons.

³³⁰ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³³¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³³² Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³³³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

- Art. 635^{a334}**
 b. Audit confirmation A licensed auditor shall verify the incorporation report and confirm in writing that it is complete and accurate.
- Art. 636³³⁵**
 IV. Special privileges If special privileges are granted on foundation to the founding members or other persons, the articles of association must indicate the names of the beneficiaries and the nature and value of the privilege granted.
- Art. 637–639³³⁶**
- Art. 640³³⁷**
 F. Entry in the commercial register The company must be entered in the commercial register at the place where it has its seat.
 I. Company³³⁸
- Art. 641³³⁹**
 II. ...
- Art. 642³⁴⁰**
 III. ...
- ³³⁴ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).
- ³³⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).
- ³³⁶ Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS **1992** 733; BBl **1983** II 745).
- ³³⁷ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).
- ³³⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).
- ³³⁹ Repealed by No I 2 of the FA of 17 March 2017 (Commercial Register Law), with effect from 1 Jan. 2021 (AS **2020** 957; BBl **2015** 3617).
- ³⁴⁰ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

Art. 643

G. Acquisition of legal personality
I. Time; Entry conditions not satisfied³⁴¹

1 The company acquires legal personality only through entry in the commercial register.

2 It acquires legal personality thereby even if the conditions for such entry were in fact not satisfied.

3 However, where the law or the articles of association were contravened in the foundation of the company such that the interests of creditors or shareholders were substantially jeopardised or harmed, at the request of those creditors or shareholders the court may order that the company be dissolved. ...³⁴²

4 The foregoing right of action prescribes if action is not brought within three months of publication in the Swiss Official Gazette of Commerce.

Art. 644

II. Nullity of shares issued before registration³⁴³

1 Shares issued before the company is entered in the commercial register are void; obligations arising from the share subscription are unaffected thereby.³⁴⁴

2 A person issuing shares prior to such entry is liable for all resultant losses.

Art. 645

III. Obligations contracted prior to entry

1 A person acting in the name of the company prior to entry in the commercial register is liable personally and jointly and severally for his actions.

2 Where such obligations were incurred expressly in the name of the company to be founded and are assumed by the latter within three months of its entry in the commercial register, the persons who contracted them are relieved of liability and only the company is liable.

³⁴¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁴² Second sentence repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

³⁴³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁴⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 646³⁴⁵**Art. 647**³⁴⁶

H. Amendment of the articles of association

The resolution adopted by the general meeting or the board of directors concerning an amendment of the articles of association must be done as a public deed and entered in the commercial register.

Art. 648 and 649³⁴⁷**Art. 650**³⁴⁸

I. Increase and reduction in the share capital
 I. Ordinary capital increase
 1. Resolution of the general meeting

¹ The general meeting may resolve to make an ordinary increase in share capital.

² The resolution of the general meeting must be done as a public deed and contain the following information:

1. the nominal value or, if applicable, the maximum nominal value by which the share capital is to be increased;
2. the number or, if applicable, the nominal value and type of newly issued shares and preferential rights pertaining to specific classes of shares;
3. the issue price or the authority conferred on the board of directors to set the price, and the date on which the new shares entitle their holders to receive dividends;
4. in the case of contributions in kind: their nature and value, the name of the contributor and the shares issued in return and any other considerations provided by the company;
5. in the case of shares paid up by offset with a claim: the amount of the claim offset, the name of the creditor and the shares due to them;
6. the conversion of freely disposable equity capital;
7. the nature and value of special privileges and the names of the beneficiaries;
8. any restriction on the transferability of new registered shares;
9. any restrictions on or cancellation of the subscription right and the consequences if this right is not exercised or is withdrawn;

³⁴⁵ Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁴⁶ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁴⁷ Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁴⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

10. the conditions to be met when exercising contractual subscription rights.

³ An application to register the capital increase must be filed with the commercial register office within six months of the resolution of the general meeting, otherwise the resolution becomes invalid

Art. 651³⁴⁹

Art. 651a³⁵⁰

Art. 652³⁵¹

2. Share sub-
scription³⁵²

¹ The shares are subscribed in a special document (subscription form) in accordance with the provisions governing the foundation of the company.

² The subscription form must make reference to the resolution of the general meeting concerning the share capital increase and the related resolution of the board of directors. Where the law requires a prospectus, the subscription form also refers to this.³⁵³

³ ...³⁵⁴

Art. 652a³⁵⁵

³⁴⁹ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBI **2017** 399).

³⁵⁰ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBI **1983** II 745). Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBI **2017** 399).

³⁵¹ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS **1992** 733; BBI **1983** II 745).

³⁵² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBI **2017** 399).

³⁵³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBI **2017** 399).

³⁵⁴ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBI **2017** 399).

³⁵⁵ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBI **1983** II 745). Repealed by Annex No I of the Financial Services Act of 15 June 2018, with effect from 1 Jan. 2020 (AS **2019** 4417; BBI **2015** 8901).

Art. 652b³⁵⁶

3. Subscription right and issue price³⁵⁷

¹ Every shareholder is entitled to the proportion of the newly issued shares that corresponds to their existing participation.

² A resolution by the general meeting to increase the share capital may restrict or cancel this subscription right only for good cause. In particular, the takeover of companies, parts of companies or equity interests and employee share ownership are deemed to be good cause.³⁵⁸

³ Where the company has granted a shareholder the right to subscribe to shares, it may not bar them from exercising such a right on the basis of a restriction on the transferability of registered shares laid down in the articles of association.

⁴ No one may gain an undue advantage or suffer an undue disadvantage as a result of the restriction or cancellation of the subscription right or the fixing of the issue price.³⁵⁹

Art. 652c³⁶⁰

4. Making of contributions³⁶¹

Unless the law provides otherwise, capital contributions must be made in accordance with the provisions governing the foundation of the company.

Art. 652d³⁶²

5. Increase from equity capital³⁶³

¹ The share capital may also be increased through conversion of freely disposable equity capital.

² The equity capital used to meet the amount of the increase is shown:

1. in the annual accounts as approved by the general meeting and audited by a licensed auditor; or

³⁵⁶ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁵⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁵⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁵⁹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁶⁰ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁶¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁶² Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁶³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

2. in an interim account audited by a licensed auditor, provided the balance sheet date at the time of the resolution of the general meeting is more than six months in the past.³⁶⁴

³ The articles of association must indicate that the capital increase was made by converting freely disposable equity capital.³⁶⁵

Art. 652^{e366}

6. Capital increase report³⁶⁷

The board of directors shall draw up a written report in which it gives account of:

- 1.³⁶⁸ the nature and condition of contributions in kind and the appropriateness of their valuation;
2. the existence of debts and whether such debts may be set off;
3. the free disposability of the equity capital thus converted;
4. compliance with the resolution of the general meeting, in particular concerning restrictions on or cancellation of subscription rights and the allocation of subscription rights that have not been exercised or have been withdrawn;
5. the reasons for and appropriateness of special privileges accorded to specific shareholders or other persons.

Art. 652^{f369}

7. Audit confirmation³⁷⁰

1 A licensed auditor shall verify the capital increase report and confirm in writing that it is complete and accurate.³⁷¹

2 No such audit confirmation is required where the capital contribution for the new share capital is made in money, the share capital increase is not for the purpose of funding an acquisition in kind and subscription rights are not restricted or cancelled.

³⁶⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁶⁵ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁶⁶ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁶⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁶⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁶⁹ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁷⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁷¹ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

Art. 652^{g372}

8. Amendment of articles of association and statements from the board of directors

¹ Once the capital increase report and, where required, the audit confirmation are available, the board of directors shall amend the articles of association and declare that:

1. all shares are validly subscribed for;
2. the promised capital contributions correspond to the full issue price;
3. the requirements prescribed by law, the articles of association and the resolution of the general meeting for making the contributions are met at the time of the declarations;
4. there are no contributions in kind, instances of offsetting or special privileges other than those mentioned in the supporting documents;
5. it has received the documents on which the capital increase is based.

² The resolution on the amendment of the articles of association and declarations must be done as public deeds. The notary must name each of the documents supporting the capital increase individually and confirm that the documents were presented to them. The supporting documents must be attached to the public deed.

Art. 652^{h373}

9. Nullity of shares issued before registration

Shares issued prior to entering the capital increase in the commercial register are void; the obligations arising from the share subscription remain effective.

Art. 653³⁷⁴

II. Increase from contingent capital
1. General principle

¹ The general meeting resolve to create contingent capital by granting shareholders, creditors of bonds or similar debt instruments, employees, members of the board of directors of the company or another company in the group or third parties the right to subscribe for new shares (conversion and option rights).

³⁷² Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

³⁷³ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

³⁷⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

² The share capital automatically increases whenever and to the extent that such conversion or option rights are exercised and the contribution obligations are discharged by payment or offsetting.

³ The provisions on increasing the share capital from contingent capital also apply *mutatis mutandis* in the event that conversion and acquisition requirements are imposed.

⁴ The foregoing paragraphs are subject to the regulations of the Banking Act of 8 November 1934³⁷⁵ on reserve capital.

Art. 653a³⁷⁶

2. Restrictions

¹ The nominal amount by which the share capital may be increased in this contingent manner must not exceed one-half of the share capital specified in the commercial register.³⁷⁷

² The capital contribution must be at least equal to the nominal value.

Art. 653b³⁷⁸

3. Basis in articles of association

¹ The articles of association must stipulate:

- 1.³⁷⁹ the nominal value of the contingent capital;
2. the number, nominal value and type of shares;
3. the beneficiaries of conversion or option rights;
- 4.³⁸⁰ any restriction or cancellation of the subscription right of existing shareholders, provided they are not allocated the option rights;
5. preferential rights attached to specific classes of shares;
6. the restrictions on the transferability of newly registered shares;
- 7.³⁸¹ the procedure for exercising the conversion or option rights and for waiving these rights.

³⁷⁵ SR 952.0

³⁷⁶ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁷⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁷⁸ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁷⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁸⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁸¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

² Where the bonds or similar debt instruments to which the conversion or option rights attach are not offered first to the shareholders for subscription, the articles of association must also stipulate:

1. the conditions on which the conversion or option rights may be exercised;
2. the basis on which the issue amount is to be calculated.

³ Conversion or option rights granted before the provision of the articles of association concerning the contingent capital has been entered in the commercial register are void.³⁸²

Art. 653c³⁸³

4. Protection of shareholders

¹ If the shareholders are granted option rights in connection with contingent capital, the rules on the subscription right in the case of an ordinary capital increase apply *mutatis mutandis*.

² If bonds or similar debt instruments to which conversion or option rights attach are issued in connection with contingent capital, they must be offered first to the shareholders for subscription in proportion to the shareholders' existing participations.

³ This priority subscription right may be restricted or cancelled if:

1. there is good cause; or
2. the shares listed on a stock exchange and the bonds or similar debt instruments are issued subject to appropriate conditions.

⁴ No one may gain an undue advantage or suffer an undue disadvantage as a result of the restriction or cancellation of the subscription right or the priority subscription right.

Art. 653d³⁸⁴

5. Protection of beneficiaries of conversion or option rights

¹ Persons who have a conversion or option right may not be barred from exercising that right on account of restrictions on the transferability of registered shares, unless this possibility is reserved in the articles of association and the prospectus.³⁸⁵

² Conversion or option rights may be adversely affected by a share capital increase, by the issue of new conversion or option rights, or in some other manner only if the conversion price is lowered or the beneficiaries

³⁸² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁸³ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁸⁴ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁸⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

are granted some other form of adequate compensation or if the shareholders suffer the same adverse effect.

Art. 653^e³⁸⁶

6. Execution of capital increase
a. Exercise of rights; capital contribution

1 The declaration on the exercise of the conversion or option rights shall refer to the provision of the articles of association concerning the contingent capital; where the law requires a prospectus, the declaration must refer to it.³⁸⁷

2 Money contributions must be deposited in a bank as defined in Article 1 paragraph 1 of the Banking Act of 8 November 1934³⁸⁸ for the exclusive use of the company.³⁸⁹

3 The shareholder's rights are established when the capital contribution is made.

Art. 653^f³⁹⁰

b. Audit confirmation

1 At the end of each financial year, a licensed audit expert shall verify whether the issue of the new shares was in conformity with the law, the articles of association and, if applicable, the prospectus. The external auditor shall confirm this in writing.

2 The board of directors may order the audit to be conducted earlier.

Art. 653^g³⁹¹

c. Amendment of the articles of association and statements of the board of directors

1 On receipt of the audit confirmation, the board of directors shall amend the articles of association and declare:

1. the number, nominal value and type of the newly issued shares;
2. if applicable the preferential rights that pertain to individual classes of shares;
3. the status of the share capital and of the contingent capital as at the end of the financial year or the date of the audit;
4. that it has received the documents on which the capital increase is based.

³⁸⁶ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³⁸⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁸⁸ SR 952.0

³⁸⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁹⁰ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁹¹ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

² If the articles of association specify a capital band, the board of directors shall in amending the articles of association adjust the upper and lower limits of the capital band according to the extent of the capital increase, unless the capital is being increased on the basis of authorisation granted to the board of directors to increase the capital with contingent capital.

³ The resolution on any amendment of the articles of association and the declarations must be done in a public deed. The notary must name the foundation documents individually and confirm that they have been laid before him or her. The supporting documents shall be attached to the public deed.

Art. 653h³⁹²

Art. 653i³⁹³

7. Deletion

¹ The board of directors may repeal or amend the relevant provision of the articles of association on the contingent capital if:

1. the conversion or option rights have expired;
2. no conversion or option rights were granted; or
3. all or some of those entitled have decided not to exercise the conversion or option rights granted to them.

² The articles of association may only be amended if a licensed audit expert has confirmed the circumstances in writing.

Art. 653j³⁹⁴

III. Reducing the share capital
1. Ordinary capital reduction
a. Principles

¹ The general meeting may pass a resolution on reducing the share capital. The board of directors shall prepare for and carry out the reduction.

² The capital may be reduced by reducing the nominal value or by cancelling shares.

³ The share capital may only be reduced below 100,000 francs provided it is at the same time increased again at least to this amount. If the share capital is in a foreign currency, it must be replaced by capital with a value equivalent to at least 100,000 francs.

³⁹² Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁹³ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁹⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴ An application to register the reduction of the share capital must be filed with the commercial register office within six months of the resolution of the general meeting, otherwise the resolution becomes invalid.

Art. 653^k³⁹⁵

b. Securing claims

¹ If the share capital is reduced, the board of directors shall notify the creditors that they may request security by registering their claims. The notice must be published in the Swiss Official Gazette of Commerce. Applications to register claims must be made in writing, specifying the amount of and legal grounds for the claim.

² The company must secure the creditors' claims to the extent that the previous cover has been reduced by the capital reduction, provided the creditors request it to do so within 30 days of publication in the Swiss Official Gazette of Commerce.

³ The obligation to secure claims lapses if the company meets the claim or proves that there is no risk that the claim will not be met as a result of reducing the share capital. If the audit confirmation is available, it may be presumed that there is no risk that the claim will not be met.

Art. 653^l³⁹⁶

c. Interim account

If the balance sheet date is more than six months in the past at the time the general meeting passes a resolution to reduce the share capital, the company must prepare an interim account.

Art. 653^m³⁹⁷

d. Audit confirmation

¹ Based on the account and the result of the call on creditors, a licensed audit expert must confirm in writing that the creditors' claims will be fully covered even if the share capital is reduced.

² If the audit confirmation is already available at the time that the general meeting passes the resolution, the board of directors shall give notice of the result. The licensed audit expert must be present at the general meeting unless the meeting has dispensed with such presence by unanimous resolution.

³⁹⁵ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁹⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³⁹⁷ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

e. Resolution of the general meeting

Art. 653ⁿ398

The resolution of the general meeting on reducing the share capital must be done as a public deed and contain the following information:

1. the nominal value or if applicable the maximum nominal value by which the share capital will be reduced;
2. the method for carrying out the capital reduction, in particular whether the reduction is made by reducing the nominal value or by cancelling shares;
3. the way in which the reduced amount is to be used.

f. Amendment of the articles of association and declarations of the board of directors; Entry in the commercial register

Art. 653^o399

¹ If all the requirements for reducing the share capital are met, the board of directors shall amend the articles of association and declare that the requirements under the law, the articles of association and the general meeting resolution are met at the time of the declarations and that it has received the supporting documents on which the capital reduction is based.

² The resolution on the amendment of the articles of association and the declarations of the board of directors must be done in a public deed. The notary must specify the supporting documents on which the capital reduction is based, and confirm that the documents were presented to him or her. The supporting documents must be attached to the public deed.

³ Funds released by capital reduction may only be paid out to shareholders after the capital reduction has been entered in the commercial register.

2. Capital reduction in the event of negative net worth

Art. 653^p400

¹ If the share capital is reduced in order to partly or fully correct a situation of negative net worth caused by losses and if a licensed audit expert confirms to the general meeting that the amount of the capital reduction does not exceed the amount of the negative net worth, the provisions relating to an ordinary capital reduction on securing claims, the interim account, the audit confirmation and the declarations of the board of directors do not apply.

³⁹⁸ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

³⁹⁹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴⁰⁰ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

² The resolution of the general meeting shall contain the information specified in Article 653*n*. It shall make reference to the result of the audit report and amend the articles of association.

Art. 653^g⁴⁰¹

3. Simultaneous reduction and increase in share capital
a. Principle

¹ If the share capital reduced and at the same time increased to at least the previous amount and if the amount of the contribution paid is not reduced, the provisions relating to an ordinary capital reduction on securing claims, the interim account, the audit confirmation and the declarations of the board of directors do not apply.

² However, the provisions relating to an ordinary capital increase apply *mutatis mutandis*.

³ The board of directors need not amend the articles of association, provided the number and the nominal value of the shares and the amount of the contributions made thereon remain unchanged.

Art. 653^r⁴⁰²

b. Cancellation of shares

¹ If the share capital is reduced to zero for the purpose of restructuring and then increased again, the current membership rights of the shareholders lapse at the time of the reduction. Issued shares must be cancelled.

² When the share capital is increased again, the former shareholders have subscription rights that may not be withdrawn from them.

Art. 653^s⁴⁰³

IV. Capital band
1. Authorisation

¹ The articles of association may authorise the board of directors to vary the share capital within a bandwidth (capital band) for a period not exceeding five years. They shall specify the limits within which the board of directors may increase and reduce the share capital.

² The upper limit of the capital band may not exceed the share capital specified in the commercial register by more than half. The lower limit of the capital band may not be less than half of the share capital specified in the commercial register.

⁴⁰¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁰² Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁰³ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ The articles of association may restrict the powers of the board of directors. They may in particular provide that the board of directors may only increase or only reduce the share capital.

⁴ The articles of association may only authorise the board of directors to reduce the share capital if the company has not dispensed with a limited audit of the annual accounts.

Art. 653^{t404}

2. Principles in the articles of association

¹ If a capital band is introduced, the articles of association must specify the following:

1. the lower and the upper limit of the capital band;
2. the date on which the board of directors' authority to alter the share capital ends;
3. restrictions on and conditions and requirements for authorisation;
4. the number, nominal value and type of shares and the preferential rights of individual classes of shares or participation certificates;
5. the nature and value of special privileges and the names of the beneficiaries;
6. restrictions on the transferability of newly registered shares;
7. any restriction or cancellation of the subscription right or the good cause for which the board of directors may restrict or cancel the subscription right, and the allocation of subscription rights that have not been exercised or have been withdrawn;
8. the requirements for exercising contractually acquired subscription rights;
9. the authorisation of the board of directors to increase the capital with contingent capital and the information specified in Article 653*b*;
10. the authorisation of the board of directors to create participation capital.

⁴⁰⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

2 On expiry of its authorisation, the board of directors shall cancel the provisions governing the capital band in the articles of association.

Art. 653^u⁴⁰⁵

3. Increasing and reducing the share capital within the capital band

1 The board of directors may, within the limits of its authority, increase and reduce the share capital.

2 If the board of directors decides to increase or reduce the share capital, it shall issue the required provisions, unless they are contained in the general meeting's resolution on authorisation.

3 In the case of a reduction of the share capital within the capital band, the provisions on securing claims, the interim account and the audit confirmation in the case of an ordinary capital reduction apply *mutatis mutandis*.

4 Following any increase or reduction in the share capital, the board of directors shall make the required declarations and shall amend the articles of association accordingly. The resolution on the amendment of the articles of association and the declarations of the board of directors must be done in a public deed.

5 Otherwise, the rules on an ordinary capital increase, a capital increase from contingent capital and a capital reduction apply *mutatis mutandis*.

Art. 653^v⁴⁰⁶

4. Increase or reduction of the share capital by the general meeting

1 If the general meeting resolves to increase or reduce the share capital or to change the currency of the share capital during the term of the board of directors' authorisation, the resolution on the capital band shall lapse. The articles of association must be amended accordingly.

2 If the general meeting resolves to introduce contingent capital, the upper and lower limits of the capital band shall increase to the extent of the increase in the share capital. The general meeting may instead subsequently resolve to authorise the board of directors to increase the capital with conditional capital within the limits of the existing capital range.

Art. 654

V. Preference shares
1. Requirements⁴⁰⁷

1 Pursuant to or by amendment of the articles of association, the general meeting may resolve that preference shares be issued or that existing shares be converted into preference shares.

⁴⁰⁵ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁰⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁰⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

² Where a company has issued preference shares, further preference shares conferring preferential rights over the existing preference shares may be issued only with the consent of both a special meeting of the adversely affected holders of the existing preference shares and of a general meeting of all shareholders, unless otherwise provided in the articles of association.

³ The same applies to any proposal to vary or cancel preferential rights attached to the preference shares that were conferred pursuant to the articles of association.

Art. 655⁴⁰⁸

Art. 656

2. Status of preference shares⁴⁰⁹

¹ Preference shares enjoy the preferential rights vis-à-vis ordinary shares that are expressly conferred on them by the original articles of association or by amendment thereof. In other respects, they are of equal status with the ordinary shares.

² In particular, preferential rights may relate to the dividend, with or without rights to cumulative dividends, to the share in the proceeds of liquidation and to subscription rights in the event that new shares are issued.

Art. 656a⁴¹⁰

J. Participation certificates
I. Definition; applicable regulations⁴¹¹

¹ The articles of association may provide for participation capital divided into specific amounts (participation certificates). These participation certificates must be in the same currency as the share capital. They are issued against a capital contribution, have a nominal value and do not confer the right to vote.⁴¹²

² Unless otherwise provided by law, the provisions governing share capital, shares and shareholders also apply to the participation capital, participation certificates and participation certificate holders.

³ The participation certificates must be designated as such.

⁴ Participation capital may be created:

1. on foundation;

⁴⁰⁸ Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁰⁹ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴¹⁰ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴¹¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴¹² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

2. by an ordinary capital increase;
3. by a capital increase from contingent capital;
4. within a capital band.⁴¹³

⁵ The conversion of shares into participation certificates requires the consent of all the shareholders concerned.⁴¹⁴

Art. 656b⁴¹⁵

II. Participation and share capital

¹ The part of the participation capital composed of participation certificates that are listed on a stock exchange may not exceed ten times the share capital specified in the commercial register. The remaining part of the participation capital must not exceed an amount equal to double the share capital specified in the commercial register.

² The provisions governing minimum capital do not apply.

³ The participation capital must be added to the share capital when:

1. forming the statutory retained earnings;
2. using the statutory capital reserves and retained earnings;
3. assessing whether there is a situation of negative net worth or loss of capital;
4. restricting the extent of an increase in capital from contingent capital;
5. determining the lower and upper limits of a capital band.

⁴ The thresholds must be calculated separately for shareholders and participation certificate holders when:

1. instigating a special investigation in the event that a related motion is rejected by the general meeting;
2. dissolving the company by court judgment;
3. giving notice of the beneficial owner in accordance with Article 697j.

⁵ They shall be calculated:

1. based on the shares issued for the acquisition of the company's own shares;
2. based on the participation certificates issued for the acquisition of the company's own participation certificates.

⁴¹³ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴¹⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴¹⁵ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBI 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁶ They shall be calculated based solely on the share capital:

1. for the right to convene the general meeting;
2. for the right to table agenda items and motions.

Art. 656c⁴¹⁶

III. Legal status of the participation certificate holders

1. In general

¹ Participation certificate holders have no right to vote and, unless otherwise provided by the articles of association, none of the rights associated therewith.

² Rights associated with the right to vote are the right to convene a general meeting, the right to attend such a meeting, the right to information, the right of inspection and the right to table agenda items and motions.⁴¹⁷

³ Subject to the same requirements as the shareholder, the participation certificate holder has the right to instigate a special investigation. If the articles of association do not provide for any more far-reaching rights, the participation certificate holder may submit a written request for information, access to documents or the instigation of a special investigation to the general meeting.⁴¹⁸

Art. 656d⁴¹⁹

2. Notice of and information on resolutions of general meetings⁴²⁰

¹ Whenever a general meeting is convened, notice must be given to participation certificate holders together with the agenda items and the motions tabled.

² Any participation certificate holder may request access to the minutes within the 30 days following the general meeting.⁴²¹

⁴¹⁶ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴¹⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴¹⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴¹⁹ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴²⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴²¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 656^e⁴²²

3. Representa-
tion on the board
of directors

The articles of association may grant participation certificate holders the right to have a representative on the board of directors.

Art. 656^f⁴²³

4. Pecuniary
rights
a. In
general

1 The articles of association must not place participation certificate holders at a disadvantage as against shareholders in respect of the distribution of the disposable profit and the proceeds of liquidation and subscription to new shares.

2 Where several classes of shares exist, the participation certificates must be treated as at least equivalent to the lowest ranking class of shares.

3 Amendments to the articles of association and other resolutions of the general meeting that adversely affect the position of participation certificate holders are permitted only if they also adversely affect the position of the shareholders to whom the participation certificate holders are equal in status to the same degree.

4 Unless otherwise provided by the articles of association, the preferential rights of participation certificate holders and their rights to participate in the company's governance as laid down by the articles of association may be restricted or cancelled only with the consent of a special meeting of the participation certificate holders concerned and of the general meeting of all shareholders.

Art. 656^g⁴²⁴

b. Subscription
rights

1 Where participation capital is created, the shareholders have a subscription right as for the issue of new shares.

2 The articles of association may provide that shareholders may subscribe only to shares and participation certificate holders only to participation certificates where the share capital and the participation capital are to be increased simultaneously in the same proportions.

3 Where only the participation capital or only the share capital is to be increased or one is to be increased by a greater proportion, the subscription rights must be allocated so that shareholders and participation certificate holders may retain their relative participations in the overall capital.

422 Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

423 Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

424 Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

K. Dividend rights certificates⁴²⁶

Art. 657⁴²⁵

¹ The articles of association may provide for the creation of dividend rights certificates in favour of persons linked with the company by previous capital participation or by virtue of being shareholders, creditors, employees or similar. The articles of association must indicate the number of dividend rights certificates issued and the nature of the associated rights.

² Such dividend rights certificates entitle their holders only to a share in the disposable profit or the proceeds of liquidation or to subscribe to new shares.

³ The dividend rights certificate must not have a nominal value; it must not be called a participation certificate or issued in exchange for a capital contribution stated as an asset in the balance sheet.

⁴ By operation of law, the beneficiaries under dividend rights certificates form a community to which the provisions governing the community of bond creditors apply *mutatis mutandis*. However, a decision to waive some or all rights under dividend rights certificates is binding only if taken by the holders of a majority of all such certificates in circulation.

⁵ Dividend rights certificates may be created in favour of the company's founder members only by means of the original articles of association.

Art. 658⁴²⁷

Art. 659⁴²⁸

L. Own shares
I. Requirements for and restrictions on acquisition

¹ The company may acquire its own shares only where freely disposable equity capital is available at its acquisition value.

² The acquisition by a company of its own shares is limited to 10 per cent of the share capital specified in the commercial register.

³ If the acquisition is connected with a restriction on transferability or an action for dissolution, the foregoing upper limit is 20 per cent. The shares that exceed the threshold of 10 per cent must be sold or cancelled by means of a capital reduction within two years.

⁴²⁵ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴²⁶ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴²⁷ Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴²⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 659a⁴²⁹II. Consequences
of acquisition

1 If a company acquires its own shares, the right to vote and the rights associated therewith for these shares shall be suspended.

2 The right to vote on the company's own shares and the rights associated therewith shall also be suspended if the company transfers its own shares and it is agreed to take back or return the shares concerned.

3 If the right to vote is exercised, even though it is suspended, the provisions governing unauthorised participation in the general meeting (Art. 691) apply.

4 The company must indicate an amount equivalent to the cost of acquiring its own shares on its balance sheet as negative items in the equity capital (Art. 959a para. 2 no 3 let. e).

Art. 659b⁴³⁰III. Own shares
in the group

1 If a company controls one or more undertakings (Art. 963), any acquisition of its shares by such an undertaking is subject to the same restrictions and has the same consequences as the acquisition of its own shares *mutatis mutandis*.

2 The controlling company must show a separate amount equivalent to the acquisition value of these shares for the shares in accordance with paragraph 1 as statutory retained earnings.

Section Two: Rights and Obligations of Shareholders**Art. 660**⁴³¹A. Entitlement to
a share of the
profits and pro-
ceeds of liquida-
tionI. In
general

1 Every shareholder is entitled to a pro rata share of the disposable profit to the extent that the distribution of such profit among the shareholders is provided for by law or the articles of association.

2 On dissolution of the company, the shareholder is entitled to a pro rata share of the liquidation proceeds, unless otherwise provided by those articles of association that relate to the allocation of the assets of the dissolved company.

3 The preferential rights attaching to specific classes of shares stipulated in the articles of association are reserved.

⁴²⁹ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴³⁰ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴³¹ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

II. Calculation method

Art. 661

Unless the articles of association provide otherwise, the share of the profits and the proceeds of liquidation are calculated in proportion to the amounts paid up on the share capital.

Art. 662⁴³²**Art. 662a**⁴³³**Art. 663**⁴³⁴**Art. 663a** and **663b**⁴³⁵**Art. 663b**^{bis436}**Art. 663c**⁴³⁷**Art. 663d–663h**⁴³⁸**Art. 664** and **665**⁴³⁹**Art. 665a**⁴⁴⁰

- ⁴³² Repealed by No I I of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).
- ⁴³³ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Repealed by No I I of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).
- ⁴³⁴ Repealed by No I I of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).
- ⁴³⁵ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Repealed by No I I of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).
- ⁴³⁶ Inserted by No I of the FA of 7 Oct. 2005 (Transparency in relation to remuneration of members of the board of directors and the executive board) (AS **2006** 2629; BBl **2004** 4471). Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).
- ⁴³⁷ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).
- ⁴³⁸ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Repealed by No I I of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).
- ⁴³⁹ Repealed by No I I of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).
- ⁴⁴⁰ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Repealed by No I I of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).

Art. 666 and **667**⁴⁴¹

Art. 668⁴⁴²

Art. 669⁴⁴³

Art. 670⁴⁴⁴

Art. 671⁴⁴⁵

C. Reserves
I. Statutory capital reserve

¹ The following shall be assigned to the statutory capital reserve:

1. any share issue proceeds in excess of the nominal value and the issue costs;
2. the amounts paid up on forfeited shares (Art. 681 para. 2) that have been retained, unless there is a shortfall on the shares newly issued in return;
3. other contributions and advances made by holders of equity securities.

² The statutory capital reserve may be repaid to the shareholders if the statutory capital reserves and retained earnings, under deduction of any losses, exceed one half of the share capital specified in the commercial register.

³ Companies whose primary purpose is to hold equity participations in other companies (holding companies) may repay the statutory capital reserve to the shareholders if the statutory capital reserves and retained earnings exceed 20 per cent of the share capital specified in the commercial register.

⁴ The statutory retained earnings for the company's own shares in the group (Art. 659b) and the statutory retained earnings from revaluations (Art. 725c) shall not be taken into consideration when calculating the limits in paragraphs 2 and 3.

⁴⁴¹ Repealed by No I 1 of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).

⁴⁴² Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS **1992** 733; BBl **1983** II 745).

⁴⁴³ Repealed by No I 1 of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).

⁴⁴⁴ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁴⁴⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

Art. 671a and **671b**⁴⁴⁶**Art. 672**⁴⁴⁷

II. Statutory retained earnings

¹ 5 per cent of the annual profit shall be assigned to the statutory retained earnings. If there is a loss carried forward, it must be cleared before the profit is assigned to the reserve.

² The statutory retained earnings shall be increased until, when taken together with the statutory capital reserve, they reach one half of the share capital specified in the commercial register. Holding companies must increase the statutory retained earnings until, when taken with the statutory capital reserve, they reach 20 per cent of the share capital specified in the commercial register.

³ Article 671 paragraphs 2, 3 and 4 applies *mutatis mutandis* to calculating and using the statutory retained earnings.

Art. 673⁴⁴⁸

III. Voluntary retained earnings

¹ The general meeting may provide for the formation of voluntary retained earnings in the articles of association or by resolution.

² Voluntary retained earnings may only be formed if justified in order to ensure the long-term prosperity of the undertaking, taking account of the interests of all the shareholders.

³ The general meeting may pass a resolution on using voluntary retained earnings, subject to the rules on offsetting losses.

Art. 674⁴⁴⁹

IV. Offsetting losses

¹ Losses must be offset in the following order against:

1. the profit carried forward;
2. the voluntary retained earnings;

⁴⁴⁶ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁴⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁴⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁴⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

3. the statutory retained earnings;
4. the statutory capital reserve.

² Instead of being offset against the statutory retained earnings or the statutory capital reserve, remaining losses may also be carried forward in part or in their entirety to the next annual accounts.

Art. 675

D. Dividends, interest before commencement of operations and shares of profits paid to board members
I. Dividends

¹ No interest may be paid on the share capital.

² Dividends may be paid only from the disposable profit and from reserves formed for this purpose.⁴⁵⁰

³ Dividends may only be fixed after the assignments have been made to the statutory retained earnings and the voluntary retained earnings.⁴⁵¹

Art. 675a⁴⁵²

II. Interim dividends

¹ The general meeting may resolve to pay an interim dividend based on an interim account.

² The external auditor must review the interim account before the general meeting passes the resolution. No audit is required if the company is not required to have its annual accounts reviewed by an external auditor in a limited audit. The audit may be dispensed with if all the shareholders agree to paying the interim dividend and the creditors' claims are not put at risk thereby.

³ The provisions governing dividends apply (Art. 660 para. 1 and 3, 661, 671–674, 675 para. 2, 677, 678, 731 and 958e).

⁴⁵⁰ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁵¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁵² Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 676

III. Interest before commencement of operations⁴⁵³

¹ The shareholders may be paid interest out of the investment account for the time required to prepare and build up the company prior to commencement of full operations. The articles of association must stipulate the latest time by which payment of such interest must cease.

² If the company is expanded by means of an issue of new shares, the resolution concerning the capital increase may provide for a specified amount of interest to be paid on the new shares from the investment account until a precisely defined date, which must be no later than the date on which the new operational facility commences operations.

Art. 677⁴⁵⁴

IV. Shares of profits paid to board members⁴⁵⁵

Shares of the profit may be paid to members of the board of directors only out of the disposable profit and only after the allocation to the legal reserve has been made and a dividend of 5 per cent or a higher percentage laid down by the articles of association has been paid to the shareholders.

Art. 678⁴⁵⁶

E. Repayment of benefits
I. In general

¹ Shareholders, members of the board of directors, persons involved in the company's management activities and members of the board of advisors and their close associates are required to repay any dividends, shares of profits paid to board members, other shares of profits, remuneration, interest before commencement of operations, statutory capital reserves and retained earnings or other benefits that they have unduly taken.

² If the company accepts assets from such persons or if it enters into other forms of legal transaction with them, these persons shall be required to repay the assets concerned where there is an obvious discrepancy between the performance and the consideration.

³ Article 64 applies.

⁴ The claim for repayment is that of the company and the shareholder. The shareholder's claim is for performance to the company.

⁵ The general meeting may resolve that the company raise an action for repayment. They may delegate the conduct of the proceedings to the board of directors or a representative.

⁴⁵³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴⁵⁴ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBI 1983 II 745).

⁴⁵⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴⁵⁶ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁶ In the event of the company's bankruptcy, Article 757 applies *mutatis mutandis*.

Art. 678^{a457}

II. Prescription ¹ The claim for repayment is subject to a prescriptive period of three years from when the company or the shareholder became aware of the matter, or in any event ten years from the claim arising. This period is suspended during a procedure for ordering a special investigation and the conduct of that investigation.

² If the recipient has by their conduct committed a criminal offence, the claim for repayment prescribes at the earliest when the right to prosecute the offence becomes time-barred. If the right to prosecute can no longer become time-barred because a first instance criminal judgment has been issued, the claim prescribes at the earliest three years after notice of the judgment is given.

Art. 679⁴⁵⁸

III. Shares of profits paid to board members on insolvency⁴⁵⁹ ¹ Where the company is declared insolvent, the members of the board of directors must return all shares of profits paid to board members received in the three years prior to commencement of insolvency proceedings, unless they can show that the conditions for payment of such shares of profits paid to board members set out in law and the articles of association were met; in particular, they must show that the payment was based on prudent accounting.

² ...⁴⁶⁰

Art. 680

F. . Shareholder's duty to contribute
I. Object ¹ A shareholder may not be required, even under the articles of association, to contribute more than the amount fixed for subscription of a share on issue.

² A shareholder does not have the right to reclaim the amount paid-up.

⁴⁵⁷ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁵⁸ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁵⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁶⁰ Repealed by Annex of the FA of 21 June 2013, with effect from 1 Jan. 2014 (AS 2013 4111; BBl 2010 6455).

Art. 681

II. Consequences of default
1. By law and the articles of association

¹ A shareholder who fails to pay in the issue amount for their share in good time is obliged to pay default interest.

² Further, the board⁴⁶¹ of directors has the power to declare that the defaulting shareholder has forfeited their rights in respect of the share subscription and any part payments already made and that their shares are forfeited and to issue new ones in their place. Where the forfeited shares have already been issued and cannot be physically obtained, the declaration of forfeiture is published in the Swiss Official Gazette of Commerce and in the form provided for in the articles of association.

³ The articles of association may also provide that a shareholder in default also be required to pay a contractual penalty.

Art. 682

2. Call for performance

¹ Where the board of directors intends to declare the defaulting shareholder in forfeit of his rights in respect of the share subscription or to require him to pay the contractual penalty provided for in the articles of association, it must make a call for payment in the Swiss Official Gazette of Commerce and in the form provided for by the articles of association and set a grace period for such payment of at least 30 days commencing on the date on which the last call was published.⁴⁶² The shareholder may be declared in forfeit of his rights in respect of the share subscription or required to pay the contractual penalty only if he fails to make the required payment within such grace period.

² In the case of registered shares, such publication is replaced by a registered letter sent to each shareholder entered in the share register calling for payment and setting the grace period. In this case the grace period commences on receipt of the call for payment.

³ The defaulting shareholder is liable to the company for the amount not covered by the contributions of the new shareholder.

Art. 683

G. Issue and transfer of shares
I. Bearer shares

¹ Bearer shares may be issued only after the full nominal value has been paid up.

² Shares issued before the full nominal value is paid up are void. Claims for damages are reserved.

⁴⁶¹ Term in accordance with No II 3 of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBI 1983 II 745). This amendment has been taken into account throughout the Code.

⁴⁶² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

Art. 684⁴⁶³

II. Registered shares

1 Unless otherwise provided by law or the articles of association, the company's registered shares are transferable without restriction.

2 Transfer by means of transaction may also be effected by handing over the endorsed share certificate to the acquirer.

Art. 685⁴⁶⁴H. Restricted transferability
I. Statutory restriction

1 Registered shares that have not yet been fully paid up may be transferred only with the consent of the company, unless they are acquired by inheritance, division of estate, matrimonial property law or compulsory execution.

2 The company may withhold consent only if the solvency of the acquirer is in doubt and the security requested by the company is not furnished.

Art. 685a⁴⁶⁵II. Restrictions under the articles of association
1. General principles

1 The articles of association may stipulate that registered shares may be transferred only with the consent of the company.

2 This restriction also applies to establishment of a usufruct.

3 If the company goes into liquidation, the restriction on transferability is cancelled.

Art. 685b⁴⁶⁶2. Unlisted registered shares
a. Requirements for refusal

1 The company may refuse to give such consent providing it states good cause cited in the articles of association or offers to acquire the shares from the party alienating them for the company's own account, for the account of other shareholders or for the account of third parties at their real value at the time the request was made.

2 Provisions governing the composition of the shareholder group which are designed to safeguard the pursuit of the company's objects or its economic independence are deemed to constitute good cause.

3 Further, the company may refuse entry in the share register where the acquirer fails to declare expressly that he has acquired the shares in his own name and for his own account.

⁴⁶³ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁶⁴ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁶⁵ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁶⁶ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴ Where the shares were acquired by inheritance, division of estate, matrimonial property law or compulsory execution, the company may withhold its consent only if it offers to purchase the shares from the acquirer at their real value.

⁵ The acquirer may request the court at the seat of the company to determine the real value. The costs of the valuation are borne by the company.

⁶ Where the acquirer fails to decline such offer within a month of notification of the real value, it is deemed accepted.

⁷ The articles of association may not impose more restrictive conditions on transferability.

Art. 685c⁴⁶⁷

b. Effect

¹ Where the consent required for transfer of shares is not given, the ownership of the shares and all attendant rights remain with the alienator.

² In the case of acquisition of shares by inheritance, division of estate, matrimonial property law or compulsory execution, ownership and the attendant pecuniary rights pass to the acquirer immediately, whereas the attendant participation rights pass to him only when the company has given its consent.

³ Where the company fails to refuse the request for consent within three months of receipt or refuses it without just cause, consent is deemed to have been given.

Art. 685d⁴⁶⁸

3. Listed registered shares
a. Requirements for refusal

¹ In the case of listed registered shares, the company may refuse to accept the acquirer as a shareholder only where the articles of association envisage a percentage limit on the registered shares for which an acquirer must be recognised as shareholder and such limit is exceeded.

² The company may also refuse to accept an acquirer if at the company's request the acquirer fails to declare expressly that they have acquired the shares in their own name and for their own account, that there is no agreement to take back or return the shares concerned and that they bear the economic risk associated with the shares. The company may not refuse acceptance on the grounds that the request was made by the acquirer's bank.⁴⁶⁹

⁴⁶⁷ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁶⁸ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁶⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ Where listed⁴⁷⁰ registered shares were acquired by inheritance, division of estate or matrimonial property law, entry of the acquirer may not be refused.

Art. 685^e⁴⁷¹

b. Duty of notification Where listed registered shares are sold on a stock exchange, the selling bank must without delay notify the company of the name of the seller and the number of shares sold.

Art. 685^f⁴⁷²

c. Transfer of rights ¹ Where listed registered shares are acquired on a stock exchange, the attendant rights pass to the acquirer on transfer. Where listed registered shares are acquired off-exchange, the attendant rights pass to the acquirer as soon as he has submitted a request for recognition as shareholder to the company.

² Until such recognition of the acquirer by the company, he may not exercise the right to vote conferred by the shares or any other rights associated with that right to vote. The acquirer is not restricted in his exercise of any other shareholder rights, in particular subscription rights.

³ Acquirers not yet recognised by the company are entered as shareholders without the right to vote in the share register once the rights have been transferred. The corresponding shares are deemed to be unrepresented at the general meeting.

⁴ Where the company's refusal is unlawful, the company must recognise the acquirer's right to vote and the rights associated therewith from the date of the court judgment and pay the acquirer damages unless it can show that it was not at fault.

Art. 685^g⁴⁷³

d. Time limit for refusal Where the company fails to refuse the request for recognition within 20 days, the shareholder is deemed to have been recognised.

⁴⁷⁰ Revised by the Federal Assembly Drafting Committee (Art. 33 ParlPA; AS 1974 1051).

⁴⁷¹ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁷² Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁷³ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

Art. 686⁴⁷⁴

4. Share register
a. Entry

¹ The company keeps a share register of registered shares in which the names and addresses of the owners and usufructuaries are recorded. It must be kept in such a manner that it can be accessed at any time in Switzerland.⁴⁷⁵

² Entry in the share register requires documentary proof that the share was acquired for ownership or of the reasons for the usufruct thereof.

^{2bis} Companies whose shares are listed on a stock exchange shall ensure that the owners or usufructuaries may apply for entry in the share register electronically.⁴⁷⁶

³ The company must certify such entry on the share certificate.

⁴ In relation to the company the shareholder or usufructuary is the person entered in the share register.

⁵ The documents on which an entry is based must be retained for ten years following the deletion of the owner or usufructuary from the share register.⁴⁷⁷

Art. 686a⁴⁷⁸

b. Deletion

After hearing the parties involved the company may delete entries in the share register that resulted from false information supplied by the acquirer. The latter must be informed of the deletion immediately.

Art. 687

5. Registered shares not fully paid in ⁴⁷⁹

¹ The acquirer of a registered share that is not fully paid up has an obligation to the company to pay up the remainder as soon as he is entered in the share register.

² Where the person who subscribed for the share alienates it, he may be sued for the amount not paid up if the company becomes insolvent within two years of its entry in the commercial register and his legal successor has forfeited his rights arising from the share.

⁴⁷⁴ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁷⁵ Second sentence inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the 2012 revised recommendations of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

⁴⁷⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁷⁷ Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the 2012 revised recommendations of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

⁴⁷⁸ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁷⁹ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

³ Where the seller is not the person who subscribed for the share, he is released from the duty to pay up as soon as the acquirer is entered in the share register.

⁴ Until such time as registered shares are fully paid up, the amount of the nominal value paid up must be entered on each share certificate.

Art. 688

III. Interim certificates

¹ Interim certificates made out to the bearer may be issued only for bearer shares whose the nominal value is fully paid up. Interim certificates made out to the bearer issued before the full nominal value is paid up are void. Claims for damages are reserved.

² Where interim certificates made out to the named holder are issued for bearer shares, they may be transferred only in accordance with the provisions governing assignment of claims, although their transfer does not take effect as against the company until it receives notice thereof.

³ Interim certificates for registered shares must be made out to a named holder. The transfer of such interim certificates is subject to the provisions governing the transfer of registered shares.

Art. 689⁴⁸⁰

J. Personal membership rights
I. Teilnahme an the general meeting
1. General principle

¹ The shareholder exercises his rights in the company's affairs, such as the appointment of the corporate bodies, approval of the annual report and resolutions concerning allocation of the profit, at the general meeting.

² ...⁴⁸¹

Art. 689^a⁴⁸²

2. Entitlement against the company

¹ The membership rights conferred by registered shares may be exercised by any person authorised so to do by entry in the share register or a written power of attorney issued by the shareholder.

² The membership rights conferred by bearer shares may be exercised by any person who shows they are in possession of the shares by presenting them. Persons attending the general meeting must provide their name and address in order to exercise their right to vote.⁴⁸³

⁴⁸⁰ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁸¹ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁸² Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁴⁸³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ A person in possession of a bearer share as a result of pledge, bailment or loan may exercise the attendant membership rights only if authorised to do so by the shareholder in writing.⁴⁸⁴

⁴ The board of directors may permit other forms of entitlement against the company, unless the articles of association provide otherwise.⁴⁸⁵

Art. 689^b⁴⁸⁶

3. Representa-
tion of share-
holders

a. In
general

¹ Shareholders may have their participation rights, in particular their right to vote, exercised by a representative of their choice.

