



Page 1

1. Bonds as an alternative for Small and Medium-sized Enterprises
2. Interest
3. Exemptions from the Obligation to publish a Prospectus

Page 2

4. Use of Issuer Vehicle
5. Tax and Tax Rulings

Corporate financing by issuing bonds – How to or easier than you think?

1. Bonds as an alternative for Small and Medium-sized Enterprises

The increasingly cautious lending policy of banks confronts SMEs with the question of what alternative financing instruments are available. One of these alternatives, the bond, in the form of a private placement is becoming more and more popular for SMEs. The advantages of bonds are that they are usually issued without collateral and that the issuing company is largely free to determine the terms and conditions of the bond. We are happy to support you in the individual structuring such terms and conditions.

2. Interest

When setting the bond's interest rate, both legal and economic considerations are decisive. The interest rate must be high enough to attract potential investors, but low enough to meet the corporate interests of the issuer. Among the factors to be taken into account are the prevailing interest rate on the market, fungibility and default risk. It is advisable to consult an expert when determining the interest rate. We can support you in answering these questions.

3. Exemptions from the Obligation to Publish a Prospectus

Anyone who is offering securities to the public must publish a prospectus. This can be helpful also reduce risks but is also time-consuming. It applies all the more as, in addition to the Swiss regulations, the provisions of other jurisdictions - especially the European Union (EU) - may have to be observed. However, there exist numerous exceptions under Swiss as well as EU law, which means that, depending on the structure of the bond, the obligation to publish a prospectus can be waived in case it is not needed.



Page 1

1. Bonds as an alternative for Small and Medium-sized Enterprises
2. Interest
3. Exemptions from the Obligation to publish a Prospectus

Page 2

4. [Use of Issuer Vehicle](#)
5. [Tax and Tax Rulings](#)

4. Use of Issuer Vehicle

In some cases, it may be advisable for a company not to issue the bond directly, but to make use of an issuer vehicle. There are different choices of jurisdiction depending on the situation of the company or group that requires financing. Using an issuer vehicle, under certain circumstances, can increase the attractiveness of the bond for potential investors. In any case, the advantages and disadvantages should be carefully weighed up.

5. Tax and Tax Rulings

When issuing a bond, the tax consequences must be taken into account. For instance, interest on bonds in Switzerland is subject to withholding tax of 35 per cent. The tax consequences of a bond issue can be clarified in advance by means of a tax ruling. This is best practice also for cases where Swiss withholding tax can be legally avoided. We are happy to support you with your project and represent you before the tax authorities.

Do you have any questions? – We look forward to hearing from you!

Dr. iur. Alexander Lindemann
Dr. Ariel Sergio Goekmen-Davidoff, LL.M, TEP
Kiril R. R. Haslebacher
Qendresa Djeladini

+41 44 570 73 51
+41 44 570 73 50
+41 44 570 73 54
+41 44 570 73 54

alexander.lindemann@lindemannlaw.ch
arielsergio.goekmen@lindemannlaw.ch
kiril.haslebacher@lindemannlaw.ch
qendresa.djeladini@lindemannlaw.ch

Seefeldstrasse 33 (next to the Opera)

8008 Zürich

www.lindemannlaw.ch