

Legal 500

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Sweden

Investing In

Contributor

Magnusson Law



Anders Bäckman

Partner and Head of Corporate/M&A | anders.backman@magnussonlaw.com

Carl Insulander

Senior Associate | carl.insulander@magnussonlaw.com

Ebba Svalling

Associate | ebba.svalling@magnussonlaw.com

Marcus Wallin

Associate | marcus.wallin@magnussonlaw.com

This country-specific Q&A provides an overview of investing in laws and regulations applicable in Sweden.

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Sweden: Investing In

1. Please briefly describe the current investment climate in the country and the average volume of foreign direct investments (by value in US dollars and by deal number) over the last three years.

Sweden is generally considered a favorable investment destination for foreign investors due to its stable investment climate, underpinned by factors such as innovation, economic robustness, and stability. Moreover, despite current challenges posed by inflationary pressures, Sweden's economic resilience, aided by its well-established infrastructure, a highly skilled workforce, political steadiness, and an environment conducive to business, continues to enhance its attractiveness to foreign investors.

Over the past three years, Sweden has experienced a marked increase in foreign direct investment ("FDI"). According to Business Sweden, FDI in Sweden reached a significant 512 billion SEK (approximately 49 billion US dollars) in 2022, reflecting a substantial rise compared to previous years. In 2021, FDI totaled 220 billion SEK (approximately 21 billion US dollars), which was a notable increase from 165 billion SEK (approximately 16 billion US dollars) recorded in 2020. However, FDI levels declined in 2023 to 322 billion SEK, representing a 34 per cent decrease from the record-setting figure in 2022. Despite this reduction, the 2023 FDI level remains one of the highest on record.

2. What are the typical forms of Foreign Direct Investments (FDI) in the country: a) greenfield or brownfield projects to build new facilities by foreign companies, b) acquisition of businesses (in asset or stock transactions), c) acquisition of minority interests in existing companies, d) joint ventures, e) other?

Foreign Direct Investments in Sweden manifest in various forms. Predominantly, acquiring ownership stakes in existing Swedish companies through stock transactions and obtaining minority interests in these companies have been prevalent. Additionally, key approaches include starting greenfield projects and developing joint ventures.

3. Are foreign investors allowed to own 100% of a domestic company or business? If not, what is the maximum percentage that a foreign investor can own?

Foreign investors are generally allowed to own 100% of domestic companies across most industries, there are no strict ownership limitations imposed in Sweden. However, certain sectors may have restrictions or regulations due to national security or strategic industry concerns.

4. Are foreign investors allowed to invest and hold the same class of stock or other equity securities as domestic shareholders? Is it true for both public and private companies?

Foreign investors in Sweden are typically allowed to invest in the same class of equity securities as domestic shareholders. The rights and privileges associated with ownership are usually governed by the company's articles of association or shareholder agreements, ensuring equitable treatment for both domestic and foreign shareholders. This applies to both public and private companies.

5. Are domestic businesses organized and managed through domestic companies or primarily offshore companies?

Swedish domestic businesses primarily operate through domestic companies within the country's legal framework and corporate governance guidelines. While some multinational corporations may have offshore entities for specific purposes, the majority of businesses in Sweden are organized as domestic companies.

6. What are the forms of domestic companies? Briefly describe the differences. Which form is preferred by domestic shareholders? Which form is preferred by foreign investors/shareholders? What are the reasons for foreign shareholders preferring one form over the other?

a) Limited liability company (Sw. *Aktiebolag*);

There are two types of limited liability companies, private (Sw. *privat*) and public (Sw. *publikt*). The difference between these types is based on the ability to solicit capital from the public. Only public companies can issue shares or other securities intended for trading on stock exchanges or other regulated markets.

In limited liability companies, the shareholders are not personally liable for the company's obligations. However, board members may be personally liable if, in the performance of their duties, they intentionally or negligently cause damage to the company.

The minimum share capital required for a private limited liability company is 25,000 SEK, while a public limited liability company must have a minimum share capital of 500,000 SEK.

b) Branch of a foreign company (Sw. *Filial*);

A branch is not considered to be a legal entity of its own but instead part of a foreign-based company. However, the branch still receives a company registration number and is subject to Swedish law. Since the branch is part of a foreign-based company, the shareholders' personal liability depends on the legal structure of the foreign-based company.

A foreign-based company is only allowed to have one branch in Sweden. The branch must be placed under the direction of a managing director, who must be a resident in the EEA. The managing director represents the branch through a power of attorney from the foreign-based company.

c) Trading partnership (Sw. *Handelsbolag*);

A trading partnership is a legal entity with two or more partners (natural persons or legal entities). In a trading partnership, the partners are personally, jointly and severally liable for the obligations of the trading partnership.

d) Limited partnership (Sw. *Kommanditbolag*);

A limited partnership is a form of a trading partnership, with the difference that at least one partner must have unlimited personal liability for the limited partnership's obligations (general partner), while the other partner(s) is only liable for the capital they have invested (limited partner).

e) Sole trader (Sw. *Enskild firma*).

A sole trader is a person who runs a business on his or her own. This means that the private individual, own,

operate and is responsible for the business. The private individual is personally responsible for the business.

To register as a sole trader, the private individual must have a Swedish identity or co-ordination number.

Which form is preferred by domestic shareholders?

Domestic shareholders typically prefer to set up a business in Sweden in a limited liability company.

Which form is preferred by foreign investors/shareholders?

Foreign investors/shareholders typically prefer to set up a business in Sweden in a limited liability company or a branch.

What are the reasons for foreign shareholders preferring one form over the other?

The main advantage of setting up a business in a limited liability company is that the shareholders are not personally liable for the company's obligations.