² The delegation of voting rights of corporate bodies and the delegation of voting rights to custodian banks are not permitted in the case of companies whose shares are listed on a stock exchange.

³ If the company appoints an independent voting representative or a voting representative for a corporate body, this person is obliged to vote according to their instructions. If they have not received any instructions, they shall abstain. The board of directors shall provide forms that must be used to authorise representation and issue instructions.

⁴ The independence of the independent voting representative must not be compromised, whether in fact or in appearance. The rules on the independence of the external auditor in the case of the ordinary audit (Art. 728 para. 2–6) apply *mutatis mutandis*.

⁵ Natural persons, legal entities or partnerships may be appointed as independent voting representatives.

Art. 689^c⁴⁸⁷

b. Independent
voting
representative in
companies
whose shares are
listed on a stock
exchange

¹ In companies whose shares are listed on a stock exchange, the general meeting shall appoint the independent voting representative. Their term of office ends with at the end of the next ordinary general meeting. Re-appointment is possible.

² The general meeting may remove the independent voting representative at the end of the general meeting.

³ If the general meeting has not appointed an independent voting representative, the board of directors shall appoint one for the next general

⁴⁸⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴⁸⁵ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴⁸⁶ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBI 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴⁸⁷ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBI 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

meeting. The articles of association may have different rules to solve this organisational deficiency.

4 The board of directors shall ensure that the shareholders are able in particular to:

1. issue the independent voting representative with instructions on any motion relating to items on the agenda tabled in the notice convening the meeting;
2. issue the independent voting representative with general instructions on unannounced motions relating to items on the agenda and on new items on the agenda in accordance with Article 704b.

5 The independent voting representative shall treat the instructions from individual shareholders as confidential until the general meeting. They may provide the company with general information on the instructions received. They shall not provide the information earlier than three working days before the general meeting and must declare to the general meeting what information they have provided to the company.

6 Authorisation for representation and instructions may only be issued for the forthcoming general meeting. They may also be issued electronically.

Art. 689d⁴⁸⁸

c. Independent voting representative and delegation of the voting right of corporate bodies in companies whose shares are not listed on a stock exchange

1 The articles of association of companies whose shares are not listed on a stock exchange may provide that a shareholder may only be represented by another shareholder at the general meeting.

2 If the articles of association contain a provision to this effect, the board of directors must at the request of a shareholder designate an independent voting representative or a voting representative for a corporate body who may be instructed to exercise the participation rights.

3 The board of directors must in this case inform the shareholders at the latest ten days before the general meeting whom they may instruct as their representative. If the board of directors fails to comply with this duty, a shareholder may be represented by any third party. The articles of association shall regulate the details for designating the representative.

4 Article 689c paragraph 4 applies to the delegation of voting rights both to an independent voting representative and to a voting representative for corporate bodies.

⁴⁸⁸ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBI 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

Art. 689^{e489}

d. Delegation of voting rights to custodian banks in companies whose shares are not listed on a stock exchange

¹ In the case of a company whose shares are not listed on a stock exchange, any person who wishes to exercise the right to vote attached to shares deposited with them shall ask the depositors for voting instructions prior to every general meeting.

² Where the depositors' instructions cannot be obtained in good time, the custodian exercises their right to vote in accordance with their general instructions; if they do not have any instructions, they shall abstain.

³ Institutions subject to the Federal Act of 8 November 1934⁴⁹⁰ on Banks and Savings Banks and financial institutions in accordance with the Financial Institutions Act of 15 June 2018⁴⁹¹ are deemed to be custodians acting as representatives.

Art. 689^{f492}

e. Disclosure

¹ Independent voting representatives, voting representatives for a corporate body and custodians acting as voting representatives shall inform the company of the number, type, nominal value and class of the shares they represent. If they fail to do this, the resolutions of the general meeting become subject to challenge on the same conditions as apply to unauthorised participation in the general meeting (Art. 691).

² The chair shall give the general meeting aggregated information for each form of representation. If the chair fails to do so even though a shareholder has requested it, any shareholder may challenge the resolutions of the general meeting by bringing an action against the company.

Art. 690

4. Multiple beneficiaries⁴⁹³

¹ Where a share is owned collectively, the beneficiaries of the rights it confers may exercise such rights only through a joint representative.

² In the case of the usufruct of a share, such rights are represented by the usufructuary; the usufructuary is liable in damages to the owner for any failure to take due account of the latter's interests when exercising them.

⁴⁸⁹ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁹⁰ SR 952.0

⁴⁹¹ SR 954.1

⁴⁹² Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁹³ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

Art. 691

II. Unauthorised participation

1 The lending of shares for the purpose of exercising the right to vote at a general meeting is forbidden if the intention in so doing is to circumvent a restriction on the right to vote.

2bis Members of the board of directors and the executive board are entitled to participate in the general meeting.⁴⁹⁴

2 Every shareholder is entitled to object to the board of directors or in the minutes of the general meeting against the participation of unauthorised persons.

3 Where persons who are not authorised to participate in the general meeting participate in a decision on a resolution, any shareholder may challenge that resolution even if they have not raised an objection, unless the company can prove that their involvement exerted no influence on the decision made.

Art. 692

III. Voting rights at general meetings of shareholders

1. General principle

1 The shareholders shall exercise their right to vote at general meetings of shareholders in proportion to the total nominal value of the shares belonging to them.

2 Every shareholder has at least one vote, even if he holds only one share. However, the articles of association may impose restrictions on the number of votes cast by holders of multiple shares.

3 ...⁴⁹⁵

Art. 693

2. Shares with privileged right to vote

1 The articles of association may stipulate that the right to vote is determined regardless of nominal value by the number of shares belonging to each shareholder, such that each share confers one vote.

2 In this case, shares with a lower nominal value than other shares of the same company may be issued only as registered shares and must be fully paid up. The nominal value of these other shares must not exceed ten times the nominal value of the voting shares.⁴⁹⁶

3 The allocation of right to vote according to number of shares does not apply to:

1. the election of external auditors;

⁴⁹⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁹⁵ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁴⁹⁶ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

2. the appointment of experts to audit the company's business management or parts thereof;
- 3.⁴⁹⁷ any resolution concerning the instigation of a special investigation;
- 4.⁴⁹⁸ any resolution concerning the raising of a liability action.⁴⁹⁹

Art. 694

3. Entitlement to exercise right to vote

The right to vote shall take effect as soon as the amount on the share determined by law or the articles of association is paid up.

Art. 695

4. Exclusion of right to vote

¹ In the case of resolutions concerning the discharge of the board of directors, persons who have participated in any manner in the management of the company's business have no right to vote.

² ...⁵⁰⁰

Art. 696⁵⁰¹

Art. 697⁵⁰²

IV. Right to information and to inspect
1. Right to information

¹ At the general meeting, any shareholder is entitled to information from the board of directors on the affairs of the company and information from the external auditors on the methods and results of their audit.

² In companies whose shares are not listed on a stock exchange, shareholders who together represent at least 10 per cent of the share capital or of the votes may request the board of directors in writing to provide information on company matters.

³ The board of directors shall provide the information within four months. The answers of the board of directors shall also be made available for inspection by the shareholders at the latest at the next general meeting.

⁴⁹⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴⁹⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴⁹⁹ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBI 1983 II 745).

⁵⁰⁰ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS 2007 4791; BBI 2002 3148, 2004 3969).

⁵⁰¹ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁵⁰² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁴ The information must be provided insofar as it is required for the proper exercise of shareholders' rights and provided no trade secrets or other company interests warranting protection are put at risk. Any refusal to provide information shall be justified in writing.

Art. 697a⁵⁰³

2. Right to inspect

¹ The company ledgers and files may be inspected by shareholders who together represent at least 5 per cent of the share capital or of the votes.

² The board of directors shall permit inspection within four months of receiving the request. The shareholders may take notes.

³ Inspection must be permitted insofar as it is required for the proper exercise of shareholders' rights and provided no trade secrets or other company interests warranting protection are put at risk. Any refusal to provide information shall be justified in writing.

Art. 697b⁵⁰⁴

3. Refusal of the request for information or to inspect

Where information or inspection is wholly or partly refused or made impossible, the shareholders may within 30 days apply to the court for an order to provide the information or permit inspection.

Art. 697c⁵⁰⁵

V. Right to instigate a special investigation

1. With approval of the general meeting

¹ Any shareholder who has already exercised their right to information or to inspect may request the general meeting to have specific matters investigated by independent experts where this is necessary for the exercise of shareholders' rights.

² Where the general meeting adopts the motion, the company or any shareholder may apply to the court within 30 days to appoint the experts to carry out the special investigation.

Art. 697d⁵⁰⁶

2. If the motion is rejected by the general meeting

¹ Where the general meeting rejects the motion, shareholders may within three months request the court to order the special investigation,

⁵⁰³ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁰⁴ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁰⁵ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁰⁶ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

provided that together they hold at least one of the following participations:

1. in the case of companies whose shares are listed on a stock exchange: 5 per cent of the share capital or of the votes;
2. in the case of companies whose shares are not listed on a stock exchange: 10 per cent of the share capital or of the votes.

² The request to order a special investigation may extend to all issues that were the subject of the request for information or to inspect or that were addressed in the debate on the motion to conduct a special investigation at the general meeting, provided their answering is required in order for shareholders to exercise their rights.

³ The court shall order the special investigation if the applicants make a *prima facie* case that the founder members or corporate bodies have violated the law or the articles of association and the violation is likely to harm the company or the shareholders.

Art. 697e⁵⁰⁷

3. Procedure before the court

¹ The court shall decide after hearing the company and the shareholder who tabled the motion for a special investigation at the general meeting.

² If the court agrees to the request, it shall appoint the independent experts to conduct the special investigation and shall outline the subject matter of the investigation.

Art. 697f⁵⁰⁸

4. Conduct of the special investigation

¹ The special investigation shall be conducted within a reasonable period of time and without unnecessary disruption of business operations.

² Founding members, corporate bodies, agents, employees, administrators and liquidators must provide the experts with information about any matters of significance. In cases of doubt, the court decides.

³ The experts shall hear the company on the results of the special investigation.

⁴ They are required to preserve confidentiality.

⁵⁰⁷ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁰⁸ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 697g⁵⁰⁹

5. Report

¹ The experts shall report in writing and in detail about the result of their investigation. If the special investigation was ordered by the court, the experts shall submit their report to the court.

² The court shall make the report available to the company and shall at its request decide whether any passages in the report violate the company's trade secrets or other interests warranting protection and therefore may not be presented to the applicants.

³ It shall give the board of directors and the applicants the opportunity to respond to the content of the report, adapted as necessary, and to ask supplementary questions.

Art. 697h⁵¹⁰

6. Procedure and publication

¹ The board of directors shall make the experts' report, the board's response and that of the applicants available to the next general meeting.

² Any shareholder may at the company's expense request a copy of the report and the responses to it from the company for one year following the general meeting.

Art. 697h^{bis}⁵¹¹

7. Costs of the special investigation

¹ The company shall bear the costs of the special investigation. It shall also make any advance payments of costs due.

² Where justified by special circumstances, the court may order the applicants to bear some or all of the costs.

⁵⁰⁹ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁵¹⁰ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁵¹¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

Art. 697i⁵¹²**Art. 697j**⁵¹³

K. Obligation of shareholder to give notice
I. Notice of beneficial owner of shares

¹ Any person who alone or by agreement with third parties acquires shares in a company whose participation rights are not listed on a stock exchange, and thus reaches or exceeds the threshold of 25 per cent of the share capital or right to vote must within one month give notice to the company of the first name and surname and the address of the natural person for whom it is ultimately acting (the beneficial owner).

² If the shareholder is a legal entity or partnership, each natural person that controls the shareholder in analogous application of Article 963 paragraph 2 must be recorded as a beneficial owner. If there is no such person, the shareholder must give notice of this to the company.

³ If the shareholder is a company whose participation rights are listed on a stock exchange, if the shareholder is controlled by such a company in accordance with Article 963 paragraph 2, or if the shareholder controls such a company in this sense, it must only give notice of this fact and provide details of the company's name and registered office.

⁴ The shareholder must give notice to the company within three months of any change to the first name or surname or to the address of the beneficial owner.

⁵ The obligation to give notice does not apply if the shares are organised as intermediated securities and deposited with a custodian in Switzerland or entered in the main register. The company shall designate the custodian.

Art. 697k⁵¹⁴**Art. 697l**⁵¹⁵

II. Register of beneficial owners

¹ The company shall keep a register of the beneficial owners that have been notified to the company.

² This register shall contain the first name and surname and the address of the beneficial owners.

³ The documents on which notice under Article 697j are based must be retained for ten years following the person's deletion from the register.

⁴ The register must be kept in such a way that it can be accessed in Switzerland at any time.

Art. 697m⁵¹⁶

III. Failure to comply with obligations to give notice⁵¹⁷

¹ For as long as the shareholder fails to comply with their obligations to give notice, the membership rights conferred by the shares in respect of which notice of acquisition must be given shall be suspended.

² The shareholder may only exercise the property rights conferred by the shares if they have complied with their obligations to give notice.

³ If the shareholder fails to comply with their obligations to give notice within one month of acquiring the shares, the property rights lapse. If they give notice at a later date, they may exercise the property rights arising from that date.

⁴ The board of directors shall ensure that no shareholders exercise their rights while in breach of their obligations to give notice.

Art. 697n⁵¹⁸

L. Arbitral
tribunal

¹ The articles of association may provide that disputes under company law be adjudicated by an arbitral tribunal that has its seat in Switzerland. Unless the articles of association provide otherwise, the arbitration clause is binding on the company, the corporate bodies of the company, the members the corporate bodies and the shareholders.

² The procedure before the arbitral tribunal is governed by the provisions of Part 3 of the Civil Procedure Code⁵¹⁹; Chapter 12 of Federal Act of 18 December 1987⁵²⁰ on Private International Law does not apply.

- ⁵¹² Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the revised recommendations 2012 of the Financial Action Task Force (AS **2015** 1389; BBl **2014** 605). Repealed by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, with effect from 1 May 2021 (AS **2019** 3161; BBl **2019** 279).
- ⁵¹³ Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the revised recommendations 2012 of the Financial Action Task Force (AS **2015** 1389; BBl **2014** 605). Amended by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, in force since 1 Nov. 2019 (AS **2019** 3161; BBl **2019** 279).
- ⁵¹⁴ Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the revised recommendations 2012 of the Financial Action Task Force (AS **2015** 1389; BBl **2014** 605). Repealed by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, with effect from 1 May 2021 (AS **2019** 3161; BBl **2019** 279).
- ⁵¹⁵ Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the revised recommendations 2012 of the Financial Action Task Force (AS **2015** 1389; BBl **2014** 605). Amended by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, in force since 1 May 2021 (AS **2019** 3161; BBl **2019** 279).
- ⁵¹⁶ Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the 2012 revised recommendations of the Financial Action Task Force, in force since 1 July 2015 (AS **2015** 1389; BBl **2014** 605).
- ⁵¹⁷ Amended by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, in force since 1 May 2021 (AS **2019** 3161; BBl **2019** 279).
- ⁵¹⁸ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).
- ⁵¹⁹ SR **272**
- ⁵²⁰ SR **291**

³ The articles of association may regulate the details, in particular by reference to arbitration regulations. They shall in any event ensure that persons who may be directly affected by the legal consequences of the arbitral award are notified of the instigation and conclusion of the proceedings and may participate in appointing the arbitral tribunal and in the proceedings as an intervening party.

Section Three Organisation of the Company Limited by Shares

A. The General Meeting

Art. 698

I. Powers

¹ The supreme governing body of a company limited by shares is the general meeting.

² It has the following inalienable powers:

1. to determine and amend the articles of association;
2. to elect the members of the board of directors and the external auditors;
- 3.⁵²¹ to approve the management report and the consolidated accounts;
4. to approve the annual accounts and pass resolutions on the allocation of the disposable profit, and in particular to set the dividend and the shares of profits paid to board members;
- 5.⁵²² to determine the interim dividend and approve the interim account required therefor;
- 6.⁵²³ to pass resolutions on repaying the statutory capital reserve;
- 7.⁵²⁴ to discharge the members of the board of directors;
- 8.⁵²⁵ to delist the equity securities of the company;

⁵²¹ Amended by No I 1 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

⁵²² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵²³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵²⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵²⁵ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

9.⁵²⁶ to pass resolutions concerning the matters reserved to the general meeting by law or the articles of association.⁵²⁷

³ In companies whose shares are listed on a stock exchange, it has the following additional inalienable powers:

1. to elect the chair of the board of directors;
2. to elect the members of the remuneration committee;
3. to elect the independent voting representatives;
4. to vote on the remuneration of the board of directors, the executive board and the board of advisors.⁵²⁸

Art. 699⁵²⁹

II. Convening and conducting the general meeting
1. Method of convening the meeting

¹ The general meeting shall be convened by the board of directors or, where necessary, by the external auditors. The liquidators and the representatives of bond creditors shall also have the right to convene general meetings.

² The ordinary general meeting shall be held annually within six months of the end of the financial year.

³ Shareholders may request that a general meeting be convened, provided they together hold at least one of the following participations:

1. in the case of companies whose shares are listed on a stock exchange: 5 per cent of the share capital or of the votes;
2. in the case of other companies: 10 per cent of the share capital or of the votes.

⁴ Their request that the meeting be convened must be made in writing. The items on the agenda and motions must be included in the request.

⁵ Where the board of directors fails to grant such a request within a reasonable time, but at the most within 60 days, the requesting parties may request the court to order that the meeting be convened.

⁵²⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵²⁷ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁵²⁸ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵²⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 699a⁵³⁰

2. Notice of the annual report

¹ The shareholders shall be given access to the annual report and the audit reports at least 20 days before the general meeting. If the documents are not electronically accessible, any shareholder may request that they be sent to them in good time.

² If the documents are not electronically accessible, any shareholder may for one year following the general meeting request that they be sent the annual report in the form approved by the general meeting together with the audit reports.

Art. 699b⁵³¹

3. Right to table agenda items and motions

¹ Shareholders may request that items be placed on the agenda, provided they together hold at least one of the following participations:

1. in companies whose shares are listed on a stock exchange: 0.5 per cent of the share capital or of the votes;
2. in other companies: 5 per cent of the share capital or of the votes.

² Subject to the same requirements, the shareholders may request that motions relating to items on the agenda be included in the notice convening the general meeting.

³ Shareholders may submit a brief explanation when placing an item on the agenda or tabling a motion. This must be included in the notice convening the general meeting.

⁴ If the board of directors refuses to accept a request, the requesting parties may request the court to order that items be placed on the agenda or that motions and related explanations be included in the notice convening the general meeting.

⁵ At the general meeting, any shareholder may table motions in relation to the items on the agenda.

Art. 700⁵³²

4. Content of the notice convening the meeting

¹ The board of directors shall notify the shareholders that a general meeting is to be convened at least 20 days before the day of the meeting.

² The following information must be included in the notice convening the meeting:

⁵³⁰ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁵³¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁵³² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

1. the date, the starting time, the form and the location of the general meeting;
2. the business to be discussed;
3. the motions of the board of directors and, in the case of companies whose shares are listed on a stock exchange, a short explanation for these motions;
4. if applicable, the shareholders' motions with a short explanation of each;
5. if applicable, the name and the address of the independent voting representative.

³ The board of directors shall ensure that the items on the agenda meet the requirement of unity of subject matter, and shall provide the general meeting with all the information that it requires to decide on its resolutions.

⁴ It may present the items on the agenda in the notice convening the meeting in summary form, provided it makes more detailed information available to the shareholders in another way.

Art. 701⁵³³

5. Universal meeting and consent to a motion

¹ The owners or representatives of all the company's shares may, if no objection is raised, hold a general meeting without complying with the applicable regulations on convening meetings.

² This meeting may validly discuss and pass binding resolutions on all matters within the remit of the general meeting, provided that the owners or representatives of all the shares participate.

³ A general meeting may also be held without complying with the applicable regulations on convening meetings if the resolutions are decided in writing on paper or electronically, unless a shareholder or their representative requests an oral debate.

Art. 701a⁵³⁴

6. Venue
a. In general

¹ The board of directors shall decide on the venue for the general meeting.

² No shareholder shall be unduly obstructed in exercising their rights in connection with the general meeting by the choice of venue.

⁵³³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵³⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ The general meeting may be held in various locations at the same time. In this case, the oral contributions of participants must be transmitted directly in sound and vision to all venues.

Art. 701b⁵³⁵

b. Foreign venue ¹ The general meeting may be held abroad if the articles of association so permit and the board of directors designate an independent voting representative in the notice convening the meeting.

² In the case of companies whose shares are not listed on a stock exchange, the board of directors may dispense with designating an independent voting representative provided all the shareholders agree.

Art. 701c⁵³⁶

7. Use of electronic means
a. Exercise of shareholder rights

The board of directors may provide that shareholders who are not present at the general meeting venue are able to exercise their rights electronically.

Art 701d⁵³⁷

b. Virtual general meeting

¹ A general meeting may be held with no venue by electronic means if the articles of association so permit and the board of directors designate an independent voting representative in the notice convening the meeting.

² In the case of companies whose shares are not listed on a stock exchange, the articles of association may provide that the designation of an independent voting representative be dispensed with.

Art. 701e⁵³⁸

c. Requirements for the use of electronic means

¹ The board of directors shall regulate the use of electronic means.

² It shall ensure that:

1. the identity of the participants is established;
2. the oral contributions at the general meeting are directly transmitted;
3. each participant can table motions and participate in the debate;

⁵³⁵ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁵³⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁵³⁷ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁵³⁸ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

4. the result of the vote cannot be falsified.

Art. 701^{f539}

d. Technical problems

¹ If technical problems arise during the general meeting, with the result that the general meeting cannot be duly conducted, the meeting must be held again.

² Resolutions that the general meeting has passed before the technical problems arise remain valid.

Art. 702⁵⁴⁰

III. Preparatory measures;
minutes

¹ The board of directors shall take the measures required to determine who has the right to vote.

² It shall ensure that minutes are kept. These record:

1. the date, the starting and end times, the form and the venue of the general meeting;
2. the number, the type, the nominal value and the class of shares represented, with details of the shares represented by the independent voting representative, by voting representatives for corporate bodies and by custodians acting as representatives;
3. the resolutions and results of the elections;
4. the requests for information made at the general meeting and the answers given in reply;
5. the statements made by shareholders for the record;
6. any significant technical problems that arise during the general meeting.⁵⁴¹

³ The minutes must be signed by the minute-taker and by the person chairing the general meeting.⁵⁴²

⁴ Any shareholder may request access to the minutes within 30 days following the general meeting.⁵⁴³

⁵³⁹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁴⁰ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁵⁴¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁴² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁴³ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵ In the case of companies whose shares are listed on a stock exchange, the resolutions and the election results with details of the exact the percentage of votes for and against shall be made electronically accessible within 15 days following the general meeting.⁵⁴⁴

Art. 702a⁵⁴⁵

IV. Right of members of the board of directors and the executive board to make a statement; Right of the board of directors to table motions

¹ If members of the board of directors or the executive board participate in the general meeting, they may make a statement on any item on the agenda.

² The board of directors may table motions on any item on the agenda.

Art. 703⁵⁴⁶

V. Resolutions and elections
1. In general

¹ Unless otherwise provided by law or the articles of association, the general meeting shall pass resolutions and conduct elections by a majority of the shares bearing voting rights represented.

² The articles of association may provide that in the event of a tie, the person chairing the meeting has the casting vote.

Art. 704⁵⁴⁷

2. Important resolutions

¹ A resolution by the general meeting requires at least two-thirds of the votes represented and a majority of the nominal value of shares represented for each of the following:

1. any amendment of the company's objects;
2. the consolidation of shares, unless the consent of all the shareholders concerned is required;

⁵⁴⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁴⁵ Inserted by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names) (AS 2007 4791; BBl 2002 3148, 2004 3969). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁴⁶ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁴⁷ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

3. a capital increase from equity capital, in return for contributions in kind or by offset with a claim, and the granting of special privileges;
 4. the restriction or cancellation of the subscription right;
 5. the introduction of contingent capital, the introduction of a capital band or the creation of reserve capital in accordance with Article 12 of the Banking Act of 8 November 1934⁵⁴⁸;
 6. the conversion of participation certificates into shares;
 7. any restriction on the transferability of registered shares;
 8. the introduction of shares with preferential right to vote;
 9. any change in the currency of the share capital;
 10. the introduction of a casting vote for the person chairing the general meeting;
 11. a provision of the articles of association on holding the general meeting abroad;
 12. the delisting of the equity securities of the company;
 13. the relocation of the seat of the company;
 14. the introduction of an arbitration clause in the articles of association;
 15. dispensing with the designation of an independent voting representative for conducting a virtual general meeting in the case of companies whose shares are not listed on a stock exchange;
 16. the dissolution of the company.⁵⁴⁹
- ² Provisions of the articles of association which stipulate that larger majorities than those prescribed by law are required in order to make certain resolutions may themselves be introduced, amended or repealed only with the majority specified.⁵⁵⁰

⁵⁴⁸ SR 952.0

⁵⁴⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁵⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ Registered shareholders who did not vote in favour of a resolution to amend the company's objects or to introduce shares with preferential right to vote are not bound by restrictions on the transferability of their shares imposed by the articles of association for the six months following publication of such resolutions in the Swiss Official Gazette of Commerce.

Art. 704a⁵⁵¹

3. Conversion of bearer shares into registered shares

The resolution of the general meeting on converting bearer shares into registered shares may be passed by a majority of votes cast. The articles of association must not impede the conversion.

Art. 704b⁵⁵²

4. Notice the items on the agenda

No resolutions may be passed on motions relating to agenda items for which due notice has not been given; exceptions to this are motions to convene an extraordinary general meeting or to carry out a special audit and to appoint an external auditor.

Art. 705

VI. Right to remove⁵⁵³

¹ The general meeting may remove any persons that it has elected.⁵⁵⁴

² The claims for compensation of persons thus dismissed are reserved.

⁵⁵¹ Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the 2012 revised recommendations of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

⁵⁵² Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁵³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁵⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 706

VII. Challenging resolutions of the general meeting
 1. Right of action and grounds⁵⁵⁵

¹ The board of directors and every shareholder may challenge resolutions of the general meeting which violate the law or the articles of association by bringing action against the company before the court.

² In particular, challenges may be brought against resolutions which

1. remove or restrict the rights of shareholders in breach of the law or the articles of association;
2. remove or restrict the rights of shareholders in an improper manner;
3. give rise to the unequal treatment or disadvantaging of the shareholders in a manner not justified by the company's objects;
4. transform the company into a non-profit organisation without the consent of all the shareholders.⁵⁵⁶

³⁻⁴ ...⁵⁵⁷

⁵ A court judgment that annuls a resolution made by the general meeting is effective for and against all the shareholders.

Art. 706a⁵⁵⁸

2. Procedure

¹ The right to challenge shall lapse if the action is not brought within two months of the general meeting.

⁵⁵⁵ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁵⁵⁶ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁵⁵⁷ Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁵⁵⁸ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

² Where the board of directors is the claimant, the court shall appoint a representative for the company.

³ ...⁵⁵⁹

Art. 706b⁵⁶⁰

VIII. Nullity⁵⁶¹

In particular, resolutions of the general meeting shall be void if they:

1. remove or restrict the right to participate in the general meeting, the minimum right to vote, the right to take legal action or other shareholder rights that are mandatory in law;
2. restrict the shareholders' rights of control beyond the legally permissible degree, or
3. disregard the basic structures of the company limited by shares or the provisions on capital protection.

B. The Board of Directors⁵⁶²

Art. 707

I. In general

¹ The company's board of directors comprises one or more members.⁵⁶⁴

1. Eligibility⁵⁶³

² ...⁵⁶⁵

³ Where a legal entity or commercial company holds an equity participation in the company, it is not eligible as such to serve as a member of the board of directors; however, its representative may be elected in its stead.

⁵⁵⁹ Repealed by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, with effect from 1 Jan. 2011 (AS **2010** 1739; BBl **2006** 7221).

⁵⁶⁰ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS **1992** 733; BBl **1983** II 745).

⁵⁶¹ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁵⁶² Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS **1992** 733; BBl **1983** II 745).

⁵⁶³ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS **1992** 733; BBl **1983** II 745).

⁵⁶⁴ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁵⁶⁵ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

Art. 708⁵⁶⁶**Art. 709**⁵⁶⁷

2. Representa-
tion of share-
holder classes
and groups⁵⁶⁸

1 Where two or more different classes of shares exist with regard to voting or property rights, the articles of association must stipulate that the shareholders of each different class of shares are entitled to elect at least one representative to the board of directors.

2 The articles of association may contain special provisions to protect minorities or specific groups of shareholders.

Art. 710⁵⁶⁹

3. Term of office

1 The term of office of members of the board of directors of companies whose shares are listed on a stock exchange shall end at the latest on conclusion of the next ordinary general meeting. Members are elected individually.

2 In the case of companies whose shares are not listed on a stock exchange, the term of office amounts to three years, unless the articles of association provide otherwise; however, the term of office must not exceed six years. Members are elected individually, unless the articles of association provide otherwise or the person chairing the general meeting issues a different order with the consent of all the shareholders represented.

3 Re-election is possible.

⁵⁶⁶ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁵⁶⁷ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS **1992** 733; BBl **1983** II 745).

⁵⁶⁸ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁵⁶⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

Art. 711⁵⁷⁰**Art. 712**⁵⁷¹

II. Organisation

1. Chair

¹ In the case of companies whose shares are listed on a stock exchange, the general meeting shall elect one of the members of the board of directors to be chair. The chair's term of office ends at the latest on conclusion of the next ordinary general meeting.

² In the case of companies whose shares are not listed on a stock exchange, the board of directors shall elect one of its members to be chair. The articles of association may stipulate that the chair be elected by the general meeting.

³ Re-election is possible.

⁴ If the office of chair becomes vacant, the board of directors shall appoint a new chair for the remaining term of office. The articles of association may provide for different rules on remedying this organisational deficiency.

Art. 713⁵⁷²

2. Resolutions

¹ Resolutions of the board of directors are passed by a majority of the votes cast. The chairman has a casting vote, unless the articles of association provide otherwise.

² The board of directors may pass its resolutions:

1. at a meeting that has a physical venue;
2. by using electronic means, applying Articles 701c–701e *mutatis mutandis*;
3. in writing on paper or electronically, unless a member requests that it be debated orally. If the resolution is passed electronically, no signature is required, unless the board of directors specify a different requirement in writing.⁵⁷³

³ Minutes shall be kept of the board's discussions and resolutions; these shall be signed by the chair and by the minute-taker.⁵⁷⁴

⁵⁷⁰ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS **2007** 4791; BBI **2002** 3148, **2004** 3969).

⁵⁷¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBI **2017** 399).

⁵⁷² Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS **1992** 733; BBI **1983** II 745).

⁵⁷³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBI **2017** 399).

⁵⁷⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBI **2017** 399).

- Art. 714**⁵⁷⁵
3. Void resolutions The grounds for the nullity of resolutions by the general meeting apply *mutatis mutandis* to resolutions by the board of directors.
- Art. 715**⁵⁷⁶
4. Right to convene meetings Any member of the board of directors may request that the chair convene a meeting without delay, but must state the reasons for his request.
- Art. 715a**⁵⁷⁷
5. Right to information and of inspection
- ¹ Any member of the board of directors may request information on any company business.
- ² At meetings, all members of the board of directors and all persons entrusted with managing the company's business are obliged to give information.
- ³ Outside meetings, any member may request information from the persons entrusted with managing the company's business concerning the company's business performance and, with the chair's authorisation, specific transactions.
- ⁴ Where required for the performance of their duties, any member may request the chair to have books of account and documents made available to them for inspection.
- ⁵ If the chair refuses a request for information, a request to be heard or an application to inspect documents, the board of directors shall rule on the matter.
- ⁶ Rulings or resolutions of the board of directors conferring on the directors more extensive rights to obtain information or inspect documents are reserved.
- Art. 716**⁵⁷⁸
- III. Duties
1. In general
- ¹ The board of directors may pass resolutions on all matters not reserved to the general meeting by law or the articles of association.
- ² The board of directors shall manage the business of the company, unless responsibility for such management has been delegated.
- ⁵⁷⁵ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).
- ⁵⁷⁶ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).
- ⁵⁷⁷ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).
- ⁵⁷⁸ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

Art. 716a⁵⁷⁹

2. Non-transferable duties

¹ The board of directors shall have the following non-transferable and inalienable duties:

1. the overall management of the company and issuing the required directives;
2. determining the company's organisation;
3. organising the accounting, financial control and financial planning systems as required for management of the company;
4. appointing and dismissing persons entrusted with managing and representing the company;
5. overall supervision of the persons entrusted with managing the company, in particular with regard to compliance with the law, articles of association, operational regulations and directives;
6. compiling the annual report⁵⁸⁰, preparing for the general meeting and implementing its resolutions;
- 7.⁵⁸¹ filing an application for a debt restructuring moratorium and notifying the court in the event that the company is overindebted;
- 8.⁵⁸² in the case of companies whose shares are listed on a stock exchange: preparing the remuneration report.

² The board of directors may assign responsibility for preparing and implementing its resolutions or monitoring transactions to committees or individual members. It must ensure appropriate reporting to its members.

Art. 716b⁵⁸³

3. Delegation of business management

¹ Unless the articles of association provide otherwise, the board of directors may delegate the management of all or part of the company's business in accordance with organisational regulations to individual members or third parties (executive board).

² In the case of companies whose shares are listed on a stock exchange, the management of the company's business may be delegated to individual members of the board of directors or to other natural persons. The

⁵⁷⁹ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁵⁸⁰ Revised by the Federal Assembly Drafting Committee (Art. 33 ParlPA; AS 1974 1051).
⁵⁸¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁸² Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁸³ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBl 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

management of the company's assets may be delegated to natural persons or legal entities.

³ The organisational regulations shall regulate the management of the company's business, stipulate the bodies required to carry this out, define their duties and, in particular, regulate the company's internal reporting.

⁴ On request, the board of directors shall issue information in writing or electronically concerning the organisation of the business management to shareholders and company creditors with a demonstrable interest warranting protection.

⁵ Where management of the company's business has not been delegated, it is the responsibility of all the members of the board of directors.

Art. 717⁵⁸⁴

IV. Duty of care and loyalty
1. In general⁵⁸⁵

¹ The members of the board of directors and third parties engaged in managing the company's business must perform their duties with all due diligence and safeguard the interests of the company in good faith.

² They must afford the shareholders equal treatment in like circumstances.

Art. 717a⁵⁸⁶

2. Conflicts of interest

¹ The members of the board of directors and the executive board shall inform the board of directors immediately and comprehensively of any conflicts of interest affecting them.

² The board of directors shall take the measures required to safeguard the company's interests.

⁵⁸⁴ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁵⁸⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁵⁸⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

V. Representa-
tion
1. In
general

Art. 718⁵⁸⁷

¹ The board of directors shall represent the company externally. Unless the articles of association or the organisational regulations stipulate otherwise, every member shall have the authority to represent the company.

² The board of directors may delegate the task of representation to one or more members (managing directors) or third parties (executive officers).

³ At least one member of the board of directors must be authorised to represent the company.

⁴ The company must be able to be represented by one person who is resident in Switzerland. This person must be a member of the board of directors or an executive officer. They must have access to the share register and to the register under Article 697I, unless this register is kept by a financial intermediary.⁵⁸⁸

2. Scope and re-
striction

Art. 718a⁵⁸⁹

¹ The persons with authority to represent the company may carry out any legal acts on behalf of the company that are consistent with the company's objects.

² Any restriction of such authority shall have no effect against bona fide third parties; any provisions governing exclusive representation of the principal place of business or a branch office or governing joint representation of the company that are entered in the commercial register are exceptions to this rule.

⁵⁸⁷ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁵⁸⁸ Inserted by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names) (AS 2007 4791; BBl 2002 3148, 2004 3969). Amended by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the revised recommendations 2012 of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

⁵⁸⁹ Inserted by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733, BBl 1983 II 745).

Art. 718^b⁵⁹⁰

3. Contracts between the company and its representative

If the company is represented in the conclusion of a contract by the person with whom it is concluding the contract, the contract must be done in writing. This requirement does not apply to contracts relating to everyday business where the value of the company's goods or services does not exceed 1,000 francs.

Art. 719

4. Signatures⁵⁹¹

The persons with authority to represent the company must sign by appending their signature to the business name of the company.

Art. 720⁵⁹²**Art. 721**⁵⁹³

5. Registered attorneys and commercial agents⁵⁹⁴

The board of directors may appoint registered attorneys and other commercial agents.

Art. 722⁵⁹⁵

VI. Directors' and officers' liability⁵⁹⁶

The company shall be liable for any loss or damage caused by unauthorised acts carried out in the exercise of its business activities by a person authorised to manage or represent the company.

⁵⁹⁰ Inserted by No I of the FA of 4 Oct. 1991 (AS **1992** 733; BBl **1983** II 745). Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁵⁹¹ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁵⁹² Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁵⁹³ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS **1992** 733; BBl **1983** II 745).

⁵⁹⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁵⁹⁵ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS **1992** 733; BBl **1983** II 745).

⁵⁹⁶ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

Art. 723–724⁵⁹⁷**Art. 725**⁵⁹⁸

VII. Imminent
insolvency, loss
of capital and
overindebtedness
1. Imminent
insolvency

¹ The board of directors shall monitor the solvency of the company.

² If the company is threatened with insolvency, the board of directors shall take measures to ensure its solvency. It shall take, where necessary, further measures to restructure the company or shall request the general meeting to approve such measures if they fall within the competence of the general meeting. It shall, if necessary, apply for a debt restructuring moratorium.

³ The board of directors shall act with the required urgency.

Art. 725a⁵⁹⁹

2. Capital loss

¹ If the most recent annual accounts indicate that the assets less the liabilities no longer cover half of the sum of the share capital, the statutory capital reserve not to be repaid to the shareholders and the statutory retained earnings, the board of directors shall take measures to rectify the loss of capital. It shall take, where necessary, further measures to restructure the company or shall request the general meeting to approve such measures if they fall within the competence of the general meeting.

² If the company does not have an external auditor, the most recent annual accounts must also undergo a limited audit by a licensed auditor before their approval by the general meeting. The board of directors shall appoint the licensed auditor.

⁵⁹⁷ Repealed by No I of the FA of 4 Oct. 1991, with effect from 1 July 1992 (AS 1992 733; BBI 1983 II 745).

⁵⁹⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁵⁹⁹ Inserted by No I of the FA of 4 Oct. 1991 (AS 1992 733; BBI 1983 II 745). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

³ The audit requirement in paragraph 2 does not apply if the board of directors applies for a debt restructuring moratorium.

⁴ The board of directors and the external auditor or the licensed auditor shall act with the required urgency.

Art. 725b⁶⁰⁰

3. Overindebtedness

¹ If there is justified concern that the company's liabilities are no longer covered by its assets, the board of directors shall immediately prepare an interim account at going concern values and sale values. An interim account at sale values is not required if it is assumed that the company will continue to operate and the interim account at going concern values does not indicate overindebtedness. If it is assumed that the company will not continue to operate, an interim account at sale values is sufficient.

² The board of directors shall have the interim accounts audited by the external auditor or if there is no external auditor, by a licensed auditor; it shall appoint the licensed auditor.

³ If the company is overindebted according to the two interim accounts, the board of directors shall notify the court. The court shall open bankruptcy proceedings or proceed in accordance with Article 173a of the Federal Act of 11 April 1889⁶⁰¹ on Debt Enforcement and Bankruptcy.

⁴ Notification of the court is not required:

1. if the company's creditors subordinate their claims to those of all other company creditors to the extent of the overindebtedness, provided the subordination of the amount due and the interest claims apply for the duration of the overindebtedness; or
2. provided there is a reasonable prospect that the overindebtedness can be remedied within a reasonable period, but no later than 90 days after submission of the audited interim accounts, and that the claims of the creditors are not additionally jeopardised.

⁵ If the company does not have an external auditor, the licensed auditor must comply with the reporting duties of the external auditor conducting a limited audit.

⁶ The board of directors and the external auditor or the licensed auditor shall act with the required urgency.

⁶⁰⁰ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁰¹ SR 281.1

Art. 725c⁶⁰²

4. Revaluation of immovable property and participations

¹ In order to remedy a loss of capital in accordance with Article 725a or overindebtedness in accordance with Article 725b, immovable property and participations whose true value has exceeded their acquisition or production costs may be revalued at a maximum of the true value. The amount of the revaluation shall be shown separately under the statutory retained earnings as the revaluation reserve.

² Revaluation is permitted only if the external auditor or, if there is no external auditor, a licensed auditor confirms in writing that the statutory provisions have been complied with.

³ The revaluation reserve may only be dissolved by conversion into share or participation capital and by valuation adjustment or sale of the revalued assets.

Art. 726

VIII. Dismissal and suspension⁶⁰³

¹ The board of directors may dismiss committees, managing directors, executive officers, registered attorneys and other commercial agents that it has appointed at any time.

² The registered attorneys and commercial agents appointed by the general meeting may be suspended from their duties at any time by the board of directors, providing a general meeting is convened immediately.

³ Claims for compensation by persons dismissed or suspended are reserved.

C. ⁶⁰⁴ External Auditors**Art. 727**

I. Audit requirement
1. Ordinary audit

¹ The following companies must have their annual accounts and if applicable their consolidated accounts reviewed by an external auditor in an ordinary audit:

1. Publicly traded companies; these are companies that:
 - a. have equity securities listed on a stock exchange,
 - b. have bonds outstanding,

⁶⁰² Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁶⁰³ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBI 1983 II 745).

⁶⁰⁴ Amended by No I 1 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBI 2002 3148, 2004 3969)..

- c. contribute at least 20 per cent of the assets or of the turnover to the consolidated accounts of a company in terms of letter a or b;
- 2.⁶⁰⁵ Companies that exceed two of the following thresholds in two successive financial years:
- a. a balance sheet total of 20 million francs,
 - b. sales revenue of 40 million francs,
 - c. 250 full-time positions on annual average;
3. Companies that are required to prepare consolidated accounts.
- ^{1bis} If the financial reporting is not carried out in francs, in order to ascertain the values in accordance with paragraph 1 number 2, the exchange rate as at the balance sheet date shall be applied for the balance sheet total and the annual average exchange rate for the sales revenue.⁶⁰⁶
- ² An ordinary audit must be carried out if shareholders who represent at least 10 per cent of the share capital so request.
- ³ If the law does not require an ordinary audit of the annual accounts, the articles of association may provide or the general meeting may decide that the annual accounts be subjected to an ordinary audit.

Art. 727a

2. Limited audit
- ¹ If the requirements for an ordinary audit are not met, the company must have its annual accounts reviewed by an external auditor in a limited audit.
- ² With the consent of all the shareholders, a limited audit may be dispensed with if the company does not have more than ten full-time employees on annual average.
- ³ The board of directors may request the shareholders in writing for their consent. It may set a period of at least 20 days for reply and give notice that failure to reply will be regarded as consent.
- ⁴ If the shareholders have dispensed with a limited audit, this also applies for subsequent years. Any shareholder has however the right, at the latest 10 days before the general meeting, to request a limited audit. In such an event, the general meeting must appoint the external auditor.
- ⁵ The board of directors shall amend the articles of association to the extent required and apply to the commercial register for the deletion or the registration of the external auditor.

⁶⁰⁵ Amended by No I of the FA of 17 June 2011 (Auditing Law), in force since 1 Jan. 2012 (AS 2011 5863; BBl 2008 1589). See also the Transitional provision below relating to this amendment.

⁶⁰⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 727b

II. Requirements for the external auditor
1. In an ordinary audit

¹ Publicly traded companies must appoint as an external auditor an audit company under state oversight in terms of the Auditor Oversight Act of 16 December 2005⁶⁰⁷. They must also arrange for audits that must be carried out in terms of the statutory provisions by a licensed auditor or a licensed audit expert to be carried out by a state supervised audit company.

² Other companies that are required to have an ordinary audit must appoint as external auditor a licensed audit expert in terms of the Auditor Oversight Act of 16 December 2005. They must also arrange for audits that must be carried out in terms of the statutory provisions by a licensed auditor to be carried out by a licensed audit expert.

Art. 727c

2. In a limited audit

Companies that are required to have a limited audit must appoint as external auditor a licensed auditor in terms of the Auditor Oversight Act of 16 December 2005⁶⁰⁸.

Art. 728

III. Ordinary audit
1. Independence of the external auditor

¹ The external auditor must be independent and form its audit opinion objectively. Its true or apparent independence must not be adversely affected.

² The following are in particular not compatible with independence:

1. membership of the board of directors, any other decision-making function in the company or any employment relationship with it;
2. a direct or significant indirect participation in the share capital or a substantial claim against or debt due to the company;
3. a close relationship between the person managing the audit and a member of the board of directors, another person in a decision-making function, or a major shareholder;
4. the involvement in the accounting or the provision of any other services which give rise to a risk that the external auditor will have to review its own work;
5. the assumption of a duty that leads to economic dependence;
6. the conclusion of a contract on non-market conditions or of a contract that establishes an interest on the part of the external auditor in the result of the audit;
7. the acceptance of valuable gifts or of special privileges.

⁶⁰⁷ SR 221.302

⁶⁰⁸ SR 221.302

³ The provisions on independence apply to all persons involved in the audit. If the external auditor is a partnership or a legal entity, then the provisions on independence also apply to the members of the supreme management or administrative body and to other persons with a decision-making function.

⁴ Employees of the external auditor that are not involved in the audit may not be members of the board of directors or exercise any other decision-making function in the company being audited.

⁵ There is no independence if persons who do not meet the requirements of independence are closely associated with the external auditor, persons involved in the audit, the members of the supreme management or administrative bodies or other persons with a decision-making function.

⁶ The provisions on independence also apply to undertakings controlled by the company or the external auditor or that control the company or the external auditor.⁶⁰⁹

Art. 728a

2. Duties of the external auditor
a. Object and extent of the audit

¹ The external auditor shall examine whether:

1. the annual accounts and, if applicable, the consolidated accounts comply with the statutory provisions, the articles of association and the chosen set of financial reporting standards;
2. the motion made by the board of directors to the general meeting on the allocation of the balance sheet profit complies with the statutory provisions and the articles of association;
3. there is an internal system of control;
- 4.⁶¹⁰ in the case of companies whose shares are listed on a stock exchange, the remuneration report complies with the statutory rules and the articles of association.

² The external auditor takes account of the internal system of control when carrying out the audit and in determining the extent of the audit.

³ The management of the board of directors is not the subject matter of the audit carried out by the external auditor.

Art. 728b

b. Audit report

¹ The external auditor provides the board of directors with a comprehensive report with conclusions on the financial reporting, the internal system of control as well as the conduct and the result of the audit.

