

# IBA Closely Held and Growing Business Enterprises Committee: Dams against tsunamis? Governmental economy support packages

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# The Swiss Program to grant liquidity under the Federal solidarity guarantee

## Purpose of the Program

- To bridge the liquidity shortages of small and medium-sized companies caused by the COVID-19 pandemic

## Idea

- Two sorts of loans for smaller and for larger businesses:
  - «COVID-19 loans»: up to CHF 500'000.
  - «COVID-19 loans plus» exceeding CHF 500'000.
- In order to achieve a quick financing the Confederation guarantees 100% of the COVID-19 loans and 85% of the COVID-19 loans plus.
- Success:
  - Simple: Explanation on the government website, possibility to fill in online, up to CHF 500'000 one page
  - Government guarantee of 100% up to CHF 500'000
  - Use of existing structures

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## **Volume**

- Program started with 20 billion but was quickly enlarged to 40 billion

## **Entitled companies**

- All companies domiciled in Switzerland which are economically significantly affected by the COVID-19 pandemic, which were founded before 1 March 2020 and whose annual turnover does not exceed CHF 500 million.

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## Conditions

- Amount of the loan: 10% of annual turnover, up to a maximum of CHF 20 million.
- Payment: Amounts up to CHF 500,000 ("COVID-19 loans") can and should be paid out immediately by the banks, sometimes within 30 minutes. Payments over CHF 500'000 («COVID-19 loans plus») can only be paid out after a credit risk assessment by the bank.
- Interest rate:
  - For «COVID-19 loans» up to CHF 500'000: 0%.
  - For «COVID-19 loans plus» loans exceeding CHF 500,000: 0.5% for the guaranteed part of the loan. The non-guaranteed part of the loan will be subject to an interest rate (in practice) set by the bank.
- Repayment: after five years; a further extension of two years being possible.
- Restrictions: the money may only be used for purposes in connection with the COVID-10 pandemic.

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## **Additional information**

- Various Cantons (states) have their own programs of up to CHF 500M
- Swiss National Bank guarantees liquidity to all banks which grant COVID-19 loans based on a Federal or Cantonal guarantee

Thank you for your attention

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Happy to take questions at the end...