

Setting-up a start-up company - selected topics

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Thomas Hua, Attorney-at-law

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A few questions to start

- What is your current legal structure ?
- Are you personally liable ?
- Does your legal structure limit your growth ?
- Do you control your project ? Could you be ousted ?

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Some general warning / advice from us

If you do not choose a legal structure, someone else will choose it for you.

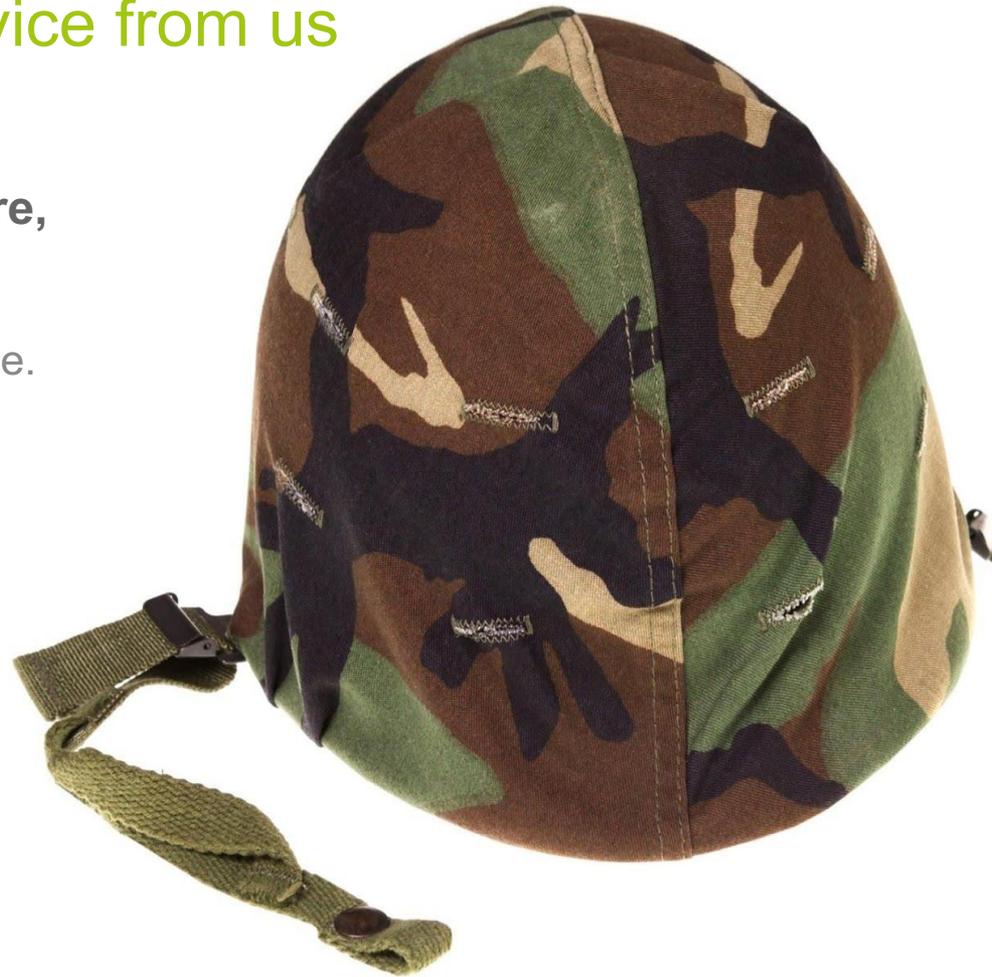
Be proactive. Retain the right to choose.

Evaluate risks

Organize your legal relationships with investors, partners and customers.

Understand the costs

Select the most adequate protection.



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Organizational Needs – Evaluation

A two stepped-decision process:

1. **When** is the right time to form and incorporate a legal entity?

1. **What?** which type of legal entity?

Organizational Needs – When ?