⁶⁰⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶¹⁰ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

² The external auditor provides the general meeting with a summary report in writing on the result of the audit. This report contains:

1. an assessment on the result of the audit;
2. information on independence;
3. information on the person who managed the audit and on his specialist qualifications;
4. a recommendation on whether the annual accounts and the consolidated accounts should be approved or rejected with or without qualification.

³ Both reports must be signed by the person who managed the audit.

Art. 728c

c. Duties to notify

¹ If the external auditor finds that there have been infringements of the law, the articles of association or the organisational regulations, it shall give notice of this to the board of directors in writing.

² In addition, it informs the general meeting of any infringements of the law or the articles of association, if:

1. these are material; or
2. the board of directors fails to take any appropriate measures on the basis of written notice given by the external auditor.

³ If the company is clearly overindebted and the board of directors fails to notify the court of this, then the external auditor will notify the court.

Art. 729

IV. Limited audit
1. Independence of the external auditor⁶¹¹

¹ The external auditor must be independent and form its audit opinion objectively. Its true or apparent independence must not be adversely affected.

² Involvement in the accounting and the provision of other services for the company being audited are permitted. In the event that the risk of auditing its own work arises, a reliable audit must be ensured by means of suitable organisational and staffing measures.

Art. 729a

2. Duties of the external auditor
a. Object and extent of the audit

¹ The external auditor examines whether there are circumstances that indicate that:

1. the annual accounts do not comply with the statutory provisions or the articles of association;

⁶¹¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

2. the motion made by the board of directors to the general meeting on the allocation of the balance sheet profit does not comply with the statutory provisions and the articles of association.

² The audit shall be limited to conducting interviews, analytical audit activities and appropriate detailed inspections.

³ The management of the board of directors is not the subject matter of the audit carried out by the external auditor.

Art. 729b

- b. Audit report
- 1 The external auditor provides the general meeting with a summary report in writing on the result of the audit. This report contains:
 1. a reference to the limited nature of the audit;
 2. an assessment on the result of the audit;
 3. information on independence and, if applicable, on participation in accounting and other services provided to the company being audited;
 4. information on the person who managed the audit, and on his specialist qualifications.
 - 2 The report must be signed by the person who managed the audit.

Art. 729c

- c. Duty to notify
- If the company is obviously overindebted and the board of directors fails to notify the court, then the external auditor will notify the court.

Art. 730

- V. Common provisions
1. Appointment of the external auditor
 - 1 The general meeting shall appoint the external auditor.
 - 2 One or more natural persons or legal entities or partnerships may be appointed.
 - 3 Public audit offices or their employees may also be appointed as external auditor provided they meet the requirements of this Code. The provisions on independence apply *mutatis mutandis*.
 - 4 At least one member of the external auditor must be resident in Switzerland, or have its registered office or a registered branch office in Switzerland.

Art. 730a

2. Term of office of the external auditor
 - 1 The external auditor shall be appointed for a period of one up to three financial years. Its term of office ends on the adoption of the annual accounts for the final year. Re-appointment is possible.

² In the case of an ordinary audit, the person who manages the audit may exercise his mandate for seven years at the most. He may only accept the same mandate again after an interruption of three years.

³ If an external auditor resigns, it must notify the board of directors of the reasons; the board of directors informs the next general meeting of these reasons.

⁴ The general meeting may only remove the external auditor for good cause.⁶¹²

Art. 730b

3. Information and confidentiality

¹ The board of directors shall provide the external auditor with all the documents and information that it requires, in writing if so requested.

² The external auditor shall safeguard the business secrets of the company in its assessments, unless it is required by law to disclose such information. In its reports, in submitting notices and in providing information to the general meeting, it safeguards the business secrets of the company.

Art. 730c

4. Documentation and retention

¹ The external auditor must document all audit services and keep audit reports and any other essential documents for at least ten years. It must ensure that electronic data can be made readable for the same period.

² The documents must make it possible to confirm compliance with the statutory provisions in an efficient manner.

Art. 731

5. Approval of the accounts and allocation of profits

¹ In companies that are required to have their annual accounts and, if applicable, their consolidated accounts reviewed by an external auditor, the audit report must be submitted before the annual accounts and the consolidated accounts are approved at the general meeting and a resolution is passed on the allocation of the balance sheet profit.

² If an ordinary audit is carried out, the external auditor must be present at the general meeting. The general meeting may waive the presence of the external auditor by unanimous resolution.

³ If the required audit report is not submitted, the resolutions on the approval of the annual accounts and the consolidated accounts and on the allocation of the balance sheet profit are null and void. If the provisions on the presence of the external auditor are infringed, these resolutions may be challenged.

⁶¹² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 731a

6. Special provisions

- ¹ The articles of association and the general meeting may specify details on the organisation of the external auditor in more detail and expand its range of duties.
- ² The external auditor may not be assigned duties of the board of directors, or duties that adversely affect its independence.
- ³ The general meeting may appoint experts to audit the management or individual aspects thereof.

D.⁶¹³ Defects in the Organisation of the Company**Art. 731b**

¹ Any shareholder or creditor may request the court to take the required measures if a company has any of the following organisational defects:

1. The company lacks any of the required corporate bodies.
2. A required corporate body is not composed correctly.
3. The company is not keeping the share register or the register of its reported beneficial owners in accordance with the regulations.
4. The company has issued bearer shares without having equity securities listed on a stock exchange or organising the bearer shares as intermediated securities.
5. The company is no longer legally domiciled at its seat.⁶¹⁴

^{1bis} The court may in particular:

1. allow the company a period of time, under threat of its dissolution, within which to re-establish the lawful situation;
2. appoint the required corporate body or an administrator;
3. dissolve the company and order its liquidation according to the regulations on insolvency proceedings.⁶¹⁵

⁶¹³ Inserted by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁶¹⁴ Amended by No II of the FA of 21 June 2019 on Implementing the Recommendations of the Global Forum on Transparency and Exchange of Information for Tax Purposes, in force since 1 Jan. 2021, No 4 in force from 1 May 2021 (AS 2019 3161, 2020 957; BBl 2019 279).

⁶¹⁵ Inserted by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, in force since 1 Nov. 2019 (AS 2019 3161; BBl 2019 279).

² If the court appoints the required corporate body or an administrator, it determines the duration for which the appointment is valid. It shall require the company to bear the costs and to make an advance payment to the appointed persons.

³ If there is good cause, the company may request the court to remove the persons the court has appointed.

⁴ The liquidators appointed to liquidate the company under the bankruptcy provisions shall notify the court as soon as they establish over-indebtedness; the court opens the bankruptcy proceedings.⁶¹⁶

Section Four:⁶¹⁷ **Remuneration in Companies whose Shares are Listed on a Stock Exchange**

Art. 732

A. Scope of application

¹ The provisions of this section apply to companies whose shares are listed on a stock exchange.

² Other companies may provide in their articles of association that they apply this section in full or in part.

Art. 732a

Repealed

Art. 733

B. Remuneration committee

¹ The general meeting shall elect the members of the remuneration committee individually.

² Only members of the board of directors may be elected.

³ The term of office ends on conclusion of the next ordinary general meeting. Re-election is possible.

⁴ If there are any vacancies on the remuneration committee, the board of directors shall appoint the members required for the remaining term of office. The articles of association may provide for other rules on remedying this organisational deficiency.

⁵ The articles of association shall regulate the principles on the duties and responsibilities of the remuneration committee.

⁶¹⁶ Inserted by No I 2 of the FA of 17 March 2017 (Commercial Register Law), in force since 1 Jan. 2021 (AS 2020 957; BBI 2015 3617).

⁶¹⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023, Art. 734f in force since 1 Jan. 2021 (AS 2020 4005; 2022 109; BBI 2017 399).

Art. 734

C. Remuneration
report
I. In
general

¹ The board of directors shall prepare a written remuneration report each year.

² The provisions of the thirty-second title on the principles of proper financial reporting, the presentation, currency and language and the keeping and retention of the company ledgers apply *mutatis mutandis* to the remuneration report.

³ The provisions governing notice and publication of the annual report apply *mutatis mutandis* to notice and publication of the remuneration report.

Art. 734a

II. Remuneration
of the board of
directors, the ex-
ecutive board
and the board of
advisors

¹ The remuneration report shall specify all the remuneration that the company has paid directly or indirectly to:

1. current members of the board of directors;
2. current members of the executive board;
3. current members of the board of advisors;
4. former members of the board of directors, the executive board or the board of advisors, provided they are connected with their former activity as a corporate body of the company; the foregoing does not apply to occupational pension benefits.

² In particular, the following are deemed to be remuneration:

1. fees, salaries, bonuses and account credits;
2. shares of profits paid to board members and commissions, participation in turnover and other forms of participation in the business results;
3. services and benefits in kind;
4. the allocation of equity securities, and conversion and option rights;
5. joining bonuses;
6. guarantee and pledge commitments and other collateral commitments;
7. waivers of claims;
8. expenditures giving rise to or increasing occupational benefit entitlements;
9. all payments and benefits for additional work;
10. compensation connected with the prohibition of competition.

³ The details of the remuneration shall include:

1. the amount for the board of directors as a whole and the amount for each member, specifying the name and function of the member concerned;
2. the amount for the executive board as a whole and the highest amount for each member, specifying the name and function of the member concerned;
3. the amount for the board of advisors as a whole and the amount for each member, specifying the name and function of the member concerned;
4. if applicable the names and functions of the members of the executive board to whom additional amounts have been paid.

Art. 734b

III. Loans and credit facilities for the board of directors, the executive board and the board of advisors

¹ The remuneration report shall specify:

1. loans and credit facilities granted to the current members of the board of directors, executive board and board of advisors that are still outstanding;
2. loans and credit facilities granted to former members of the board of directors, executive board and board of advisors that were granted on conditions other than the customary market conditions and are still outstanding.

² Article 734a paragraph 3 applies *mutatis mutandis* to the information on loans and credit facilities.

Art. 734c

IV. Remuneration, loans and credit facilities granted to close associates

¹ The following shall be shown separately in the remuneration report:

1. the remuneration that the company has paid directly or indirectly on conditions other than the customary market conditions to persons closely associated with current or former members of the board of directors, the executive board or the board of advisors;
2. the loans and credit facilities granted on conditions other than the customary market conditions to persons closely associated with current or former members of the board of directors, the executive board or the board of advisors which are still outstanding.

² The names of the close associates need not be provided.

³ The rules on information on the remuneration of, and loans and credit facilities granted to members of the board of directors, the executive board and the board of advisors otherwise apply.

Art. 734d

V. Participation rights and options on such rights

The remuneration report must indicate the participation rights in the company and the options on such rights of each current member of the board of directors, the executive board and the board of advisors including the member's close associates, as well as providing the name and function of the member concerned.

Art. 734e

VI. Activities in other undertakings

¹ The remuneration report shall specify the functions of the members of the board of directors, the executive board and the board of advisors in other undertakings in accordance with Article 626 paragraph 2 number 1.

² The details shall include the name of the member and of the undertaking and the function exercised.

Art. 734⁶¹⁸

VII. Gender representation of on the board of directors and in the executive board

Unless each gender makes up at least 30 per cent of the board of directors and 20 per cent of the executive board, the following must be indicated in the remuneration report of companies that exceed the thresholds in Article 727 paragraph 1 number 2:

1. the reasons why genders are not represented as required; and
2. the measures being taken to increase representation of the less well represented gender.

Art. 735

D. Voting in the general meeting
I. Remuneration

¹ The general meeting shall vote on the remuneration that the board of directors, the executive board and the board of advisors directly or indirectly receive from the company.

² The articles of association shall regulate the details of the vote. They may regulate the procedure in the event that the general meeting does not agree to the remuneration.

³ The following rules must be observed:

1. The general meeting shall vote annually on the remuneration.
2. The general meeting shall vote separately on the total amount for the remuneration of the board of directors, the executive board and the board of advisors.
3. The vote of the general meeting is binding.

⁶¹⁸ See also Art. 4 of the transitional provision to the Amendment of 19.06.2020 at the end of the text.

4. If variable remuneration is voted on prospectively, the remuneration report must be submitted to the general meeting for an advisory vote.

Art. 735a

II. Additional amount for the executive board

¹ In the event that the general meeting votes prospectively on the remuneration of the executive board, the articles of association may provide for an additional amount for the remuneration of persons newly appointed as members of the executive board after the vote.

² The additional amount may only be used if the total amount of remuneration for the executive board agreed by the general meeting is not sufficient to remunerate the new members until the next vote of the general meeting.

³ The general meeting does not vote on the additional amount used.

Art. 735b

E. Term of contracts

¹ The term of the contracts governing the remuneration of the members of the board of directors may not exceed their term of office.

² The term of limited contracts and the notice of termination for unlimited contracts that govern the remuneration of the members of the executive board and the board of advisors may amount to a maximum of one year.

Art. 735c

F. Remuneration that is not permitted
I. In the company

The following remuneration for current and former members of the board of directors, the executive board and the board of advisors or for their close associates is not permitted:

1. severance payments that are contractually agreed or provided for in the articles of association; remuneration that is due until the termination of the contracts does not constitute a severance payment;
2. compensation related to a ban on competition that exceeds the average remuneration for the last three financial years, or compensation related to a ban on competition that is not justified on business grounds;
3. remuneration paid on conditions other than the customary market conditions connected with a previous activity as a corporate body of the company;
4. joining bonuses that do not compensate for a verifiable financial disadvantage;
5. remuneration paid in advance;

6. commission paid for taking over or transferring undertakings or parts thereof;
7. loans, credit facilities, pension benefits other than occupational pensions and performance-related remuneration not provided for in principle in the articles of association;
8. the allocation of equity securities or conversion and option rights not provided for in principle in the articles of association.

Art. 735d

II. In the group Remuneration for members of the board of directors, the executive board and the board of advisors or their close associates for activities in undertakings controlled by the company is not permitted, provided the remuneration:

1. would not be permitted if it were paid directly by the company;
2. is not provided for in the articles of association of the company;
or
3. has not been approved by the general meeting of the company.

Section Five: Dissolution of a Company Limited by Shares

Art. 736

A. Dissolution in general ¹ The company shall be dissolved:

I. Grounds

1. in accordance with the articles of association;
2. by resolution of the general meeting, to be recorded in a public deed;
3. by the commencement of insolvency proceedings;
- 4.⁶¹⁹ by court judgment if shareholders together representing at least ten per cent of the share capital or the votes request its dissolution for good cause;
5. in the other cases envisaged by law.

² In the case of an action for dissolution for good cause, instead of dissolution, the court may order another appropriate solution that is acceptable to those concerned.⁶²⁰

⁶¹⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶²⁰ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 737⁶²¹

II. Entry in the commercial register

¹ The dissolution of a company must be entered in the commercial register.

² Notice of dissolution by court judgment must be given by the court to the commercial register office immediately.

³ Notice of dissolution on other grounds must be given by the company to the commercial register office.

Art. 738⁶²²

III. Consequences

The dissolved company shall enter into liquidation, except in cases involving a merger, a split or the transfer of its assets to a public sector corporation.

Art. 739

B. Dissolution with liquidation
I. Consequences of liquidation. powers

¹ A company entering into liquidation shall retain its legal personality and its existing business name, albeit with the words “in liquidation” appended to it, until such time as its assets have been distributed among the shareholders.

² As of the company’s entry into liquidation, the powers of its corporate bodies shall be limited to such actions as are necessary to carry out the liquidation but which by their nature may not be performed by the liquidators.

Art. 740

II. Appointment and dismissal of the liquidators
1. Appointment⁶²³

¹ The liquidation shall be carried out by the board of directors, unless the articles of association or a resolution by the general meeting delegate it to other persons.

² The board of directors shall notify the liquidators for entry in the commercial register, even where the liquidation is carried out by the board of directors.

³ At least one of the liquidators must be resident in Switzerland and authorised to represent the company.⁶²⁴

⁶²¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶²² Amended by Annex No 2 of the Mergers Act of 3 Oct. 2003, in force since 1 July 2004 (AS 2004 2617; BBl 2000 4337).

⁶²³ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶²⁴ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁴ Where the company is dissolved by court judgment, the court shall appoint the liquidators.⁶²⁵

⁵ In the event of insolvency, the insolvency administrators shall carry out the liquidation in accordance with the provisions of insolvency law. The corporate bodies of the company shall retain their authority to represent the company only to the extent such representation is still necessary.

Art. 741⁶²⁶

2. Dismissal

¹ The general meeting may dismiss the liquidators it appointed at any time.

² On application by a shareholder, the court may dismiss liquidators and appoint others as necessary for good cause.

Art. 742

III. Liquidation process

1. Balance sheet, call on creditors

¹ On taking up their office, the liquidators must draw up a balance sheet.

² The creditors shall be informed of the dissolution of the company and requested to register their claims, by separate letter in the case of creditors identifiable from the accounting records or in some other manner, and by public announcement in the Swiss Official Gazette of Commerce as well as in the form envisaged in the articles of association in the case of unknown creditors and those whose address is not known.

Art. 743

2. Other duties

¹ The liquidators must wind up the current business, call in any still outstanding share capital, realise the company's assets and perform its obligations, providing the balance sheet and the call to creditors do not indicate overindebtedness.

² Where they ascertain that the company is overindebted, they must immediately notify the court; the latter then declares the commencement of insolvency proceedings.

³ The liquidators must represent the company in all transactions carried out for liquidation purposes and are entitled to conduct legal actions, reach settlements, conclude arbitration agreements and even, where required for liquidation purposes, to effect new transactions.

⁴ They may also dispose of assets by private sale, unless the general meeting has instructed otherwise.

⁶²⁵ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶²⁶ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁵ Where the liquidation lasts for an extended period, they must draw up interim accounts every year.

⁶ The company is liable for any damage resulting from unauthorised acts by a liquidator in the exercise of his duties.

Art. 744

3. Protection of creditors

¹ Where known creditors have failed to register their claims, the amount thereof must be deposited with the court.

² Similarly, the amount of claims not yet due from the company and of disputed obligations of the company must be deposited with the court unless the creditors are furnished with security in an equivalent amount or the distribution of the company's assets is suspended until such obligations have been performed.

Art. 745

4. Distribution of assets

¹ Unless the articles of association provide otherwise, once the debts of the dissolved company have been discharged, its assets are distributed among the shareholders in proportion to the amounts they contributed and with due regard to the preferential rights attaching to specific classes of shares.⁶²⁷

² The distribution may take place no sooner than one year after the day on which the call to creditors was made.⁶²⁸

³ Such distribution may take place after only three months where a licensed audit expert confirms that the debts have been redeemed and that in the circumstances it may safely be assumed that no third-party interests will be harmed.⁶²⁹

Art. 746

IV. Deletion from the commercial register

On completion of the liquidation process, the liquidators shall apply to the commercial register office for the deletion of the business name.

⁶²⁷ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶²⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶²⁹ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

Art. 747⁶³⁰

V. Retention of the share register, accounting records and register

1 The share register, the accounting records and the register under Article 697I and the underlying documents must be kept in a safe place for ten years following the deletion of the company. This place shall be decided by the liquidators or if they are unable to agree, by the commercial register office.

2 The share register and the register must be retained in such a manner that they can be accessed at any time in Switzerland.

Art. 748–750⁶³¹

C. Dissolution without liquidation
I. ...

Art. 751

II. Takeover by a public sector corporation

1 Where the assets of a company limited by shares are taken over by the Confederation, by a canton or, under guarantee from the canton, by a district or commune, with the consent of the general meeting it may be agreed that no liquidation take place.

2 The resolution of the general meeting must be made in accordance with the provisions governing dissolution and notified to the commercial register office.

3 On entry of the resolution in the commercial register, the transfer of the company's assets and debts is complete and the company's name must be deleted.

Section Six: Liability**Art. 752**⁶³²

A. Liability
I. ...

⁶³⁰ Amended by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the 2012 revised recommendations of the Financial Action Task Force, in force since 1 July 2015 (AS **2015** 1389; BBl **2014** 605).

⁶³¹ Repealed by Annex No 2 of the Mergers Act of 3 Oct. 2003, with effect from 1 July 2004 (AS **2004** 2617; BBl **2000** 4337).

⁶³² Repealed by Annex No 1 of the Financial Services Act of 15 June 2018, with effect from 1 Jan. 2020 (AS **2019** 4417; BBl **2015** 8901).

II. Founder members' liability

Art. 753⁶³³

Founder members, members of the board of directors and all persons involved in establishing the company are liable both to the company and to the individual shareholders and creditors for the losses arising where they:

- 1.⁶³⁴ wilfully or negligently conceal, disguise or give inaccurate or misleading information in the articles of association, an incorporation report or a capital increase report on contributions in kind or the granting of special privileges to shareholders and other persons, or otherwise act unlawfully in approving such a measure;
2. wilfully or negligently induce the entry of the company in the commercial register on the basis of a certificate or deed containing inaccurate information;
3. knowingly contribute to the acceptance of subscriptions from insolvent persons.

III. Liability for administration, business management and liquidation

Art. 754⁶³⁵

¹ The members of the board of directors and all persons engaged in the business management or liquidation of the company are liable both to the company and to the individual shareholders and creditors for any losses or damage arising from any intentional or negligent breach of their duties.

² A person who, as authorised, delegates the performance of a task to another governing officer is liable for any losses caused by such officer unless he can prove that he acted with all due diligence when selecting, instructing and supervising him.

IV. External auditors' liability

Art. 755⁶³⁶

All persons engaged in auditing the annual and consolidated accounts, the company's foundation, a capital increase or a capital reduction are liable both to the company and to the individual shareholders and creditors for the losses arising from any intentional or negligent breach of their duties.

⁶³³ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶³⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶³⁵ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶³⁶ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

² If the audit is conducted by a public audit office or by one of its employees, the relevant public authority is liable. Legal action against persons involved in the audit is governed by public law.⁶³⁷

Art. 756⁶³⁸

B. Damage to the company
I. Claims outside insolvency

¹ In addition to the company, the individual shareholders are also entitled to sue for any losses caused to the company. The shareholder's claim is for performance to the company.

² The general meeting may resolve that the company raise the action. It may instruct the board of directors or a representative to conduct the proceedings.⁶³⁹

Art. 757⁶⁴⁰

II. Claims in bankruptcy

¹ In the event of the bankruptcy of the damaged company, its creditors are entitled to request that the company be compensated for the losses suffered. However, in the first instance the insolvency administrators may assert the claims of the shareholders and the company's creditors.

² Where the insolvency administrators waive their right to assert such claims, any shareholder or creditor shall be entitled to bring them. The proceeds shall first be used to satisfy the claims of the litigant creditors in accordance with the provisions of the Debt Collection and Bankruptcy Act of 11 April 1889⁶⁴¹. Any surplus shall be divided among the litigant shareholders in proportion to their equity participation in the company; the remainder shall be added to the insolvent's estate.

³ The assignment of claims held by the company in accordance with Article 260 of the Debt Collection and Bankruptcy Act of 11 April 1889 is reserved.

⁴ In assessing the damage to the company, the claims of the company's creditors that have been subordinated to those of all other creditors shall not be included.⁶⁴²

⁶³⁷ Inserted by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁶³⁸ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶³⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁴⁰ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶⁴¹ SR 281.1

⁶⁴² Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 758⁶⁴³

III. Effect of the resolution of release

¹ The resolution of release adopted by the general meeting shall be effective only for disclosed facts and only as against the company and those shareholders who approved the resolution or who have since acquired their shares in full knowledge of the resolution.

² The right of action of the other shareholders shall lapse twelve months after the resolution of release. This period shall be suspended during the procedure to order a special investigation and during the conduct of the investigation.⁶⁴⁴

Art. 759⁶⁴⁵

C. Joint and several liability and recourse

¹ Where two or more persons are liable for the losses, each is jointly and severally liable with the others to the extent that the damage is personally attributable to him or her on account of his or her own fault and the circumstances.

² The claimant may bring action against several persons jointly for the total losses and request that the court determine the liability of each individual defendant in the same proceedings.

³ The right of recourse among several defendants shall be determined by the court with due regard to all the circumstances.

Art. 760⁶⁴⁶

D. Prescription

¹ The claim for damages against any person held liable pursuant to the above provisions prescribes three years after the date on which the person suffering damage learned of the damage and of the person liable for it but in any event ten years after the date on which the harmful conduct took place or ceased. This period shall be suspended during the procedure to order a special investigation and during the conduct of the investigation.⁶⁴⁷

² If the person liable has committed a criminal offence through their harmful conduct, then the right to damages or satisfaction prescribes at the earliest when the right to prosecute the offence becomes time-barred. If the right to prosecute is no longer liable to become time-barred because a first instance criminal judgment has been issued, the right to

⁶⁴³ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶⁴⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁴⁵ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶⁴⁶ Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

⁶⁴⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

claim damages or satisfaction prescribes at the earliest three years after notice of the judgment is given.

Art. 761⁶⁴⁸

**Section Seven:
Involvement of Public Sector Corporations**

Art. 762

¹ Where public sector corporations such as the Confederation, or a canton, district or commune have a public interest in a company limited by shares, the articles of association of the company may grant that corporation the right to appoint representatives to the board of directors or the external auditors, even if it is not a shareholder.⁶⁴⁹

² In such companies and in public-private enterprises in which a public sector corporation participates as a shareholder, only the public sector corporation has the right to dismiss the representatives it appointed to the board of directors and the external auditors.⁶⁵⁰

³ The members of the board of directors and external auditors appointed by a public sector corporation have the same rights and duties as those elected by the general meeting.⁶⁵¹

⁴ The public sector corporation is liable to the company, shareholders and creditors for the actions of the members of the board of directors and external auditors it appoints, subject to rights of recourse under federal and cantonal law.

⁵ The right of public sector corporations to appoint or remove representatives on the board of directors also applies to companies whose shares are listed on a stock exchange.⁶⁵²

⁶⁴⁸ Repealed by Annex No 5 of the Civil Jurisdiction Act of 24 March 2000, with effect from 1 Jan. 2001 (AS 2000 2355; BBl 1999 III 2829).

⁶⁴⁹ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶⁵⁰ Term in accordance with No II 2 of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745). This amendment has been taken into account throughout the Code.

⁶⁵¹ Amended by No I of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁶⁵² Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Section Eight: Exclusion of Application of the Code to Public-Sector Entities

Art. 763

¹ The provisions governing the company limited by shares do not apply to companies and entities established by special cantonal legislation and partly administered by the public authorities, such as banks, insurance or electricity companies, even if their capital is entirely or partly divided into shares and was raised with the help of private individuals, providing the canton assumes secondary liability for the obligations of such companies and entities.

² The provisions governing the company limited by shares do not apply to companies and entities established by special cantonal legislation prior to 1 January 1883 and partly administered by the public authorities even if the canton does not assume secondary liability for their obligations.

Title Twenty-Seven: The Partnership limited by Shares

Art. 764

A. Definition

¹ A partnership limited by shares is a partnership whose capital is divided into shares and in which one or more partners have unlimited joint and several liability to its creditors in the same manner as partners in a general partnership.

² Unless otherwise provided, the provisions governing companies limited by shares apply to partnerships limited by shares.

³ Where the capital of a partnership limited by shares is not divided into shares but into portions which merely define the degree of participation of two or more limited partners, the provisions governing limited partnerships apply.

Art. 765

B. Directors I. Designation and powers

¹ The partners with unlimited liability constitute the directors of the partnership limited by shares. They are responsible for business management and representation. They must be named in the articles of association.

² ...⁶⁵³

⁶⁵³ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ Any changes to the body of partners with unlimited liability require the consent of the existing partners and the amendment of the articles of association.

Art. 766

II. Approval of resolutions of the general meeting

Resolutions of the general meeting concerning modification of the partnership's purpose, extension or curtailment of its areas of business and continuation of the partnership beyond the duration specified in the articles of association require the consent of the directors.

Art. 767

III. Withdrawal of authority to manage business and represent the partnership

¹ Authority to manage business and represent the partnership may be withdrawn from directors on the same conditions as apply to general partnerships.

² If removed, a director no longer has unlimited liability for the future obligations of the partnership.

Art. 768

C. Supervisory board
I. Appointment and powers

¹ Responsibility for monitoring and continuous supervision of the management of the partnership's business is allocated to a supervisory board, to which the articles of association may allocate further responsibilities.

² The partnership's directors have no right to vote on the appointment of the supervisory board.

³ The particulars of the members of the supervisory board must be entered in the commercial register.

Art. 769

II. Liability action

¹ On behalf of the partnership, the supervisory board may hold the directors to account and take action against them before the courts.

² In the event of malicious conduct by the directors, the supervisory board is entitled to take legal action against them even if this is contradictory to a resolution of the general meeting.

Art. 770

D. Dissolution

¹ The partnership is terminated by the departure, death, incapacity or bankruptcy of all the partners with unlimited liability.

² In other respects, dissolution of the partnership limited by shares is governed by the same provisions as apply to the dissolution of companies limited by shares; however, it may be dissolved by resolution of the

general meeting before the date set in the articles of association only with the consent of the directors.

3 ...⁶⁵⁴

Art. 771

E. Resignation

¹ A partner with unlimited liability has the same right to resign as a partner in a general partnership.

² Where one of two or more partners with unlimited liability exercises his right to resign, unless the articles of association provide otherwise the partnership is continued by the others.

Title Twenty-Eight:⁶⁵⁵ The Limited Liability Company Section One: General Provisions

Art. 772

A. Definition

¹ A limited liability company is a company with separate legal personality in which one or more persons or commercial enterprises participate. Its nominal capital is specified in the articles of association. It is liable for its obligations to the extent of the company assets.

² Each company member participates in the nominal capital by making at least one capital contribution. The articles of association may stipulate obligations to make additional financial and material contributions.

Art. 773⁶⁵⁶

B. Nominal capital

¹ The nominal capital shall amount to at least 20,000 francs.

² A nominal capital in the foreign currency required for business operations is also permitted. The provisions of the law on companies limited by shares on share capital in a foreign currency apply *mutatis mutandis*.

⁶⁵⁴ Repealed by Annex No 2 of the Mergers Act of 3 Oct. 2003, with effect from 1 July 2004 (AS 2004 2617; BBI 2000 4337).

⁶⁵⁵ Amended by No I 2 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBI 2002 3148, 2004 3969).

⁶⁵⁶ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

Art. 774

C. Capital contributions¹ The capital contributions shall have a nominal value that is greater than zero.⁶⁵⁷

² Capital contributions must be paid up to at least their nominal value.

Art. 774a

D. Dividend rights certificates The articles of association may provide for the creation of profit-sharing certificates; the corresponding provisions for companies limited by shares apply.

Art. 775⁶⁵⁸

E. ...

Art. 776

F. Articles of association The articles of association must contain provisions on:

I. Content prescribed by law

1. the business name and seat of the company;
2. the objects of the company;
3. the amount of nominal capital and of the number and nominal value of the capital contributions;
- 4.⁶⁵⁹ the form of the company's communications with its members.

Art. 776a⁶⁶⁰

II. ...

Art. 777

G. Foundation deed of incorporation¹ The company is founded when the founder members declare in public deed that they are founding a limited liability company, lay down the articles of association and appoint the corporate bodies.

² In the deed of incorporation, the founder members shall subscribe for the capital contributions and state that:

1. all capital contributions are validly subscribed for;
2. the capital contributions correspond to their total issue price;

⁶⁵⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁵⁸ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁵⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁶⁰ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

- 3.⁶⁶¹ the statutory requirements and requirements of the articles of association for the payment of the capital contributions are met at the time of signature of the deed of incorporation;
4. they accept the obligations in terms of the articles of association to make additional financial or material contributions;
- 5.⁶⁶² there are no contributions in kind, instances of offsetting or special privileges other than those mentioned in the supporting documents.

Art. 777a

II. Subscription
for capital con-
tributions

¹ In order to be valid, the subscription deed for the capital contributions must indicate the number, nominal value and issue price as well as the class of capital contribution if applicable.

² In the subscription deed, reference must be made to the provisions of the articles of association on:

1. obligations to make additional financial contributions;
2. obligations to make further material contributions;
3. prohibition of competition clauses applicable to company members;
4. first option, pre-emption and purchase rights of company members or the company;
5. contractual penalties.

Art. 777b

III. Documents

¹ In the deed of incorporation, the notary must specify the foundation documents individually and confirm that they have been laid before him and the founder members.

² The following documents must be appended to the deed of incorporation:

1. the articles of association;
2. the incorporation report;
3. the audit confirmation;
4. confirmation that the capital contributions have been deposited in cash;
5. the agreements on contributions-in-kind;

⁶⁶¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁶² Inserted by No I 2 of the FA of 17 March 2017 (Commercial Register Law) (AS 2020 957; BBl 2015 3617). Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

6.⁶⁶³ ...

Art. 777c

IV. Capital contributions

¹ On foundation, a cash deposit corresponding to the full issue price must be made for each capital contribution.

² In addition, the provisions on companies limited by shares apply to:

1.⁶⁶⁴ the specification of contributions in kind, instances of offsetting and the special privileges in the articles of association;

2.⁶⁶⁵ ...

3. the payment and audit of capital contributions.

Art. 778

H. Entry in the commercial register

The company must be entered in the commercial register at the place where it has its seat.

I. Company

Art. 778a⁶⁶⁶

II. ...

Art. 779

J. Acquisition of legal personality
I. Time; Failure to meet requirements

¹ The company shall acquire legal personality through entry in the commercial register.

² It shall also acquire legal personality even if the requirements for registration are not in fact fulfilled.

³ Where the requirements of the law or the articles of association are not fulfilled on foundation and if the interests of creditors or company members are substantially jeopardised or harmed thereby, the court may order the dissolution of the company at the request of a creditor or member.

⁴ The right to take legal action shall lapse three months after notice is published of the foundation of the company in the Swiss Official Gazette of Commerce.

⁶⁶³ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁶⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁶⁵ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁶⁶ Repealed by No I 2 of the FA of 17 March 2017 (Commercial Register Law), with effect from 1 Jan. 2021 (AS 2020 957; BBl 2015 3617).

Art. 779a

II. Obligations entered into before registration

¹ Persons who act on behalf of the company before it is entered in the commercial register are personally and jointly and severally liable for their acts.

² Where the company accepts obligations within three months of its registration that were expressly entered into in its name, the persons so acting are relieved of liability and only the company is liable.

Art. 780⁶⁶⁷

K. Amendment of the articles of association

The resolution of the members' general meeting or the managing directors on an amendment to the articles of association must be done as a public deed and entered in the commercial register.

Art. 781

L. Increase in the nominal capital

¹ The members' general meeting may resolve to increase the nominal capital.

² The implementation of the resolution is the responsibility of the managing directors.

³ Subscription and the capital contributions are governed by the regulations on the foundation of the company. The reference to rights and obligations under the articles of association is not required if the subscriber is already a member. The relevant regulations on increasing the capital of a company limited by shares also apply to the subscription form. A public invitation to subscribe to the capital contributions is not permitted.⁶⁶⁸

⁴ An application to register the increase in the nominal capital must be filed with the commercial register office within six months of the resolution of the members' general meeting, otherwise the resolution becomes invalid.⁶⁶⁹

⁵ In addition, the corresponding provisions on an ordinary increase in capital for a company limited by shares apply to:

1. the form and content of the resolution of the members' general meeting;
2. the subscription rights of company members;
3. an increase in the company capital from equity capital;
4. the report on the increase in capital and the audit confirmation;

⁶⁶⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁶⁶⁸ Amended by No I 2 of the FA of 17 March 2017 (Commercial Register Law), in force since 1 Jan. 2021 (AS 2020 957; BBI 2015 3617).

⁶⁶⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

5. the amendment of the articles of association and the declarations made by the managing directors;
6. the registration of the increase in nominal capital in the commercial register and the nullity of official documents issued previously.

Art. 782

M. Reduction of the nominal capital

- 1 The members' general meeting may resolve to reduce the nominal capital.
- 2 The nominal capital may be reduced to less than 20 000 francs provided it is at the same time increased again at least to this amount.⁶⁷⁰
- 3 In order to eliminate a deficit balance caused by losses, the nominal capital may be reduced only if the company members have paid the additional financial contributions provided for in the articles of association in full.
- 4 In addition, the relevant regulations on the reduction of the capital of a company limited by shares apply.

Art. 783

N. Acquisition of own capital contributions

- 1 A company may acquire its own capital contributions only if freely disposable equity capital of a value equivalent to the required funds is available and the total nominal value of these capital contributions does not exceed ten per cent of the nominal capital.
- 2 Where capital contributions are acquired in connection with a restriction on transfer or the departure or exclusion of a member, the maximum amount that may be acquired is 35 per cent. The capital contributions in excess of 10 per cent of the nominal capital must be sold within two years or cancelled by means of a reduction in capital.
- 3 Where the capital contributions that are to be acquired are tied to an obligation to make additional financial or material contributions, this must be cancelled before acquisition.
- 4 In addition, the relevant regulations on the acquisition by a company limited by shares of its own shares apply to the acquisition by a limited liability company of its own capital contributions.

⁶⁷⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Section Two: Rights and Obligations of Company Members

Art. 784

A. Capital contributions
I. Official document

¹ Where an official document is issued in respect of capital contributions, this may only take the form of a document in proof or registered security.

² The official document must bear the same information on rights and obligations under the articles of association as the document on subscription to the capital contribution.

Art. 785

II. Transfer
1. Assignment
a. Form

¹ The assignment of a capital contribution as well as an obligation to assign must be done in writing.

² The contract of assignment must contain the same information on rights and obligations under the articles of association as the document on subscription to the capital contribution, unless the acquirer is already a member.⁶⁷¹

Art. 786

b. Consent requirements

¹ An assignment of a capital contribution requires the consent of the members' general meeting. The members' general meeting may refuse consent without stating its reasons.

² The articles of association made deviate from the foregoing by:

1. waiving the requirement of consent to the assignment;
2. stating the grounds justifying refusal of consent to the assignment;
3. providing that consent to the assignment may be refused if the company offers to acquire the capital contribution from the seller at its true value;
4. prohibiting any assignment;
5. providing that consent to the assignment may be refused if there is doubt that obligations under the articles of association to make additional financial or material contributions will be fulfilled and security requested by the company is not provided.

³ Where the articles of association prohibit assignment or the members' general meeting refuses to consent to the assignment, the right to resign for good cause is reserved.

⁶⁷¹ Amended by No I 2 of the FA of 17 March 2017 (Commercial Register Law), in force since 1 Jan. 2021 (AS 2020 957; BBl 2015 3617).

- Art. 787**
- c. Transfer of rights
- 1 Where the consent of the members' general meeting is required for the assignment of capital contributions, assignment becomes legally effective only when this consent is granted.
 - 2 If the members' general meeting fails to refuse consent to the assignment within six months of its receipt, consent is deemed to have been granted.
- Art. 788**
2. Special forms of acquisition
- 1 Where capital contributions are acquired through inheritance, distribution of an estate, matrimonial property law or enforcement proceedings, all related rights and obligations shall be transferred to the acquirer without requiring the consent of the members' general meeting.
 - 2 In order to exercise right to vote and related rights, however, the acquirer shall require the recognition of the members' general meeting as a company member who is eligible to vote.
 - 3 The members' general meeting may refuse such recognition only if the company offers to acquire the capital contributions from the acquirer at their true value. The offer may be made for the company's own account or for the account of other company members or third parties. Unless the acquirer rejects the offer within a month of receiving notice of the true value, the offer is deemed to be accepted.
 - 4 Unless the members' general meeting rejects the request for recognition within six months of its receipt, recognition is deemed to be granted.
 - 5 The articles of association may waive the requirement of recognition.
- Art. 789**
3. Determining the true value
- 1 If the law or the articles of association stipulate that the true value of the capital contributions should be determined, the parties may request the court to make the valuation.
 - 2 The court shall allocate the costs of the proceedings and the valuation at its discretion.
- Art. 789a**
4. Usufruct
- 1 The creation of a usufruct over capital contributions is governed by the regulations on the transfer of capital contributions.
 - 2 If the articles of association prohibit assignment, then the creation of a usufruct over capital contributions is also prohibited.

Art. 789b

5. Charge

¹ The articles of association may provide that the creation of a charge over capital contributions requires the consent of the members' general meeting. This may refuse its consent only for good cause.

² If the articles of association prohibit assignment, then the creation of a charge over capital contributions is also prohibited.

Art. 790

III. Register of contributions

¹ The company shall keep a register of capital contributions. It must be kept in such a manner that it can be accessed at any time in Switzerland.⁶⁷²

² The following information must be entered in the register of contributions:

1. the names and addresses of the company members;
2. the number, the nominal value and, if applicable, the class of the capital contributions of each company member;
3. the names and addresses of usufructuaries;
4. the names and addresses of charge creditors.

³ Company members not entitled to exercise the right to vote and related rights must be specifically indicated as company members without the right to vote.

⁴ Company members have the right to inspect the register of contributions.

⁵ The documents on which an entry is based must be retained for ten years following the deletion of the person concerned from the register of capital contributions.⁶⁷³

Art. 790a⁶⁷⁴

IIIbis, Notice of the beneficial owner of the capital contributions

¹ Any person who alone or by agreement with third parties acquires capital contributions and thus reaches or exceeds the threshold of 25 per cent of the nominal capital or rights to vote must within one month give notice to the company of the first name and surname and the address of

⁶⁷² Second sentence inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the 2012 revised recommendations of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

⁶⁷³ Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the 2012 revised recommendations of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

⁶⁷⁴ Inserted by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the revised recommendations 2012 of the Financial Action Task Force (AS 2015 1389; BBl 2014 605). Amended by No I 1 of the FA of 21 June 2019 on the Implementation of the Recommendations of the Global Forum on Transparency and the Exchange of Information for Tax Purposes, in force since 1. Nov. 2019 (AS 2019 3161; BBl 2019 279).

the natural person for whom it is ultimately acting (the beneficial owner).

² If the company member is a legal entity or partnership, each natural person that controls the company member in analogous application of Article 963 paragraph 2 must be recorded as a beneficial owner. If there is no such person, the company member must give notice of this to the company.

³ If the company member is a company whose participation rights are listed on a stock exchange, if the company member is controlled by such a company in accordance with Article 963 paragraph 2, or if the company member controls such a company in this sense, it must only give notice of this fact and provide details of the company's name and registered office.

⁴ The company member must within three months give notice to the company of any change to the first name or surname or the address of the beneficial owner.

⁵ The provisions of the law on companies limited by shares relating to the register of beneficial owners (Art. 697*l*) and the consequences of failing to comply with the obligations to give notice (Art. 697*m*) apply *mutatis mutandis*.

Art. 791⁶⁷⁵

IV. Entry in the commercial register

The company members, together with the number and the nominal value of their capital contributions must be entered in the commercial register.

Art. 792

V. Common property

Where a capital contribution has two or more holders:

1. they must designate one person as their representative; they may exercise the rights conferred by the capital contribution only through this person;
2. they are jointly and severally liable in respect of obligations to make additional financial and material contributions.

Art. 793

B. Payment of capital contributions

¹ The company members are obliged to make a payment corresponding to the issue price of their capital contributions.

² The payments may not be refunded.

⁶⁷⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

C. Liability of the company members

Art. 794

The company is liable for its obligations to the extent of the company assets only.

D. Additional financial and material contributions

I. Additional financial contributions

1. Principle and amount

Art. 795

¹ The articles of association may require the company members to make additional capital contributions.

² If the articles of association provide for an obligation to make additional financial contributions, they must stipulate the amount of additional capital that may be required to be paid for each capital contribution. This may not exceed twice the nominal value of the capital contribution.

³ The company members are liable only to the extent of the additional financial contributions to be made on their own capital contributions.

Art. 795a

2. Call for additional financial contributions

¹ Additional financial contributions shall be called in by the managing directors.

² They may be called in only if:

1. the sum of the nominal capital and statutory reserves is no longer covered;
2. the company is unable to continue its business affairs in the proper manner without the additional funds;
3. the company requires equity capital for reasons specified in the articles of association.

³ Additional financial contributions shall become due for payment if the company is declared bankrupt.

Art. 795b

3. Repayment

Additional financial contributions may only be refunded in full or in part if the amount is covered by freely disposable equity capital and a licensed audit expert confirms the same in writing.

Art. 795c

4. Reduction

¹ An obligation under the articles of association to make additional financial contributions may be reduced or abolished only if the nominal capital and the statutory reserves are fully covered.

² The relevant regulations on the reduction of the nominal capital apply.

Art. 795d

5. Continuation
- 1 Company members who resign from the company remain subject to the obligation to make additional financial contributions for three further years subject to the following restrictions. The time of resignation is determined by the entry in the commercial register.
 - 2 Company members who have been excluded must only make additional financial contributions if the company is declared bankrupt.
 - 3 Their obligation to make additional financial contributions shall lapse insofar as it has been fulfilled by a legal successor.
 - 4 The extent of the obligation of company members who have resigned to make additional financial contributions may not be increased.

Art. 796

- II. Further material contributions
- 1 The articles of association may require company members to make further material contributions.
 - 2 They may require further material contributions only if this serves the objects of the company, the maintenance of its independence or the preservation of the composition of the groups of company members.
 - 3 The object and extent and other essential points according to circumstances of any obligation to make further material contributions related to a capital contribution must be specified in the articles of association. Reference may be made to the regulations of the members' general meeting for more precise details.
 - 4 Obligations under the articles of association to pay money or provide other assets are subject to the provisions on additional financial contributions if no appropriate consideration is provided for and the call for additional contributions serves to cover equity capital requirements.

Art. 797

- III. Retrospective introduction
- The retrospective introduction or amendment of obligations to make additional financial or material contributions under the articles of association requires the consent of all the company members concerned.

Art. 797a⁶⁷⁶

- IV. Arbitral tribunal
- The provisions of the law on companies limited by shares on the arbitral tribunal apply *mutatis mutandis*.

⁶⁷⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 798⁶⁷⁷

E. Dividends, interest, shares of profits paid to board members

The provisions of the law on companies limited by shares on dividends, interim dividends, interest before commencement of operations and shares of profits paid to board members apply *mutatis mutandis*.

Art. 798a and 798b⁶⁷⁸**Art. 799**

F. Preferential capital contributions

The provisions of the law on companies limited by shares on preference shares apply *mutatis mutandis* to preferential capital contributions.

Art. 800

G. Refund of payments

The corresponding provisions of the law on companies limited by shares apply to the refund of payments made by the company to company members, managing directors and persons closely related thereto.

Art. 801⁶⁷⁹

H. Reserves

The relevant provisions of the law on companies limited by shares apply to the reserves.

Art. 801a

J. Sending the annual report

¹ The annual report and the audit report must be sent to company members at the latest together with the invitation to the annual members' general meeting.

² The company members may request that they be sent the version of the annual report that they have approved after members' general meeting.

Art. 802

K. Right to information and of inspection

¹ Any company member may request the managing directors to provide information on any company matter.

² Unless the company has an external auditor, company members have unrestricted access to the company ledgers and files.⁶⁸⁰ If the company

⁶⁷⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁷⁸ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁷⁹ Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

⁶⁸⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

has an external auditor, the books and files may be inspected only if a legitimate interest is credibly demonstrated.

