

# SWITZERLAND AGAIN ALLOWS DUAL LISTINGS IN THE EU

On 29 January 2025, the Swiss government, i.e. the Federal Council, lifted Swiss protective measures introduced when the European Union ("EU") refused to recognise Swiss stock exchanges as equivalent. With this briefing, we provide an overview of the situation so far, the decision of the Federal Council and the impact on the Swiss financial market and for Swiss issuers.

## THE RESTRICTIONS ON DUAL LISTINGS IN SWITZERLAND AND THEIR BACKGROUND

The EU's Markets in Financial Instruments Regulation ("MiFIR") imposes a trading obligation on EU investment firms which only allows them to trade shares on EU-recognised venues or those deemed equivalent. This affected shares of Swiss registered companies ("**Swiss Shares**"), which EU investment firms could only trade on Swiss exchanges if granted equivalence by the EU. However, in 2019, the European Commission let the stock exchange equivalence for Switzerland expire due to broader political disputes. Consequently, Swiss stock exchanges faced the risk of a material loss of liquidity in cases of dual listings by Swiss issuers.

In response, Switzerland introduced protective measures, requiring Swiss Shares to be traded exclusively on Swiss venues or those recognised by the Swiss Financial Market Supervisory Authority ("**FINMA**"), subject to grandfathering of existing dual listings. The measures did not allow admissions to trading in jurisdictions that imposed restrictions on trading Swiss Shares, and the EU and its member states were put on the list (the "**Restricted List**") kept by the Federal Council that excluded recognition by FINMA. This effectively ensured that EU share trading obligations did not apply to Swiss Shares. While first implemented as an executive ordinance, the regime was integrated into the Financial Market Infrastructure Act ("**FinMIA**") in 2024. These provisions in the FinMIA are temporary, with an intended expiry on 31 December 2028.

However, while the measure protected the Swiss stock exchanges, Swiss issuers faced disadvantages as the measure effectively prevented them from listing on EU exchanges. This also complicated cross-border transactions, such as public exchange offers for EU companies. While workarounds like Global Depository Receipts (GDRs) or secondary listings in EEA states such as Norway were in theory legally possible, they proved to be impractical.

On the other hand, FINMA still recognised the most important stock exchanges in major markets outside of the EU, including in the US, the UK and Asia, and thus dual listings in these jurisdictions remained possible.

## **LIFT OF SWISS PROTECTIVE MEASURES**

On 29 January 2025, the Federal Council decided to remove the EU and its member states from the Restricted List as of 1 May 2025. This decision was taken after the EU had amended MiFIR, narrowing the scope of the trading obligation to shares with an International Securities Identification Number (ISIN) from the European Economic Area ("**EEA**"). Accordingly, while the EU still does not recognise Swiss stock exchanges as equivalent, Swiss Shares are no longer subject to the share trading obligations under MiFIR.

The Federal Council justified its decision by stating that an overall assessment had shown that the effect of the Swiss protective measures against the EU is currently no longer necessary due to the changes to MiFIR. The Federal Council also pointed out that the current legal situation can lead to negative effects for Swiss issuers in individual cases (e.g. in the context of mergers with EU companies).

## **ASSESSMENT AND OUTLOOK**

The entering into force of the lifting of Swiss protective measures on 1 May 2025 will again allow dual listings of Swiss companies in the EU and ends the *de facto* ban on dual listings which had been in place since 2019. This is positive news for Swiss issuers that are evaluating strategic alternatives involving a dual listing in the EU.

It is noteworthy that for such dual listings in the EU (as for any other country outside of Switzerland), recognition of the EU trading venue by FINMA will still be necessary in accordance with art. 41a FinMIA until 31 December 2028. However, we expect the major trading venues in the EU at least to be recognised by FINMA quickly, as in the past FINMA had recognised many (non-EU) trading venues on its own as well. In the absence of any existing recognition, FINMA has so far been flexible in recognising foreign stock exchanges swiftly. As a result, provided dual listings are properly planned and implemented, no additional delay is expected due to the ongoing recognition requirement.

Given that the EU maintained the trading obligation for EU shares and did not recognise Swiss stock exchanges as equivalent, EU law still places Swiss stock exchanges at a disadvantage to a certain degree. It remains to be seen whether the progress on the new bilateral treaties between the EU and Switzerland, which are set to be finalised this spring but are not expected to be submitted to parliament before 2026, will solve that issue as well.



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