When to organize your legal structure ?

Usual tell-signs

Multiple founders

External commitments (contracts)

Intellectual property rights

Funding and Stock Options

Risk

Misunderstanding, litigation about equity split

Unlimited personal exposure and liability

Litigation regarding ownership

Corporate structure is required.

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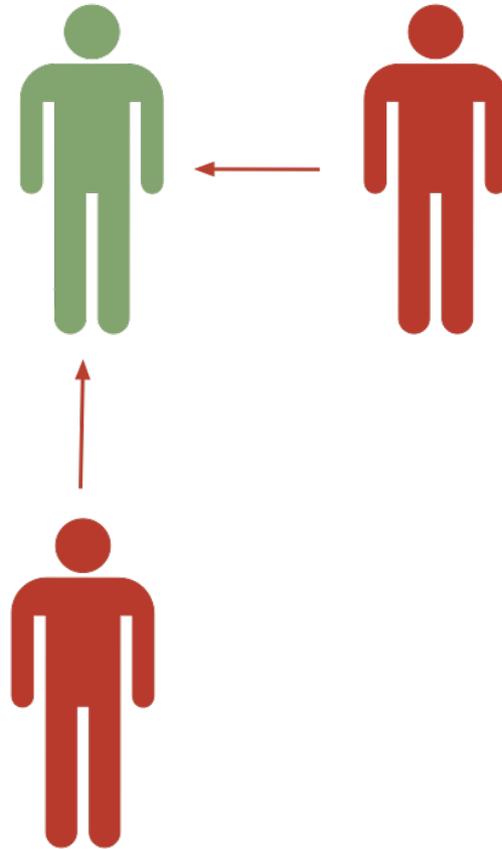
Legal Structures - Overview

Main legal structures

1. Sole proprietorship
2. Partnerships
3. Corporations (Sàrl & SA)
4. Non profit alternatives

Structures

I/II. Sole proprietorship



Structures

II/II. Sole proprietorship

Pros

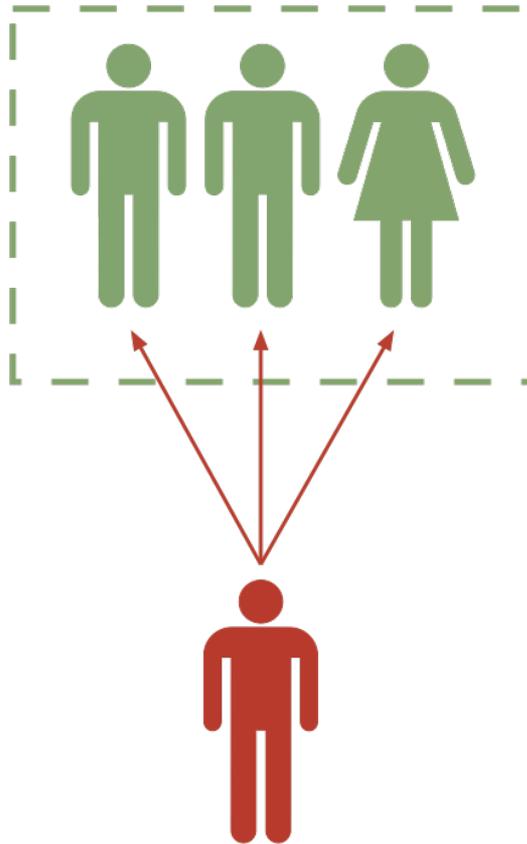
- Lowest amount of regulatory burden
- Direct control of decision making
- Minimum (or no) capital requirement to start
- All profits will go to you
- Status of self-employed

Cons

- Unlimited liability (full exposure of your personal assets)
- Lack of continuity for your business
- Difficulty raising funding on your own (only debt)

Structures

I/II. Partnerships



Structures

II/II. Partnerships

Pros

- Easy to start-up (contract)
- Possibility to agree on the allocation of starting costs
- Possibility to agree on the share of profits/assets and debts
- Status of self-employed