³ If there is a risk that a company member may use the information obtained for non-company purposes that may be detrimental to the company, the managing directors may refuse to provide information and allow access to the extent required; if the company member so requests, the members' general meeting decides on the matter.

⁴ If the members' general meeting refuses to provide information or allow access without justification, the court may issue the relevant order at the request of the company member.

Art. 803

L. Duty of loyalty and prohibition of competition

¹ Company members are obliged to safeguard business secrets.

² They must refrain from doing anything detrimental to the interests of the company. In particular, they may not carry on business that brings them a special advantage but which adversely affects the objects of the company. The articles of association may provide that company members be prohibited from carrying on any activities in competition with the company.

³ The company members may carry on any activities that are contrary to the duty of loyalty or a prohibition of competition provided all the other company members consent in writing. The articles of association may provide that the consent of the members' general meeting be required instead.

⁴ The special regulations on prohibition of competition clauses applicable to managing directors are reserved.

Section Three: Organisation of the Company

Art. 804

A. Members' general meeting
I. Responsibilities

¹ The supreme governing body of the company is the members' general meeting.

² The members' general meeting has the following inalienable powers:

1. to amend the articles of association;
2. to appoint and the remove the managing directors;
- 3.⁶⁸¹ to appoint and remove the members of the external auditor;

⁶⁸¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

- 4.⁶⁸² to approve the management report and the consolidated accounts;
5. to approve the annual accounts and the resolution on the allocation of the balance sheet profit, and in particular to set the dividend and the shares of profits paid to managing directors;
- 5^{bis}.⁶⁸³ to pass resolutions on repaying capital reserves;
6. to determine the fees paid to managing directors;
7. to discharge the managing directors;
8. to consent to the assignment of capital contributions or to recognise company members as having the right to vote;
9. to consent to the creation of a charge over capital contributions where the articles of association so provide;
10. to pass resolutions on the exercise under the articles of association of rights of first option, pre-emption or purchase;
11. to authorise the managing director to acquire the company's own capital contributions for the company or to approve such an acquisition;
12. to issue detailed regulations on obligations to make additional material contributions where the articles of association make reference to such regulations;
13. to consent to the activities of the managing directors or company members that are contrary to the duty of loyalty or the prohibition of competition, where the articles of association waive the requirement of the consent of all company members;
14. to decide on whether an application should be made to the court to exclude a company member for good cause;
15. to exclude a company member on grounds provided for in the articles of association;
16. to dissolve the company;
17. to approve transactions carried out by the managing directors that require the consent of the members' general meeting under the articles of association;
18. to decide on matters that are reserved to the members' general meeting by law or by the articles of association or which are placed before it by the managing directors.

⁶⁸² Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

⁶⁸³ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ The members' general meeting appoints the managers, the authorised signatories and authorised officers. The articles of association may also grant these powers to the managing directors.

Art. 805

II. Convening and conduct of the meeting

¹ The members' general meeting is convened by the managing directors, or if necessary by the external auditors. The liquidators also have the right to convene a members' general meeting.

² The annual meeting is held every year within six months of the end of the financial year. Extraordinary meetings are convened in accordance with the articles of association or as required.

³ The members' general meeting must be convened 20 days at the latest before the date of the meeting. The articles of association may extend this period or reduce it to no less than ten days. The possibility of a universal meeting is reserved.

⁴ ...⁶⁸⁴

⁵ In addition, the provisions of the law on companies limited by shares relating to the general meeting apply mutatis mutandis to:

1. convening the meeting;
- 2.⁶⁸⁵ the right of company members to convene a meeting and table agenda items and motions;
- 2^{bis}.⁶⁸⁶ the venue and the use of electronic means;
3. the business to be discussed;
4. motions;
- 5.⁶⁸⁷ universal meetings and consent to a motion;
6. preparatory measures;
7. the minutes;
8. the representation of company members;
9. the participation of unauthorised persons.

Art. 806

III. Voting rights
1. Determination

¹ The right to vote of company members shall be determined by the nominal value of their capital contributions. Each company member

⁶⁸⁴ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁸⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁸⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁸⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

shall have at least one vote. The articles of association may limit the number of votes allocated to the owner of several capital contributions.

² The articles of association may specify that right to vote are not dependent on nominal value with the result that each capital contribution carries one vote. In this case, the capital contributions with the lowest nominal value must be worth at least one tenth of the nominal value of the other capital contributions.

³ The determination of the right to vote according to the number of capital contributions does not apply to:

1. the appointment of the members of the external auditor;
2. the appointment of experts to inspect management practices or individual parts thereof;
3. the resolution on raising a liability action.

Art. 806a

2. Exclusion of the right to vote

¹ In the case of resolutions on the discharge of the managing directors, persons who have participated in management in any way are not permitted to vote.

² In the case of resolutions on the acquisition of its own capital contribution by the company, company members who are relinquishing their capital contributions are not permitted to vote.

³ In the case of resolutions on consenting to activities of a company member that are contrary to the duty of loyalty or the prohibition of competition, the person concerned is not permitted to vote.

Art. 806b

3. Usufruct

In the case of a usufruct over a capital contribution, the usufructuary has the right to vote and related rights. He is liable to the owner in damages if he fails to give due consideration to the interests of the owner when exercising his rights.

Art. 807

IV. Right of veto

¹ The articles of association may grant company members a right of veto over certain resolutions of the members' general meeting. They must detail the decisions to which the right of veto applies.

² The retrospective introduction of a right of veto requires the consent of all company members.

³ The right of veto may not be transferred.

Art. 808

V. Resolutions
1. In general

The members' general meeting shall pass resolutions and conduct its elections by an absolute majority of the votes represented, unless the law or articles of association provide otherwise.

Art. 808a

2. Casting vote

The chair of the members' general meeting shall have the casting vote. The articles of association may provide otherwise.

Art. 808b

3. Important resolutions

¹ A resolution of the members' general meeting passed by a majority of at least two thirds of the votes represented and an absolute majority of the entire nominal capital in respect of which a right to vote may be exercised is required in the case of:

1. amending the objects of the company;
2. introducing capital contributions with preferential right to vote;
3. increasing or easing the restrictions on or the prohibition of the transferability of capital contributions;
4. consenting to the assignment of capital contributions or recognition as a company member who is entitled to vote;
5. increasing the nominal capital;
6. restricting or revoking subscription rights;
- 6^{bis,688} changing the currency of the nominal capital;
7. consenting to activities of the managing director or company members that are contrary to the duty of loyalty or the prohibition of competition;
8. applying to the court to exclude a company member for good cause;
9. excluding a company member on the grounds specified in the articles of association planned;
10. relocating the seat of the company;
- 10^{bis,689} introducing an arbitration clause into the articles of association;
11. dissolving the company.

⁶⁸⁸ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁸⁹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

² Provisions of the articles of association stipulating larger majorities than those required by law for certain resolutions may only be introduced, amended or repealed if approved by the required majority.⁶⁹⁰

Art. 808c

VI. Contesting resolutions of the members' general meeting

The relevant provisions on companies limited by shares apply to the contesting of resolutions of the members' general meeting.

Art. 809

B. Management and representation
I. Designation the managing director and organisation

¹ The company members are jointly responsible for the management of the company. The articles of association may adopt alternative provisions on management.

² Only natural persons may be appointed as managing directors. Where a legal entity or a commercial enterprise is a participant in the company, if applicable it shall appoint a natural person to exercise this function in its stead. The articles of association may require the consent of the members' general meeting for this.

³ Where a company has two or more managing directors, the members' general meeting must appoint a chair.

⁴ Where a company has two or more managing directors, they decide by a majority of the votes cast. The chair has the casting vote. The articles of association may adopt alternative provisions on decision making by the managing directors.

Art. 810

II. Duties of the managing directors

¹ The managing directors shall be responsible for all matters not assigned by law or the articles of association to the members' general meeting.

² Subject to the reservation of the following provisions, the managing directors shall have the following inalienable and irrevocable duties:

1. the overall management of the company and issuing the required directives;
2. determining the organisation in accordance with the law and the articles of association;
3. organising the accounting, financial control and financial planning systems as required for the management of the company;

⁶⁹⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

4. supervising of the persons who are delegated management responsibilities, in particular with regard to compliance with the law, articles of association, regulations and directives;
 - 5.⁶⁹¹ preparing the annual report;
 6. preparing for the members' general meeting and implementing its resolutions;
 - 7.⁶⁹² filing an application for a debt restructuring moratorium and notifying the court in the event that the company is overindebted.
- ³ The chair of the executive board or if applicable the sole managing director has the following duties:
1. to convene and chair the members' general meeting;
 2. to issue communications to the company members;
 3. to ensure the required notifications are made to the commercial register.

Art. 811

III. Approval by the members' general meeting

- ¹ The articles of association may provide that the managing directors:
1. submit certain decisions to the members' general meeting for approval;
 2. may submit individual matters to the members' general meeting for approval.
- ² Approval by the members' general meeting does not restrict the liability of the managing directors.

Art. 812

IV. Duty of care and of loyalty; prohibition of competition

- ¹ The managing directors and third parties who are involved in management must carry out their duties with all due care and safeguard the interests of the company in good faith.
- ² They are subject to the same duty of loyalty as the company members.
- ³ They may not carry on any activities in competition with the company unless the articles of association provide otherwise or all other company members consent to the activity in writing. The articles of association may provide that the consent of the members' general meeting be required.

⁶⁹¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁶⁹² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 813

V. Equal treatment

The managing directors and third parties who are involved in management must treat company members equally under the same circumstances.

Art. 814

VI. Representation

¹ Each managing director has the right to represent the company.

² The articles of association may adopt alternative provisions on representation, but at least one managing director must be authorised to represent the company. The articles of association may refer to regulations that set out the details.

³ The company must be able to be represented by a person who is resident in Switzerland. This person must be a managing director or a manager. They must have access to the register of capital contributions and to the register of beneficial owners under Article 697I.⁶⁹³

⁴ The relevant provisions on companies limited by shares apply to the extent of and restrictions on the right to act as a representative and to contracts between the company and the person that is representing it.

⁵ The persons authorised to represent the company must sign on its behalf by appending their signature to the business name.

⁶ ...⁶⁹⁴

Art. 815

VII. Removal of managing directors; Revocation of the right to represent the company

¹ The members' general meeting may remove managing directors that it has appointed at any time.

² Any company member may request the court to revoke or restrict the right of a managing director to manage or represent the company where there is good cause, and in particular if the person concerned has seriously breached his obligations or is no longer able to manage the company competently.

³ The managing directors may at any time suspend managers, authorised signatories or authorised officers in their capacity.

⁴ If these persons have been appointed by the members' general meeting, a members' general meeting must be convened without delay.

⁵ Claims for compensation made by persons who have been removed or suspended are reserved.

⁶⁹³ Amended by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the 2012 revised recommendations of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

⁶⁹⁴ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 816

VIII. Nullity of decisions

Decisions made by the managing directors are subject *mutatis mutandis* to the same grounds for nullity as resolutions of the general meeting of a company limited by shares.

Art. 817

IX. Liability

The company is liable for losses or damage caused by unauthorised acts carried out in the exercise of his business activities by a person authorised to manage or represent the company.

Art. 818

C. External auditor

¹ The relevant provisions on companies limited by shares apply to the external auditor.

² A company member subject to an obligation to make additional financial contributions may request an ordinary audit of the annual accounts.

Art. 819

D. Defects in the Organisation of the Company

The relevant provisions on companies limited by shares apply to defects in the organisation the company.

Art. 820⁶⁹⁵

E. Imminent insolvency, loss of capital and overindebtedness

The provisions of the law on companies limited by shares on imminent insolvency, loss of capital, overindebtedness and the revaluation of immovable property and participations apply *mutatis mutandis*.

Section Four: Dissolution and Resignation**Art. 821**A. Dissolution
I. Grounds

¹ A limited liability company must be dissolved:

1. if ground for dissolution stated in the articles of association applies;
2. if the members' general meeting so resolves;
3. if bankruptcy proceedings are commenced;
4. in the other cases provided for by the law.

² If the members' general meeting resolves to dissolve the company, the resolution must be done as a public deed.

⁶⁹⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ Any company member may request the court to dissolve the company for good cause. Instead of dissolution, the court may opt for an alternative solution that is appropriate and reasonable for the persons concerned, such as the payment of a financial settlement to the company member requesting dissolution commensurate with the true value of his capital contribution.

Art. 821a

II. Consequences ¹ The relevant provisions on companies limited by shares apply *mutatis mutandis* to the consequences of dissolution.

² The dissolution of a company must be entered in the commercial register. Where dissolution is ordered by the court, the court must notify the commercial register without delay. Where dissolution is on other grounds, the company must notify the Commercial Register.

Art. 822

B. Resignation of company members ¹ A company member may apply to the court to for leave to resign for good cause.

I. Resignation ² The articles of association may grant company members the right to resign and make this subject to certain conditions.

Art. 822a

II. Follow-up resignations ¹ Where a company member files an action for leave to resign for good cause or a company member tenders his resignation based on a right of resignation under the articles of association, the managing directors must notify the other company members without delay.

² If other company members within three months of receipt of such notice file an action for leave to resign for good cause or exercise a right of resignation under the articles of association, all departing company members must be treated equally in proportion to the nominal value of their capital contributions. Where additional financial contributions have been made, the value thereof must be added to the nominal value.

Art. 823

III. Exclusion ¹ Where there is good cause, the company may apply to the court for the exclusion of a company member.

² The articles of association may provide that the members' general meeting company may exclude members from the company on specific grounds.

³ The regulations on follow-up resignations do not apply.

Art. 824

IV. Interim measures

In proceedings relating to the withdrawal of a company member, the court may at the request of a party order that individual or all membership rights and obligations the person concerned be suspended.

Art. 825V. Financial settlement
1. Entitlement and amount

¹ Where a company member leaves the company, he is entitled to a financial settlement that reflects the true value of his capital contributions.

² Where the company member leaves by exercising a right of resignation under the articles of association, the articles of association may adopt different provisions on compensation.

Art. 825a

2. Payment

¹ The financial settlement becomes due for payment when the company members leaves, provided the company:

1. has disposable equity capital;
2. is able to dispose of the capital contributions of the departing member;
3. is entitled to reduce its nominal capital in compliance with the relevant provisions.

² A licensed audit expert must establish the extent of the disposable equity capital. If this is insufficient to pay the financial settlement, he must state his opinion on the extent to which the nominal capital could be reduced.

³ The former company member holds a non-interest-bearing subordinate ranking claim in respect of any portion of the financial settlement that is not paid out. This becomes due for payment to the extent that disposable equity capital is declared to be available in the annual report.

⁴ For as long as the financial settlement has not been paid in full, the former company member may request that the company appoint an external auditor and arrange for an ordinary audit of the annual accounts.

Art. 826

C. Liquidation

¹ Each company member shall have the right to a share of the proceeds of liquidation corresponding to fraction that nominal value of his capital contribution represents of the nominal capital. Where additional financial contributions have been made and not refunded, their value must be added to the capital contributions of the company member concerned and to the nominal capital. The articles of association may adopt an alternative provision.

² The relevant provisions on companies limited by shares apply *mutatis mutandis* to the dissolution of a company with liquidation.

Section Five: Liability

Art. 827

The relevant provisions on companies limited by shares apply to the liability of persons who are involved in the foundation, management, auditing or liquidation of a limited liability company.

Title Twenty-Nine: The Cooperative

Section One: Definition and Foundation

Art. 828

A. Cooperatives under the Code of Obligations

¹ A cooperative is a corporate entity consisting of an unlimited number of persons or commercial enterprises which primarily aims to promote or safeguard the economic interests of the cooperative's members by way of collective self-help or which is founded for charitable purposes.⁶⁹⁶

² Cooperatives with a predetermined nominal capital are not permitted.

Art. 829

B. Cooperatives under public law

Associations of persons under public law are governed by federal and cantonal public law even where formed to pursue cooperative purposes.

Art. 830⁶⁹⁷

C. Foundation
I. Requirements
1. In general

A cooperative shall be founded by the founders declaring in a public deed that they are founding a cooperative and specifying therein the articles of association and the governing bodies.

Art. 831

2. Number of members

¹ At least seven members must be involved in the foundation of a cooperative.

⁶⁹⁶ Amended by No I 2 of the FA of 17 March 2017 (Commercial Register Law), in force since 1 Jan. 2021 (AS 2020 957; BBl 2015 3617).

⁶⁹⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

² Where the number of members subsequently drops below the minimum number, the provisions of the law on companies limited by shares on defects in the organisation of a company apply *mutatis mutandis*.⁶⁹⁸

Art. 832

II. Articles of association

1. Content prescribed by law

The articles of association must contain provisions concerning:

- 1.⁶⁹⁹ the business name and seat of the cooperative;
2. the objects of the cooperative;
3. and 4.⁷⁰⁰ ...
- 5.⁷⁰¹ the form of the cooperative's communications with its members.

Art. 833

2. Further provisions

In order to be binding, provisions on the following matters must be included in the articles of association:

1. creation of the cooperative's nominal capital by means of cooperative shares (share certificates);
2. contributions in kind to the cooperative's nominal capital, the nature and imputed value thereof and the requirements pertaining to the person of the contributor;
- 3.⁷⁰² ...
4. accession to the cooperative and loss of membership, where such rules differ from the statutory provisions;
- 5.⁷⁰³ members' personal liability and their liability to make additional contributions and an obligation for members to make cash or other contributions and the nature and amount thereof;
6. the organisation and representation of the cooperative, amendment of its articles of association and the adoption of resolutions by the general assembly, where such rules differ from the statutory provisions;

⁶⁹⁸ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁶⁹⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁷⁰⁰ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁷⁰¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁷⁰² Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

⁷⁰³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

7. restrictions on or extensions of the exercise of members' right to vote;
- 8.⁷⁰⁴ the calculation and allocation of balance sheet profit and the liquidation surplus.

Art. 834

III. Constituent assembly

¹ The articles of association shall be drawn up in writing and submitted to an assembly convened by the founder members for consultation and approval.

² In addition, a written report by the founder members on any contributions in kind shall be made available to the assembly for consultation. The founder members must confirm that there are no contributions in kind, instances of offsetting or special privileges other than those mentioned in the supporting documents.⁷⁰⁵

³ This assembly shall also appoint the necessary governing bodies.

⁴ Until the cooperative has been entered in the commercial register, the membership may be established only by signing the articles of association.

Art. 835⁷⁰⁶

IV. Entry in the commercial register

1. Cooperative

The cooperative shall be entered in the commercial register of the place at which it has its seat.

Art. 836⁷⁰⁷

2. ...

Art. 837⁷⁰⁸

3. Register of members

¹ The cooperative shall keep a register in which the first name and surname or the business name of the members and their addresses are recorded. It must keep the register in such a manner that it can be accessed at any time in Switzerland.

⁷⁰⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷⁰⁵ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷⁰⁶ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷⁰⁷ Repealed by No I 2 of the FA of 17 March 2017 (Commercial Register Law), with effect from 1 Jan. 2021 (AS 2020 957; BBl 2015 3617).

⁷⁰⁸ Amended by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the revised recommendations 2012 of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

² The documents on which an entry is based must be retained for ten years following the deletion of the member concerned from the register.

Art. 838

V. Acquisition of legal personality ¹ The cooperative shall acquire legal personality only through entry in the commercial register.

² Persons acting in the name of the cooperative prior to entry in the commercial register are liable personally and jointly and severally for their actions.

³ Where such obligations were entered into expressly in the name of the cooperative to be founded and are assumed by the latter within three months of its entry in the commercial register, the persons who contracted them are released and only the cooperative is liable.

Art. 838^a⁷⁰⁹

D. Amendment of the articles of association A resolution of the general assembly or the board on an amendment of the articles of association must be done as a public deed and entered in the commercial register.

Section Two: Acquisition of Membership

Art. 839

A. General principle ¹ New members may be accepted into a cooperative at any time.

² Providing the principle of unlimited membership is respected, the articles of association may lay down more detailed provisions governing accession; however, they must not impose excessive obstacles to accession.

Art. 840

B. Declaration of accession ¹ Accession requires a written declaration.

² Where, in addition to being liable with its assets, a cooperative provides for personal liability or the liability to make additional contributions on the part of the individual members, the declaration of accession must state such obligations expressly.

³ The board shall decide on acceptance of new members, unless under the articles of association a mere declaration of accession is sufficient or a resolution of the general assembly is required.

⁷⁰⁹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 841

C. In connection
with an insur-
ance policy

¹ Where membership of the cooperative is linked with taking out an insurance policy with the cooperative, membership shall be acquired on acceptance of the insurance application by the competent governing body.

² Insurance policies concluded by a licensed insurance cooperative with its members are subject to the Federal Act of 2 April 1908⁷¹⁰ on Insurance Policies in the same manner as insurance policies concluded with third parties.

Section Three: Loss of Membership**Art. 842**

A. Departure
I. Freedom to
leave

¹ Unless a resolution has been passed to dissolve the cooperative, any member is free to leave.

² The articles of association may provide that a departing member is required to pay an appropriate severance penalty where in the circumstances the departure causes the cooperative significant losses or jeopardises its continued existence.

³ Any permanent ban on or excessive obstacle to departure imposed by the articles of association or by agreement shall be void.

Art. 843

II. Restriction of
departure

¹ A member may be barred from leaving by the articles of association or by agreement for no more than five years.

² Even during this period a member may leave for good cause. The obligation to pay an appropriate severance penalty on the same conditions as apply to members with an unrestricted right of departure is reserved.

Art. 844

III. Notice and
timing of depart-
ure

¹ Members may leave only at the end of the financial year and on expiry of one year's notice.

² The articles of association may stipulate a shorter notice period and may permit departures in the course of the financial year.

⁷¹⁰ SR 221.229.1

- Art. 845**
- IV. Exercise in bankruptcy and attachment
- Where the articles of association grant a departing member a share of the cooperative's assets, a bankrupt member's right to leave may be exercised by the bankruptcy administrators or, if the member's share has been attached, by the debt collection office.
- Art. 846**
- B. Exclusion
- 1 The articles of association may stipulate the grounds on which a member may be excluded.
- 2 Moreover, a member may be excluded at any time for good cause.
- 3 Exclusions shall be decided by the general assembly. The articles of association may stipulate that the board is responsible, in which case the excluded member has a right of recourse to the general assembly. A member may appeal against exclusion to the courts within three months.
- 4 The excluded member may be required to pay an appropriate severance penalty on the same conditions as apply to members with an unrestricted right of departure.
- Art. 847**
- C. Death of a member
- 1 Membership shall lapse on the death of the member.
- 2 However, the articles of association may stipulate that the member's heirs automatically become members of the cooperative.
- 3 Further, the articles of association may stipulate that the heirs or one of two or more heirs must, on written request, be recognised as member in place of the deceased member.
- 4 The community of heirs must appoint a joint representative to act as a member of the cooperative.
- Art. 848**
- D. Lapse of office, employment or contract
- Where membership of a cooperative is linked to the holding of an office or an employment relationship or is the result of a contractual relationship, as in the case of an insurance cooperative, unless the articles of association provide otherwise, membership lapses on termination of such office, employment or contract.
- Art. 849**
- E. Transfer of membership
I. In general
- 1 The assignment of shares in the cooperative and, where a certificate is issued as proof of membership or such share, the transfer of this certificate do not automatically make the acquirer a member. The acquirer becomes a member only after the existing members have passed a resolution of acceptance as required by law and the articles of association.

² Until such time as the acquirer becomes a member, the alienator is entitled to exercise the personal membership rights.

³ Where membership of a cooperative is linked with a contract, the articles of association may stipulate that, if the contract is subsequently taken over, membership automatically passes to the legal successor.

Art. 850

II. By transfer of land or commercial exploitation

¹ The articles of association may make membership of a cooperative conditional on ownership or commercial exploitation of a property.

² In such cases the articles of association may stipulate that, in the event that the property or commercial operations change hands, membership shall automatically pass to the acquirer.

³ A transfer of membership resulting from the alienation of property shall be valid as against third parties only if entered under priority notice in the land register.

Art. 851

F. Departure of the legal successor

In the case of transfer and inheritance of membership, the conditions for leaving the cooperative are the same for the legal successor as for the former member.

Section Four: Rights and Obligations of the Members

Art. 852

A. Proof of membership

¹ The articles of association may stipulate that a certificate be issued as proof of membership.

² Such proof may also be provided as part of the member's share certificate.

Art. 853

B. Share certificates

¹ Where a cooperative has shares, each member joining it must take at least one.

² The articles of association may stipulate that multiple shares may be acquired, up to a specified maximum.

³ Share certificates are made out in the member's name. However, they may not be made out in the form of negotiable securities, but only as documents in proof.

Art. 854

C. Equality

The members all have equal rights and obligations, unless the law makes an exception.

Art. 855

D. Rights
I. Voting right

The rights of members to participate in the affairs of the cooperative, in particular with regard to the management of its business and the promotion of the cooperative's interests, are exercised by taking part in the general assembly of members or, where prescribed by law, in ballots.

Art. 856

II. Control by the members
1. Notice of the annual report⁷¹¹

¹ No later than ten days prior to the general assembly of members or the ballot to decide on approval of the management report, the consolidated accounts and the annual accounts, these documents together with the audit report must be made available at the seat of the cooperative for inspection by its members.⁷¹²

² Unless the documents are electronically accessible, any member may for one year following the general assembly request that they be sent the annual report in the form approved by the general assembly together with the audit report.⁷¹³

Art. 857

2. Release of information

¹ The members may draw the attention of the external auditor to dubious procedures and request the necessary information.⁷¹⁴

² The cooperative's ledgers and business correspondence may be inspected only with the express authorisation of the general assembly of members or by resolution of the board and if measures are taken to safeguard trade secrets.

⁷¹¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷¹² Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

⁷¹³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷¹⁴ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

³ The court may order the cooperative to provide the members with information on significant matters relevant to the exercise of their right of control in the form of authenticated copies from its ledgers or correspondence. The court order must not jeopardise the interests of the cooperative.

⁴ The members' right of control may not be excluded or restricted either by the articles of association or by resolutions made by a governing body of the cooperative.

Art. 858⁷¹⁵

III. Rights to share in the annual profit⁷¹⁶

1. ...

Art. 859

2. Profit distribution principles

¹ Unless the articles of association provide otherwise, any annual profit on the cooperative's business operations passes in its entirety to the cooperative's assets.

² Where distribution of the annual profit among the members is provided for, unless the articles of association dictate otherwise, it shall be distributed according to the use of the cooperative's facilities by individual members.

³ Where share certificates exist, the portion of the annual profit paid out on them must not exceed the usual rate of interest for long-term loans without special security.

Art. 860

3. Duty to form and accumulate a reserve fund

¹ Where the net profit is used for a purpose other than to build up the cooperative's assets, each year one twentieth of it must be allocated to a reserve fund. Such allocations must be made for at least 20 years; where share certificates exist, they must in any event be made until the reserve fund is equal to one-fifth of the cooperative's capital.

² The articles of association may stipulate that the reserve fund must be accumulated more rapidly.

³ To the extent that the reserve fund does not exceed one-half of the cooperative's other assets or, where share certificates exist, one-half of the cooperative's capital, it may be used only to cover losses or for

⁷¹⁵ Repealed by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), with effect from 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589).

⁷¹⁶ Term in accordance with No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399). This amendment has been made in the provisions specified in the AS.

measures designed to sustain the cooperative's pursuit of its objects in difficult times.

4 ...717

Art. 861

4. Annual profit at credit cooperatives

¹ Credit cooperatives may lay down articles of association that derogate from the provisions governing distribution of annual profit contained in the previous articles, but they too are obliged to form a reserve fund and to use it in accordance with the above provisions.

² Each year at least one-tenth of the annual profit must be allocated to the reserve fund until it equals one-tenth of the cooperative's nominal capital.

³ Where a portion of the annual profit is paid out to holders of shares in the cooperative and that portion exceeds the usual rate of interest for long-term loans without special security, one-tenth of the amount by which it exceeds the usual interest rate must likewise be allocated to the reserve fund.

Art. 862

5. Welfare funds

¹ The articles of association may also provide for allocations to establish and finance other funds, in particular funds dedicated to the welfare of employees of the company and related workers and for members of the cooperative.

2-4 ...718

Art. 863

6. Further allocations to reserves

¹ Allocations to the reserve fund and other funds in accordance with the law and the articles of association shall be deducted in the first instance from the annual profit available for distribution.

² Where it is deemed appropriate in order to secure the long-term success of the cooperative, the general assembly of members may also resolve to create reserves which are not envisaged by or meet higher requirements than are specified by the law or the articles of association.

³ Similarly, contributions may be deducted from the annual profit for the purpose of creating and financing welfare funds for employees, other workers and members or for other welfare purposes even where these are not envisaged in the articles of association; such contributions are

717 Repealed by Annex No II 1 of the Insurance Oversight Act of 17 Dec. 2004, with effect from 1 Jan. 2006 (AS 2005 5269; BBl 2003 3789).

718 Repealed by No I let. b of the FA of 21 March 1958, with effect from 1 July 1958 (AS 1958 379; BBl 1956 II 825).

subject to the provisions governing welfare funds established by the articles of association.

Art. 864

IV. Entitlement to settlement
1. Under the articles of association

¹ The articles of association shall specify whether the departing members or their heirs have claims on the cooperative's assets and, if so, what those claims are. Such claims must be calculated on the basis of the net balance sheet assets excluding reserves at the time the member leaves the cooperative.

² The articles of association may grant departing members or their heirs the right to the full or partial repayment of the value of their share certificate excluding the entry fee. They may stipulate that this repayment be deferred for up to three years after the member's departure.

³ Even where the articles of association make no such provision, the cooperative remains entitled to defer the repayment for up to three years where it would cause the cooperative considerable losses or jeopardise its continued existence. Any entitlement of the cooperative to a severance penalty paid by the departing member is unaffected by this provision.

⁴ The claims of departing members or their heirs prescribe three years after the time at which the settlement becomes payable by the cooperative.

Art. 865

2. By law

¹ Where the articles of association make no provision for a settlement entitlement, departing members or their heirs have no such entitlement.

² Where the cooperative is dissolved within one year of the member's departure or death and the assets are distributed, the departed member or their heirs have the same entitlement as the members present on dissolution.

Art. 866

E. Duties
I. Duty of loyalty

The members are obliged to safeguard the interests of the cooperative loyally and in good faith.

Art. 867

II. Duty to make contributions

¹ The articles of association define the obligatory contributions.

² Where the members are obliged to pay in contributions on share certificates or to make other contributions, the cooperative must call them in by registered letter with an appropriate time limit for performance.

³ Where no payment is forthcoming on first request and the member fails to comply within one month of a second call for payment, the member may be declared to have forfeited their rights as member of the cooperative, providing they were previously warned of this consequence by registered letter.

⁴ Unless the articles of association provide otherwise, the declaration of forfeiture does not release the member from obligations already due or falling due by virtue of their exclusion.

Art. 868

III. Liability

1. Of the cooperative

The cooperative is liable with its assets for its obligations. It is liable exclusively, unless the articles of association provide otherwise.

Art. 869

2. Of the members

a. Unlimited liability

¹ Except in the case of licensed insurance cooperatives, the articles of association may provide that, after the cooperative's assets, the members have unlimited personal liability.

² Where this is the case and creditors suffer losses on the insolvency of the cooperative, the members are jointly and severally liable with their entire assets for all obligations of the cooperative. Claims in respect of this liability are brought by the insolvency administrators until the insolvency proceedings are complete.

Art. 870

b. Limited liability

¹ Except in the case of licensed insurance cooperatives, the articles of association may provide that, after the cooperative's assets, the members have limited personal liability for the cooperative's obligations above and beyond their membership contributions and the value of their cooperative shares, although only up to a specified amount.

² Where shares are held in the cooperative, the amount for which the individual members are liable is determined by the value of their share.

³ Claims in respect of this liability are brought by the insolvency administrators until the insolvency proceedings are complete.

Art. 871

c. Liability to make additional contributions

¹ Instead of or in addition to such liability, the articles of association may require the members to make additional contributions, which may be used only to cover net losses for the year.

² The liability to make additional contributions may be unlimited or else limited to specified amounts or to a specified proportion of the member's contribution or share in the cooperative.

³ Where the articles of association make no provision on how additional contributions are to be shared among the members, the amount due from each is determined according to the value of their shares in the cooperative or, where no such shares exist, on a per capita basis.

⁴ The additional contributions may be called in at any time. If the cooperative is insolvent, the right to call in additional contributions accrues to the insolvency administrators.

⁵ In other respects the provisions governing the calling-in of contributions and declaration of forfeiture are applicable.

Art. 872

d. Inadmissible restrictions

Any provisions made in the articles of association which limit liability to a specific time or to particular obligations or groups of members are void.

Art. 873

e. Procedure in insolvency

¹ In the event of the insolvency of a cooperative in which the members are personally liable or liable to make additional contributions, at the same time as they draw up the schedule of claims the insolvency administrators must determine and call in the provisional personal liability of each individual member or the additional contributions they must make.

² Irrecoverable amounts must be spread equally among the other members, and surpluses repaid once the final distribution plan has been formulated. The members' right of recourse against each other is reserved.

³ The provisional determination of members' obligations and the distribution plan are subject to challenge by appeal on procedural grounds pursuant to the Debt Enforcement and Bankruptcy Act of 11 April 1889⁷¹⁹.

⁴ The procedure is determined by Federal Council ordinance.⁷²⁰

Art. 874

f. Amendment of liability provisions

¹ The provisions governing the personal liability or liability to make additional contributions of the members and the reduction or cancellation of share certificates may be amended only by amending the articles of association.

⁷¹⁹ SR 281.1

⁷²⁰ Amended by No II 10 of the FA of 20 March 2008 on the Formal Revision of Federal Legislation, in force since 1 Aug. 2008 (AS 2008 3437 3452; BBl 2007 6121).

² Furthermore, the provisions governing reductions of capital by companies limited by shares apply to any reduction or cancellation of share certificates.⁷²¹

³ Any reduction of a member's personal liability or liability to make additional contributions shall have no effect on obligations that arose prior to publication of the amendment to the articles of association.

⁴ Where a member's personal liability or liability to make additional contributions is established or increased, on entry of the resolution in the commercial register it works in favour of all creditors of the cooperative.

Art. 875

g. Liability of new members

¹ A person joining a cooperative in which the members are personally liable or liable to make additional contributions has the same liability as the other members for the cooperative's obligations, including those that arose before the new member joined.

² Any contrary provision made in the articles of association or by agreement between the members has no effect against third parties.

Art. 876

h. Liability after departure or dissolution

¹ Where a member with limited or unlimited liability leaves the cooperative as a result of death or for some other reason, that member remains liable for the obligations arising prior to departure if the cooperative becomes insolvent within one year or any longer period stipulated in the articles of association of the date on which the departure was entered in the commercial register.

² Any liability to make additional contributions remains effective on the same conditions and subject to the same time limits.

³ Where a cooperative is dissolved, the members likewise remain liable or obliged to make additional contributions if insolvency proceedings are commenced in respect of the cooperative within one year or any longer period stipulated in the articles of association of the date on which such dissolution was entered in the commercial register.

Art. 877

i. Notification of accessions and departures for entry in the commercial register

¹ Where the members have limited or unlimited liability for the cooperative's debts or are liable to make additional contributions, the board must notify every accession or departure of a member for entry in the commercial register within three months.

⁷²¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

² Further, every departing or excluded member and the heirs of a member have the right to have the member's departure, exclusion or death entered in the register on their initiative. The commercial register office must immediately notify the cooperative's board of any such notification.

³ Licensed insurance cooperatives are exempt from the duty to notify their members for entry in the commercial register.

Art. 878

k. Prescriptive periods for liability

¹ Creditors' claims in respect of the personal liability of individual members may be brought by any creditor at any time up to one year after completion of insolvency proceedings, unless the law provides for their extinction at an earlier juncture.

² The members' right of recourse against each other likewise prescribes three years after the date of the payment to which the claim relates.⁷²²

Section Five: Organisation of the Cooperative

Art. 879

A. General assembly of members

¹ The supreme governing body of a cooperative is the general assembly of members.

I. Powers

² It has the following inalienable powers:

1. to determine and amend the articles of association;
- 2.⁷²³ to elect the board and the external auditor;
- 2^{bis}.⁷²⁴ to approve the annual accounts and if applicable to pass resolutions on the allocation of the balance sheet profit;
- 3.⁷²⁵ to approve the management report and the consolidated accounts;
- 3^{bis}.⁷²⁶ to pass resolutions on repaying capital reserves;
4. to discharge the board;

⁷²² Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS 2018 5343; BBl 2014 235).

⁷²³ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷²⁴ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷²⁵ Amended by No I 3 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS 2012 6679; BBl 2008 1589).

⁷²⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

5. to make resolutions concerning the matters reserved to the general assembly of members by law or the articles of association.

Art. 880

- II. Ballot
- In the case of cooperatives with more than 300 members or in which the majority of members are themselves cooperatives, the articles of association may stipulate that all or some of the powers of the general assembly of members be exercised by ballot.

Art. 881

- III. Convening the general assembly
1. Right and duty
 - ¹ The general assembly of members shall be convened by the board or any other governing body on which the articles of association confer such authority, and where necessary by the external auditor.⁷²⁷ The liquidators and the representatives of bond creditors also have the right to convene a general assembly.
 - ² The general assembly of members must be convened at the request of at least one-tenth of the members or, in the case of cooperatives with fewer than 30 members, at least three members.
 - ³ Where the board fails to grant such a request within a reasonable period, on application the court must order that a general assembly be convened.

Art. 882

2. Form
 - ¹ The general assembly of members must be convened in the form prescribed by the articles of association but in any event no later than five days before the date for which it is scheduled.
 - ² In the case of cooperatives with more than 30 members, convocation is effective as soon as it is publicly announced.

Art. 883

3. Agenda items
 - ¹ The notice convening the meeting must include the agenda items to be discussed and the essential content of any proposed amendments to the articles of association.
 - ² No resolutions may be made on motions relating to agenda items that were not duly notified, except by means of a motion to convene a further general assembly.
 - ³ No advance notice is required to propose motions on duly notified agenda items and to debate items without passing resolutions.

⁷²⁷ First sentence Amended by No 13 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBI **2002** 3148, **2004** 3969).

- Art. 884**
4. Universal meeting Where all the cooperative's members are present, they may, if no objection is raised, pass resolutions without needing to comply with the formal convocation requirements.
- Art. 885**
- IV. Voting rights Every member has one vote at the general assembly of members or in the ballot.
- Art. 886**
- V. Representation
- ¹ A member may exercise their right to vote at the general assembly of members by appointing another member to act as their representative, but no representative may represent more than one member.
- ² In the case of cooperatives with more than 1,000 members, the articles of association may stipulate that each member may represent more than one other member but never more than nine.
- ³ The articles of association reserve the right to permit representation of members by relatives with capacity to act.
- Art. 887**
- VI. Exclusion of right to vote
- ¹ In the case of resolutions concerning the discharge of the board, persons who have participated in any manner in the management of the cooperative's business have no right to vote.
- ² ...⁷²⁸
- Art. 888**
- VII. Resolutions
1. In general
- ¹ Unless otherwise provided for by law or the articles of association, the general assembly of members shall pass resolutions and decide elections by an absolute majority of the votes cast. The same applies to resolutions and elections by ballot.
- ² The dissolution of the cooperative and any amendment to the articles of association require a majority of two-thirds of the votes cast. The articles of association may stipulate more restrictive conditions for such resolutions.⁷²⁹
- ⁷²⁸ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS **2007** 4791; BBI **2002** 3148, **2004** 3969).
- ⁷²⁹ Amended by Annex No 2 of the Mergers Act of 3 Oct. 2003, in force since 1 July 2004 (AS **2004** 2617; BBI **2000** 4337).

Art. 889

2. Increase of members' obligations

¹ Resolutions to introduce or increase the members' personal liability or their liability to make additional contributions require the consent of three-quarters of all members.

² Members who did not vote in favour are not bound by such resolutions providing they give notice of their departure from the cooperative within three months of the publication of the resolution in question. Such departure takes effect as of the date on which the resolution comes into force.

³ In such cases, departure may not be made conditional on payment of a severance penalty.

Art. 890

VIII. Dismissal of the board and the external auditor⁷³⁰

¹ The general assembly of members is entitled to dismiss the members of the board and the external auditor and any registered attorneys or commercial agents appointed by them.⁷³¹

² On application by at least one-tenth of the members, the court may order such dismissals where good cause exists and, in particular, where the persons in question neglected their duties or were unable to fulfil them. In such cases the court must, where necessary, order that fresh elections be held by the competent body of the cooperative and take appropriate measures for the interim.

³ The claims for compensation of persons thus dismissed are reserved.

Art. 891

IX. Challenging resolutions of the general assembly

¹ The board or any member may challenge resolutions made by the general assembly of members or by ballot which violate the law or the articles of association by bringing action against the cooperative before the court. Where the board is the claimant, the court shall appoint a representative for the cooperative.

² The right of challenge lapses where the action is not brought within two months of the adoption of the resolution.

³ A court judgment that annuls a resolution is effective for and against all the members.

⁷³⁰ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁷³¹ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

Art. 892

X. Assembly of delegates

¹ Cooperatives with more than 300 members or in which the majority of the members are cooperatives may delegate all or some of the powers of the general assembly of members to an assembly of delegates by means of the articles of association.

² Rules governing the composition, election and convocation of the assembly of delegates are laid down in the articles of association.

³ Every delegate has one vote in the assembly of delegates, unless different provision for right to vote is made in the articles of association.

⁴ In other respects the statutory provisions governing the general assembly of members apply to the assembly of delegates.

Art. 893

XI. Exceptions for insurance cooperatives

¹ Licensed insurance cooperatives with more than 1,000 members may delegate all or some of the powers of the general assembly of members to the board by means of the articles of association.

² The powers of the general assembly of members to introduce or increase the members' liability to make additional contributions and to dissolve, merge, split and modify the legal form of the cooperative are not transferable.⁷³²

Art. 893a⁷³³

XII. Venue and use of electronic means

The rules of the law on companies limited by shares on the venue and using electronic means when preparing for and conducting the general assembly apply *mutatis mutandis*.

Art. 894

B. Board
I. Eligibility
1. Membership

¹ The board of the cooperative shall comprise at least three persons; a majority of them must be members.

² Where a legal entity or commercial company holds a participation in the cooperative, it shall not be eligible as such to serve as a member of the board; however, its representative may be elected in its stead.

Art. 895⁷³⁴

2....

⁷³² Amended by Annex No 2 of the Mergers Act of 3 Oct. 2003, in force since 1 July 2004 (AS 2004 2617; BBI 2000 4337).

⁷³³ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁷³⁴ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS 2007 4791; BBI 2002 3148, 2004 3969).

Art. 896

II. Term of office

¹ The members of the board shall be elected for a maximum term of office of four years, but may be re-elected unless the articles of association provide otherwise.

² The provisions governing companies limited by shares apply to terms of office of members of the board of licensed insurance cooperatives.

Art. 897

III. Administrative committees

The articles of association may delegate some of the duties and powers of the board to one or more committees elected by the board.

Art. 898⁷³⁵IV. Business management and representation
1. Delegation

¹ The articles of association may authorise the general assembly of members or the board to delegate responsibility for managing the cooperative's business or parts thereof and for representing the cooperative to one or more persons, business managers or executive officers, who need not be members of the cooperative.

² A cooperative must be able to be represented by a person who is resident in Switzerland. This person must be a director, a business manager or an executive officer. This person must have access to the register under Article 837.⁷³⁶

Art. 899

2. Scope and restriction

¹ The persons with authority to represent the cooperative may carry out in its name any transactions conducive to the achievement of the cooperative's objects.

² Any restriction of such authority shall have no effect in relation to bona fide third parties, subject to any provisions entered in the commercial register that govern exclusive representation of the principal place of business or a branch office or joint management of the cooperative.

³ The cooperative is liable for any loss or damage resulting from unauthorised acts carried out in the exercise of his function by a person authorised to manage the cooperative's business or to represent it.

⁷³⁵ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷³⁶ Amended by No I 2 of the FA of 12 Dec. 2014 on the Implementation of the revised recommendations 2012 of the Financial Action Task Force, in force since 1 July 2015 (AS 2015 1389; BBl 2014 605).

Art. 899a⁷³⁷

3. Contracts between the cooperative and its representatives

If the cooperative is represented in the conclusion of a contract by the same person with whom it is concluding the contract, the contract must be done in writing. This requirement does not apply to contracts relating to everyday business where the value of the cooperative's goods or services does not exceed 1,000 francs.

Art. 900

4. Signatures⁷³⁸

The persons with authority to represent the cooperative must sign by appending their signature to the cooperative's business name.

Art. 901⁷³⁹

5. ...

Art. 902

V. Duties
1. In general

¹ The board must conduct the business of the cooperative with all diligence and employ its best endeavours to further the cooperative's cause.

² In particular, it has a duty:

1. to prepare the business of the general assembly of members and implement its resolutions;
2. to supervise the persons entrusted with the cooperative's business management and representation with regard to compliance with the law, the articles of association and any applicable regulations and to keep itself regularly informed of the cooperative's business performance.

³ The board is responsible for ensuring that:

1. the minutes of its meetings, the minutes of the general assembly, the necessary accounting records and the membership list are kept properly;
2. the annual report is drawn up and submitted to the external auditor for examination in accordance with the statutory provisions; and

⁷³⁷ Inserted by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷³⁸ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷³⁹ Repealed by No I of the FA of 19 June 2020 (Company Law), with effect from 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

3. the prescribed notifications concerning accessions and departures of members are made to the commercial register office.⁷⁴⁰

Art. 902^a⁷⁴¹

2. Repayment of contributions

The rules of the law on companies limited by shares apply *mutatis mutandis* to the repayment of contributions.

Art. 903⁷⁴²

3. Imminent insolvency, loss of capital and overindebtedness

¹ The provisions of the law on companies limited by shares on imminent insolvency, overindebtedness and the revaluation of immovable property and participations apply *mutatis mutandis*.

² In the case of cooperatives with share certificates, the provisions of the law on companies limited by shares on loss of capital also apply *mutatis mutandis*.

Art. 904

VI. Return of payments to members

¹ In the event that the cooperative becomes insolvent, the board is obliged to reimburse the cooperative's creditors for all payments received in the three years prior to the onset of insolvency in the form of shares in the profit or under any other designation to the extent such payments exceed adequate remuneration for the consideration rendered and should not have been made under a prudent accounting regime.

² Such reimbursement shall be excluded to the extent that no claim for it exists under the provisions governing unjust enrichment.

³ The court shall decide at its discretion, taking due account of all the circumstances.

Art. 905

VII. Dismissal and suspension

¹ The board may at any time dismiss the committees, business managers, executive officers and other registered attorneys and commercial agents that it has appointed.

² The registered attorneys and commercial agents appointed by the general assembly of members may be suspended from their duties at any time by the board, providing a general meeting is convened immediately.

⁷⁴⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷⁴¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷⁴² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ Claims for compensation made by persons dismissed or suspended are reserved.

Art. 906⁷⁴³

C. External auditor
I. In general

¹ The external auditor is governed *mutatis mutandis* by the provisions on companies limited by shares.

² An ordinary audit of the annual accounts may be requested by:

1. 10 per cent of the members;
2. members who together represent at least 10 per cent of the nominal capital;
3. members who personally liable or under an obligation to make additional capital contributions.

Art. 907⁷⁴⁴

II. Verification of the membership list

¹ In the case of cooperatives in which the members are personally liable or liable to make additional capital contributions, the external auditor must verify that the membership list⁷⁴⁵ has been kept correctly. If the cooperative has no external auditor, the board must arrange for the membership list⁷⁴⁶ to be verified by a licensed auditor.

Art. 908⁷⁴⁷

D. Defects in organisation

In the case of defects in the organisation of a cooperative, the corresponding provisions on companies limited by shares apply.

Art. 909 and 910⁷⁴⁸

⁷⁴³ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷⁴⁴ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷⁴⁵ Revised by the Federal Assembly Drafting Committee (Art. 58 para. 1 ParlA; SR 171.10).

⁷⁴⁶ Revised by the Federal Assembly Drafting Committee (Art. 58 para. 1 ParlA; SR 171.10).

⁷⁴⁷ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷⁴⁸ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

Section Six: Dissolution of the Cooperative

Art. 911

A. Grounds for dissolution

The cooperative shall be dissolved:

1. in accordance with the articles of association;
2. by resolution of the general assembly of members;
3. by the commencement of insolvency proceedings;
4. in the other cases provided for by law.

Art. 912⁷⁴⁹

B. Entry in the commercial register

¹ The dissolution of a cooperative must be entered in the commercial register.

² Notice of dissolution by court judgment must be given by the court to the commercial register office immediately.

³ Notice of dissolution on other grounds must be given by the cooperative to the commercial register office.

Art. 913

C. Liquidation, distribution of assets

¹ The cooperative shall be liquidated in accordance with the provisions governing companies limited by shares, subject to the following provisions.

² The assets of the dissolved cooperative remaining after payment of all its debts and repayment of any shares may be distributed among the members only where the articles of association provide for such distribution.

³ Unless the articles of association provide otherwise, in this case the assets are distributed among the members as at the time of dissolution or their legal successors on a per capita basis. The statutory entitlement of departed members or their heirs to a financial settlement is reserved.

⁴ Where the articles of association make no provision for such distribution among the members, the liquidation surplus must be used for the cooperative's purpose or to promote charitable causes.

⁵ Unless the articles of association provide otherwise, the general assembly of members shall decide on this matter.

⁷⁴⁹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 914⁷⁵⁰

D. ...

Art. 915

E. Takeover by a public sector corporation

¹ Where the assets of a cooperative are taken over by the Confederation, by a canton or, under guarantee from the canton, by a district or commune, with the consent of the general assembly of members it may be agreed that no liquidation will take place.

² The resolution of the general assembly of members must be made in accordance with the provisions governing dissolution and notice thereof given to the commercial register office.

³ On entry of such resolution in the commercial register, the transfer of the cooperative's assets and debts is complete and the cooperative's name must be deleted.

Section Seven: Liability**Art. 916**⁷⁵¹

A. Liability to the cooperative

All persons engaged in the administration, business management or auditing or liquidation of the cooperative are liable to the cooperative for the losses arising from any wilful or negligent breach of their duties.

Art. 917

B. Liability to the cooperative, members and creditors

¹ Any director or liquidator who wilfully or negligently breaches their statutory duties with regard to the overindebtedness of the cooperative is liable to the cooperative, the individual members and the creditors for the losses arising.

² Claims for compensation for losses suffered by the members and the creditors only indirectly through harm done to the cooperative must be brought in accordance with the provisions governing companies limited by shares.

Art. 918

C. Joint and several liability and recourse

¹ Where two or more persons are responsible for the same loss, they are jointly and severally liable.

⁷⁵⁰ Repealed by Annex No 2 of the Mergers Act of 3 Oct. 2003, with effect from 1 July 2004 (AS 2004 2617; BBI 2000 4337).

⁷⁵¹ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBI 2002 3148, 2004 3969).

² The right of recourse among several defendants shall be determined by the court with due regard to the degree of fault.

Art. 919⁷⁵²

D. Prescription ¹ A claim for damages against any person held liable under the above provisions prescribes three years after the date on which the person suffering damage learned of the damage and of the person liable for it but in any event ten years after the date on which the harmful conduct took place or ceased.⁷⁵³

² If the person liable has committed a criminal offence through his or her harmful conduct, then the right to damages or satisfaction prescribes at the earliest when the right to prosecute the offence becomes time-barred. If the right to prosecute is no longer liable to become time-barred because a first instance criminal judgment has been issued, the right to claim damages or satisfaction prescribes at the earliest three years after notice of the judgment is given.

Art. 920

E. Liability in credit and insurance cooperatives

In the case of credit cooperatives and licensed insurance cooperatives, liability shall be determined according to the provisions governing companies limited by shares.

Section Eight: Cooperative Unions

Art. 921

A. Requirements ¹ Three or more cooperatives may form a cooperative union and constitute it as a cooperative.

Art. 922

B. Organisation
I. Assembly of delegates

¹ Unless the articles of association provide otherwise, the supreme governing body of the cooperative union shall be the assembly of delegates.

² The articles of association shall determine the number of delegates from the affiliated societies.

³ Unless the articles of association provide otherwise, each delegate shall have one vote.

⁷⁵² Amended by No I of the FA of 15 June 2018 (Revision of the Law on Prescription), in force since 1 Jan. 2020 (AS **2018** 5343; BBl **2014** 235).

⁷⁵³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399).

Art. 923

II. Board Unless the articles of association provide otherwise, the board shall be made up of members from the affiliated cooperatives.

Art. 924

III. Monitoring, challenge

¹ The articles of association may grant the board of the union the right to monitor the business activities of the affiliated cooperatives.

² They may the grant the board of the union the right to challenge in court the resolutions made by the individual affiliated societies.

Art. 925

IV. Exclusion of new obligations

Accession to a cooperative union may not bring with it any obligations for the members of the acceding cooperative which they do not already have by law or under the articles of association of their own cooperative.

Section Nine: Involvement of Public Sector Corporations**Art. 926**

¹ Where public sector corporations such as the Confederation or a canton, district or commune have a public interest in a cooperative, the cooperative's articles of association may grant that corporation the right to appoint representatives to the board or the external auditor.⁷⁵⁴

² These directors and external auditors appointed by a public sector corporation shall have the same rights and duties as those elected by the cooperative.

³ Only the public sector corporation shall have the right to dismiss the representatives that it appointed to the board and the external auditor.⁷⁵⁵ The public sector corporation is liable to the cooperative, its members and creditors for the actions of these representatives, subject to the rights of recourse under federal and cantonal law.

⁷⁵⁴ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

⁷⁵⁵ First sentence Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

Division Four:⁷⁵⁶
**The Commercial Register, Business Names and
 Commercial Accounting**
Title Thirty:⁷⁵⁷ **The Commercial Register**

Art. 927

A. Definition
and purpose

¹ The commercial register is a network of state-run databases. Its primary purpose is the recording and publication of legally relevant information about legal entities, which serves to provide legal certainty and protect third parties.

² Legal entities for the purpose of this Title are:

1. sole proprietorships;
2. general partnerships;
3. limited partnerships;
4. companies limited by shares;
5. partnerships limited by shares;
6. limited liability companies;
7. cooperatives;
8. associations;
9. foundations;
10. limited partnerships for capital investment schemes;
11. investment companies with fixed capital;
12. investment companies with variable capital;
13. public institutions;
14. branch offices.

Art. 928

B. Organisation
I. Commercial
register authorities

¹ The cantons are responsible for running the commercial register offices. They are free to run the commercial register on a cross-cantonal basis.

² The Confederation shall exercise oversight over the keeping of the commercial register.

⁷⁵⁶ Amended by the Federal Act of 18 Dec. 1936, in force since 1 July 1937 (AS **53** 185; BBl **1928** I 205, **1932** I 217). See the Final and Transitional Provisions of Title XXIV–XXXIII, at the end of this Code.

⁷⁵⁷ Amended by No I 1 of the FA of 17 March 2017 (Commercial Register Law), in force since 1 Jan. 2021, Art. 928*b* und 928*c* in force since 1 April 2020 (AS **2020** 957; BBl **2015** 3617).

Art. 928a

II. Cooperation
between authori-
ties

¹ The commercial register authorities shall work together to fulfil their tasks. They shall provide each other with the information and documents that are required to fulfil their tasks.

² Unless the law provides otherwise, federal and cantonal courts and administrative authorities shall notify the commercial register offices of facts that require registration, amendment or deletion in the commercial register.

³ Information and notifications are provided free of charge.

Art. 928b

C. Central data-
bases

¹ The Federal Supervisory Authority operates the central databases on the legal entities and persons recorded in the cantonal registers. The central databases allow the registered legal entities and persons to be found, and their data to be linked and differentiated.

² The Federal Supervisory Authority is responsible for compiling the data for the central database on legal entities. It shall make the public data on legal entities available online free of charge for individual queries.

³ The commercial register offices are responsible for compiling the data for the central database on persons.

⁴ The Confederation is responsible for the security of the information systems and the legality of the data processing.

Art. 928c

D. OASI num-
ber⁷⁵⁸ and per-
sonal number

¹ The commercial register authorities shall use the OASI number systematically to identify natural persons.

² They shall only disclose the OASI number to other authorities and institutions that require the number to carry out their statutory duties in connection with the commercial register and that are entitled to make systematic use of the number.

³ Natural persons recorded in the central database for persons shall also be allocated a non-descriptive personal number.

Art. 929

E. Registration,
amendment and
deletion

I. Principles

¹ Entries in the commercial register must be true and must neither be misleading nor contrary to any public interest.

⁷⁵⁸ Term in accordance with Annex No 3 of the FA of 18 Dec. 2020 (Systematic Use of the OASI Number by Authorities), in force since 1 Jan. 2022 (AS 2021 758; BBl 2019 7359). This modification has been made in the provisions specified in the AS.

² Recording in the commercial register is based on an application. Documents must be provided in support of the information to be recorded.

³ Entries may be made based on a judgment or ruling of a court or an administrative authority or ex officio.

Art. 930

II. Business identification number

The legal entities entered in the commercial register registered are assigned a business identification number in accordance with the Federal Act of 18 June 2010⁷⁵⁹ on the Business Identification Number.

Art. 931

III. Obligation to register and voluntary registration

1. Sole proprietorships and branch offices

¹ A natural person who operates a business that in the most recent financial year achieved revenues of at least 100 000 francs must have their sole proprietorships entered in the commercial register at the place of foundation. Exempted from this obligation are members of the liberal professions and farmers who do not operate a commercial business.

² Branch offices must be entered in the commercial register of the place where they are located.

³ Sole proprietorships and branch offices that are not required to register are nonetheless entitled to be registered.

Art. 932

2. Public institutions

¹ Public institutions must be entered in the commercial register if they primarily carry on a private gainful economic activity or if the federal, cantonal or communal law requires their registration. They shall be registered at the location of their seat.

² Public institutions that are not required to register are nonetheless entitled to be registered.

Art. 933

IV. Change in facts

¹ If a fact must be entered in the commercial register, any change in this fact must also be recorded.

² A person no longer associated with an entity is entitled to apply for the entry relating to them to be deleted. The Ordinance regulates the details.

Art. 934

V. Ex officio deletion
 1. Legal entities without business operations and without assets

¹ If a legal entity is no longer operating as a business and if it no longer has any disposable assets, the commercial register office shall delete it from the commercial register.

² The commercial register office shall request the legal entity to give notice of any interest in keeping the entry. If there is no response to this request, it shall request other persons concerned to give notice of any such interest by publishing the request in the Swiss Official Commercial Gazette. If there is no response to this request, the legal entity shall be deleted.⁷⁶⁰

³ If other persons concerned give notice of an interest in keeping the entry, the commercial register office shall refer the matter to the court for a decision.

Art. 934a

2. In the event of a sole proprietorship or branch office having no domicile

¹ If a sole proprietorship no longer has a domicile, then if there is no response to a request published in the Swiss Official Commercial Gazette, it shall be deleted from the commercial register.⁷⁶¹

² If a branch office with a principal place of business in Switzerland no longer has a domicile, the branch office shall be deleted by the commercial register office if there is no response to a request made to the principal place of business.

Art. 935

VI. Reinstatement

¹ Any person claiming a legitimate interest may request the court to have a deleted legal entity reinstated in the commercial register.

² A person shall have a legitimate interest in particular if:

1. on conclusion of the liquidation of the deleted legal entity not all its assets have been sold or distributed;
2. the deleted legal entity is still a party to court proceedings;
3. reinstatement is required in order to correct a public register; or
4. in a case of bankruptcy, reinstatement of the deleted legal entity is required in order to conclude the bankruptcy proceedings.

³ If there are defects in the organisation of the legal entity, the court shall take the required measures when ordering reinstatement.

⁷⁶⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷⁶¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Art. 936

F. Publicity and effectiveness
I. Publicity and publication on the internet

¹ The commercial register is public. The information made public includes the entries, applications and the supporting documents. OASI numbers are not public.

² The entries, articles of association and foundation deeds shall be made accessible on the internet free of charge. Further documents and applications may be inspected at the commercial register office concerned or may on request be made accessible on the internet.

³ It shall be possible, based on certain criteria, to conduct a search of entries in the commercial register made accessible on the internet.

⁴ Amendments to the commercial register must remain chronologically traceable.

Art. 936a

II. Publication in the Swiss Official Commercial Gazette and start of effectiveness

¹ Entries in the commercial register shall be published online in the Swiss Official Commercial Gazette. They become effective on publication.

² All statutory publications shall also be made online in the Swiss Official Commercial Gazette.

Art. 936b

III. Effects

¹ If a fact is entered in the commercial register, no one may claim that they were unaware of it.

² Where the entry of a fact is required but such fact was not entered in the register, it may be relied on in relation to third parties only if it can be shown that they were aware of the said fact.

³ Any person who has relied in good faith on a recorded fact even though it was incorrect must be protected in their good faith unless there are overriding interests to the contrary.

Art. 937

G. Obligations
I. Obligation to verify

The commercial register authorities shall verify whether the legal requirements for recording in the commercial register are met, and in particular whether the application and the supporting documents are not contrary to any mandatory regulations and have the legally required content.

Art. 938

II. Request and ex officio recording

¹ The commercial register office shall request parties to fulfil the obligation to register and shall fix a deadline for doing so.

² If the parties do not comply with the request within the deadline, the office shall record the required entries ex officio.

Art. 939

III. Organisational defects

¹ If the commercial register office identifies defects in the organisational aspects required by law of trading companies, cooperatives, associations, foundations not subject to supervision or branch offices with principal place of business abroad that are entered in the commercial register, it shall request the legal entity concerned to rectify the defect, and fix a deadline for doing so.

² If the defect is not rectified not within the deadline, the office shall refer the matter to the court. The court shall take the required measures.

³ In the case of foundations and legal entities that are subject to supervision under the Collective Investment Schemes Act of 23 June 2006⁷⁶², the matter shall be referred to the supervisory authority.

Art. 940

H. Fixed penalties

Any person who is served by the commercial register office with a request to fulfil their obligation to register containing a reference to the penalties under this Article and who fails to comply with this obligation within the period allowed may be issued by the commercial register office with a fixed penalty not exceeding 5000 francs.

Art. 941

I. Fees

¹ Any person who gives cause for the commercial register authority to issue a ruling or who claims a service from the same must pay a fee.

² The Federal Council shall regulate the charging of the individual fees, in particular:

1. the basis for calculating the fees;
2. the waiving of fees;
3. liability when more than one person is required to pay a fee;
4. the due date, billing and advance payment of fees;
5. the prescription of fee debts;
6. the share of cantonal fee revenues paid to the Confederation.

³ It shall take account of the equivalence principle and the break-even principle in regulating the fees.

⁷⁶² SR 951.31

Art. 942

J. Legal remedies

¹ Rulings of the commercial register offices may be contested within 30 days of being issued.

² Each canton shall designate a higher court as the sole appellate authority.

³ The cantonal courts shall give notice of their decisions to the commercial register office without delay and shall also give notice thereof to the federal oversight authority.

Art. 943

K. Ordinance

The Federal Council shall issue regulations on:

1. the keeping of the commercial register and oversight;
2. application, registration, amendment, deletion and reinstatement;
3. the content of entries;
4. the supporting documents and their verification;
5. publication and effectiveness;
6. the organisation of the Swiss Official Commercial Gazette and its publication;
7. cooperation and obligation to provide information;
8. the use of OASI numbers and personal numbers;
9. the centralised databases on legal entities and persons;
10. the modalities for electronic communication;
11. the procedures.

Title Thirty-One: Business Names**Art. 944**

A. General principles of business name composition

I. General provisions

¹ In addition to the essential content required by law, each business name may contain information which serves to describe the persons mentioned in greater detail, an allusion to the nature of the company or an invented name provided that the content of the business name is truthful, cannot be misleading and does not run counter to any public interest.

² The Federal Council may enact provisions regulating the permissible scope for use of national and territorial designations in business names.

Art. 945

II. Names of sole proprietorships
1. Essential content⁷⁶³

¹ A person operating a business as sole proprietor must use his family name, with or without first name, as the essential content of his business name.

² If the business name contains other family names, it must indicate which one is the proprietor's family name.⁷⁶⁴

³ The business name must not have any kind of suffix or ending which suggests constitution as a company or partnership.

Art. 946

2. Exclusivity of the registered business name

¹ The name of a sole proprietorship⁷⁶⁵ entered in the commercial register may not be used by another business proprietor in the same location even if he has the same first name and family name from which the older business name is formed.

² In such a case, the owner of the newer business must add a suffix or ending to his own name to produce a business name which is clearly distinct from the older business name.

³ Claims in respect of unfair competition against sole proprietorships⁷⁶⁶ registered in other locations are reserved.

Art. 947 and 948⁷⁶⁷**Art. 949⁷⁶⁸**

⁷⁶³ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

⁷⁶⁴ Amended by No I of the FA of 25 Sept. 2015 (Law of Business Names), in force since 1 July 2016 (AS **2016** 1507; BBl **2014** 9305).

⁷⁶⁵ Footnote relevant to German version.

⁷⁶⁶ Footnote relevant to German version.

⁷⁶⁷ Repealed by No I of the FA of 25 Sept. 2015 (Law of Business Names), with effect from 1 July 2016 (AS **2016** 1507; BBl **2014** 9305). See however the transitional provision to this amendment at the end of the text.

⁷⁶⁸ Repealed by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), with effect from 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).

Art. 950⁷⁶⁹

III. Company names
1. Composition of the business name

¹ Commercial enterprises and cooperatives are free to choose their business name subject to the general principles on the composition of business names. The business name must indicate the legal form.

² The Federal Council shall specify which abbreviations of legal forms are permitted.

Art. 951⁷⁷⁰

2. Exclusivity of the registered business name

The business names of a commercial enterprise or a cooperatives must be clearly distinct from every other business name of businesses in any of these legal forms already registered in Switzerland.

Art. 952

IV. Branch offices

¹ A branch office must have the same business name as the principal place of business; however, it may append a special addition to its business name providing this applies only to that particular branch office.

² The business name of the branch office of a company whose seat is outside Switzerland must also indicate the location of the principal place of business, the location of the branch office and the express designation of branch office.

Art. 953⁷⁷¹

V. ...

Art. 954

VI. Change of name

The previous business name may be retained where the name of the business owner or partner contained therein has been changed by operation of law or by the competent authority.

Art. 954a⁷⁷²

B. Obligation to use business and other names

¹ In correspondence, on order forms and invoices and in official communications, the business or other name entered in the commercial register must be given in full and unamended.

² Shortened names, logos, trade names, brand names and similar may also be used.

Art. 955

C. Monitoring⁷⁷³

The registrar is obliged ex officio to ensure that the interested parties comply with the provisions governing the composition of business names.

Art. 955a⁷⁷⁴

D. Reservation of other provisions of federal law

The registration of a business name does not relieve the persons entitled to use the same of the obligation to comply with other provisions of federal law, in particular on protection against deceit in business.

Art. 956

E. Protection of business names⁷⁷⁵

¹ The business name of a sole proprietor or commercial company or cooperative entered in the commercial register and published in the Swiss Official Gazette of Commerce is for the exclusive use of the party that registered it.

² A party whose interests are injured by the unauthorised use of a business name may apply for an injunction banning further abuse of the business name and sue for damages if the unauthorised user is at fault.

Title Thirty-Two:⁷⁷⁶**Commercial Accounting, Financial Reporting, Other Transparency and Due Diligence Obligations**⁷⁷⁷**Section One: General Provisions****Art. 957**

A. Duty to keep accounts and file financial reports

¹ The duty to keep accounts and file financial reports in accordance with the following provisions applies to:

- ⁷⁶⁹ Amended by No I of the FA of 25 Sept. 2015 (Law of Business Names), in force since 1 July 2016 (AS **2016** 1507; BBl **2014** 9305).
- ⁷⁷⁰ Amended by No I of the FA of 25 Sept. 2015 (Law of Business Names), in force since 1 July 2016 (AS **2016** 1507; BBl **2014** 9305). See however the transitional provision to this amendment at the end of the text.
- ⁷⁷¹ Repealed by No I of the FA of 25 Sept. 2015 (Law of Business Names), with effect from 1 July 2016 (AS **2016** 1507; BBl **2014** 9305).
- ⁷⁷² Inserted by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).
- ⁷⁷³ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS **2007** 4791; BBl **2002** 3148, **2004** 3969).
- ⁷⁷⁴ Inserted by Annex No 2 of the FA of 21 June 2013, in force since 1 Jan. 2017 (AS **2015** 3631; BBl **2009** 8533).
- ⁷⁷⁵ Amended by Annex No 2 of the FA of 21 June 2013, in force since 1 Jan. 2017 (AS **2015** 3631; BBl **2009** 8533).
- ⁷⁷⁶ Amended by No I 2 of the FA of 23 Dec. 2011 (Financial Reporting Law), in force since 1 Jan. 2013 (AS **2012** 6679; BBl **2008** 1589). See also the Transitional Provision to this Amendment, at the end of this Code.
- ⁷⁷⁷ Amended by No I of the FA of 19 June 2020 (Indirect Counter-Proposal to the Popular Initiative "For responsible businesses – protecting human rights and the environment"), in force since 1 Jan. 2022 (AS **2021** 846; BBl **2017** 399).

1. sole proprietorships and partnerships that have achieved sales revenue of at least 500,000 francs in the last financial year;
 2. legal entities.
- ² The following need only keep accounts on income and expenditure and on their asset position:
1. sole proprietorships and partnerships with less than 500,000 francs sales revenue in the last financial year;
 2. associations and foundations which are not required to be entered in the commercial Register;
 3. foundations that are exempt from the requirement to appoint an external auditor under Article 83b paragraph 2 Swiss Civil Code⁷⁷⁸.
- ³ For undertakings in accordance with paragraph 2, recognised accounting principles apply *mutatis mutandis*.

Art. 957a

B. Accounting

- ¹ Accounting forms the basis for financial reporting. It records the transactions and circumstances that are required to present the asset, financing and earnings position of the undertaking (the economic position).
- ² It follows the recognised accounting principles. Particular note must be taken of the following:
1. the complete, truthful and systematic recording of transactions and circumstances;
 2. documentary proof for individual accounting procedures;
 3. clarity;
 4. fitness for purpose given the form and size of the undertaking;
 5. verifiability.
- ³ An accounting voucher is any written record on paper or in electronic or comparable form that is required to be able to verify the business transaction or the circumstances behind an accounting entry.
- ⁴ Accounting is carried out in the national currency or in the currency required for business operations.
- ⁵ It is carried out in one of the official Swiss languages or in English. It may be carried out in writing, electronically or in a comparable manner.

Art. 958

C. Financial reporting
I. Aim and constituent elements

¹ Financial reporting is intended to present the economic position of the undertaking in such a manner that third parties can make a reliable assessment of the same.

² The accounts are filed in the annual report. This contains the annual accounts (the financial statements of the individual entity), comprising the balance sheet, the profit and loss account and the notes to the accounts. The regulations for larger undertakings and corporate groups are reserved.

³ The annual report must be prepared within six months of the end of the financial year and submitted to the responsible management body or the responsible persons for approval. It must be signed by the chairperson of the supreme management or administrative body and the person responsible for financial reporting within the undertaking.

Art. 958a

II. Principles of financial reporting
1. Going-concern assumption

¹ Financial reporting is based on the assumption that the undertaking will remain a going concern for the foreseeable future.

² If it is intended or probably inevitable that all or some activities will cease in the next twelve months from the balance sheet date, then the financial reports for the relevant parts of undertaking must be based on realisable values. Provisions must be made for expenditures associated with ceasing activities.

³ Derogations from the going-concern assumption must be specified in the notes to the accounts; their influence on the economic position must be explained.

Art. 958b

2. Chronological and material distinction

¹ Expenditure and income must be entered separately depending on the date and nature of the transaction.

² Provided the net proceeds from the sale of goods or services or financial income does not exceed 100,000 francs, accruals based on time may be dispensed with and instead based on expenditure and income.

³ If the financial reporting is not carried out in francs, the annual average exchange rate shall be applied to ascertain the value in accordance with paragraph 2.⁷⁷⁹

⁷⁷⁹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

Art. 958c

III. Recognised
financial report-
ing principles

¹ The following principles in particular apply to financial reports:

1. they must be clear and understandable;
2. they must be complete;
3. they must be reliable;
4. they must include the essential information;
5. they must be prudent;
6. the same rules must be applied in presentation and valuation;
7. assets and liabilities and income and expenditure may not be offset against each other.

² The sum entered for the individual items on the balance sheet and in the notes to the account must be proven by an inventory or by some other method.

³ Financial reports must be adapted to the special features of the undertaking and the sector while retaining the statutory minimum content.

Art. 958d

IV. Presentation,
currency and
language

¹ The balance sheet and the profit and loss account may be presented in account or in report form. Items that have no or a negligible value need not be shown separately.

² In the annual accounts, the corresponding values of the previous year must be shown alongside the figures for the relevant financial year.

³ Financial reports are presented in the national currency or in the currency required for business operations. If the national currency is not used, the values must also be shown in the national currency. The exchange rates applied must be published in the notes to the accounts and if applicable explained.

⁴ Financial reports are presented in one of the official Swiss languages or in English.

Art. 958e

D. Publication and inspection⁷⁸⁰

¹ Following their approval by the competent management body, the annual accounts and consolidated accounts together with the audit reports must either be published in the Swiss Official Gazette of Commerce or sent as an official copy to any person who requests the same within one year of their approval at his or her expense where the undertaking:

1. has outstanding debentures; or
2. has equity securities listed on a stock market.

² Other undertakings must allow creditors who prove a legitimate interest to inspect the annual report and the audit reports. In the event of a dispute, the court decides.

³ If the undertaking exercises a waiver in accordance with Article 961d paragraph 1, 962 paragraph 3 or 963a paragraph 1 number 2, publication and inspection shall be governed by the rules for its own annual accounts.⁷⁸¹

Art. 958f

E. Keeping and retaining accounting records

¹ The accounting records and the accounting vouchers together with the annual report and the audit report must be retained for ten years. The retention period begins on expiry of the financial year.

² The annual report and the audit report must be retained in a written form and signed.

³ The accounting records and the accounting vouchers may be retained on paper, electronically or in a comparable manner, provided that correspondence with the underlying business transactions and circumstances is guaranteed thereby and provided they can be made readable again at any time.

⁴ The Federal Council shall issue regulations on the accounting records that must be kept, the principles for keeping and retaining them and on the information carriers that may be used.

⁷⁸⁰ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁷⁸¹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

Section Two: Annual Accounts and Interim Accounts⁷⁸²

Art. 959

A. Balance sheet
I. Purpose of the balance sheet, duty to prepare a balance sheet and balance sheet eligibility

¹ The balance sheet shows the asset and financing position of the undertaking on the balance sheet date. It is structured into assets and liabilities.

² Items must be entered on the balance sheet as assets if due to past events they may be disposed of, a cash inflow is probable and their value can be reliably estimated. Other assets may not be entered on the balance sheet.

³ Cash and cash equivalents and other assets that will probably become cash or cash equivalents assets or otherwise be realised within one year of the balance sheet date or within the normal operating cycle must be entered on the balance sheet as current assets. All other assets are entered on the balance sheet as capital assets.

⁴ Borrowed capital and shareholders' equity must be entered on the balance sheet as liabilities.

⁵ Liabilities must be entered on the balance sheet as borrowed capital if they have been caused by past events, a cash outflow is probable and their value can be reliably estimated.

⁶ Liabilities must be entered on the balance sheet as current liabilities if they are expected to fall due for payment within one year of the balance sheet date or within the normal operating cycle. All other liabilities must be entered on the balance sheet as long-term liabilities.

⁷ The shareholders' equity must be shown and structured in the required legal form.

Art. 959a

II. Minimum structure

¹ Among the assets, the liquidity ratio must be shown based on at least the following items, both individually and in the specified order:

1. current assets:
 - a. cash and cash equivalents and current assets with a stock exchange price,
 - b. trade receivables,
 - c. other current receivables,
 - d. inventories and non-invoiced services,
 - e. accrued income and prepaid expenses;
2. capital assets:
 - a. financial assets,

⁷⁸² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

- b. shareholdings,
- c. tangible fixed assets,
- d. intangible fixed assets,
- e. non-paid up basic, shareholder or foundation capital.

² The due date of liabilities must be shown based on at least the following items, both individually and in the specified order:

1. current borrowed capital:
 - a. trade creditors,
 - b. current interest-bearing liabilities,
 - c. other current liabilities,
 - d. deferred income and accrued expenses;
2. long-term borrowed capital:
 - a. long-term interest-bearing liabilities,
 - b. other long-term liabilities,
 - c. provisions and similar items required by law;
3. shareholders' equity:
 - a. basic, shareholder or foundation capital, if applicable separately according to participation classes,
 - b. statutory capital reserves,
 - c. statutory retained earnings,
 - d.⁷⁸³ voluntary retained earnings,
 - e.⁷⁸⁴ own capital shares as negative items,
 - f.⁷⁸⁵ profit carried forward or loss carried forward as negative items,
 - g.⁷⁸⁶ annual profit or annual loss as negative items.

³ Other items must be shown individually on the balance sheet or in the notes to the accounts, provided this is essential so that third parties can assess the asset or financing position or is customary as a result of the activity of the company.

⁴ Receivables and liabilities vis-à-vis direct or indirect participants and management bodies and vis-à-vis undertakings in which there is a direct or indirect participation must in each case be shown separately on the balance sheet or in the notes to the accounts.

⁷⁸³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁷⁸⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁷⁸⁵ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

⁷⁸⁶ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

Art. 959b

B. Profit and loss account; minimum structure

¹ The profit and loss account shall present the earnings of the company over the financial year. It may be prepared according to the period-based accounting method or the cost of sales method.

² If the period-based accounting method is used (nature of expense method), a minimum of the following items must be shown individually and in the specified order:

1. net proceeds from sales of goods and services;
2. changes in inventories of unfinished and finished goods and in non-invoiced services;
3. cost of materials;
4. staff costs;
5. other operational costs;
6. depreciation and valuation adjustments on fixed asset items;
7. financial costs and financial income;
8. non-operational costs and non-operational income;
9. extraordinary, non-recurring or prior-period costs and income;
10. direct taxes;
11. annual profit or annual loss.

³ If the cost of sales method is used (activity-based costing method), a minimum of the following items must be shown individually and in the specified order:

1. net proceeds from sales of goods and services;
2. acquisition or manufacturing costs of goods and services sold;
3. administrative costs and distribution costs;
4. financial costs and financial income;
5. non-operational costs and non-operational income;
6. extraordinary, non-recurring or prior-period costs and income;
7. direct taxes;
8. annual profit or annual loss.

⁴ If the cost of sales method is used, the notes to the accounts must also show the staff costs and, as a single item, depreciation and valuation adjustments to fixed asset items.

⁵ Other items must be shown individually in the profit and loss account or in the notes to the accounts to the extent that this is essential in order that third parties can assess the earning power or is customary as a result of the activity of the company.

Art. 959c

C. Notes to the accounts

¹ The notes to the annual accounts supplement and explain the other parts of the annual accounts. They contain:

1. details of the principles applied in the annual accounts where these are not specified by law;
2. information, breakdowns and explanations relating to items on the balance sheet and in the profit and loss account;
3. the total amount of replacement reserves used and the additional hidden reserves, if this exceeds the total amount of new reserves of the same type where the result achieved thereby is considerably more favourable;
4. other information required by law.

² The notes to the accounts must also include the following information, unless it is already provided on the balance sheet or in the profit and loss account:

1. the business name or name of the undertaking as well as its legal form and registered office;
2. a declaration as to whether the number of full-time positions on annual average is no more than 10, 50 or 250;
3. the business name, legal form and registered office of undertakings in which direct or substantial indirect shareholdings are held, stating the share of the capital and votes held;
- 4.⁷⁸⁷ the number of its own shares that the undertaking itself or the undertakings that it controls hold (Art. 963);
5. acquisitions and sales of its own shares and the terms on which they were acquired or sold;
6. the residual amount of the liabilities from sale-like leasing transactions and other leasing obligations, unless these expire or may be terminated within twelve months of the balance sheet date expiry or be terminated may;
7. liabilities vis-à-vis pension schemes;
8. the total amount of collateral for third party liabilities;
9. the total amount of assets used to secure own liabilities and assets under reservation of ownership;
10. legal or actual obligations for which a cash outflow either appears unlikely or is of an amount that cannot be reliably estimated (contingent liabilities);

⁷⁸⁷ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBI 2017 399).

11. the number and value of shares or options on shares held by management or administrative bodies and by employees;
12. explanations of exceptional, non-recurring or prior-period items in the profit and loss account;
13. significant events occurring after the balance sheet date;
- 14.⁷⁸⁸ in the event of the external auditor's premature resignation or removal: the reasons therefor;
- 15.⁷⁸⁹ all the capital increases and capital reductions that the board of directors has made within a capital band.

³ Sole proprietorships and partnerships may dispense with notes to the accounts if they are not required to file financial reports under the regulations for larger undertakings. If additional information is required in the regulations on the minimum structure of the balance sheet and profit and loss account and the notes to the accounts are dispensed with, this information must be shown directly on the balance sheet or in the profit and loss account.

⁴ Undertakings with outstanding debentures must provide information on the amounts concerned, interest rates, maturity dates and other conditions.

Art. 960

D. Valuation I. Principles

¹ Assets and liabilities are normally valued individually, provided they are significant and not normally consolidated as a group for valuation purposes due to their similarity.

² Valuation must be carried out prudently, but this must not prevent the reliable assessment of the economic position of the undertaking.

³ If there are specific indications that assets have been overvalued or that provisions are too low, the values must be reviewed and adjusted if necessary.

Art. 960a

II. Assets 1. In general

¹ When first recorded, assets must be valued no higher than their acquisition or manufacturing costs.

² In any subsequent valuation, assets must not be valued higher than their acquisition or manufacturing costs. Provisions on individual types of assets are reserved.

⁷⁸⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷⁸⁹ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

³ Loss in value due to usage or age must be taken into account through depreciation, while other losses in value must be taken into account through valuation adjustments. Depreciation and valuation adjustments must be applied in accordance with generally recognised commercial principles. They must be deducted directly or indirectly from the relevant assets and charged to the profit and loss account and may not be shown under liabilities.

⁴ For replacement purposes and to ensure the long-term prosperity of the undertaking, additional depreciation and valuation adjustments may be made. For the same purposes, the cancellation of depreciation and valuation adjustments that are no longer justified may be dispensed with.

Art. 960b

2. Assets with observable market prices

¹ In the subsequent valuation, assets with a stock exchange price or another observable market price in an active market may be valued at that price as of the balance sheet date, even if this price exceeds the nominal value or the acquisition value. Any person who exercises this right must value all assets in corresponding positions on the balance sheet that have an observable market price at the market price as of the balance sheet date. In the notes to the accounts, reference must be made to this valuation. The total value of the corresponding assets must be disclosed separately for securities and other assets with observable market price.

² If assets are valued at the stock exchange price or at the market price as of the balance sheet date, a value adjustment to be charged to the profit and loss account may be made in order to take account of fluctuations in the price development. Such valuation adjustments are not permitted, however, if they would result in both the acquisition value and the lower market value being undercut. The total amount of fluctuation reserves must be shown separately on the balance sheet or in the notes to the accounts.

Art. 960c

3. Inventories and non-invoiced services

¹ If the realisable value in the subsequent valuation of inventories and non-invoiced services taking account of expected costs is less than the acquisition or manufacturing costs on balance sheet date, this value must be entered.

² Inventories comprise raw materials, work in progress, finished goods and resale merchandise.

Art. 960d

4. Capital assets

¹ Capital assets are assets that are acquired with the intention of using or holding them for the long-term.

² Long-term means a period of more than twelve months.

³ Shareholdings are shares in the capital of another undertaking that are held for the long-term and confer a significant influence. This is presumed if the shares confer at least 20 per cent of the right to vote.

Art. 960e

III. Liabilities

¹ Liabilities must be entered at their nominal value.

² If past events lead to the expectation of a cash outflow in future financial years, the provisions probably required must be made and charged to the profit and loss account.

³ Provisions may also be made in particular for:

1. regularly incurred expenditures from guarantee commitments;
2. renovations to tangible fixed assets;
3. restructuring;
4. securing the long-term prosperity of the undertaking.

⁴ Provisions that are no longer required need not be cancelled.

Art. 960⁷⁹⁰

E. Interim account

¹ An interim account shall be prepared in accordance with the rules on annual accounts and shall comprise a balance sheet, a profit and loss account and the notes to the accounts. The rules for larger undertakings and groups are reserved.

² Simplifications or abbreviations are permitted provided they do not adversely affect the presentation of the business performance. The account must as a minimum have the headings and subtotals contained in the most recent annual accounts. In addition, the notes to interim accounts shall contain the following information:

1. the purpose of the interim account;
2. the simplifications and abbreviations, including any derogations from the principles applied in the most recent annual accounts;
3. other factors that have significantly influenced the economic situation of the undertaking during the reporting period, in particular comments on seasonal factors.

³ The interim account shall be designated as such. It must be signed by the chair of the highest management or administration body and the person responsible within the undertaking for the interim account.

⁷⁹⁰ Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

Section Three: Financial Report for Larger Undertakings

Art. 961

A. Additional requirements for the annual report

Undertakings that are required by law to have an ordinary audit must:

1. provide additional information in the notes to the annual accounts;
2. prepare a cash flow statement as part of the annual accounts;
3. draw up a management report.

Art. 961a

B. Additional information in the notes to the annual accounts

The notes to the annual accounts must also contain the following information:

1. long-term interest-bearing liabilities, arranged according to due date within one to five years or after five years;
2. on the fees paid to the external auditor, with separate items for audit services and other services.

Art. 961b

C. Cash flow statement

The cash flow statement presents separately changes in cash and cash equivalents from business operations, investment activities and financing activities.

Art. 961c

D. Management report

¹ The management report presents the business performance and the economic position of the undertaking and, if applicable, of the corporate group at the end of the financial year from points of view not covered in the annual accounts.

² The management report must in particular provide information on:

1. the number of full-time positions on annual average;
2. the conduct of a risk assessment;
3. orders and assignments;
4. research and development activities;
5. extraordinary events;
6. future prospects.

³ The management report must not contradict the economic position presented in the annual accounts.

Art. 961dE. Simplifications⁷⁹¹

¹ The additional information in the notes to the annual accounts, the cash flow statement and the management report may be dispensed with if:

1. the undertaking prepares an account or consolidated accounts in accordance with a recognised financial reporting standard; or
2. a legal entity that controls the undertaking prepares consolidated accounts in accordance with a recognised financial reporting standard.⁷⁹²

² The following persons may request financial reports in accordance with the regulations in this Section:

1. company members who represent at least 10 per cent of the basic capital;
2. 10 per cent of cooperative members or 20 per cent of the members of an association;
3. any company member or any member subject to personal liability or a duty to pay in further capital.

Section Four: Financial Statements in accordance with Recognised Financial Reporting Standards

Art. 962

A. General

¹ In addition to annual accounts under this Title, the following must prepare financial statements in accordance with a recognised financial reporting standard:

1. companies whose equity securities are listed on a stock market, if the stock market so requires;
2. cooperatives with a minimum of 2000 members;
3. foundations that are required by law to have an ordinary audit.

² The following may also request financial statements in accordance with a recognised standard:

1. company members who represent at least 20 per cent of the basic capital;
2. 10 per cent of cooperative members or 20 per cent of the members of an association;

⁷⁹¹ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷⁹² Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

3. any company member or any member subject to personal liability or a duty to pay in further capital.

³ The duty to prepare financial statements in accordance with a recognised standard ceases to apply if consolidated accounts are prepared in accordance with a recognised standard.

⁴ The supreme management or administrative body is responsible for choosing the recognised standard, unless the Articles of Association, the by-laws or the foundation deed provide otherwise or the supreme management body fails to specify the recognised standard.

Art. 962a

B. Recognised financial reporting standards

¹ If financial statements are prepared in accordance with a recognised reporting standard, details of the standard must be given in the financial statements.

² The chosen recognised standard must be applied in its entirety and for the financial statements as a whole.

³ Compliance with the recognised standard must be verified by a qualified audit specialist. An ordinary audit must be made of the financial statements.

⁴ Financial statements in accordance with a recognised standard must be submitted to the supreme management body when the annual accounts are submitted for approval, although they do not require approval.

⁵ The Federal Council shall specify the recognised standards. It may stipulate requirements that must be met when choosing a standard or when changing from one standard to another.

Section Five: Consolidated Accounts

Art. 963

A. Duty to prepare

¹ Where a legal entity that is required to file financial reports controls one or more undertakings that are required to file financial reports, the entity must prepare consolidated annual accounts (consolidated accounts) in the annual report for all the undertakings controlled.

² A legal entity controls another undertaking if it:

1. directly or indirectly holds a majority of votes in the highest management body;
2. directly or indirectly has the right to appoint or remove a majority of the members of the supreme management or administrative body; or

3. it is able to exercise a controlling influence based on the articles of association, the foundation deed, a contract or comparable instruments.

³ A recognised standard under Article 963*b* may define the group of undertakings.

⁴ Associations, foundations and cooperatives may delegate the duty to prepare consolidated accounts to a controlled undertaking provided the controlled undertaking concerned brings all the other undertakings together under a single management by holding a voting majority or in any other way and proves that it actually exercises control.

Art. 963*a*

B. Exemption from the duty to prepare accounts

¹ A legal entity is exempt from the duty to prepare consolidated accounts if it:

1. together with the controlled undertaking has not exceeded two of the following thresholds in two successive financial years:
 - a. a balance sheet total of 20 million francs,
 - b. sales revenue of 40 million francs,
 - c. 250 full-time positions on annual average;
2. is controlled by an undertaking whose consolidated accounts have been prepared and audited in accordance with Swiss or equivalent foreign regulations; or
3. it has delegated the duty to prepare consolidated accounts to a controlled undertaking in accordance with Article 963 paragraph 4.

² Consolidated accounts must nonetheless be prepared where:

1. this is necessary in order to make the most reliable assessment of the economic position;
- 2.⁷⁹³ company members who represent at least 20 per cent of the basic capital or 10 per cent of the members of a cooperative or 20 per cent of the members of an association so require;
3. a company member or an association member subject to personal liability or a duty to pay in further capital so requires; or
4. the foundation supervisory authority so requires.

³ If the financial reporting is not carried out in francs, in order to ascertain the values in accordance with paragraph 1 number 1 the exchange

⁷⁹³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

rate on the balance sheet date shall be applied for the balance sheet total and the annual average exchange rate for the sales revenue.⁷⁹⁴

Art. 963b

C. Recognised financial reporting standards

¹ The consolidated accounts of the following undertakings must be prepared in accordance with a recognised financial reporting standard:

1. companies whose equity securities are listed on a stock market, if the stock market so requires;
2. cooperatives with a minimum of 2000 members;
3. foundations that are required by law to have an ordinary audit.

² Article 962a paragraphs 1–3 and 5 apply *mutatis mutandis*.

³ The consolidated accounts of other undertakings are governed by recognised financial reporting principles. In the notes to the consolidated accounts, the undertaking shall specify the valuation principles. If it derogates from such rules, it shall give notice thereof in the notes to the accounts and provide the information required for assessing the asset, financing and earnings of the corporate group in a different form.

⁴ Consolidated accounts must nonetheless be prepared in accordance with a recognised financial reporting standard where:

1. company members who represent at least 20 per cent of the basic capital or 10 per cent of the members of a cooperative or 20 per cent of the members of an association so require;
2. a company member or an association member subject to personal liability or a duty to pay in further capital so requires; or
3. the foundation supervisory authority so requires.

Art. 964⁷⁹⁵

⁷⁹⁴ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁷⁹⁵ Repealed by No I of the FA of 22 Dec. 1999, with effect from 1 June 2002 (AS 2002 949; BBl 1999 5149).

Section Six⁷⁹⁶: Transparency on Non-Financial Matters

Art. 964a

A. Principle

¹ Undertakings shall prepare a report on non-financial matters each year if:

1. they are companies of public interest as defined in Article 2 letter c of the Auditor Oversight Act of 16 December 2005⁷⁹⁷;
2. together with the Swiss or foreign undertakings that they control, they have at least 500 full-time equivalent positions on annual average in two successive financial years; and
3. together with the Swiss or foreign undertakings that they control, they exceed at least one of the following amounts in two successive financial years:
 - a. a balance sheet total of 20 million francs,
 - b. sales revenue of 40 million francs.

² The foregoing requirement does not apply to undertakings that are controlled by another undertaking:

1. to which paragraph 1 applies; or
2. that must prepare an equivalent report under foreign law.

Art. 964b

B. Purpose
and content of
the report

¹ The report on non-financial matters shall cover environmental matters, in particular the CO₂ goals, social issues, employee-related issues, respect for human rights and combating corruption. The report shall contain the information required to understand the business performance, the business result, the state of the undertaking and the effects of its activity on these non-financial matters.

² The report shall include in particular:

1. a description of the business model;
2. a description of the policies adopted in relation to the matters referred to in paragraph 1, including the due diligence applied;
3. a presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures;

⁷⁹⁶ Inserted by No I und III 1 of the FA of 19 June 2020 (Indirect Counter-Proposal to the Popular Initiative "For responsible businesses – protecting human rights and the environment"), in force since 1 Jan. 2022 (AS 2021 846; BBl 2017 399). See also the transitional provision to this Amendment at the end of the text.