Cons

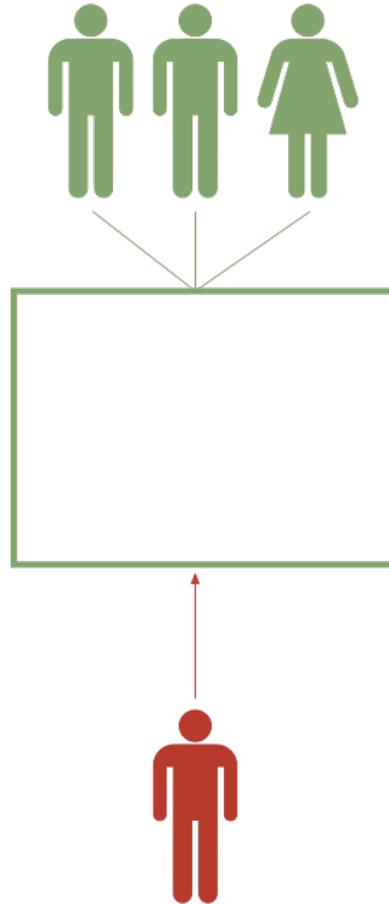
- Unlimited liability (full exposure of your personal assets)
- Possible conflict in your relationship with your partner
- By law, shared ownership on business assets

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Structures

I/III. Corporations (SA – Sàrl)



Structures

II/III. Corporations (SA – Sàrl)

Pros

- Limited liability
- Easy and global transfer of ownership
- Continuous existence
- Separate legal entity
- Facilitated capital raising (debt or equity)

Cons

- Constraining regulations (i.e. articles of association)
- Incorporation and costs (incl. public notary)
- Corporate records required (minutes of meetings)

Structures

III/III. Corporations : Sàrl vs. SA

	Sàrl	SA
Share capital	CHF 20'000 min Fully paid up	CHF 100'000 min CHF 50'000 paid up
Par value of shares	CHF 100 min	CHF 0.01 min
Public disclosure	Director and shareholder name, adress, amount of shares	Only directors name, adress, unless listed company
Ancillary obligations	Some, if provided under articles of association	No
Supplementary contributions	Yes, if provided under articles of association	No

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Structures Alternatives (non-profit)

Pros

- Low incorporation costs
- Democratic control
- Open structure
- Limited liability

Cons

- Limited purpose (i.e. no main commercial activity)
- Difficult (impossible?) to get financed

Incorporating an Sàrl

Main Steps

- Verify availability and decide company name (must contain Sàrl / GmbH)
- Gather identity documents for all founders & managers
- Decide on :
 - Purpose of company
 - Address of company
 - Signatory powers
- Have the money ready (CHF 20,000)
- Let the lawyers work

Swiss Work Permits

UE-25 (incl. Bulgaria / Romania)

- Principle. Right to work in Switzerland.
- Request. File request to OCPM (M form if Swiss resident, F form if French resident), with business plan.
- Procedure. OCPM decides.
- Timeline. 4-6 weeks from filing to permit obtention. You may start working as from the date of filing.

Others (incl. Croatia until dec. 2023)

- Principle. Right to work, subject to authorization by Swiss authorities, depending on economic interest.
- Request. File request to OCPM, with business plan (incl. financial forecasts, company organisation), resume and cover letter.
- Procedure. OCPM coordinates with OCIRT (incl. tri-partite commission) and SEM.
- Timeline. 3 months minimum (4-6 weeks for approval, 4-6 weeks for permit obtention). You must wait for approval prior to working.

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Debriefing - Questions



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Thank you for your attention !

THOMAS HUA

Attorney-at-law

CPV PARTNERS (Geneva)

T: +41 22 918 11 00

E: HUA@CPVPARTNERS.COM

WWW.CPVPARTNERS.COM

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