⁷⁹⁷ SR 221.302

4. a description of the main risks related to the matters referred to in paragraph 1 and how the undertaking is dealing with these risks; in particular it shall cover risks:
 - a. that arise from the undertaking's own business operations, and
 - b. provided this is relevant and proportionate, that arise from its business relationships, products or services;
5. the main performance indicators for the undertaking's activities in relation to the matters referred to in paragraph 1.

³ If the report is based on national, European or international regulations, such as the principles laid down by the Organisation for Economic Cooperation and Development (OECD) in particular, the regulations applied must be mentioned in the report. In applying such regulations, it must be ensured that all the requirements of this Article are met. If necessary, a supplementary report must be prepared.

⁴ If an undertaking has sole control or joint control with other company of one or more other Swiss or foreign undertakings, the report shall cover all these undertakings.

⁵ If the undertaking does not follow a policy with respect to one or more of the matters referred to in paragraph 1, it shall explain this clearly in the report, stating the reasons therefor.

⁶ The report shall be prepared in a national language or in English.

Art. 964c

C. Approval, publication, keeping and retaining

¹ The report on non-financial matters requires the approval and signature of the supreme management or governing body and the approval of the governing body responsible for approving the annual accounts.

² The supreme management or governing body shall ensure that the report:

1. is published online immediately following approval;
2. remains publicly accessible for at least ten years.

³ Article 958f applies by analogy to keeping and retaining the reports.

Section Seven:⁷⁹⁸ Transparency in Raw Material Companies

Art. 964d

A. Principle

¹ Companies that are required by law to undergo an ordinary audit and which and which are either themselves or through a company that they control involved in the extraction of minerals, oil or natural gas or in the harvesting of timber in primary forests must produce a report each year on the payments they have made to state bodies.⁷⁹⁹

² If the company must draw up consolidated annual accounts, then it must produce a consolidated report on payments made to state bodies (group payments report); this replaces the reports from the individual companies.

³ If a company with registered office in Switzerland is included in the group payments report that it or another company with registered office abroad has produced in accordance with the Swiss or equivalent regulations, it need not produce a separate report on payments made to state bodies. It must however in the Annex to the annual accounts indicate the other company in whose report it has been included, and publish this report.

⁴ Extraction includes all activities carried out by the company in the areas of exploration, prospecting, discovery, development and extraction of minerals, oil and natural gas deposits and the harvesting of timber in primary forests.

⁵ State bodies are national, regional or local authorities in a third country together with the departments and businesses controlled by such authorities.

Art. 964e

B. Forms of payment

¹ The payments made to state bodies may comprise payments in cash or kind. They include in particular the following forms of payment:

1. payments for production rights;
2. taxes on production, the revenues or profits of companies, excluding value added or sales taxes and other taxes on consumption;
3. user charges;

⁷⁹⁸ Originally: Section Six and Art. 964a–964f. Inserted by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2021 (AS 2020 4005; BBl 2017 399). See also Art. 7 of the transitional provision to this Amendment at the end of the text.

⁷⁹⁹ The correction by the FA Drafting Committee of 21 Nov. 2022, published on 9 Feb. 2023, relates to the French text only (AS 2023 62).

4. dividends, with the exception of dividends paid to a state body as a member of the company, provided these are paid to the state body under the same conditions as to the other company members;
5. signing, discovery and production bonuses;
6. licence, rental and access fees or other considerations for permits or concessions;
7. payments for improvements to the infrastructure.

² In the case of a payment in kind, the subject matter, value, method of valuation and if applicable the extent must be indicated.

Art. 964f

C. Form and content of the report

¹ The report on payments made to state bodies shall only cover payments related to business operations in the mineral, petroleum or natural gas extraction industry or to the harvesting of timber in primary forests.

² It covers any payments of 100,000 francs or more in any financial year made to state bodies, and includes both individual payments and payments made in two or more smaller sums that together amount to 100,000 francs or more.

³ The report must indicate the amount of the payments made in total and broken down by type of service to each state body and each project.

⁴ The report must be written in a national language or in English and be approved by the highest management or administrative body.

Art. 964g

D. Publication

¹ The report on payments made to state bodies must be published online within six months of the end of the financial year.

² It must remain publicly accessible for at least ten years.

³ The Federal Council may issue regulations on the structure of the data required in the report.

Art. 964h

E. Keeping and retaining the report

Article 958f applies to keeping and retaining the report on payments made to state bodies.

Art. 964i

F. Extending the scope of application

The Federal Council may stipulate as part of an internationally coordinated procedure that the obligations in Articles 964a–964e shall also apply to companies trading in raw materials.

Section Eight:⁸⁰⁰
Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour

Art. 964j

A. Principle

¹ Undertakings whose seat, head office or principal place of business is located in Switzerland must comply with obligations of due diligence in the supply chain and report thereon if:

1. they place in free circulation or process in Switzerland minerals containing tin, tantalum, tungsten or gold or metals from conflict-affected and high-risk areas; or
2. they offer products or services in relation to which there is a reasonable suspicion that they have been manufactured or provided using child labour.

² The Federal Council shall specify annual import quantities of minerals and metals below which an undertaking is exempt from the due diligence and reporting obligation.

³ It shall specify the requirements by which small and medium-sized undertakings and undertakings with low child labour risks are not obliged to verify whether there is a reasonable suspicion of child labour.

⁴ It shall specify the requirements by which undertakings are exempt from the due diligence and reporting obligations if they comply with equivalent internationally recognised regulations, such as the principles laid down by the OECD in particular.

Art. 964k

B. Due diligence

¹ Undertakings shall maintain a management system and stipulate the following therein:

1. the supply chain policy for minerals and metals that potentially originate from conflict-affected and high-risk areas;
2. the supply chain policy for products or services in relation to which there is a reasonable suspicion of child labour;
3. a system by which the supply chain can be traced.

² They shall identify and assess the risks of harmful impacts in their supply chain. They shall draw up a risk management plan and take measures to minimise the risks identified.

⁸⁰⁰ Inserted by No I und III 1 of the FA of 19 June 2020 (Indirect Counter-Proposal to the Popular Initiative "For responsible businesses – protecting human rights and the environment"), in force since 1 Jan. 2022 (AS 2021 846; BBl 2017 399). See also the transitional provision to this Amendment at the end of the text.

³ They shall have their compliance with the due diligence obligations in relation to the minerals and metals audited by an independent specialist.

⁴ The Federal Council shall issue the detailed regulations; it shall base them on internationally recognised regulations, such as the OECD principles in particular.

Art. 964/

C. Reporting

¹ The supreme management or governing body shall prepare a report each year on compliance with the due diligence obligations.

² The report shall be prepared in a national language or in English.

³ The supreme management or governing body shall ensure that the report:

1. is published online within six months of the end of the financial year;
2. remains publicly accessible for at least ten years.

⁴ Article 958f applies by analogy to keeping and retaining the reports.

⁵ Undertakings that offer products and services from undertakings that have prepared a report are not themselves required to prepare a report for those products and services.

Division Five:⁸⁰¹ Negotiable Securities

Title Thirty-Three: Registered Securities, Bearer Securities and Instruments to Order

Section One: General Provisions

Art. 965

A. Definition of negotiable security

A negotiable security is any instrument to which a right attaches in such a manner that it may not be exercised or transferred to another without the instrument.

Art. 966

B. Obligation under the security

¹ The obligor under a negotiable security is obliged to render performance only against surrender of the instrument.

⁸⁰¹ Amended by the Federal Act of 18 Dec. 1936, in force since 1 July 1937 (AS 53 185; BBl 1928 I 205, 1932 I 217). See the Final and Transitional Provisions to Title XXIV–XXXIII, at the end of this Code.

² By rendering the performance due at maturity to the creditor as indicated by the instrument, the obligor is released from the obligation unless he is guilty of malice or gross negligence.

Art. 967

C. Transfer of the security
I. General form

¹ The transfer of any negotiable security conferring title or a limited right in rem requires the transfer of possession of the instrument in all cases.

² In addition, the transfer of instruments to order requires endorsement and that of registered securities requires a written declaration, which must not be made on the instrument itself.

³ By law or agreement, the transfer may require the participation of other persons, in particular the obligor.

Art. 968

II. Endorsement
1. Form

¹ In all cases, endorsement must be done in accordance with the provisions governing bills of exchange.

² The formal requirements for transfer are satisfied once the endorsement is completed and the instrument handed over.

Art. 969

2. Effect

In the case of all transferable securities, unless the content or nature of the instrument dictate otherwise, on endorsement and transfer of the instrument the rights of the endorser pass to the acquirer.

Art. 970

D. Conversion

¹ A registered security or instrument to order may be converted into a bearer security only with the consent of all the beneficiaries and obligors concerned. Such consent must be declared on the instrument itself.

² The same general principle applies to conversion of bearer securities into registered securities or instruments to order. In this case, where the consent of a beneficiary or obligor is lacking, conversion is effective but only as between the creditor who undertook it and his immediate legal successor.

Art. 971

E. Cancellation
I. Party request-
ing cancellation

¹ A negotiable security that has been lost may be cancelled by the court⁸⁰².

² Cancellation may be requested by the beneficiary of the instrument at the time it was lost or its loss was discovered.

Art. 972

II. Procedure, ef-
fect

¹ Following cancellation of the instrument, the beneficiary may exercise his right even without the instrument or request the issue of a new instrument.

² In other respects, the provisions governing the individual types of securities apply to the procedure for and effect of cancellation.

Art. 973

F. Special provi-
sions

The special provisions governing negotiable securities, such as bills of exchange, cheques and mortgage bonds, are reserved.

Art. 973a⁸⁰³

G. Collective
custody, global
certificate and
uncertificated se-
curities⁸⁰⁴

¹ A bailee has the power to hold fungible negotiable securities from two or more bailors together in safe custody unless a bailor expressly requests that his securities be held separately.

I. Collective cus-
tody of negotia-
ble securities

² If fungible negotiable securities are entrusted to a bailee for collective custody, the bailor acquires on deposit joint fractional title to the negotiable securities of the same class belonging to the collective holding. In order to determine the fractional share, the nominal value or in the case of securities without nominal value, the number of securities, is decisive.

³ A bailor has the right at any time, irrespective of the involvement or consent of the other bailors to withdraw negotiable securities from the collective holding to the extent of his share.

⁸⁰² Term in accordance with No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS **2020** 4005; **2022** 109; BBl **2017** 399). This amendment has been made in the provisions specified in the AS.

⁸⁰³ Inserted by Annex No 3 of the Uncertificated Securities Act of 3 Oct. 2008, in force since 1 Jan. 2010 (AS **2009** 3577; BBl **2006** 9315).

⁸⁰⁴ Amended by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS **2021** 33; BBl **2020** 233).

Art. 973b⁸⁰⁵

II. Global certificate

1 The obligor may issue global certificates or to replace two or more fungible negotiable securities entrusted to a single bailee with a global certificate, provided the conditions for issue or the articles of association of the company provide therefor or the bailors have consented thereto.

2 The global certificate is a negotiable security in the same form as the individual rights that it represents. It is jointly owned by the participant bailors, in proportion to their shares. The status and rights of the joint owners in relation to the global certificate are governed by Article 973a paragraph 2 *mutatis mutandis*.

Art. 973c⁸⁰⁶III. Uncertificated securities⁸⁰⁷

1 The obligor may issue uncertificated securities or replace fungible negotiable securities or global certificates that have been entrusted to a single bailee with uncertificated securities provided the conditions for issue or the articles of association provide therefor or the bailors have consented thereto.⁸⁰⁸

2 The obligor shall keep a book on the uncertificated securities that he has issued in which details of the number and denomination of the uncertificated securities issued and of the creditors are recorded. The book is not open for public inspection.

3 The uncertificated securities are created on entry in the book and continue to exist only in accordance with such entry.

4 The transfer of uncertificated securities requires a written declaration of assignment. Their pledging is governed by the provisions on the pledging of claims.

Art. 973d⁸⁰⁹H. Ledger-based securities
I. Establishment

1 A ledger-based security is a right which, in accordance with an agreement between the parties:

1. is registered in a securities ledger in accordance with paragraph 2; and

⁸⁰⁵ Inserted by Annex No 3 of the Uncertificated Securities Act of 3 Oct. 2008, in force since 1 Jan. 2010 (AS 2009 3577; BBl 2006 9315).

⁸⁰⁶ Inserted by Annex No 3 of the Uncertificated Securities Act of 3 Oct. 2008, in force since 1 Jan. 2010 (AS 2009 3577; BBl 2006 9315).

⁸⁰⁷ Amended by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

⁸⁰⁸ Amended by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

⁸⁰⁹ Inserted by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

2. may be exercised and transferred to others only via this securities ledger.

² The securities ledger must meet the following requirements:

1. It uses technological processes to give the creditors, but not the obligor, power of disposal over their rights.
2. Its integrity is secured through adequate technical and organisational measures, such as joint management by several independent participants, to protect it from unauthorised modification.
3. The content of the rights, the functioning of the ledger and the registration agreement are recorded in the ledger or in linked accompanying data.
4. Creditors can view relevant information and ledger entries, and check the integrity of the ledger contents relating to themselves without intervention by a third party.

³ The obligor must ensure that the securities ledger is organised in accordance with its intended purpose. In particular, it must be ensured that the ledger operates in accordance with the registration agreement at all times.

Art. 973e⁸¹⁰

II. Effects

¹ The obligor under a ledger-based security is entitled and obliged to render performance only to the creditor indicated in the securities ledger and subject to appropriate modification of the ledger.

² By rendering the performance due at maturity to the creditor indicated in the securities ledger, the obligor is released from the obligation even if the indicated creditor is not the actual creditor, unless the obligor is guilty of malice or gross negligence.

³ When acquiring a ledger-based security in a securities ledger from the creditor indicated therein, the acquirer is protected even if the seller was not entitled to dispose of the ledger-based security, unless the acquirer acted in bad faith or with gross negligence.

⁴ The obligor may raise against a claim deriving from a ledger-based security only those objections which:

1. are aimed at contesting the validity of the registration or derive from the securities ledger itself or its accompanying data;
2. he or she is personally entitled to raise against the current creditor of the ledger-based security; or

⁸¹⁰ Inserted by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

3. are based on the direct relations between the obligor and a former creditor of the ledger-based security, if the current creditor intentionally acted to the detriment of the obligor when acquiring the ledger-based security

Art. 973^{f811}

III. Transfer

¹ The transfer of the ledger-based security is subject to the provisions of the registration agreement.

² If the creditor of a ledger-based security is declared bankrupt, if his or her property is distrained or if a debt restructuring moratorium is authorised, the creditor's decisions regarding ledger-based securities are legally binding and effective against third parties, provided that they

1. were made beforehand;
2. have become irrevocable under the rules of the securities ledger or another trading facility; and
3. were actually recorded in the securities ledger within 24 hours.

³ When a bona fide acquirer of a certificated security and a bona fide acquirer of the ledger-based security have a conflicting claim to the same right, the former takes precedence over the latter.

Art. 973^{g812}

IV. Collateral

¹ Collateral may be posted even without the transfer of the ledger-based security, if:

1. the collateral is visible in the securities ledger; and
2. it is ensured that only the collateral recipient can dispose of the ledger-based security in the event of default.

² In other respects:

1. the special lien on ledger-based securities is governed by the provisions on special liens that apply to certificated securities (Arts. 895–898 of the CC⁸¹³).
2. the pledging of ledger-based securities is governed by the provisions on liens on debts and other rights as applicable for certificated securities (Arts. 899–906 of the CC).

⁸¹¹ Inserted by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS **2021** 33; BBl **2020** 233).

⁸¹² Inserted by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS **2021** 33; BBl **2020** 233).

⁸¹³ SR **210**

Art. 973^h⁸¹⁴

V. Cancellation

¹ The beneficiary of a ledger-based security may demand that the court cancel the security, provided that he or she furnishes credible evidence of his or her original power of disposal and of the loss thereof. Following cancellation of the instrument, the beneficiary may also exercise his or her right outside the ledger or, at his or her own expense, demand that the obligor allocate a new ledger-based security. In addition, Articles 982-986 apply *mutatis mutandis* to the procedure for and effect of cancellation.

² The parties may make provision for a simplified form of cancellation consisting in a reduction of the number of public calls for presentation or a curtailment of the time limits.

Art. 973ⁱ⁸¹⁵

VI. Information and liability

The obligor under a ledger-based security or a right that is offered as such must inform each acquirer of:

1. the content of the ledger-based security;
2. the mode of operation of the securities ledger and the measures taken in accordance with Article 973*d* paragraphs 2 and 3 to protect the operation and integrity of the ledger.

² The obligor is liable for damage to the acquirer arising out of information that is inaccurate, misleading or in breach of statutory requirements, unless the obligor can prove that he or she acted with due diligence.

³ Agreements which limit or exclude this liability are void.

Section Two: Registered Securities**Art. 974**

A. Definition

A negotiable security is deemed a registered security if it is made out to a named person but is neither made out to order nor legally declared to be an instrument to order.

⁸¹⁴ Inserted by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

⁸¹⁵ Inserted by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

Art. 975

B. Evidence of
creditor's right
I. As a general
rule

¹ The obligor is obliged to render performance only to a person who is the bearer of the instrument and who can show that he is the person in whose name the instrument is registered or the legal successor of such person.

² Where the obligor renders performance without such evidence, he is not released from his obligation towards a third party who can demonstrate his entitlement.

Art. 976

II. With qualified
bearer securities

Where the obligor under the registered security has reserved the right to render performance to any bearer of the instrument, he is released from his obligation by rendering performance in good faith to such a bearer even if he did not request evidence of the creditor's entitlement; however, he is not obliged to render performance to the bearer.

Art. 977

C. Cancellation

¹ Where no special provision has been made, registered securities are cancelled in accordance with the provisions governing bearer securities.

² The obligor may make provision in the instrument for a simplified form of annulment consisting in a reduction of the number of public calls for presentation or a curtailment of the time limits, or may reserve the right to make valid performance even without presentation or annulment of the instrument, providing the creditor declares the borrower's note void and the debt redeemed by public deed or authenticated document.

Section Three: Bearer Securities**Art. 978**

A. Definition

¹ A negotiable security is deemed a bearer security if the wording or form of the instrument shows that the current bearer is recognised as the beneficiary.

² However, the obligor is no longer permitted to pay if subject to an attachment order served by a court or the police.

Art. 979

B. Obligor's de-
fences
I. In general

¹ Against a claim deriving from a bearer security, the obligor may plead only such defences as contest the validity of the instrument or arise from the instrument itself and those available to him personally against the respective obligee.

² Defences based on the direct relations between the obligor and a former bearer are admissible where the bearer intentionally acted to the detriment of the obligor when acquiring the security.

³ The obligor may not plead the defence that the instrument entered circulation against his will.

Art. 980

II. In the case of bearer coupons

¹ Against a claim deriving from a bearer coupon, the obligor may not plead the defence that the debt principal has been redeemed.

² However, when redeeming the debt principal, the obligor is entitled to retain an amount corresponding to the interest payable on coupons falling due in the future which are not handed in with the debt instruments until the prescriptive periods applicable to such coupons have expired, unless the coupons not handed in have been cancelled or the amount thereof has been secured.

Art. 981

C. Cancellation
I. In general
1. Application⁸¹⁶

¹ Bearer securities, such as shares, bonds, dividend rights certificates, coupon sheets, subscription warrants for coupon sheets, but not individual coupons, are cancelled by the court at the request of the beneficiary.

² ...⁸¹⁷

³ The applicant must satisfy the court that he possessed and lost the instrument.

⁴ Where the bearer of a security with a coupon sheet or subscription warrant has merely lost the coupon sheet or subscription warrant, presentation of the security in question is sufficient to establish grounds for the application.

Art. 982

2. Attachment order

¹ At the applicant's request, the obligor under the negotiable security may be forbidden to honour the security on presentation and warned of the danger of double payment.

² Where a coupon sheet is to be annulled, the provision governing cancellation of bearer coupons applies *mutatis mutandis* to the individual coupons falling due during the proceedings.

⁸¹⁶ Amended by Annex No 5 of the Civil Jurisdiction Act of 24 March 2000, in force since 1 Jan. 2001 (AS 2000 2355; BBl 1999 III 2829).

⁸¹⁷ Repealed by Annex No 5 of the Civil Jurisdiction Act of 24 March 2000, with effect from 1 Jan. 2001 (AS 2000 2355; BBl 1999 III 2829).

Art. 983

3. Public call for presentation, time limit

Where the court is satisfied that the applicant was in possession of the security but has since lost it, it issues a public notice calling on the unknown bearer to come forward and present the security within a specified time limit, failing which it will declare the security cancelled. The time limit must be at least six months; it commences on the date of the first public notice.

Art. 984

4. Form of public notice

¹ The call for presentation of the security must be published in the Swiss Official Gazette of Commerce.⁸¹⁸

² In special cases, the court may adopt other means of publicising the call for presentation.

Art. 985

5. Effect

a. Where the security is presented

¹ Where the lost bearer security is presented, the court sets the applicant a time limit within which to bring an action for recovery thereof.

² Where the applicant fails to bring action within such time limit, the court returns the instrument and lifts the garnishee order.

Art. 986

b. Where the security is not presented

¹ Where the lost bearer security is not presented within the time limit, the court may cancel it or order further measures, depending on the circumstances.

² Notice of the cancellation of a bearer security must be published immediately in the Swiss Official Gazette of Commerce, and elsewhere at the court's discretion.

³ Following cancellation, the applicant is entitled at his expense to request the issue of a new bearer security or performance of the obligation due.

Art. 987

II. Of coupons in particular

¹ Where individual coupons have been lost, at the request of the beneficiary the court must order that the amount be deposited with the court at maturity or immediately if the coupon is already due.

² Where three years have elapsed since the maturity date and no beneficiary has come forward in the interim, the court must order the amount deposited to be released to the applicant.

⁸¹⁸ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

III. In the case of banknotes and the like

Art. 988

Banknotes and other bearer securities issued in large numbers and payable on sight which are intended for circulation as replacement for money and made out in fixed denominations may not be cancelled.

D. Mortgage certificates

Art. 989⁸¹⁹

The special provisions governing mortgage certificates made out to the bearer are reserved.

Section Four: Bills and Notes

A. Capacity to incur Liability as a party to a Bill

Art. 990

A person with capacity to enter into contracts has capacity to incur liability as a party to a bill of exchange.

B. The Bill of Exchange

I. Drawing and Formal Requirements of Bills of Exchange

Art. 991

1. Requirements

A bill of exchange contains:

1. the designation 'bill of exchange' in the text of the instrument and in the language in which it is issued;
2. the unconditional instruction to pay a certain sum of money;
3. the name of the person who is to pay (drawee);
4. the due date;
5. the bill domicile;
6. the name of the person to whom or to whose order payment is to be made;
7. the date and the place of issue;
8. the drawer's signature.

⁸¹⁹ Amended by No II 2 of the FA of 11 Dec. 2009 (Register Mortgage Certificates and other amendments to Property Law), in force since 1 Jan. 2012 (AS 2011 4637; BBl 2007 5283).

Art. 992

2. Required content lacking

¹ An instrument missing one of the elements stipulated in the previous article is not deemed a bill of exchange, except in the cases described in the following paragraphs.

² A bill of exchange containing no indication of the due date is deemed a sight bill.

³ Where no other specific place is mentioned, the place indicated together with the name of the drawee is deemed both the bill domicile and the domicile of the drawee.

⁴ A bill of exchange containing no indication of the place of issue is deemed drawn at the place indicated together with the name of the drawer.

Art. 993

3. Types

¹ A bill of exchange may be made out to the drawer's own order.

² It may be drawn on the drawer himself.

³ It may be drawn for the account of a third party.

Art. 994

4. Payment of domiciled bills

A bill of exchange may be domiciled with a third party, at the drawee's domicile or at another place.

Art. 995

5. Promise of interest

¹ In a bill of exchange payable on sight or at a stated period after presentation for acceptance, the drawer may stipulate that the bill amount will bear interest. For all other bills, the interest rate comment is deemed unwritten.

² The interest rate must be indicated on the bill of exchange; where there is no such indication, the interest rate comment is deemed unwritten.

³ The interest accrues as of the date on which the bill of exchange was drawn, unless some other date is specified.

Art. 996

6. Discrepancy in specification of bill amount

¹ Where the bill amount is given in both letters and numbers, in the event of any discrepancy the amount given in letters is the valid amount.

² Where the bill amount is given more than once in both letters and numbers, in the event of any discrepancy the lowest amount is the valid amount.

Art. 997

7. Signatures of persons lacking capacity

Where a bill of exchange bears a signature of a person lacking capacity to enter into liabilities on a bill of exchange, a forged signature, the signature of a bogus person or a signature which for whatever other reason is not binding on the person who signed or in whose name the bill was signed, this fact has no effect on the validity of the other signatures.

Art. 998

8. Unauthorised signature

A person who signs a bill of exchange as a representative of another without being authorised so to do is himself liable on the bill and, if he honours the bill, has the same rights as the party he purported to represent would have. The same applies to a representative who exceeds his power of representation.

Art. 999

9. Liability of the drawer

¹ The drawer is liable for the acceptance and payment of the bill of exchange.

² He may disclaim liability for acceptance; any comment whereby he disclaims liability for payment is deemed unwritten.

Art. 1000

10. Blank bill

Where a bill of exchange that was incomplete when it was negotiated is completed in a manner contrary to the agreed terms, such non-compliance with the agreed terms may not be invoked against the bearer unless he acquired the bill in bad faith or was guilty of gross negligence when he acquired it.

II. Endorsement**Art. 1001**

1. Transferability

¹ Any bill of exchange may be transferred by endorsement even if it is not expressly made out to order.

² Where the drawer has included the words “not to order” or a comment to that effect in the bill of exchange, the bill may be transferred only subject to the formal requirements and with the effects of a normal assignment.

³ The endorsement may also be made out to the drawee, regardless of whether he has accepted the bill or not, to the drawer or to any other party liable on it. Such persons may endorse the bill further.

Art. 1002

2. Requirements
- ¹ The endorsement must be unconditional. Conditions attached to the endorsement are deemed unwritten.
 - ² A partial endorsement is void.
 - ³ An endorsement to the bearer is deemed a blank endorsement.

Art. 1003

3. Form
- ¹ The endorsement must be written on the bill of exchange itself or on a sheet attached thereto (annex, rider). It must be signed by the endorser.
 - ² The endorsement need not designate the endorsee and may consist merely of the signature of the endorser (blank endorsement). In the latter case the endorsement is valid only if written on the reverse of the bill or on the annex.

Art. 1004

4. Effects
- a. Transfer function
- ¹ The endorsement transfers all rights arising from the bill of exchange.
 - ² If it is a blank endorsement, the bearer may
 1. add his name or the name of another person to the endorsement;
 2. endorse the bill further by blank endorsement or endorsement to a specified person;
 3. negotiate the bill further without completing the blank endorsement and without endorsing it.

Art. 1005

- b. Guarantee function
- ¹ Unless the bill contains a comment to the contrary, the endorser is liable for acceptance and payment.
 - ² He may forbid further endorsement of the bill; in this case he is not liable to persons to whom the bill is further endorsed.

Art. 1006

- c. Proof of bearer's entitlement
- ¹ A person possessing the bill is the holder in due course providing he can demonstrate his entitlement by means of an uninterrupted sequence of endorsements, even where the last is a blank endorsement. Deleted endorsements are deemed unwritten. Where a blank endorsement is followed by a further endorsement, it is presumed that the person who issued this endorsement acquired the bill by means of the blank endorsement.
 - ² Where the bill of exchange was somehow lost by a former holder, a new holder who can demonstrate his entitlement in accordance with the provisions of the previous paragraph is obliged to surrender the bill only

if he acquired the bill in bad faith or was guilty of gross negligence when he acquired it.

Art. 1007

5. Defences

A person to whom a bill of exchange is presented for collection may not plead against the holder such defences as are based on his direct relations with the drawer or a previous holder unless the current holder intentionally acted to the detriment of the obligor when acquiring the bill.

Art. 1008

6. Procuration endorsement

¹ Where the endorsement contains the comment “value for collection”, “for collection”, “per pro.” or some other comment expressing no more than authorisation, the holder may exercise all the rights under the bill of exchange; however, he may transfer it only by means of a further procuration endorsement.

² In this case, the parties liable on a bill may plead against the holder only such defences as are available to them against the endorser.

³ The authority conferred by the procuration endorsement is not extinguished on the death or incapacity of the person conferring it.

Art. 1009

7. Pledging endorsement

¹ Where the endorsement contains the comment “value for security”, “value for pledge” or some other comment expressing a pledge, the holder may exercise all the rights under the bill of exchange; however, any endorsement issued by him only has the effect of a procuration endorsement.

² The parties liable on a bill may not plead against the holder such defences as are based on his direct relations with the endorser unless the holder intentionally acted to the detriment of the obligor when acquiring the bill.

Art. 1010

8. Subsequent endorsement

¹ An endorsement after maturity has the same effects as an endorsement prior to maturity. However, where the bill of exchange was endorsed only after protest for non-payment or after expiry of the time limit for protest, the endorsement only has the effects of a normal assignment.

² Until the opposite is proven, it is presumed that an undated endorsement was made on the bill of exchange before the time limit for protest expired.

III. Acceptance

Art. 1011

1. Right to present bill

The holder or any person merely in possession of the bill of exchange may present it to the drawee at his domicile for acceptance at any time prior to maturity.

Art. 1012

2. Presentation compulsory or prohibited

¹ The drawer may stipulate on any bill of exchange that it must be presented for acceptance, with or without a time limit for such presentation.

² He may prohibit presentation of the bill of exchange for acceptance where it is not domiciled with a third party or at a place other than the domicile of the drawee and is not an after-sight bill.

³ He may also stipulate that the bill of exchange must not be presented for acceptance prior to a specified date.

⁴ Unless the drawer has prohibited presentation for acceptance, any endorser may stipulate that the bill of exchange must be presented for acceptance, with or without a time limit.

Art. 1013

3. Duty to present after-sight bills

¹ An after-sight bill must be presented for acceptance within one year of the date on which it was drawn.

² The drawer may stipulate a shorter or longer time limit.

³ The endorser may stipulate a shorter time limit for presentation.

Art. 1014

4. Repeat presentation

¹ The drawee may request that the bill of exchange be presented to him again on the day after the first presentation. The parties may invoke any failure to comply with this requirement only if the request is mentioned in the protest.

² The holder is not obliged to leave a bill of exchange presented for acceptance in the drawee's possession.

Art. 1015

5. Form of acceptance

¹ The declaration of acceptance is made on the bill of exchange. It is expressed through the word "accepted" or words to the same effect; it must be underlined by the drawee. The drawee is deemed to have declared his acceptance by merely appending his signature to the obverse of the bill of exchange.

² Where the bill of exchange is an after-sight bill or must be presented for acceptance within a specified time limit owing to a special comment

to that effect, the declaration of acceptance must indicate the date on which it is made, unless the holder requires that the date of presentation be indicated. Where no date is indicated, the holder must draw attention to this omission by timely protest in order to safeguard his right of recourse against the endorser and the drawer.

Art. 1016

6. Restrictions on acceptance

¹ The acceptance must be unconditional; however, the drawee may limit it to a portion of the bill amount.

² Where the declaration of acceptance contains any terms that deviate from the provisions of the bill of exchange, acceptance is deemed to have been refused. However, the acceptor is liable according to the terms of his declaration of acceptance.

Art. 1017

7. Domiciliate and bill domicile

¹ Where the drawer has indicated on the bill of exchange a bill domicile other than the domicile of the drawee but without designating a third party by whom payment is to be made, the drawee may designate a third party when he declares acceptance. In the absence of such designation it is presumed that the acceptor himself has undertaken to pay the bill at its domicile.

² Where the bill of exchange is domiciled with the drawee himself, he may designate in his declaration of acceptance an agent at the bill domicile by whom the payment will be made.

Art. 1018

8. Effect of acceptance
a. In general

¹ Due to his acceptance, the drawee is obliged to pay the bill of exchange at maturity.

² In the event of non-payment, the holder, even if he is the drawer, has a claim against the acceptor under the bill of exchange to any sums to which he is entitled pursuant to Articles 1045 and 1046.

Art. 1019

b. In the case of deletion

¹ Where the drawee has struck out the declaration of acceptance made on the bill of exchange prior to returning the bill, acceptance is deemed to have been refused. Until the opposite is proven, it is presumed that such deletion was made prior to the return of the bill.

² However, where the drawee has informed the holder or a person whose signature has been appended to the bill in writing of his acceptance, he is liable to such persons in accordance with the terms of his declaration of acceptance.

IV. Bill Guarantees

Art. 1020

1. Bill guarantor
- 1 Payment of the bill amount may be secured in part or in full by means of a bill guarantee.
 - 2 Security may be provided by a third party or even by a person whose signature has already been appended to the bill of exchange.

Art. 1021

2. Form
- 1 The guarantee commitment is inscribed on the bill of exchange or an annex (rider) thereto.
 - 2 It is expressed by the words “as guarantor” or a comment to that effect; it must be signed by the bill guarantor.
 - 3 The mere act of signing the obverse of the bill of exchange is deemed a guarantee commitment, providing the signature is not that of the drawee or the drawer.
 - 4 The guarantee commitment must indicate for whom the guarantee is given; where there is no such indication, it is deemed to be given for the drawer.

Art. 1022

3. Effects
- 1 The bill guarantor is liable in the same manner as the person for whom he has given the guarantee.
 - 2 His commitment is valid even if the guaranteed obligation is void for any reason other than formal defect.
 - 3 A bill guarantor who pays the bill of exchange acquires all rights thereunder against the person for whom he has given the guarantee and against all those who are liable to such person under the bill.

V. Maturity

Art. 1023

1. In general
- 1 A bill of exchange may be drawn:
on sight;
for a specified time after sight;
for a specified time after drawing;
on a specified date.
 - 2 Bills of exchange with other maturity dates or with several consecutive maturity dates are void.

Art. 1024

2. In the case of sight bills

¹ A sight bill is due on presentation. It must be presented for payment within one year of being drawn. The drawer may stipulate a shorter or longer time limit. The endorser may stipulate a shorter time limit for presentation.

² The drawer may stipulate that the sight bill may not be presented for payment before a specified date. In this case the time limit for presentation commences on that date.

Art. 1025

3. In the case of after-sight bills

¹ The maturity date of an after-sight bill is determined by the date indicated in the declaration of acceptance or the protest date.

² Where no date is indicated in the declaration of acceptance and no protest is made, the bill is deemed to have been accepted on the last date of the time limit envisaged for presentation for acceptance as against the acceptor.

Art. 1026

4. Computation of time limits

¹ A bill of exchange made out for one or more months after it was drawn or after sight falls due on the corresponding day of the payment month. If there is no such day, the bill falls due on the last day of the month.

² Where the bill of exchange is made out for one or more months plus half a month after it was drawn or after sight, the full months are counted first.

³ Where the maturity date is expressed as the beginning, middle or end of a month, such expression is deemed to mean the first, fifteenth or last day of the month.

⁴ The expressions 'eight days' or 'fifteen days' mean not one or two weeks but a full eight or fifteen days.

⁵ The expression 'half-month' means fifteen days.

Art. 1027

5. Computation by the old method

¹ Where a bill of exchange is payable on a certain date at a place where the calendar is different from that of the place of issue, the maturity date is determined according to the calendar of the bill domicile.

² Where a bill drawn between two places with different calendars becomes payable when a specified time has elapsed since it was drawn, the date on which it was drawn is converted to the equivalent date in the calendar of the domicile and the maturity date computed according to the latter.

³ The provision set out in the previous paragraph applies *mutatis mutandis* to the computation of time limits for presentation of bills of exchange.

⁴ The provisions of this Article do not apply where a comment on the bill of exchange or any other term reveals that the parties intended otherwise.

VI. Payment

Art. 1028

1. Presentation for payment

¹ The holder of a bill of exchange payable on a specific date or a specified time after it was drawn or after sight must present the bill for payment on the payment date or one of the two subsequent working days.

² Delivery of the bill to a clearing house recognised by the Swiss National Bank is equivalent to presentation for payment.⁸²⁰

Art. 1029

2. Right to receipt, part payment

¹ The drawee may require the holder to surrender the receipted bill of exchange against payment.

² The holder may not refuse part payment.

³ Where a part payment is made, the drawee may insist that it be noted on the bill of exchange and that a receipt be issued for it.

Art. 1030

3. Payment before and at maturity

¹ The holder of the bill of exchange is not obliged to accept payment before maturity.

² The drawee pays before maturity at his own risk.

³ A person paying at maturity is released from his obligations provided he is not guilty of malice or gross negligence. He is obliged to check that the sequence of endorsements is correct but is not required to verify the signatures of the endorsers.

Art. 1031

4. Payment in foreign currency

¹ Where the bill of exchange is denominated in a currency other than that of the bill domicile, the bill amount may be paid in the national currency at its value as at the maturity date. Where the obligor delays in making the payment, the holder is free to choose whether the bill amount

⁸²⁰ Amended by Annex No II 2 of the National Bank Act of 3 Oct. 2003, in force since 1 May 2004 (AS 2004 1985; BBl 2002 6097).

is converted into the national currency at the rate that applies on the maturity date or the rate that applies on the payment date.

² The value of the foreign currency is determined according to customary commercial practice at the bill domicile. However, the drawer may stipulate an exchange rate for the bill amount on the bill of exchange.

³ The provisions of the two previous paragraphs do not apply if the drawer has stipulated payment in a specified currency (actual currency clause).

⁴ Where the bill of exchange is denominated in a currency which has the same name but a different value in the country in which the bill was drawn and that in which it is payable, the presumption is that the currency meant is that of the bill domicile.

Art. 1032

5. Deposit

Where the bill of exchange is not presented for payment within the time limit laid down in Article 1028, the obligor may deposit the bill amount with the competent authority at the risk and expense of the holder.

VII. Recourse in the event of Non-Acceptance and Non-Payment

Art. 1033⁸²¹

1. Recourse of the holder

¹ In the event of non-payment of a bill at maturity, the holder has right of recourse against the endorser, the drawer and the other parties liable on the bill.

² The holder has the same right even before maturity:

1. where acceptance has been refused in part or in full;
2. where the assets of the drawee are subject to insolvency proceedings, regardless of whether he has accepted the bill or not, or where only payments by the drawee have been suspended, or where compulsory execution has been levied on his assets without success;
3. where the assets of the drawer of a bill of exchange whose presentation for acceptance is prohibited are subject to insolvency proceedings.

Art. 1034

2. Protest
a. Time limits and requirements

¹ Any refusal of acceptance or of payment must be declared by public deed (protest for non-acceptance or for non-payment).

⁸²¹ This Art. consists of a single paragraph in the French and Italian texts.

² Protest for non-acceptance must be made within the time limit applicable for presentation for acceptance. Where, in the case of Article 1014 paragraph 1, the bill of exchange was presented for the first time on the last day of the time limit, protest may still be made on the following day.

³ In the case of bills of exchange payable on a specific day or for a certain time after they were drawn or after sight, protest for non-payment must be made on one of the two working days following the payment date. Protest for non-payment of sight bills must be made within the same time limits for protest for non-acceptance as envisaged in the previous paragraph.

⁴ Where protest for non-acceptance has been made, neither presentation for payment nor protest for non-payment is required.

⁵ Where the drawee has suspended his payments, regardless of whether he has accepted the bill of exchange or not, or compulsory execution has been levied on his assets without success, the holder may have recourse only once the bill has been presented to the drawee for payment and protest has been made.

⁶ Where the assets of the drawee, regardless of whether he has accepted the bill of exchange or not, or the assets of the drawer of a bill of exchange whose presentation for acceptance is prohibited are subject to insolvency proceedings, presentation of the court order commencing such proceedings is sufficient to exercise the right of recourse.

Art. 1035

b. Responsibility Such protest must be made by a specially authorised notary or official body.

Art. 1036

c. Content

¹ The protest contains:

1. the name of the person or of the business for whom and against whom the protest is made;
2. a statement that a request was made without success to the person or company against whom the protest is made to perform his or its obligation under the bill of exchange or that such person or company could not be reached or that their business premises or address could not be traced;
3. an indication of the place at which and date on which the request was made or attempted without success;
4. the signature of the person or official body making the protest.

² Where a part payment is made, this must be noted in the protest.

³ If the drawee to whom the bill of exchange has been presented for acceptance insists that it be presented again on the following day, this must also be noted in the protest.

Art. 1037

d. Form

¹ The protest is made on a separate sheet attached to the bill of exchange.

² Where the protest involves the presentation of several duplicates of the same bill of exchange or presentation of the original instrument and a copy of it, it is sufficient if the protest is attached to one of the duplicates or to the original bill.

³ A note to the effect that the protest is attached to one of the duplicates or to the original instrument must be made on the remaining duplicates or the copy.

Art. 1038

e. For partial acceptance

Where the bill of exchange is accepted for only part of the bill amount and protest is made for that reason, a copy must be made of the bill of exchange and the protest made on such copy.

Art. 1039

f. Against several persons

Where performance of a bill obligation is required of several liable parties, only one instrument is required for the protests involved.

Art. 1040

g. Copy of the protest document

¹ The notary or official body making the protest must make a copy of the protest document.

² The following must be indicated on this copy:

1. the amount of the bill of exchange;
2. the maturity date;
3. the place at which and date on which it was drawn;
4. the drawer of the bill of exchange, the drawee and the name of the person or company to whose the order the payment is to be made;
5. the name of the person or company through which the payment is to be made, where this is different from the drawee;
6. the emergency contact details and acceptors for honour.

³ Copies of protest documents must be archived in chronological order by the notary or official body making the protest.

Art. 1041

h. Defective protest

A protest signed by the competent notary or official body is valid even if not made in accordance with the regulations or if the information it contains is inaccurate.

Art. 1042

3. Notification

¹ The holder must notify the immediately preceding endorser and the drawer of the lack of acceptance or payment within four working days of the date on which the protest was made or, in the case of the comment “No protest”, within four working days of the date of presentation. Within two working days of receipt of such notification, every endorser must pass on the news received to the immediately preceding endorser and give him the names and addresses of the persons from whom he received it, and so on in sequence until the drawer. All time limits run as of receipt of the previous notification.

² Where notification is made pursuant to the previous paragraph to a person whose signature is appended to the bill of exchange, the same notification must be made within the same time limit to his bill guarantor.

³ Where an endorser has omitted to give his address or has written it illegibly, it is sufficient if his immediately preceding endorser is notified.

⁴ The notification may be made in any form, including the mere return of the bill of exchange.

⁵ Persons under a duty to notify must show that they complied with it within the prescribed time limit. The time limit is deemed observed where a letter containing such notification was posted within the time limit.

⁶ A person who fails to notify in good time does not forfeit his right of recourse; he is liable for any losses arising from his failure to notify, but only up to the bill amount.

Art. 1043

4. Waiver of protest

¹ By appending and signing the comment “No protest” or words to the same effect on the bill of exchange, the drawer and any endorser or bill guarantor may release the holder from his obligation to arrange protest for non-acceptance or non-payment in order to exercise his right of recourse.

² The comment does not release the holder from the obligation to present the bill of exchange in good time and to make the requisite notification. The burden of proving that the time limit was not observed lies with any party relying on such point against the holder.

³ Where the comment was appended by the drawer, it is effective as against all parties liable on the bill; where it was appended by an endorser or a bill guarantor, it is effective only as against them. If the holder arranges for protest to be made in spite of the comment appended by the drawer, he must bear the costs. Where the comment was appended by an endorser or a bill guarantor, all parties liable on the bill must bear the costs of any protest made in spite of it.

Art. 1044

5. Joint and several liability of the parties

¹ All parties who have drawn, accepted, endorsed or guaranteed a bill of exchange are liable as co-obligors towards the holder.

² The holder may resort to any of them individually, severally or all together without being bound by the order in which they assumed their obligations.

³ The same right accrues to every party who has honoured the bill of exchange.

⁴ In asserting his claim against one party liable on a bill, the holder does not surrender his rights against the others or against the endorsers subsequent to such party.

Art. 1045

6. Nature of recourse

a. By the holder

¹ By way of recourse the holder may claim:

1. the bill amount, provided the bill has not been accepted or honoured, with any agreed interest;
2. interest at a rate of six per cent since the maturity date;
3. the costs of the protest and notifications and any other expenses;
4. a commission of no more than one-third of one per cent.

² Where recourse is had before maturity, interest is deducted from the bill amount. Such interest is calculated on the basis of the official (Swiss National Bank) discount rate obtaining at the domicile of the holder on the date on which recourse is had.

Art. 1046

b. By the party honouring the bill

A party that has honoured the bill of exchange may claim from his preceding endorsers:

1. the full amount he paid;
2. the interest on such amount at a rate of six per cent since the date on which the bill was honoured;
3. his expenses;
4. a commission of no more than 2 thousandths.

Art. 1047

c. Right to take possession of bill, protest and receipt

¹ Any party liable on a bill against whom a recourse claim is or may be made is entitled to insist that the bill of exchange together with the protest and a receipted invoice be handed over to him against payment of the recourse amount.

² Any endorser who has honoured the bill may delete his endorsement and those of the subsequent endorsers.

Art. 1048

d. In respect of partial acceptance

Where recourse is had following a partial acceptance, the party paying the unaccepted portion of the bill amount may insist that this be noted on the bill of exchange and a receipt for such portion be issued to him. Further, the holder must provide him with an authenticated copy of the bill of exchange and the protest to make further recourse possible.

Art. 1049

c. Re-exchange bill

¹ A party with right of recourse may, where no comment to the contrary exists, exercise such right by drawing a new bill of exchange (re-exchange bill) on one of his preceding endorsers which is payable on sight at the place of residence of the preceding endorser.

² In addition to the amounts specified in Articles 1045 and 1046, the re-exchange bill includes the brokerage fee and the stamp duty for the re-exchange bill.

³ Where the re-exchange bill is drawn by the holder, the bill amount is dependent on the rate applicable to a sight bill drawn from the bill domicile of the original bill of exchange at the domicile of the preceding endorser. Where the re-exchange bill is drawn by an endorser, the bill amount is dependent on the rate applicable to a sight bill drawn from the domicile of the drawer of the re-exchange bill at the domicile of the preceding endorser.

Art. 1050

7. Invalidation
a. In general

¹ In the event that the holder fails to comply with the time limits for presentation of a sight bill or an after-sight bill, for protest for non-acceptance or for non-payment, for presentation for payment of bills bearing the comment “No protest”, he forfeits his rights against the endorser, the drawer and all other parties liable on the bill, with the exception of the acceptor.

² In the event that the holder fails to comply with the time limit for presentation for acceptance prescribed by the drawer, he forfeits his right of recourse for non-acceptance and for non-payment, unless the wording of the comment shows that the drawer intended to exclude only liability for acceptance.

³ Where the time limit for presentation is indicated in an endorsement, only the endorser may rely on it.

Art. 1051

b. Force majeure

¹ Where insuperable obstacles (statutory provisions enacted by a state or some other instance of force majeure) militate against the timely presentation of the bill of exchange or timely protest, the time limits for such actions are extended.

² The holder is obliged to notify the immediately preceding endorser of the force majeure event without delay and to note such notification together with the date and place and his signature on the bill of exchange or an annex thereto; in other respects, the provisions set out in Article 1042 are applicable.

³ Once the force majeure ceases to apply, the holder must present the bill for acceptance or for payment without delay and, where necessary, make protest.

⁴ In the event that the force majeure lasts for longer than 30 days after maturity, recourse may be had without need for presentation or protest.

⁵ In the case of sight bills or after-sight bills, the thirty-day time limit commences on the date on which the holder notified the immediately preceding endorser of the force majeure event; such notification may be made even before expiry of the time limit for presentation. In the case of after-sight bills, the thirty-day time limit is extended by the fixed period after sight indicated on the bill of exchange.

⁶ Facts pertaining purely to the person of the holder or a person charged with the task of presenting the bill of exchange or making protest do not count as force majeure events.

Art. 1052

c. Unjust enrichment

¹ To the extent that the drawer of a bill of exchange and the acceptor are unjustly enriched to the detriment of the holder, they remain obliged to the holder even where their bill liability has prescribed or extinguished on account of failure to take the actions required by law to sustain the entitlement under the bill of exchange.

² The claim for unjust enrichment also exists against the drawee, the domiciliate and the person or company for whose account the drawer issued the bill.

³ By contrast, no such claim exists against the endorsers whose bill liability is extinguished.

VIII. Devolution of Cover

Art. 1053

¹ Where the drawer of a bill of exchange has been declared insolvent, any claim he holds under civil law against the drawee for restitution of cover or reimbursement of amounts paid devolves on the holder of the bill.

² Where the drawer declares on the bill of exchange that he assigns his claims in respect of the cover provided, these devolve on the current holder of the bill.

³ Once the declaration of insolvency has been published or the assignment has been notified to him, the drawee may make payment only to the duly established holder against surrender of the bill of exchange.

IX. Act of Honour

Art. 1054

1. General provisions

¹ The drawer and any endorser or bill guarantor may indicate a person to act as acceptor or payer in case of need.

² Subject to the conditions set out below, the bill of exchange may be accepted or paid for honour by any party liable on it against whom recourse may be had.

³ Any third party, even the drawee, and any party already liable on the bill, with the exception of the acceptor, may accept or pay a bill of exchange for honour.

⁴ A person accepting or paying a bill for honour is obliged to notify the liable party for whom he is intervening of his action within two working days. Should he fail to do so, he is liable for any losses caused by the omission, albeit only up to the bill amount.

Art. 1055

2. Acceptance for honour
a. Requirements, position of the holder

¹ Acceptance for honour is permitted in all cases in which the holder has a right of recourse before maturity, except where presentation of the bill for acceptance is prohibited.

² Where the bill of exchange indicates a person to act as acceptor or payer at the bill domicile in case of need, the holder has a right of recourse before maturity against the person who appended such emergency address and against subsequent endorsers only if he has presented the bill to the person indicated under such address and, in the event that acceptance for honour is refused, has had such refusal noted by means of protest.

³ In all other cases the holder may refuse acceptance for honour. However, if he admits it, he forfeits his right of recourse before maturity against the person in whose honour acceptance was declared and against subsequent endorsers.

Art. 1056

b. Form

The acceptance for honour is noted on the bill of exchange; it must be signed by the acceptor for honour. The declaration of acceptance must indicate the person for whom the acceptance for honour is made; absent such indication, it is deemed made for the drawer.

Art. 1057

c. Liability of the acceptor for honour, effect on right of recourse

¹ A person accepting a bill for honour is liable to the holder and the subsequent endorsers of the person for whom he intervened in the same manner as said person.

² In spite of the acceptance for honour the party in whose honour the bill of exchange was accepted and his preceding endorsers may insist that the holder surrender the bill of exchange and the protest made, if any, together with a receipted invoice against reimbursement of the amount specified in Article 1045.

Art. 1058

3. Payment for honour
a. Requirements

¹ Payment for honour is permitted in all cases in which the holder has a right of recourse at or before maturity.

² The payment for honour must comprise the full amount payable by the party liable on the bill for whom it is made.

³ It must take place no later than the day after the day on which the time limit for protest for non-payment expires.

Art. 1059

b. Obligation of the holder

¹ Where the bill of exchange is accepted for honour by persons resident at the bill domicile or the persons indicated on the bill as being willing to pay in case of need are resident at the bill domicile, the holder must present the bill to all such persons no later than the day after the day on which the time limit for protest for non-payment expires and, where applicable, must arrange protest for failure to make payment for honour.

² Any failure to make timely protest releases the person who appended the emergency address or in whose honour the bill was accepted and the subsequent endorsers.

Art. 1060

c. Consequence
of refusal

Where the holder refuses payment for honour, he forfeits his right of recourse against those who would have been released.

Art. 1061

d. Right to take
possession of
bill, protest and
receipt

¹ A note that the payment for honour has been received must be made on the bill of exchange, indicating the party for whom the payment was made. In the absence of such an indication, the payment is deemed made for the drawer.

² The bill of exchange and any protest made are handed over to the payer for honour.

Art. 1062

e. Devolution of
the holder's
rights; multiple
payments for
honour

¹ The payer for honour acquires the rights under the bill against the party for whom he paid and against those liable to said party under the bill. However, he is not entitled to endorse it further.

² The subsequent endorsers of the party in whose honour payment was made are released.

³ Where several payments for honour are offered, preference is given to those resulting in release of the largest number of parties liable on the bill. A person paying in honour in contravention of this provision and in full knowledge of the situation forfeits his right of recourse against those who would otherwise have been released.

X. Production of Multiple Duplicates and Copies of Bills of Exchange

Art. 1063

1. Duplicates
a. Right to make
duplicates

¹ The bill of exchange may be issued in multiple identical duplicates.

² Such duplicates must be given serial numbers within the text on the instrument; otherwise, each duplicate counts as a separate bill of exchange.

³ Every holder of a bill of exchange may request that multiple duplicates be supplied to him at his own expense, provided the text of the bill of exchange does not stipulate that it was made out as a single copy. To do so, the holder must contact the preceding endorser immediately before him, who in turn must contact his immediately preceding endorser, and so on in sequence back to the drawer. The endorsers are obliged to repeat their endorsements on the newly issued duplicates.

b. Relationship
between dupli-
cates

Art. 1064

¹ Where payment is made on one duplicate of the bill, the rights under all others are extinguished even if they do not bear a comment to the effect that payment on one renders all the others invalid. However, the drawee remains liable for any duplicate accepted that has not been returned to him.

² Where an endorser has transferred the duplicates to a number of different persons, he and his subsequent endorsers are liable for duplicates bearing their signature which have not been surrendered.

c. Acceptance
comment

Art. 1065

¹ Where one duplicate has been sent for acceptance, a note must be made on the others of the name of the person now in possession of the despatched duplicate. The latter is obliged to surrender it to the rightful holder of any other duplicate.

² Where he refuses to surrender it, the holder has a right of recourse only after arranging for protest to be made, thereby confirming:

1. that the duplicate sent for acceptance was not surrendered to him on request;
2. that neither acceptance nor payment was obtained on a different duplicate.

2. Copies
a. Form and ef-
fect

Art. 1066

¹ Every holder of a bill of exchange is entitled to make copies of it.

² The copy must be an exact reproduction of the original instrument with endorsements and all other notes and comments appended thereto. It must bear an indication of how far the copy extends.

³ The copy may be endorsed and have a declaration of guarantee added to it in the same manner and with the same effects as the original bill.

b. Surrender of
the original bill

Art. 1067

¹ The custodian of the original bill must be indicated on the copy. The custodian is obliged to surrender the original bill to the rightful holder of the copy.

² Where he refuses to surrender it, the holder has right of recourse against the endorsers of the copy and against persons who have appended a declaration of guarantee to it only after arranging for protest to be made, thereby confirming that the original bill was not surrendered to him on request.

³ Where the original bill bears the comment “henceforward endorsements valid only if made on copy” or a comment to that effect appended

to the last endorsement before the copy was made, any subsequent endorsement added to the original bill is void.

XI. Amendments to the Bill of Exchange

Art. 1068

Where the text of a bill of exchange is amended, those persons who append their signature to the bill after such amendment are liable in accordance with the amended text. Those who signed earlier are liable in accordance with the original text.

XII. Prescription

Art. 1069

1. Prescriptive periods

¹ The claims against the acceptor under the bill of exchange prescribe three years after the maturity date.

² The claims of the holder against the endorser and against the drawer prescribe one year after the date on which timely protest was made or, where the bill bears the comment “No protest”, one year after the maturity date.

³ The claims of one endorser against other endorsers and against the drawer prescribe six months after the date on which the bill of exchange was honoured by the endorser or the claim based on the bill was asserted against him.

Art. 1070

2. Interruption
a. Grounds

The prescriptive period is interrupted by commencement of action on the bill, submission of an application for debt enforcement proceedings, service of a third-party notice or petition in insolvency.

Art. 1071

b. Effects

¹ The interruption of the prescriptive period is effective only against the party in regard to whom the fact causing the interruption occurred.

² On interruption of the prescriptive period, a new prescriptive period of the same duration commences.

XIII. Cancellation

Art. 1072

1. Provisional measures

¹ A person who has lost a bill of exchange may request the court to prohibit the drawee from paying the bill.⁸²²

² In serving the attachment order, the court authorises the drawee to deposit the bill amount on the maturity date and designates the place where it is to be deposited.

Art. 1073

2. Known holder

¹ Where the holder of the bill of exchange is known, the court sets the applicant an appropriate time limit within which to bring action for surrender thereof.

² Where the applicant fails to bring such action within the time limit, the court lifts the attachment order imposed on the drawee.

Art. 1074

3. Unknown holder
a. Duties of the applicant

¹ Where the holder of the bill of exchange is known, the court may be asked to cancel it.

² The party applying for cancellation must satisfy the court that he possessed and lost the bill of exchange and produce either a copy of the bill or information on its essential terms.

Art. 1075

b. Public call for presentation

Where the court is satisfied that the applicant was in possession of the bill of exchange but has since lost it, it issues a public notice calling on the unknown holder to come forward and present the bill within a specified time limit, failing which it will declare the bill cancelled.

Art. 1076

c. Time limits

¹ The time limit for presentation must be at least three months and no more than one year.

² However, the court is not bound by the minimum duration of three months if, in the case of overdue bills, the statutory prescriptive period would expire before three months have elapsed.

³ The time limit for overdue bills commences on the date of the first public notice, and the time limit for bills that are not overdue commences on the maturity date.

⁸²² Amended by Annex No 5 of the Civil Jurisdiction Act of 24 March 2000, in force since 1 Jan. 2001 (AS 2000 2355; BBI 1999 III 2829).

Art. 1077

- d. Publication
- 1 The call for presentation of the bill of exchange must be published in the Swiss Official Gazette of Commerce.⁸²³
- 2 In special cases the court may adopt other appropriate means for publicising the call for presentation.

Art. 1078

4. Effect
- a. If the bill is presented
- 1 Where the lost bill of exchange is presented, the court sets the applicant a time limit within which to bring action for surrender of the bill.
- 2 Where the applicant fails to bring action within such time limit, the court returns the bill of exchange and lifts the attachment order.

Art. 1079

- b. If the bill is not presented
- 1 Where the lost bill of exchange is not presented within the fixed time limit, the court must pronounce its cancellation.
- 2 Following cancellation of the bill of exchange, the applicant may still assert his claim on the bill against the acceptor.

Art. 1080

5. Court orders
- 1 Even before the cancellation, the court may order the acceptor to deposit the bill amount or even to pay it against security.
- 2 Such security is liable to the bona fide acquirer of the bill of exchange. It is released if the bill of exchange is cancelled or the claims on the bill are otherwise extinguished.

XIV. General Provisions**Art. 1081**

1. Setting time limits
- a. Holidays
- 1 Where the maturity date of a bill of exchange falls on a Sunday or a public holiday, payment may not be demanded until the following working day. Likewise, all other actions relating to the bill of exchange, and in particular presentation for acceptance and protest, may take place only on a working day.
- 2 Where the last day of a time limit within which such an action must be taken falls on a Sunday or a public holiday⁸²⁴, the time limit is extended

⁸²³ Amended by No I of the FA of 19 June 2020 (Company Law), in force since 1 Jan. 2023 (AS 2020 4005; 2022 109; BBl 2017 399).

⁸²⁴ In relation to the statutory time limits under federal law and the time limits fixed by authorities by virtue of federal law, Saturday is now regarded as equivalent to a public holiday (Art. 1 of the FA of 21 June 1963 on the Application of Limitation Periods to Saturdays; SR 173.110.3).

to include the next working day. Holidays falling within the time limit are included when computing it.

Art. 1082

b. Computing time limits

When computing statutory time limits or time limits indicated on the bill of exchange, the day on which they commence is not included.

Art. 1083

c. Exclusion of days of respite

Days of respite, whether statutory or by court order, are not recognised.

Art. 1084

2. Place for actions in connection with bills of exchange

¹ The correct place at which to present bills of exchange for acceptance or payment, to make protest, to submit a request for issue of a duplicate bill and to take all other bill-related actions in respect of a specific person is that person's business premises or, where none exist, his private address.

² Such business premises or address must be ascertained with all due diligence.

³ However, if inquiries to the police or post office of the relevant locality are unsuccessful, no further investigation is required.

Art. 1085

3. Signature by hand; blind person's signature

¹ Declarations in respect of bills of exchange must be signed by hand.

² The signature by hand may not be replaced by a mechanical reproduction thereof, by a mark, even if authenticated, or by any other form of authentication by notary.

³ The signature of a blind person must be authenticated.

XV. Applicable Jurisdiction

Art. 1086

1. Capacity to incur liability as a party to a bill

¹ A person's capacity to incur liability as a party to a bill is determined according to the law of the country of which he is a citizen. Where such law provides that the law of a different country is definitive, the latter is applicable.

² A person who, under the law stipulated in the previous paragraph, lacks capacity to incur liability as a party to a bill is nonetheless obliged if he appends his signature in the territory of a country under whose law he would have such capacity.

Art. 1087

2. Form and time limits of declaration on bills of exchange
a. In general

¹ The form of a declaration on a bill of exchange is determined according to the law of the country in whose territory the declaration was signed.

² However, where a declaration on a bill of exchange that is invalid under the previous paragraph would be valid under the law of the country in whose territory a subsequent declaration is signed, the validity of the later declaration is not affected by any formal defects of the earlier declaration.

³ Similarly, a declaration on a bill of exchange given by one Swiss national abroad is valid in relation to another Swiss national in Switzerland provided it satisfies the formal requirements laid down by Swiss law.

Art. 1088

b. Actions to exercise and safeguard rights under bills of exchange

The formal requirements and time limits for protest and the formal requirements for other actions to exercise or safeguard rights under bills of exchange are determined according to the law of the country in whose territory the protest is to be made or the action to be taken.

Art. 1089

c. Exercise of right of recourse

The time limits for exercising rights of recourse are determined for all interested parties by the law of the place in which the bill of exchange was drawn.

Art. 1090

3. Effect of declarations on bills of exchange
a. In general

¹ The effects of declarations of commitment made by the acceptor of a bill of exchange and by the maker of a promissory note are determined according to the law of the bill domicile or place of payment.

² The effects of other declarations on bills of exchange are determined according to the law of the country in whose territory the declarations were signed.

Art. 1091

b. Partial acceptance and part payment

The law of the bill domicile determines whether the acceptance of a bill of exchange may be limited to part of the bill amount and whether the holder is or is not obliged to accept a part payment.

Art. 1092

c. Payment

The payment of a bill of exchange at maturity, in particular the computation of the maturity date and the payment date, and the payment of bills denominated in a foreign currency are determined according to the law of the country in whose territory the bill is domiciled.

Art. 1093

d. Claims for unjust enrichment

Claims for unjust enrichment against the drawee, the domiciliate and the person or firm for whose account the drawer drew the bill are determined according to the law of the country in whose territory these persons are resident.

Art. 1094

e. Devolution of cover

The law of the place of issue determines whether the holder of a bill of exchange acquires the underlying claim.

Art. 1095

f. Annulment

The law of the bill domicile determines the measures to be taken in the event of the loss or theft of a bill of exchange.

C. The Promissory Note**Art. 1096**

1. Requirements

A promissory note contains:

1. the designation 'promissory note' in the text of the instrument and in the language in which it is issued;
2. the unconditional promise to pay a certain sum of money;
3. the due date;
4. the place of payment;
5. the name of the person to whom or to whose order payment is to be made;
7. the date on which and place at which the note is made;
8. the maker's signature.

Art. 1097

2. Required content lacking

¹ An instrument missing one of the elements stipulated in the previous Article is not deemed a promissory note, except in the cases described in the following paragraphs.

² A promissory note containing no indication of the due date is deemed a sight bill.

³ Where no other specific place is mentioned, the place at which the note is made is deemed both the place of payment and the domicile of the maker.

⁴ A promissory note without any indication of the place in which it was made is deemed made at the place indicated together with the name of the maker.

Art. 1098

3. Reference to bill of exchange

¹ The provisions governing the following aspects of bills of exchange also apply to promissory notes, unless they run counter to the essential nature of the latter:

endorsement (Art. 1001–1010);

maturity (Art. 1023–1027);

payment (Art. 1028–1032);

recourse for non-payment (Art. 1033–1047, 1049–1051);

payment for honour (Art. 1054, 1058–1062);

copies (Art. 1066 and 1067);

amendments (Art. 1068);

prescription (Art. 1069–1071);

annulment (Art. 1072–1080);

public holidays, computation of time limits, exclusion of days of respite, place for actions in connection with bills of exchange, and signatures (Art. 1081–1085).

² Further, promissory notes are subject to the provisions governing bills of exchange in relation to bills domiciled with a third party or at a place other than the drawee's domicile (Art. 994 and 1017), the interest rate comment (Art. 995), discrepancies in the specification of the amount (Art. 996), the consequences of invalid signatures (Art. 997) or of signatures by persons lacking power of representation or exceeding such power (Art. 998), and blank bills (Art. 1000).

³ Likewise, promissory notes are subject to the provisions governing bills of exchange in relation to bill guarantees (Art. 1020–1022); in the case of Article 1021 paragraph 4, where the declaration does not indicate the party for whom it is made, the bill guarantee is deemed given for the maker of the promissory note.

Art. 1099

4. Liability of the maker; presentation for sight

¹ The maker of a promissory note is liable in the same manner as the acceptor of a bill of exchange.

² Promissory notes made out for a specified time after sight must be presented for sight to the maker within the time limits stipulated in Article 1013. Such sight must be confirmed by the maker on the promissory note together with the date and the maker's signature. The fixed period after sight commences on the date on which the sight comment is appended. Where the maker refuses to confirm sight and the date, this fact must be established by means of protest (Art. 1015); in this case, the fixed period after sight commences on the date on which protest is made.

Section Five: The Cheque

I. Issue and Formal Requirements of Cheques

Art. 1100

1. Requirements

A cheque contains:

1. the designation 'cheque' in the text of the instrument and in the language in which it is issued;
2. the unconditional instruction to pay a certain sum of money;
3. the name of the person who is to pay (drawee);
4. the place of payment;
5. the date and the place of issue;
8. the drawer's signature.

Art. 1101

2. Required content lacking

¹ An instrument missing one of the elements stipulated in the previous Article is not deemed a cheque, except in the cases described in the following paragraphs.

² Where no other specific place is mentioned, the place indicated together with the name of the drawee is deemed the place of payment. Where several places are indicated together with the name of the drawee, the cheque is payable at the place mentioned first.

³ A cheque containing no indication of place of issue is deemed payable at the place where the drawee has its principal place of business.

⁴ A cheque containing no indication of the place of issue is deemed issued at the place indicated together with the name of the issuer.

Art. 1102

3. Capacity to act as drawee

¹ On cheques payable in Switzerland, only a banker may be designated as the drawee.

² A cheque drawn on another person is deemed to be merely an instrument ordering payment.

Art. 1103

4. Cover requirement

¹ A cheque may be issued only where the drawer holds assets with the drawee and has the right to dispose of such assets by means of cheques pursuant to an explicit or tacit agreement. However, the instrument's validity as a cheque is not affected by any failure to comply with these provisions.

² Where the drawer has assets with the drawee covering only a portion of the cheque amount, the drawee is obliged to pay such portion.

³ A person issuing a cheque without being authorised by the drawee to dispose of the instructed amount must reimburse the bearer for any damage so caused and, in addition, five per cent of the uncovered portion of the instructed amount.

Art. 1104

5. Exclusion of acceptance

The cheque may not be accepted. An acceptance comment appended to the cheque is deemed unwritten.

Art. 1105

6. Designation of payee

¹ The cheque may be made payable to:
a specific person, with or without the explicit comment “to order”;
a specific person, with the comment “not to order” or a comment to that effect;
the bearer.

² Where the cheque designates a specific person as payee with the added comment “or presenter” or a comment to that effect, the cheque is deemed made out to the bearer.

³ A cheque with no payee indicated is deemed payable to the bearer.

Art. 1106

7. Interest comment

An interest comment appended to the cheque is deemed unwritten.

Art. 1107

8. Paying agents, domiciled cheques

The cheque may be made payable by a third party, at the drawee’s domicile or at another place, providing the third party is a banker.

II. Transfer

Art. 1108

1. Transferability

¹ A cheque made payable to a specific person with or without the explicit comment “to order” may be transferred by endorsement.

² A cheque made payable to a specific person with or without the explicit comment “not to order” or with a comment to that effect may be transferred only subject to the formal requirements and with the effects of a normal assignment.

³ The endorsement may also be made out to the drawer or to any other party liable for it. Such persons may endorse the cheque further.

Art. 1109

2. Requirements
- ¹ The endorsement must be unconditional. Conditions attached to the endorsement are deemed unwritten.
 - ² A partial endorsement is void.
 - ³ Likewise, an endorsement by the drawee is void.
 - ⁴ An endorsement to the bearer is deemed a blank endorsement.
 - ⁵ An endorsement to the drawee is deemed merely a receipt, unless the drawee has several branch offices and the endorsement is made out to a different office from that on which the cheque is drawn.

Art. 1110

3. Proof of bearer's entitlement
- A person possessing a cheque transferred by endorsement is deemed the holder in due course providing he can demonstrate his entitlement by means of an uninterrupted sequence of endorsements, even where the last is a blank endorsement. Deleted endorsements are deemed unwritten. Where a blank endorsement is followed by a further endorsement, it is presumed that the person who issued this endorsement acquired the bill by means of the blank endorsement.

Art. 1111

4. Bearer cheque
- An endorsement on a bearer cheque renders the endorser liable in accordance with the provisions governing recourse, albeit without transforming the instrument into a cheque to order.

Art. 1112

5. Lost cheques
- Where the cheque was somehow lost by a former bearer, a new bearer who has gained possession of the cheque, whether it is a bearer cheque or a cheque transferable by endorsement and the bearer can demonstrate his entitlement in accordance with Article 1110, is obliged to surrender it only if he acquired it in bad faith or was guilty of gross negligence when he acquired it.

Art. 1113

6. Rights stemming from subsequent endorsement
- ¹ Where the cheque was endorsed only after protest has been made or equivalent action taken or after expiry of the time limit for presentation, the endorsement only has the effects of a normal assignment.
 - ² Until the opposite is proven, it is presumed that an undated endorsement was made on the cheque before protest was made or equivalent action taken or before the time limit for presentation expired.

III. Cheque Guarantees

Art. 1114

¹ Payment of the cheque amount may be secured in part or in full by means of a cheque guarantee.

² Such security may be provided by a third party, with exception of the drawee, or even by a person whose signature has already been appended to the cheque.

IV. Presentation and Payment

Art. 1115

1. Maturity

¹ The cheque is payable on sight. Any contrary indication is deemed unwritten.

² A cheque presented for payment prior to the issue date indicated on the cheque is payable on the date on which it is presented.

Art. 1116

2. Presentation for payment

¹ A cheque payable in the country in which it was issued must be presented for payment within eight days.

² A cheque payable in a country other than the country in which it was issued must be presented within 20 days where the place of issue and place of payment are in the same continent and within 70 days where they are on different continents.

³ For this purpose, a cheque issued in a European country and payable in a country on the Mediterranean Sea, or vice versa, counts as a cheque issued and payable in the same continent.

⁴ The time limits stipulated above commence on the date indicated on the cheque as the issue date.

Art. 1117

3. Computation by the old method

Where a cheque is payable at a place where the calendar is different from that of the place of issue, the issue date is determined according to the calendar of the place of payment.

Art. 1118

4. Delivery to clearing house

Delivery of the cheque to a clearing house recognised by the Swiss National Bank is equivalent to presentation for payment.⁸²⁵

Art. 1119

5. Revocation
a. In general

¹ A revocation of the cheque takes effect only after expiry of the time limit for presentation.

² Where the cheque is not revoked, the drawee may make payment even after expiry of the time limit for presentation.

³ Where the drawer contends that he or a third party lost the cheque, he may forbid the drawee to cash it.

Art. 1120

b. Death, incapacity, bankruptcy

The validity of the cheque is unaffected even where the drawer dies, loses his capacity to act or becomes bankrupt after the cheque was issued.

Art. 1121

6. Verification of endorsements

A drawee honouring a cheque transferred by endorsement is obliged to check that the sequence of endorsements is correct but is not required to verify the signatures of the endorser.

Art. 1122

7. Payment in foreign currency

¹ Where the cheque is denominated in a currency other than that of the place of payment, the cheque amount may be paid in the national currency at its value as at the date of presentation. Where payment is not made on presentation, the bearer is free to choose whether the cheque amount is converted into the national currency at the rate applicable on the date of presentation or the rate applicable on the payment date.

² The value of the foreign currency is determined according to customary commercial practice at the place of payment. However, the drawer may stipulate an exchange rate for the bill amount on the bill of exchange.

³ The provisions of the two previous paragraphs are not applicable if the drawer has stipulated payment in a specified currency (actual currency clause).

⁴ Where the cheque is denominated in a currency which has the same name but a different value in the country in which the cheque was issued

⁸²⁵ Amended by Annex No II 2 of the National Bank Act of 3 Oct. 2003, in force since 1 May 2004 (AS 2004 1985; BBl 2002 6097).

and that in which it is payable, the presumption is that the currency meant is that of the place of payment.

V. The Crossed Cheque and the Account-Payee-Only Cheque

Art. 1123

1. Crossed
cheques
a. Definition

¹ The drawer and any bearer may cross the cheque with the effects envisaged in Article 1124.

² A cheque is crossed by drawing two parallel lines on its obverse. Such crossing may be general or specific.

³ The crossing is general if no indication or the comment “banker” or a comment to that effect is inserted between the two lines; it is specific if the name of a banker is inserted between the two lines.

⁴ A general crossing may be converted into a specific crossing, but not vice versa.

⁵ Any deletion of the crossing or of the name of the designated banker is deemed not done.

Art. 1124

b. Effects

¹ A generally crossed cheque may be paid by the drawee only to a banker or a client of the drawee.

² A specifically crossed cheque may be paid by the drawee only to the designated banker or, where the latter is himself the drawee, to his clients. However, the designated banker may entrust collection of the cheque to another banker.

³ A banker may acquire a crossed cheque only from one of his clients or from another banker. Further, he may collect such cheque only for the account of the aforementioned persons.

⁴ Where a cheque has been specifically crossed more than once, the drawee may honour the cheque only where it has been crossed not more than twice and one of the crossings was done for the purpose of collection by means of delivery to a clearing house.

⁵ A drawee or banker acting in contravention of the above provisions is liable for any losses caused thereby, albeit only up to the cheque amount.

Art. 1125

2. Account-
payee-only
cheques
a. In general

¹ The drawer and any bearer of a cheque may prohibit payment of the cheque in cash by appending the comment “account payee only” or a comment to that effect diagonally across the obverse of the cheque.

² In this case the drawee may honour the cheque only by crediting the amount to an account (credit, transfer, debit settlement). The account credit is deemed payment.

³ Any deletion of the comment “account payee only” is deemed not to have been done.

⁴ A drawee acting in contravention of the above provisions is liable for any losses caused thereby, albeit only up to the cheque amount.

Art. 1126

b. Bearer's rights in the event of insolvency, suspension of payments, compulsory execution

¹ However, where the drawee has been declared insolvent or has suspended its payments or debt enforcement proceedings have been brought against it without success, the bearer of an account-payee-only cheque has the right to demand cash payment of the cheque by the drawee and has a right of recourse.

² The same applies in the event that the bearer cannot obtain the account credit from the drawee as a result of measures taken pursuant to the Federal Act of 8 November 1934 on Banks and Savings Banks⁸²⁶.

Art. 1127

c. Bearer's rights in the event of refusal of account credit or settlement

Further, the bearer of an account-payee-only cheque has a right of recourse where he can show that the drawee has refused to make the account credit unconditionally or that the cheque has been declared unfit for settlement of the bearer's obligations by the clearing house of the place of payment.

VI. Recourse for Non-Payment

Art. 1128

1. Bearer's rights of recourse

The bearer may have recourse against the endorser, the drawer and the other parties liable for the cheque if it is not honoured on timely presentation and such refusal of payment has been established:

1. by public deed (protest), or
2. by means of a written and dated declaration made by the drawee on the cheque, including the date of presentation, or
3. by means of a written and dated declaration made by a clearing house to the effect that the cheque was delivered in good time and not paid.

Art. 1129

2. Protest, time limits

¹ The protest or equivalent declaration must be made before the time limit for presentation expires.

² Where the cheque is presented on the last day of the time limit, the protest or equivalent declaration may still be made on the following working day.

Art. 1130

3. Object of recourse

By way of recourse, the bearer may claim:

1. the cheque amount, provided the cheque has not been honoured;
2. interest at a rate of six per cent since the date of presentation;
3. the costs of the protest or equivalent declaration and of notifications, plus other expenses;
4. a commission of not more than one-third of one per cent.

Art. 1131

4. Exceptions in the case of force majeure

¹ Where insuperable obstacles (statutory provisions enacted by a state or some other instance of force majeure) militate against the timely presentation of the cheque or timely protest or equivalent declaration, the time limits for such actions are extended.

² The bearer is obliged to notify the immediately preceding endorser of the force majeure event without delay and to note such notification together with the date and place and his signature on the cheque or an annex thereto; in other respects, the provisions set out in Article 1042 are applicable.

³ Once the force majeure ceases to apply, the holder must present the cheque for acceptance or for payment without delay and, where necessary, make protest or similar declaration.

⁴ In the event that the force majeure lasts for longer than 15 days after the date on which the bearer himself notified the preceding endorser of the force majeure event prior to expiry of the time limit for presentation, recourse may be had without need for presentation or protest or similar declaration.

⁵ Facts pertaining purely to the person of the bearer or a person charged with the task of presenting the cheque or making protest or arranging for an equivalent declaration do not count as force majeure events.

VII. Forged Cheques

Art. 1132

The losses arising from payment of a forged or falsified cheque are borne by the drawee, provided that the drawer named on the cheque is not at fault, such as through negligence in the safekeeping of blank cheque forms entrusted to him.

VIII. Duplicates of a Cheque

Art. 1133

Cheques may be issued in several identical duplicates if they are not made out to the bearer and are payable in a country other than the country of issue or in an overseas territory belonging to the country of issue, or vice versa, or are both issued and payable in an overseas territory, or are issued in one overseas territory and payable in a different overseas territory belonging to the same country. Such duplicates must be given serial numbers within the text on the instrument; otherwise, each duplicate counts as a separate cheque.

IX. Prescription

Art. 1134

¹ The bearer's rights of recourse against the endorser, the drawer and the other parties liable prescribe six months after the time limit for presentation expires.

² The rights of recourse of one liable party against another prescribe six months after the date on which the cheque was honoured by such party or the claim based on the cheque was asserted against him.

X. General Provisions

Art. 1135

1. Definition of
'banker'

For the purposes of this Section, the term 'banker' is understood to mean any institution subject to the Federal Act of 8 November 1934⁸²⁷ on Banks and Savings Banks.

2. Setting time limits
a. Holidays

Art. 1136

¹ The presentation and protest of a cheque must take place on a working day.

² Where the last day of a time limit within which an action in connection with the cheque must be taken, in particular presentation, protest or an equivalent declaration, falls on a Sunday or a public holiday⁸²⁸, the time limit is extended to include the next working day.

Holidays falling within the time limit are included when computing it.

b. Computing time limits

Art. 1137

When computing the time limits envisaged in this law, the day on which they commence is not included.

XI. Applicable Jurisdiction

1. Capacity to act as drawee of a cheque

Art. 1138

¹ A person's capacity to act as drawee of a cheque is determined according to the law of the country in which it is payable.

² Where under such law the cheque is void for reasons pertaining to the person of the drawee, obligations are nonetheless binding if they arise from signatures appended to the cheque in countries where the law does not envisage nullity for such reasons.

2. Form and time limits for declarations on cheques

Art. 1139

¹ The form of a declaration on a cheque is determined according to the law of the country in whose territory such declaration was signed. However, compliance with the formal requirements laid down by the law of the place of payment is sufficient.

² Where a declaration on a cheque that is invalid pursuant to the previous paragraph would be valid under the law of the country in whose territory a subsequent declaration is signed, the validity of the later cheque declaration is not affected by any formal defects of the earlier declaration.

³ Similarly, a declaration on a cheque made by one Swiss national abroad is valid as against another Swiss national in Switzerland providing it satisfies the formal requirements laid down by Swiss law.

⁸²⁸ In relation to the statutory time limits under federal law and the time limits fixed by authorities by virtue of federal law, Saturday is now regarded as equivalent to a public holiday (Art. 1 of the FA of 21 June 1963 on the Application of Limitation Periods to Saturdays; SR 173.110.3).

3. Effect of
cheque declara-
tions
a. Law of the
place of issue

Art. 1040

¹ The effects of cheque declarations are determined pursuant to the law of the country in whose territory such declarations were signed.

b. Law of the
place of payment

Art. 1141

The law of the country in whose territory the cheque is payable determines:

1. whether the cheque is necessarily payable on sight or whether it may be drawn for a specified time after sight and what the effects are if a date later than the real issue date is indicated on the cheque;
2. the time limit for presentation;
3. whether a cheque may be accepted, certificated, confirmed or given a mark of approval and what the effects of such comments are;
4. whether the bearer may request part payment and whether he must accept part payment;
5. whether a cheque may be crossed or have the comment "account payee only" or an equivalent comment appended to it and what the effects of such crossing or comment are;
6. whether the bearer has specific rights to the cover and what the nature of such rights is;
7. whether the drawer may revoke the cheque or protest against payment of the cheque;
8. the measures to be taken in the event of the loss or theft of the cheque;
9. whether a protest or equivalent declaration is required to preserve the right of recourse against the endorser, the drawer and the other parties liable for the cheque.

Art. 1142

c. Law of domi-
cile

A claim for unjust enrichment against the drawee or the domiciliate is determined according to the law of the country in whose territory these persons are resident.

XII. Applicability of the Law on Bills of Exchange

Art. 1143

¹ The following provisions of the law on bills of exchange are also applicable to cheques:

1. Article 990 on the capacity to incur liability as party to a bill;
2. Article 993 on bills of exchange made out to own order, drawn on the drawer and for the account of a third party;
3. Articles 996–1000 on discrepancies in the specification of the bill amount, signatures of persons lacking capacity to incur liability as parties to bills, unauthorised signatures, liability of the drawer and blank bills;
4. Articles 1003–1005 on endorsements;
5. Article 1007 on defences;
6. Article 1008 on the rights under procuration endorsement;
7. Articles 1021 and 1022 on form and effects of bill guarantees;
8. Article 1029 on the right to receipts and part payments;
9. Articles 1035–1037 and 1039–1041 on protest;
10. Article 1042 on notification;
11. Article 1043 on the waiver of protest;
12. Articles 1044 on the joint and several liability of the parties;
13. Articles 1046 and 1047 on the right of recourse on payment of the bill of exchange and the right to take possession of bills of exchange, protest and receipts;
14. Article 1052 on claims for unjust enrichment;
15. Article 1053 on devolution of cover;
16. Article 1064 on the relationship between duplicates;
17. Article 1068 on amendments;
18. Articles 1070 and 1071 on interruption of prescriptive periods;
19. Articles 1072–1078 and 1079 paragraph 1 on cancellation;
20. Articles 1083–1085 on exclusion of days of respite, the place for actions in connection with bills of exchange and signatures by hand;
21. Articles 1086, 1088 and 1089 on applicable jurisdiction with regard to capacity to incur liability as a party to bills, actions to exercise and safeguard rights under bills of exchange and exercise of the right of recourse.

² None of the provisions relating to acceptance of bills of exchange laid down in these Articles is applicable.

³ With regard to their applicability to cheques, Article 1042 paragraph 1, Article 1043 paragraph 1 and 3 and Article 1047 are supplemented in the sense that a declaration equivalent to protest as defined in Article 1128 letters 2 and 3 may substitute for protest itself.

XIII. Reservation of Specific Law

Art. 1144

The special provisions governing Swiss post office cheques are reserved.

Section Six: Bill-like Securities and Other Instruments to Order

Art. 1145

A. In general
I. Requirements

A negotiable security is deemed an instrument to order if it is made out to order or declared by law to be an instrument to order.

Art. 1146

II. Defences of
the obligor

¹ Against a claim deriving from an instrument to order, the obligor may plead only such defences as contest the validity of the instrument or arise from the instrument itself and those available to him personally against the respective obligee.

² Defences based on the direct relations between the obligor and a former bearer are admissible where the bearer intentionally acted to the detriment of the obligor when acquiring the security.

Art. 1147

B. Bill-like securities
I. Payment instructions to order
1. In general

Where a payment instruction is not designated as a bill of exchange in the text appearing on the instrument itself but is expressly made out to order and satisfies all the other requirements of a bill of exchange, it counts as a bill of exchange.

Art. 1148

2. No duty to accept

¹ The payment instruction to order must not be presented for acceptance.

² If it is nevertheless presented but acceptance is refused, the bearer does not have right of recourse on these grounds.

Art. 1149

3. Consequences
of acceptance

¹ Where the payment instruction to order is accepted voluntarily, the acceptor of the payment instruction counts as the acceptor of a bill of exchange.

² However, the bearer may not have recourse before maturity if the instructed party has been declared insolvent or has suspended his payments or compulsory execution has been levied on his assets without success.

³ Similarly, the bearer may not have recourse before maturity if the instructing party has been declared insolvent.

Art. 1150

4. No enforcement
of bills of
exchange

The provisions of the Debt Collection and Bankruptcy Act of 11 April 1889⁸²⁹ governing the enforcement of bills of exchange do not apply to payment instructions to order.

Art. 1151

II. Promise to
pay to order

¹ Where a promise to pay is not designated as a promissory note in the text appearing on the instrument itself but is expressly made out to order and satisfies all the other requirements of a promissory note, it counts as a promissory note.

² However, the provisions governing payment for honour do not apply to promises to pay to order.

³ The provisions of the Debt Collection and Bankruptcy Act of 11 April 1889⁸³⁰ governing the enforcement of bills of exchange do not apply to promises to pay to order.

Art. 1152

C. Other endors-
able securities

¹ Instruments whereby the signatory undertakes to pay certain sums of money or deliver certain quantities of fungibles with reference to place, time and total amount may, if they are expressly made out to order, be transferred by endorsement.

² These and other endorsable instruments, such as warehouse warrants, bills of lading, etc., are subject to the provisions of the law on bills of exchange governing the form of the endorsement, proof of the bearer's entitlement, annulment and the bearer's duty to surrender the instrument.

³ However, the provisions governing rights of recourse on bills of exchange do not apply to such instruments.

829 SR 281.1

830 SR 281.1

Section Seven: Documents of Title to Goods

Art. 1153

A. Requirements
. In general⁸³¹ Documents of title to goods issued by a warehouse keeper or carrier as negotiable securities must bear:

1. the place and date of issue and the signature of the issuer;
2. the name and address of the issuer;
3. the name and address of the depositor or sender of the goods;
4. an inventory of the stored or despatched goods by description, volume and identification marks;
5. the fees and remuneration payable or paid in advance;
6. any special agreements between the parties concerning the handling of the goods;
7. the number of duplicates of the document of title to goods;
8. the persons with power of disposal, with indication of names or to order or as bearer.

Art. 1153a⁸³²

II. Equivalent instruments in security ledgers ¹ The parties may issue documents of title to goods in the form of ledger-based securities. Articles 1154 and 1155 apply *mutatis mutandis*.

² The issuer's signature is not required if the instrument can be unambiguously attributed to him or her in another manner. The further content of the instrument, including any charges, must be recorded in the securities ledger itself or in the associated accompanying data.

Art. 1154

B. The warrant ¹ Where one of two or more documents of title to goods is to serve the purpose of establishing a lien, it must be designated as a warrant and in all other respects take the form of a document of title to goods.

² The issue of the warrant must be noted on the other duplicates along with every pledge made, including the claim amount and due date.

⁸³¹ Inserted by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

⁸³² Inserted by No I 1 of the FA of 25 Sept. 2020 on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, in force since 1 Feb. 2021 (AS 2021 33; BBl 2020 233).

Art. 1155

C. Significance
of the formal re-
quirements

¹ Bills and certificates issued in respect of stored goods or freight that do not satisfy the formal requirements of documents of title to goods are not recognised as negotiable securities, but are deemed to be merely receipts or other documents in proof.

² Bills and certificates issued by warehouse keepers without the legally required approval from the competent authority are recognised as negotiable securities provided they satisfy the statutory formal requirements. The issuer is liable to an administrative fine of up to 1,000 francs to be imposed by the competent cantonal authority.

Title Thirty-Four: Bonds**Section One: ...****Art. 1156**⁸³³**Section Two:**⁸³⁴ **Community of Bond Creditors****Art. 1157**

A. Requirements

¹ Where bonds with uniform conditions are offered directly or indirectly for public subscription by a borrower whose domicile or commercial office is in Switzerland, by operation of law the creditors form a community of creditors.

² Where several different issues are offered, the creditors of each issue form a separate community of creditors.

³ The provisions of this Chapter do not apply to bonds issued by the Confederation, cantons, municipalities and other public sector corporations and entities.

Art. 1158

B. Bond repre-
sentative
I. Appointment

¹ Representatives appointed under the bond issue conditions are, unless otherwise provided, deemed to be representatives of both the community of creditors and the borrower.

² The creditors' meeting may elect one or more representatives for the community of creditors.

⁸³³ Repealed by Annex No 1 of the Financial Services Act of 15 June 2018, with effect from 1 Jan. 2020 (AS 2019 4417; BBl 2015 8901).

⁸³⁴ Amended by No I of the FA of 1. April 1949, in force since 1 Jan. 1950 (AS 1949 I 791 801; BBl 1947 III 869). See also the Final Provisions of the second Sec. of Title XXXIV, at the end of this Code.

³ Unless otherwise provided, multiple representatives exercise their powers of representation jointly.

Art. 1159

II. Powers
1. In general

¹ The representative has such powers as are conferred on him by law, the bond issue conditions or the creditors' meeting.

² His duties are to request that the borrower convene a creditors' meeting where the conditions for such convocation obtain, to implement its resolutions and to represent the community of creditors within the bounds of the powers conferred on him.

³ To the extent that the representative is authorised to assert the creditors' rights, the individual creditors are not entitled to exercise their rights independently.

Art. 1160

2. Monitoring of the borrower

¹ Where the borrower is in arrears in the fulfilment of his obligations under the bond issue, the representative of the community of creditors is entitled to obtain from the borrower all information of interest to the community of creditors.

² On the same conditions, where the borrower is a company limited by shares, partnership limited by shares, limited liability company or cooperative, the representative may participate in an advisory capacity in the meetings of its governing bodies to the extent that the agenda items under discussion relate to the interests of the bond creditors.

³ The representative must be invited to such meetings and is entitled to receive the background documentation to be discussed at such meetings in good time.

Art. 1161

3. In the case of bonds secured by a charge

¹ Where a representative of the borrower and the creditors has been appointed for a bond issue secured by a land charge or a charge on chattels, he has the same powers as a pledgee under a land charge.

² The representative must safeguard the rights of the creditors, the borrower and the owner of the charged property diligently and impartially.

Art. 1162

III. Lapse of authority

¹ The creditors' meeting may revoke or modify the authority conferred on a representative at any time.

² The authority of a representative appointed under the bond issue conditions may be revoked or modified at any time by resolution of the community of creditors with the consent of the borrower.

³ On application by a bond creditor or the borrower, the court may declare such authority extinguished for good cause.

⁴ Where the representative's authority lapses for whatever reason, at the request of a bond creditor or the borrower, the court orders the measures necessary to protect the bond creditors and the borrower.

Art. 1163

IV. Costs

¹ The costs of all representative arrangements envisaged in the bond issue conditions are borne by the borrower.

² The costs of representation appointed by the community of creditors are covered by payments made by the borrower and deducted from all bond creditors in proportion to the nominal value of the bonds they hold.

Art. 1164

C. Creditors' meeting I. In general

¹ The community of creditors is authorised within the bounds of the law to take all measures required to safeguard the collective interests of the bond creditors, in particular as regards any financial difficulties encountered by the borrower.

² The resolutions of the community of creditors are made by the creditors' meeting and are valid providing they satisfy the requirements laid down by the law in general or for specific measures.

³ The individual bond creditors are not entitled to assert their rights independently to the extent that valid resolutions on the matters in question have been made by the creditors' meeting.

⁴ The costs of convening and holding the creditors' meeting are borne by the borrower.

Art. 1165

II. Convocation 1. In general

¹ The creditors' meeting is convened by the borrower.

² The borrower is obliged to convene it within 20 days if so requested by bond creditors together holding at least one-twentieth of the bond capital in circulation or by the bond representative in writing with an indication of the purpose of and reasons for the meeting.

³ In the event that the borrower fails to comply with such request, the court may authorise the applicant to convene a creditors' meeting of his own accord. The court at the current or last seat of the debtor in Switzerland has mandatory jurisdiction.⁸³⁵

⁸³⁵ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

⁴ If the debtor has or had only a branch office in Switzerland, the court at the location of this branch office has mandatory jurisdiction.⁸³⁶

Art. 1166

2. Moratorium

¹ From the date on which the invitation to the creditors' meeting is duly published until the final outcome of the composition proceedings, all due claims of the bond creditors are subject to a stay of enforcement.

² Such stay is not a suspension of payments within the meaning of the Debt Collection and Bankruptcy Act of 11 April 1889⁸³⁷; the creditors may not apply for the commencement of insolvency proceedings without prior debt enforcement.

³ For the duration of the stay, such prescriptive and forfeiture periods as can be interrupted by debt enforcement are suspended for the due claims of the bond creditors.

⁴ Where the borrower abuses the right to obtain a stay of enforcement, at the request of a bond creditor it may be lifted by the higher cantonal composition authority.

Art. 1167

III. Holding the meeting

1. Voting right

¹ Each owner of a bond or his representative, or in the case of bonds under a usufruct either the usufructuary or his representative, has the right to vote. However, the usufructuary is liable in damages to the owner for any failure to take due account of the latter's interests when exercising the right to vote.

² Bonds owned by or held in usufruct by the borrower confer no right to vote. However, where bonds belonging to the borrower have been given in pledge, the pledgee is entitled to exercise the associated right to vote.

³ A charge or special lien held by the borrower on bonds does not preclude the right to vote of the owners of such bonds.

Art. 1168

2. Representation of individual bond creditors

¹ Representation of bond creditors requires a written power of attorney, unless such representation has its basis in law.

² The borrower is excluded from representing bond creditors with right to vote.

⁸³⁶ Amended by Annex 1 No II 5 of the Civil Procedure Code of 19 Dec. 2008, in force since 1 Jan. 2011 (AS 2010 1739; BBl 2006 7221).

⁸³⁷ SR 281.1

Art. 1169

IV. Procedure

The Federal Council shall enact provisions governing convening the creditors' meeting, giving notice of the agenda, proving entitlement to participate in the creditors' meeting, chairing the general meeting and recording and giving notice of its resolutions.

Art. 1170

D. Resolutions of the community of creditors

I. Encroachment on creditors' rights

1. Admissibility and required majority

a. In the case of only one community of creditors

¹ A majority of at least two-thirds of the bond capital in circulation is required to pass a valid resolution in connection with the following measures:

1. moratorium on interest for up to five years, with the option of extending the moratorium twice for up to five years each time;
2. waiver of up to five years' worth of interest within a seven-year period;
3. decrease of the interest rate by up to one-half of the rate envisaged in the bond issue conditions or conversion of a fixed interest rate into a rate dependent on the business results, both measures to last for up to ten years, with the option of an extension for up to five years;
4. extension of the redemption time limit by up to ten years by means of a reduction in the annual payment or an increase in the number of the redemption shares or temporary suspension of such payments, with the option of an extension for up to five years;
5. suspension of a bond issue now due or maturing within five years or of portions thereof for up to ten years, with the option of an extension for up to five years;
6. authorisation of an early redemption of the bond capital;
7. granting of a priority lien for new capital raised for the issuing company and changes to the collateral provided for a bond issue or full or partial waiver of such collateral;
8. consent to an amendment of the provisions governing restrictions on issues of bonds in relation to the share capital;
9. consent to a full or partial conversion of bonds into shares.

² These measures may be combined.

Art. 1171

b. In the case of several communities of creditors

¹ Where there is more than one community of creditors, the borrower may propose one or more of the measures described in the previous Article to the different communities of creditors simultaneously, subject to the proviso that, where one such measure is proposed, it will be valid

only if accepted by all the communities of creditors and that in addition, where two or more such measures are proposed, the validity of each measure is conditional on acceptance of all the others.

² Proposals are deemed accepted where they obtain the consent of persons representing at least two-thirds of the bond capital in circulation of all such communities of creditors combined and at the same time are accepted by a majority of the communities of creditors and, within each community of creditors, by at least a simple majority of the bond capital represented.

Art. 1172

c. Determining the majority

¹ When determining the total bond capital in circulation, bonds that do not confer right to vote shall be disregarded.

² Where a motion put to the creditors' meeting fails to attain the requisite number of votes, the borrower may register votes making up the shortfall by written and authenticated declarations made within two months of the date of the meeting to the chairman of the meeting and thereby bring about a valid resolution.

Art. 1173

2. Restrictions
a. In general

¹ No bond creditor may be required by resolution of the community of creditors to tolerate an encroachment on the creditors' rights other than those envisaged in Article 1170 or to make payments that were neither envisaged in the bond issue conditions nor agreed with him when the bonds were issued.

² The community of creditors may not extend the creditors' rights without the consent of the borrower.

Art. 1174

b. Equal treatment

¹ The persons making up a community of creditors must all be equally affected by any resolution to adopt compulsory measures, unless every disadvantaged creditor expressly agrees to such measures.

² The ranking of charge creditors must not be changed without their consent. Article 1170 letter 7 is reserved.

³ Undertakings and dispositions whereby individual creditors are favoured over others belonging to the community of creditors are void.

Art. 1175⁸³⁸

c. Statement and
balance sheet

An application to take the measures described in Article 1170 may be made by the borrower and considered by the creditors' meeting only on the basis of status report drawn up as at the date of the creditors' meeting or a balance sheet drawn up as at a date no more than six months prior to the meeting in accordance with standard practice and, where applicable, certified by the external auditor as true and fair.

Art. 1176

3. Official approval
a. In general

¹ Resolutions involving an encroachment on creditors' rights are effective and binding on the bond creditors who did not vote in favour of them only if they have been approved by the higher cantonal composition authority.

² The borrower must submit them within one month of their adoption to said authority for approval.

³ The time and date of the hearing is published together with a notice to the bond creditors informing them that they may raise objections in writing or in person at the hearing.

⁴ The costs of the approval procedure are borne by the borrower.

Art. 1177

b. Requirements

Official approval may be refused only where:

1. the provisions governing the convocation of the creditors' meeting and its adoption of resolutions were infringed;
2. it transpires that a resolution intended to avert financial hardship from the borrower was not necessary;
3. the collective interests of the bond creditors are not sufficiently protected;
4. the resolution was brought about by dishonest means.

Art. 1178

c. Appeal

¹ Once approval has been given, it may be challenged as illegal or inappropriate within 30 days before the Federal Supreme Court by any bond creditor who did not vote for the resolution, in which case the legal procedure envisaged for matters concerning debt collection and bankruptcy is applicable.

⁸³⁸ Amended by No I 3 of the FA of 16 Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

² Similarly, a decision to refuse approval may be challenged by bond creditors who voted in favour of the resolution or by the borrower.

Art. 1179

d. Revocation

¹ If it subsequently transpires that the resolution of the creditors' meeting was brought about by dishonest means, at the request of a bond creditor the higher cantonal composition authority may revoke approval in part or in full.

² An application for revocation must be filed within six months of the date on which the bond creditors learned of the grounds for challenge.

³ Revocation may be challenged as unlawful or unreasonable within 30 days before the Federal Supreme Court by the borrower and by any bond creditor, in which case the legal procedure envisaged for matters concerning debt collection and bankruptcy is applicable. Similarly, a refusal to revoke approval may be challenged by any bond creditor who requested such revocation.

Art. 1180

II. Other resolutions

1. Authority of the bond representative

¹ The consent of persons representing more than one-half of the bond capital in circulation is required to revoke or modify the authority conferred on a bond representative.

² The same majority is required for a resolution to grant a bond representative authority to safeguard the rights of all the bond creditors in insolvency proceedings.

Art. 1181

2. On other matters

¹ Resolutions which neither encroach on the creditors' rights nor impose further material contributions on the creditors require merely an absolute majority of the votes represented, unless the law stipulates otherwise or the bond issue conditions impose stricter requirements.

² The majority is determined in all cases according to the nominal value of the bond capital conferring right to vote that is represented at the creditors' meeting.

Art. 1182

3. Challenge

Any resolution within the meaning of Articles 1180 and 1181 which contravenes the law or contractual provisions may be challenged in court by a member of the community of bond creditors who did not vote for it within 30 days of the date on which he learned of it.

Art. 1183

E. Special cases
I. Insolvency of
the borrower

1 Where a borrower becomes insolvent, the insolvency administrators must convene a meeting of the bond creditors without delay, at which an existing representative or a representative appointed by the meeting is granted authority to safeguard the rights of all the bond creditors in insolvency proceedings.

2 Where no resolution is made to grant such authority, each bond creditor represents his rights independently.

Art. 1184

II. Composition
agreement

1 In composition proceedings, subject to the provisions governing bonds secured by a charge, no special resolution is made by the bond creditors on their position towards the composition agreement, and their consent is governed exclusively by the provisions of the Debt Collection and Bankruptcy Act of 11 April 1889⁸³⁹.

2 The provisions governing the community of creditors apply to creditors holding bonds secured by a charge, to the extent that any restriction of their creditors' rights is to be imposed above and beyond the effects of the composition proceedings.

Art. 1185

III. Bonds issued
by railway or in-
land waterways
transport compa-
nies

1 The provisions of this Chapter are applicable to bond creditors of railway or inland waterways transport companies, subject to the following special provisions.

2 A request for convocation of a creditors' meeting must be made to the Federal Supreme Court.

3 The Federal Supreme Court is responsible for convening the creditors' meeting and the recording, approval and implementation of its resolutions.

4 On receipt of a request for convocation of a creditors' meeting, the Federal Supreme Court may order a stay of enforcement with the effects envisaged in Article 1166.

Art. 1186⁸⁴⁰

F. Differing
agreements

1 The rights conferred by law on the community of creditors and the bond representative may only be excluded, amended or restricted by the bond issue conditions or other special agreements between the creditors and the borrower if a majority of creditors are still entitled to amend the bond conditions.

⁸³⁹ SR 281.1

⁸⁴⁰ Amended by Annex No 2 of the FA of 17 Dec. 2021 (Insolvency and Deposit Protection), in force since 1 Jan. 2023 (AS 2022 732; BBl 2020 6359).

² Where bonds are publicly issued in whole or in part outside Switzerland, the provisions of another legal system related to the public issue of bonds concerning the community of creditors, its representation, meeting and resolutions may be declared applicable instead of the provisions of this section.

Transitional Provisions to the Federal Act of 30 March 1911

I. The Final Title of the Civil Code⁸⁴¹ is amended as follows:

...⁸⁴²

II. This Act enters into force on 1 January 1912.

The Federal Council is charged with making arrangements to publicise this Code on the basis of the provisions of the Federal Act of 17 June 1874⁸⁴³ on Referendums on Federal Acts and Federal Council Decrees.

Final Provisions to the Amendment of 23 March 1962⁸⁴⁴

Art. 1

A. Preferential payments on bankruptcy ...⁸⁴⁵

Art. 2

B. Unfair competition ...⁸⁴⁶

Art. 3

C. Transitional law ¹ Articles 226*f*, 226*g*, 226*h*, 226*i* and 226*k*⁸⁴⁷ also apply to hire purchase agreements entered into prior to the commencement of this Act.

² Only Article 226*k* applies to advance payment agreements entered into prior to the commencement of this Act. These agreements must however be adapted to the provisions of the Article 227*b* within one year, failing which they lapse and the purchaser must be paid his entire credit balance with all the interest and benefits credited to him.

⁸⁴¹ SR 210. The amendment below is inserted in the said enactment.

⁸⁴² The amendments may be consulted under AS 27 317.

⁸⁴³ [BS I 173; AS 1962 789 Art. 11 para. 3, 1978 712 Art. 89 No b]

⁸⁴⁴ Inserted by No II of the FA of 23 March 1962, in force since 1 Jan. 1963 (AS 1962 1047 1056; BBl 1960 I 523).

⁸⁴⁵ The amendments may be consulted under AS 1962 1047.

⁸⁴⁶ The amendments may be consulted under AS 1962 1047.

⁸⁴⁷ These articles have now been repealed.

Art. 4

D. Entry into force

The Federal Council determines the date on which this Act enters into force.

**Transitional Provisions to the Amendment of
16 December 2005⁸⁴⁸****Art. 1**

A. General rule

¹ The final title of the Civil Code applies to this Code unless the following provisions provide otherwise.

² The provisions of the new Code apply to existing companies from its commencement.

Art. 2

B. Deadline for amendments

¹ Limited liability companies entered in the commercial register on the commencement of this Code but which do not fulfil the new requirements must amend their articles of association and regulations to the new provisions within two years.

² Provisions of the articles of association and regulations that are inconsistent with the new law remain in force until their amendment but for two years at the most.

³ For limited liability companies that are entered in the commercial register when this Code comes into force, Articles 808*a* and 809 paragraph 4 second sentence only apply after expiry of the period allowed to amend the articles of association.

⁴ Companies limited by shares and cooperatives that are entered in the commercial register when this Code comes into force whose name does not comply with the new statutory requirements must adapt their name to the new provisions within two years. On expiry of this period, the commercial register office amends the name *ex officio*.

Art. 3

C. Payment of contributions

¹ Where in limited liability companies that are entered in the commercial register when this Act comes into force, allocations have not been made corresponding to the issue price of all capital contributions, these allocations must be made within two years.

⁸⁴⁸ Inserted by No III of the FA of 16. Dec. 2005 (Law on Limited Liability Companies and Amendments to the Law on Companies limited by Shares, Cooperatives, the Commercial Register and Business Names), in force since 1 Jan. 2008 (AS 2007 4791; BBl 2002 3148, 2004 3969).

² Until the full payment of the allocation to the level of the capital contributions, the company members are liable in accordance with Article 802 of the Code of Obligations in its version of 18 December 1936⁸⁴⁹.

Art. 4

D. Participation certificates and dividend rights certificates

¹ Shares in limited liability companies that indicate a nominal value and which are recorded under liabilities on the balance sheet, but will confer no right to vote (participation certificates), are deemed after two years to be capital contributions with the same property rights if they are not cancelled during this period by means of a reduction in capital. If the shares are cancelled, the former participants must be paid compensation corresponding to the true value of the certificates.

² The required resolutions of the members' general meeting may be passed with an absolute majority of the votes represented, even if the articles of association provide otherwise.

³ Shares in limited liability companies that are not recorded under liabilities on the balance sheet are governed by the provisions on dividend rights certificates once this Act comes into force, even if they are designated participation certificates. They may not indicate a nominal value and must be designated dividend rights certificates. The designation of the shares and the articles of association must be amended within two years.

Art. 5

E. Own capital contributions

Where limited liability companies acquired their own capital contributions before this Act comes into force, they must, provided they exceed 10 per cent of the nominal capital, sell the same or cancel the same by means of a reduction in capital, within two years.

Art. 6

F. Duty to pay in further capital

¹ Obligations under the articles of association to pay additional capital contributions that were established before this Act comes into force and that exceed twice the nominal value of the capital contributions, remain legally valid and may only be reduced by following the procedure under Article 795c.

² Otherwise, the new provisions apply after this Act comes into force, in particular in relation to the call for additional capital contributions.

Art. 7

G. External auditor The provisions of this Act on the external auditor apply from the first financial year that begins when this Act comes into force or thereafter.

Art. 8

H. Voting rights ¹ Limited liability companies that have conferred right to vote before this Act comes into force that are not dependent on the nominal value of the capital contributions are not required to amend the corresponding provisions to the requirements of Article 806.

² On the issue of new capital contributions, Article 806 paragraph 2 second sentence must be observed in every case.

Art. 9

J. Amendment of majority requirements in the articles of association If a limited liability company, simply by reproducing the provisions of the old law, has adopted provisions in the articles of association that require qualified majorities to pass resolutions at the members' general meeting, the members' general meeting may within two years by an absolute majority of the votes represented resolve to amend these provisions in accordance with the new law.

Art. 10

K. Cancellation of shares and capital contributions in the event of restructuring If, before this Act comes into force, the share capital or the nominal capital is reduced to zero for the purposes of restructuring and thereafter increased again, the membership rights of the former shareholders or company members cease to exist when this Act comes into force.

Art. 11

L. Exclusivity of registered business names The exclusivity of business names that were entered in the commercial register before this Act comes into force is assessed in accordance with Article 951 of the Code of Obligations in its version of 18 December 1936⁸⁵⁰.

Transitional Provision to the Amendment of 17 June 2011⁸⁵¹

The provision in this amendment applies from the first financial year beginning on or after the date on which this amendment comes into force.

Transitional Provision to the Amendment of 23 December 2011⁸⁵²

Art. 1

A. General rule

¹ The provisions of the Final Title of the Civil Code⁸⁵³ apply to this Code unless the following provisions provide otherwise.

² The provisions of the Amendment of 23 December 2011 apply to existing undertakings from the date on which it comes into force.

Art. 2

B. Commercial accounting and financial reporting

¹ The regulations in Title Thirty-Two first apply in the financial year that begins two years after this Amendment comes into force.

² The basis for the application of the provisions on financial reporting by larger undertakings is formed by the balance sheet total, sales revenue and number of full-time positions on annual average in the two years before this Amendment comes into force

³ The provisions on consolidated accounts first apply in the financial year beginning three years after this Amendment comes into force. The two previous financial years form the basis for the exemption from the duty to prepare consolidated accounts.

⁴ When applying the regulations on financial reporting for the first time, it is not required to specify the figures from previous years. When applying the regulations for the second time, only the figures from the previous year need be specified. If figures from previous financial years are specified, consistency of presentation and structure are not required. Reference must be made to this in the notes to the accounts.

851 AS 2011 5863; BBI 2008 1589

852 AS 2012 6679; BBI 2008 1589

853 SR 210

Transitional Provisions to the Amendment of 12 December 2014⁸⁵⁴

Art. 1

A. General rule

1 Articles 1–4 of the Final Title of the Civil Code⁸⁵⁵ apply to this Code unless the following provisions provide otherwise.

2 The provisions of the Amendment of 12 December 2014 apply to existing companies on coming into force.

Art. 2

B. Adapting articles of association and regulations

1 Companies entered in the commercial register when the Amendment of 12 December 2014 comes into force that do not comply with the new regulations must adapt their articles of association and regulations to the new provisions within two years.

2 Provisions of articles of association and regulations that are incompatible with the new law remain in force until they are adapted or for a maximum of two years.

Art. 3

C. Obligations to give notice

1 Persons holding bearer shares when the Amendment of 12 December 2014 comes into force must comply with the obligations to give notice under Articles 697*i* and 697*j* that apply on acquiring shares

2 The deadline for the lapse of property rights (Art. 697*m* para. 3) in this case is six months after the Amendment of 12 December 2014 comes into force.

Transitional Provisions to the Amendment of 25 September 2015⁸⁵⁶

Art. 1

A. General rule

1 Articles 1–4 of the Final Title of the Civil Code⁸⁵⁷ apply to this Code unless the following provisions provide otherwise.

2 The provisions of the Amendment of 25. September 2015 apply to existing legal entities on coming into force.

854 AS 2015 1389; BBl 2014 605

855 SR 210

856 AS 2016 1507; BBl 2014 9305

857 SR 210

Art. 2

B. Amendment of registered business names

General and limited partnerships and partnerships limited by shares that are entered in the commercial register when the Amendment of 25 September 2015 comes into force and whose business name does not comply with the requirements of the Amendment of 25 September 2015 may continue to use their business name without change, provided Articles 947 and 948 of the previous law does not require a change.

Art. 3

C. Exclusivity of the registered business name

If the business name of a general or limited partnership or partnership limited by shares was entered in the commercial register before the Amendment of 25 September 2015 comes into force, its exclusivity is assessed in accordance with Article 946 of the current law and Article 951 of the previous law.

Transitional Provisions to the Amendment of 17 March 2017⁸⁵⁸

Art. 1

A. General rules

¹ Articles 1–4 of the Final Title of the Civil Code⁸⁵⁹ apply to the Amendment of 17 March 2017, unless the following provisions provide otherwise.

² The new law shall apply to existing legal entities on its coming into force.

Art. 2

B. Registration obligation for public institutions

Public institutions established before the new law comes into force and which primarily carry on a private gainful economic activity must be entered in the commercial register within two years.

Transitional provisions to the Amendment of 21 June 2019⁸⁶⁰

Art. 1

A. General provisions

¹ Articles 1–4 of the Final Title of the Civil Code⁸⁶¹ apply to this Code unless the following provisions provide otherwise.

⁸⁵⁸ AS 2020 957; BBl 2015 3617

⁸⁵⁹ SR 210

⁸⁶⁰ AS 2019 3161; BBl 2019 279

⁸⁶¹ SR 210

² The provisions of the Amendment of 21 June 2019 apply on its commencement to existing companies.

Art. 2

B. Reporting exceptions to the commercial register office

Companies limited by shares and partnerships limited by shares with bearer shares that have equity securities listed on a stock exchange or whose bearer shares are organised as intermediated securities must request registration in accordance with Article 622 paragraph 2^{bis} by the commercial register office within 18 months of Article 622 paragraph 1^{bis} coming into force.

Art. 3

C. Companies without listed equity securities with bearer shares not organised as intermediated securities
1. Scope of application

Articles 4–8 apply to companies that have no equity securities listed on a stock exchange and whose bearer shares are not organised as intermediated securities, and to companies that have not requested registration in accordance with Article 622 paragraph 2^{bis}.

Art. 4

2. Conversion of bearer shares into registered shares

¹ If, 18 months after Article 622 paragraph 1^{bis} comes into force, a company limited by shares or partnership limited by shares still has bearer shares that are not registered in accordance with Article 622 paragraph 2^{bis}, these shares shall by law be converted into registered shares. The conversion takes effect in relation to any person, irrespective of any provisions of the articles of association or commercial register entries that provide otherwise, and irrespective of whether share certificates have been issued or not.

² The Commercial Register Office shall record the amendments resulting from paragraph 1 ex officio. It shall also enter a note to the effect that the documents contain information that is inconsistent with the entry.

³ The converted shares retain their nominal value, are paid up to the same extent and carry the same voting and property rights. Their transferability is not restricted.

Art. 5

3. Amendment to the articles of association and entry in the commercial register

¹ Companies limited by shares and partnerships limited by shares, whose shares have been converted must amend their articles of association when the next opportunity arises to do so.

² The commercial register office shall reject any application to register any other amendment to the articles of association in the commercial register for as long as this amendment has not been made.

³ A company that has listed equity securities or that has organised its converted shares as intermediated securities need not amend its articles of association provided:

- a. the general meeting decides to convert the converted shares into bearer shares without changing their number, the nominal value or the class of shares; and
- b. the company requests registration in accordance with Article 622 paragraph 2^{bis}.

⁴ If the company has amended the articles of association in accordance with paragraph 1 to take account of the conversion or if an amendment is not required in accordance with paragraph 3, the commercial register office shall delete the note in accordance with Article 4 paragraph 2.

Art. 6

4. Updating of the share register and suspension of rights

¹ Following converting bearer shares into registered shares, the company shall enter details of the shareholders that have fulfilled the obligation to give notice in Article 697*i* of the previous law in the share register.

² The membership rights of shareholders who have not complied with the obligation to give notice are suspended and their property rights lapse. The board of directors shall ensure that no shareholders exercise their rights while in breach of this provision.

³ An entry shall be made in the share register to the effect that these shareholders have failed to comply with their obligation to give notice and that the rights conferred by the shares may not be exercised.

Art. 7

5. Retrospective notice

¹ Shareholders who have failed to comply with their obligation to give notice in accordance with Article 697*i* of the previous law and whose bearer shares have been converted into registered shares in accordance with Article 4 may with the prior consent of the company apply to the court within five years of Article 622 paragraph 1^{bis} coming into force to be entered in the share register. The court shall grant the application if the shareholder proves his or her shareholder status.

² The court decides under the summary procedure. The shareholder bears the court costs.

³ If the court grants the application, the company makes the entry. The shareholders may claim the property rights that arise from this date.

Art. 8

6. Permanent loss of shareholder status

¹ Shares belonging to shareholders who have not requested the court to approve their entry in the company's share register in accordance with

Article 7 within five years of Article 622 paragraph 1^{bis} coming into force become null and void by law. The shareholders lose the rights conferred by the shares. The shares that are null and void are replaced by the company's own shares.

² Shareholders whose shares have become null and void through no fault of their own and who can prove that they were shareholders on the date that the shares became null and void, may within ten years of this date claim compensation from the company. The compensation corresponds to the true value of the shares at the time of their conversion in accordance with Article 4. If the true value of the shares on pursuing the claim is lower than that at the time of their conversion, the company need only pay the lower value. Compensation is excluded if the company does not have the required freely disposable shareholders' equity.

Transitional Provision to the Amendment of 19 June 2020⁸⁶²

Art. 1

A. General rule

¹ Articles 1–4 of the Final Title to the Civil Code⁸⁶³ apply to the Amendment of 19 June 2020, unless the following provisions provide otherwise.

² The provisions of the new law become applicable to existing companies when it comes into force.

Art. 2

B. Amendment of articles of association and regulations

¹ Companies that are entered in the commercial register at the time that the new law comes into force but which are not in compliance with the new rules must adapt their articles of association and regulations to the new provisions within two years.

² Provisions of the articles of association and regulations that are not compatible with the new law remain in force until they are amended, but for no longer than two years after the new law comes into force.

Art. 3

C. Approved capital increases and capital increases from contingent capital

The previous law applies to approved capital increases and capital increases from contingent capital for which a resolution was passed before the new law comes into force. The resolutions of the general meeting may no longer be extended or amended.

⁸⁶² AS 2020 4005; 2021 846 No III 1; 2022 109; BBl 2017 399

⁸⁶³ SR 210

Art. 4

D. Gender representation

¹ The obligation to report in the remuneration report in accordance with Article 734*f* applies to the board of directors at the latest from the financial year that begins five years after the new law comes into force.

² The obligation to report in the remuneration report in accordance with Article 734*f* applies to the executive board at the latest from the financial year that begins ten years after the new law comes into force.

Art. 5

E. Stay of bankruptcy

A stay of bankruptcy that was granted before the new law comes into force shall until its conclusion be governed by the previous law.

Art. 6

F. Amendment of contracts under the previous law

Contracts existing at the time that the new law comes into force shall be adapted to the new law within two years of it coming into force. On expiry of this period, the rules of the new law apply to all contracts.

Art. 7

G. Transparency in raw material companies

Articles 964*d*–964*h* apply for the first time to the financial year that begins one year after the new law comes into force.

Transitional provision to the Amendment of 19 June 2020⁸⁶⁴

The provisions of Section 6 and Section 8 of Title 32 apply for the first time to the financial year that begins one year after the Amendment of 19 June 2020 comes into force.

Final Provisions to Title Eight and Title Eight^{bis} ⁸⁶⁵**Art. 1**

The Federal Decree of 30 June 1972⁸⁶⁶ on Measures against Abuses in Tenancy Law is repealed.

Art. 2–4

...⁸⁶⁷

⁸⁶⁴ AS 2021 846 No I; BBI 2017 399

⁸⁶⁵ Inserted by No II of the FA of 15 Dec. 1989, in force since 1 July 1990 (AS 1990 802; BBI 1985 I 1389).

⁸⁶⁶ [AS 1972 1502, 1977 1269, 1982 1234, 1987 1189]

⁸⁶⁷ The amendments may be consulted under AS 1990 802.

Art. 5

¹ The provisions governing protection against termination in the renting and leasing of residential and commercial accommodation apply to all residential and commercial leases that are terminated following the commencement of this Act.

² However, if notice is given of the termination of a residential or commercial lease prior to the commencement of this Act, but with effect from a date thereafter, the time limits for challenging the termination and the request for an extension (Art. 273) begin when this Act comes into force.

Art. 6

¹ This Act is subject to an optional referendum.

² The Federal Council shall determine the commencement date.

Final and Transitional Provisions to Title X⁸⁶⁸**Art. 1**

Amendment of
the CO ...⁸⁶⁹

Art. 2

Amendment of
the CC ...⁸⁷⁰

Art. 3

Amendment of
the Insurance
Contracts Act ...⁸⁷¹

Art. 4

Amendment of
the Agriculture
Act ...⁸⁷²

⁸⁶⁸ Inserted by No II of the FA of 25. June 1971, in force since 1 Jan. 1972 (AS 1971 1465; BBl 1967 II 241).

⁸⁶⁹ The amendments may be consulted under AS 1971 1465.

⁸⁷⁰ The amendments may be consulted under AS 1971 1465.

⁸⁷¹ The amendments may be consulted under AS 1971 1465.

⁸⁷² The amendments may be consulted under AS 1971 1465.

Art. 5

Amendment of
the Employment
Act ...⁸⁷³

Art. 6

Repeal of federal
law provisions The following provisions are repealed on the commencement of this Act:

1. Article 159 and 463 of the Code of Obligations,
2. Article 130 of the Federal Act of 13 June 1911⁸⁷⁴ on Health and Accident Insurance,
3. Article 20 to 26, 28, 29 and 69 paragraphs 2 and 5 of the Federal Act of 18 June 1914⁸⁷⁵ on Factory Employment,
4. Article 4, 8 paragraphs 1, 2 and 5, 9 and 19 of the Federal Act of 12 December 1940⁸⁷⁶ on Homeworking,
5. the Federal Act of 13 June 1941⁸⁷⁷ on Employment Terms for Commercial Travellers,
6. the Federal Act of 1 April 1949⁸⁷⁸ on Restrictions on the Termination of Employment Contracts while on Military Service,
7. Articles 96 and 97 of the Agriculture Act of 3 October 1951⁸⁷⁹,
8. Article 32 of the Federal Act of 25 September 1952⁸⁸⁰ on the System of Compensation for Loss of Earnings for Persons on Military Service or Civil Protection Duty,
9. Article 19 of the Federal Act of 28. September 1956⁸⁸¹ on the Declaration of the General Application of Collective Employment Agreements,

⁸⁷³ The amendments may be consulted under AS **1971** 1465.

⁸⁷⁴ [BS **8** 281; AS **1959** 858; **1964** 965 No I–III; **1968** 64; **1977** 2249 No I, 611; **1978** 1836 Annex No 4; **1982** 196, 1676 Annex No 1, 2184 Art. 114; **1990** 1091; **1991** 362 No II, 412; **1992** 288 Annex No 37, 2350; **1995** 511. AS **1995** 1328 Annex No I]

⁸⁷⁵ SR **821.41**

⁸⁷⁶ [BS **8** 229; AS **1951** 1231 Art. 14 para. 2, **1966** 57 Art. 68. AS **1983** 108 Art. 21 No 3]

⁸⁷⁷ [BS **2** 776; AS **1966** 57 Art. 69]

⁸⁷⁸ [AS **1949** II 1293]

⁸⁷⁹ [AS **1953** 1073; **1954** 1364 Art. 1; **1958** 659; **1959** 588; **1960** 1279; **1962** 203, 1144 Art. 14, 1412; **1967** 722; **1968** 92; **1974** 763; **1975** 1088; **1977** 2249 No I, 921, 942, 931; **1979** 2058; **1982** 1676 Annex No 6; **1988** 640; **1989** 504 Art. 33 lett. c; **1991** 362 No II 51, 857 Annex No 25, 2611; **1992** 1860 Art. 75 No 5, 1986 Art. 36 para. 1; **1993** 1410 Art. 92 No 4, 1571, 2080 Annex No 11; **1994** 28; **1995** 1469 Art. 59 No 3, 1837, 3517 No I2; **1996** 2588 Annex No 2, 2783; **1997** 1187, 1190; **1998** 1822. AS **1998** 3033 Annex lett. c]

⁸⁸⁰ SR **834.1**. Now: Federal Act on Compensation for Loss of Earnings for Persons on Military Service or Maternity Leave (Loss of Earnings Compensation Act, LECA).

⁸⁸¹ SR **221.215.311**

10. Article 49 of the Civil Defence Act⁸⁸²,
11. Art. 20 paragraph 2 and 59 of the Federal Act of 20 September 1963⁸⁸³ on Vocational Education and Training,
12. Art. 64⁸⁸⁴ and 72 paragraph 2 letter *a* of the Employment Act of 13 March 1964⁸⁸⁵.

Art. 7

Amendment of legal relations governed by the old law

Contracts of employment in existence when this Act comes into force (individual contracts of employment, standard employment contracts and collective employment contracts) must be amended in accordance with the provisions hereof within one year; on expiry of this time limit, the provisions hereof apply to all contracts of employment.

² Occupational benefits schemes in existence when this Act comes into force⁸⁸⁶ must amend their articles of association or regulations by 1 January 1977 at the latest taking account of the formal requirements of Articles 331 *a*, 331 *b* and 331 *c* applicable to the amendment; from 1 January 1977, these provisions apply to all occupational benefits schemes.⁸⁸⁷

Art. 8

Commencement of the Act

The Federal Council shall determine the commencement date of this Act.

Final Provisions to the Fourth Section of Title XIII⁸⁸⁸

Art. 1

A. Transitional law

¹ Articles 418*d* paragraph 1, 418*f* paragraph 1, 418*k* paragraph 2, 418*o*, 418*p*, 418*r* and 418*s* apply immediately to agency contracts already in existence when the new law comes into force.

⁸⁸² [AS 1962 1089; 1964 487 Art. 22 para. 2 No b; 1968 1025 Art. 35; 1969 310 No III; 1971 751; 1978 50, 570; 1985 1649; 1990 1882 Annex No 7; 1992 288 Annex No 22; 1993 2043 Annex No 3; 1994 2626 Art. 71]

⁸⁸³ [AS 1965 321, 428; 1968 86; 1972 1681; 1975 1078 No III; 1977 2249 No I 331. AS 1979 1687 Art. 75]

⁸⁸⁴ This Art. has now been repealed.

⁸⁸⁵ SR 822.11

⁸⁸⁶ 1 Jan. 1972

⁸⁸⁷ Amended by No I of the FA of 25. June 1976, in force since 1 Jan. 1977 (AS 1976 1972 1974; BBl 1976 I 1269).

⁸⁸⁸ Inserted by No II of the FA of 4 Feb. 1949, in force since 1 Jan. 1950 (AS 1949 I 802; BBl 1947 III 661).

² In other respects, agency contracts already in existence when the new law comes into force must be amended in accordance with the new provisions within two years. After this time limit expires, the new law also applies to agency contracts entered into previously.

³ In the absence of an agreement to the contrary, on expiry of two years, the provisions this Section also apply to contracts already in existence when the new law comes into force relating to agents who act as such as a subsidiary occupation

Art. 2

B. Preferential payments on bankruptcy

...⁸⁸⁹

Art. 3

C. Entry into force

The Federal Council determines the commencement date of this Act.

Transitional provisions to Title XX⁸⁹⁰

¹ The provisions of the new law apply to all contracts of surety entered into after this Act comes into force.

² Contracts of surety entered into after this Act comes into force are subject to the provisions of the new law only with regard to matters that arise subsequently and with following restrictions:

1. The new Articles 492 paragraph 3, 496 paragraph 2, 497 paragraphs 3 and 4, 499, 500, 501 paragraph 4, 507 paragraphs 4 and 6, 511 paragraph 1 do not apply.
2. The provisions of the new Articles 493 on form and 494 on the requirement of the spouse's consent apply to contracts of surety under the old law only insofar as they relate to subsequent amendments of the contracts of surety.
3. Article 496 paragraph 1 applies with the requirement that recourse may be had to the surety not only before the principal debtor and before realisation of the property given in pledge, but also before the realisation of other charges, provided the principal debtor is in arrears and has failed to respond to reminders or his inability to pay is obvious.
4. The creditor is granted a period of six months from falling in arrears or at least three months from the commencement of this

⁸⁸⁹ The amendments may be consulted under AS 1949 I 802.

⁸⁹⁰ Inserted by No II of the FA of 10 Dec. 1941, in force since 1 July 1942 (AS 58 279 644; BBl 1939 II 841).

Act to give notice of the arrears in accordance with Article 505 paragraph 1.

5. Article 505 paragraph 2 applies only to bankruptcy proceedings commenced at least three months after this Act comes into force, and to debt restructuring moratoriums approved at least three months after this Act comes into force.
6. The time limit mentioned in Article 509 paragraph 3 begins to run for contracts of surety under the old law when this Act comes into force.

³ Articles 77–80 of the Customs Act of 18 March 2005⁸⁹¹ are reserved.⁸⁹²

⁴ The Federal Council determines the commencement date of this Act.

Final and Transitional Provisions to Titles XXIV-XXXIII⁸⁹³

Art. 1

A. Scope of application of the Final Title

The provisions of the Final Title of the Civil Code⁸⁹⁴ also apply to this Act.

Art. 2

B. Adaptation of existing companies to the new law
I. In general

¹ Companies limited by shares, partnerships limited by shares and co-operatives that are entered in the commercial register when this Act comes into force, but which do not meet the statutory requirements, must amend their articles of association in accordance with the new provisions within five years.

² During this period, they are subject to the previous law where their articles of association are contrary to the new provisions.

³ If the companies fail to comply with this provision, on expiry of the deadline, they must be declared dissolved ex officio by the commercial registrar.

⁴ The Federal Council may extend the application of the old law in the case of insurance and credit cooperatives on a case-by-case basis. Any application in relation thereto must be filed within three years of this Act coming into force.

⁸⁹¹ SR 631.0

⁸⁹² Amended by Annex No 2 of the Customs Act of 18 March 2005, in force since 1 May 2007 (AS 2007 1411; BBl 2004 567).

⁸⁹³ Inserted by the Federal Act of 18 Dec. 1936, in force since 1 July 1937 (AS 53 185; BBl 1928 I 205, 1932 I 217).

⁸⁹⁴ SR 210

II. Welfare schemes

Art. 3

Where companies limited by shares, partnerships limited by shares and cooperatives have prior to the entry into force of this Act clearly provided funds to establish and support welfare schemes for employees and for members, they must adapt these schemes within five years to the provisions of Articles 673⁸⁹⁵ and 862⁸⁹⁶.

Art. 4⁸⁹⁷

Art. 5

C. Balance sheet provisions
I. Exception for extraordinary circumstances

¹ The Federal Council is entitled where extraordinary economic circumstances so require to enact provisions that permit deviations from the requirements relating to balance sheets laid down in this Act. Any resolution of the Federal Council to this effect must be published.

² If a Federal Council decree of this nature applies to the preparation of a balance sheet, this must be stated on the balance sheet.

Art. 6⁸⁹⁸

II. ...

Art. 7

D. Conditions for liability of members

¹ The rights of creditors existing when this Act comes into force are not adversely affected by changes to the provisions of this law relating to the conditions for liability of members.

² Cooperatives, whose members are personally liable for the obligations of the cooperative only by virtue of Article 689 of the previous Code of Obligations⁸⁹⁹, remain subject to the provisions of the previous law for five years.

³ During this period, resolutions on the full or partial exclusion of personal liability or an express finding of liability may be passed in the general meeting by an absolute majority of the votes cast. Article 889 paragraph 2 on departure does not apply.

⁸⁹⁵ This Art. has now been reworded.

⁸⁹⁶ This Art. has now been reworded.

⁸⁹⁷ Repealed by Annex No 2 of the Mergers Act of 3 Oct. 2003, with effect from 1 July 2004 (AS 2004 2617; BBl 2000 4337).

⁸⁹⁸ Art. no longer relevant.

⁸⁹⁹ AS 27 317

Art. 8

E. Business names

¹ Business names in existence when this Act comes into force that do not comply with its provisions may continue to be used unchanged for a further two years.

² If any change is made before the expiry of this deadline, the change must comply with the current law.

Art. 9F. Securities
I. Registered securities

Savings bank and deposit account books, and savings and deposit certificates issued before this Act comes into force as registered securities are subject to the provisions of Article 977 on the cancellation of debt instruments even if the borrower has not expressly reserved the right in the instrument not to make payment without sight of the debt instrument or and without cancellation.

Art. 10II. Shares
I. Nominal value

Shares that were issued before this Act comes into force may

1. continue to have a nominal value of less than 100 francs;
2. be reduced in nominal value to less than 100 francs in the event of a reduction in the basic capital within three years of this Act coming into force.

Art. 11

2. Bearer shares not fully paid up

¹ Bearer shares and interim certificates issued before this Act comes into force are not subject to Articles 683 and 688 paragraphs 1 and 3.

² The legal relationship between the subscriber to and acquirer of these shares is governed by the previous law.

Art. 12

III. Bills of exchange and cheques

Bills of exchange and cheques issued before this Act comes into force are governed by the previous law in all transactions.

Art. 13

G. Community of creditors

The Ordinance of 20 February 1918⁹⁰⁰ relating to the community of bond creditors and the provisions of the supplementary Federal Council Decrees⁹⁰¹ continue to apply to the cases to which they applied previously.

⁹⁰⁰ [AS 34 231; 35 297; 36 623, 893]

⁹⁰¹ [AS 51 673, 53 454, 57 1514, 58 934, 62 1088, 63 1342]

Art. 14⁹⁰²

H. ...

Art. 15J. Amendment of
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tion and Bank-
ruptcy Act ...⁹⁰³**Art. 16**K. Relationship
to the Banking
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I. General reser-
vationThe provisions of the Banking Act of 8 November 1934⁹⁰⁴ are reserved.**Art. 17**II. Amendment
of individual
provisions ...⁹⁰⁵**Art. 18**L. Repeal of fed-
eral private lawOn the entry into force of this Act, the federal private law provisions that are inconsistent herewith, and in particular, the Third Division of the Code of Obligations entitled "Commercial Enterprises, Securities and Business Names" (Federal Act of 14 June 1881⁹⁰⁶ on the Code of Obligations, Art. 552–715 and 720–880) are repealed.**Art. 19**M. Commence-
ment of this Act¹ This Act comes into force on 1 July 1937.² Excepted from the foregoing is the Section on the community of bond creditors (Art. 1157–1182), the commencement date for which will be determined by the Federal Council.⁹⁰⁷³ The Federal Council is responsible for the implementation of this Act.

⁹⁰² Repealed by No I No c of the Annex to the IPLA of 18 Dec. 1987, with effect from 1 Jan. 1989 (AS 1988 1776; BBl 1983 I 263).

⁹⁰³ The amendments may be consulted under AS 53 185.

⁹⁰⁴ SR 952.0

⁹⁰⁵ The amendments may be consulted under AS 53 185.

⁹⁰⁶ [AS 5 635, 11 490; BS 2 784 Art. 103 para. 1. BS 2 3 Final Title Art. 60 para. 2.]

⁹⁰⁷ This section was brought into force in the version contained in the Federal Act of 1 April 1949. For the original version of the text, see AS 53 185.

Final Provisions to Title XXVI⁹⁰⁸

Art. 1

A. Final Title of
the Civil Code

The Final Title of the Civil Code⁹⁰⁹ applies to this Act.

Art. 2

B. Amendment
in accordance
with the new law
I. In general

¹ Companies limited by shares and partnerships limited by shares that are entered in the commercial register when this Act comes into force, but which do not comply with the new statutory provisions, must amend their articles of association to the new provisions within five years.

² Companies which, despite being publicly required to do so through repeated notice in the Swiss Official Gazette of Commerce and in the cantonal official gazettes, do not within five years amend the provisions of their articles of association governing minimum capital, the minimum contribution and the participation and dividend rights certificates, will be dissolved by the court at the request of the commercial registrar. They may allow an additional period of a maximum of six months. Companies that were founded before 1 January 1985 are exempted from the amendment of the provision of their articles of association on minimum capital. Companies whose participation capital on 1 January 1985 was more than twice the share capital are exempted from having to amend the statutory limit.

³ Other provisions of the articles of association that are incompatible with the new law remain in force until they are amended, but for five years at the most.

Art. 3

II. Individual
provisions
1. Participation
and dividend
rights certificates

¹ Articles 656*a*, 656*b* paragraphs 2 and 3, 656*c* and 656*d* as well as 656*g* apply to companies existing when this Act comes into force, including in cases where the articles of association or conditions of issue are contrary to the said articles. They apply to securities that are designated participation certificates or dividend rights certificates, have a nominal value and are recorded as liabilities on the balance sheet.

² The companies must include the conditions of issue for the securities mentioned in paragraph 1, adapted to Article 656*f* in the articles of association within five years, arrange for the required entries to be made in the commercial register and provide securities that are in circulation and not designated as participation certificates with that designation.

⁹⁰⁸ Inserted by No III of the FA of 4 Oct. 1991, in force since 1 July 1992 (AS 1992 733; BBl 1983 II 745).

⁹⁰⁹ SR 210

³ For securities other than those mentioned in paragraph 1 the new provisions governing the dividend rights certificates apply even if they are designated as participation certificates. Within five years, they must be designated in accordance with the new law and may no longer bear a nominal value. The articles of association must be amended accordingly. The right to convert them into participation certificates is reserved.

Art. 4

2. Refusal to accept registered shareholders

Further to Article 685*d* paragraph 1, the company may, on the basis of a provision of the articles of association, refuse to accept persons as acquirers of registered shares listed on the stock market, provided and for as long as their acceptance could prevent the company from providing evidence of the composition of the shareholder groups as required by federal legislation.

Art. 5

3. Shares with preferential right to vote

Companies that retain shares with preferential right to vote with a nominal value of under ten francs, in application of Article 10 of the Final and Transitional provisions of the Federal Act of 18 December 1936⁹¹⁰ on the Revision of Titles 24–33 of the Code of Obligations, as well as companies, where the nominal value the larger shares is more than ten times the nominal value of the smaller shares are not required to amend their articles of association in accordance with Article 693 paragraph 2 second sentence. However, they are not permitted to issue any new shares whose nominal value is more than ten times that of the smaller shares or less than ten per cent of the nominal value of the larger shares.

Art. 6

4. Qualified majorities

Where a company has adopted provisions in its articles of association governing qualified majorities for certain resolutions by simply reproducing provisions of the previous law, it may within one year of this Act coming into force resolve to amend such provisions in accordance by an absolute majority of the right to vote represented.

Art. 7

C. Amendment of federal legislation

...⁹¹¹

Art. 8

D. Referendum

This Act is subject to an optional referendum.

⁹¹⁰ See above.

⁹¹¹ The amendments may be consulted under AS 1992 733.

Art. 9

E. Commence-
ment

The Federal Council shall determine the commencement date.

Final Provisions to the Second Section of Title XXXIV⁹¹²

1. ...⁹¹³
2. ...⁹¹⁴
3. The resolutions of the community of creditors passed under the previous law remain valid under the new law.
For resolutions passed after this Act comes into force, the provisions of the new law apply.
However, if a borrower has already been granted facilitations under the previous law by resolutions of the community of creditors that are equivalent or correspond to those provided for in Article 1170, appropriate account must be taken thereof in the application of this provision.
In all other respects, the Final and Transitional Provisions of the Federal Act of 18 December 1936 on the Revision of Titles XXIV–XXXIII of the Code of Obligations apply.
4. On commencement of this Act, contradictory provisions, and in particular the Ordinance of the Federal Council of 20 February 1918⁹¹⁵ on the Community of Bond Creditors, are repealed.
5. The Federal Council shall determine the commencement date of this Act.

⁹¹² Inserted by No II of the FA of 1. April 1949, in force since 1 Jan. 1950 (AS 1949 I 791; BBl 1947 III 869).

⁹¹³ The amendments may be consulted under AS 1949 I 791.

⁹¹⁴ The amendments may be consulted under AS 1949 I 791.

⁹¹⁵ [AS 34 231; 35 297; 36 623, 893]

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