7. What are the requirements for forming a company? Which governmental entities have to give approvals? What is the process for forming/incorporating a domestic company? What is a required capitalization for forming/incorporating a company? How long does it take to form a domestic company? How many shareholders is the company required to have? Is the list of shareholders publicly available?

Since most businesses are set up in a limited liability company, the below answers relate to this form of legal entity.

Which governmental entities have to give approvals?

Approvals from governmental entities are normally not required, with the exceptions of a few specific sectors where there is a requirement for obtaining necessary permits (for example, insurance, banking and financial service, as well as manufacturing of military products).

Furthermore, if the company intends to engage in protection-worthy activities (Sw. *skyddsvärd verksamhet*), prior approval may be required in accordance with the Swedish Act on Review of Foreign Direct Investments (Sw. *lag (2023:560) om granskning av utländska direktinvesteringar*) ("**Swedish FDI Act**").

What is the process for forming/incorporating a domestic company?

Forming a limited liability company in Sweden is a relatively simple process. The following are the main steps that must be taken to form a limited liability company:

- The founder(s) must draft and sign a memorandum of association (Sw. *stiftelseurkund*).
- The founder(s) must subscribe and pay for all the shares in the limited liability company.
- The board of directors must register the limited liability company with the Swedish Companies Registration Office (Sw. *Bolagsverket*).

However, the easiest and most common way of setting up a limited liability company in Sweden is to purchase an already fully organized and registered shelf company by share transfer. After the share transfer is concluded the new shareholder(s) may modify the structure of the company, add objects of activity, change the name, modify the articles of association etc. All such changes must be registered with the Swedish Companies Registration Office.

All limited liability companies must also register with the Swedish Tax Agency (Sw. *Skatteverket*). The company must apply for F-tax and VAT registration and, if relevant, register as an employer.

There might be other permits or registrations that need to be considered, depending on what kind of business will be conducted.

What is a required capitalization for forming/incorporating a company?

The minimum share capital requirement for a private limited liability company 25,000 SEK, while for a public limited liability company, it is 500,000 SEK. There is no upper limit on the share capital.

How long does it take to form a domestic company?

It takes approximately 4–8 weeks to form a limited liability company.

How many shareholders is the company required to have?

Limited liability companies must have at least one shareholder (legal or natural person).

Is the list of shareholders publicly available?

The share register of a limited liability company (that is not a central securities depository company) is a public document and must be kept available to the public at the company's office.

The Swedish Companies Registration Office does not register shareholders of a limited liability company. However, a limited liability company must register the party or parties that ultimately own or control the legal entity, i.e. the beneficial owner (Sw. *verklig huvudman*), with the Swedish Companies Registration Office.

For central securities depository companies, the rules are somewhat different. The company and the central securities depository are obligated to provide information to whoever requests it about shareholders owning 500 shares or more in the company.

8. What are the requirements and necessary governmental approvals for a foreign investor acquiring shares in a private company? What about for an acquisition of assets?

Foreign investors are generally not subject to specific approval procedures solely due to their foreign status. However, under the Swedish FDI Act, investments in Swedish private companies engaged in certain protection-worthy activities that meet specified thresholds are subject to a mandatory notification requirement. Such investments must be reported to the Inspectorate of Strategic Products (Sw. *Inspektionen för strategiska produkter*).

If a foreign investor intends to invest through means other than a direct share acquisition, the investor remains subject to the mandatory notification requirement under the Swedish FDI Act. This applies if the investor, in whole or in part, will assume control over any aspect of the business or assets involved in the protection-worthy activities. Consequently, the acquisition of assets may fall within the scope of the mandatory notification requirement.

In cases where the target company is classified as 'security-sensitive' (Sw. *säkerhetskänslig verksamhet*) under the Swedish Protective Security Act (Sw. *säkerhetskylslagen (2018:585)*), the operator (Sw. *verksamhetsutövare*) of the security-sensitive company is required to consult with the relevant supervisory authority before proceeding with the investment. This process may involve a review of the investor and its ownership structure.

9. Does a foreign investor need approval to acquire shares in a public company on a domestic stock market? What about acquiring shares of a public company in a direct (private) transaction from another shareholder?

As previously stated, foreign investors are generally not subject to specific approval procedures solely due to their foreign status. However, investment in public companies engaged in protection-worthy activities that meet the thresholds set out in the Swedish FDI Act are subject to a mandatory notification requirement.

However, if the investment involves a public company classified as "security-sensitive" under the Swedish Protective Security Act, the operator is exempt from the obligation to consult with the relevant supervisory authority, as otherwise required by the Swedish Protective Security Act, prior to the investor proceeding with the investment. This exemption applies specifically to public companies.

Therefore, a foreign investor may be required to obtain prior approval before acquiring shares in a public company in Sweden, regardless of whether the shares are acquired through a direct (private) transaction from another shareholder or on a domestic stock market.

10. Is there a requirement for a mandatory tender offer if an investor acquired a certain percentage of shares of a public company?

Yes, a party who, through the acquisition of shares in a Swedish public company whose shares are traded on a regulated marketplace or a comparable marketplace outside of the EEA (and companies listed on an MTF), alone or together with a closely related party or parties, holds shares representing more than 30% of the voting rights of the target company, must make a mandatory tender offer for the remaining outstanding shares within four weeks.

However, there are exceptions to the obligation to make a mandatory tender offer. The obligation will lapse if (i) a party attains a shareholding representing more than 30% of the voting rights of the target company through a takeover bid that pertains to all shares in the company, (ii) a party (or, where applicable, a closely related party) within four weeks sells shares so that their holding no longer represents 30% of the voting rights of the target company (the aforesaid shall also apply where, within the same period, the obligated party, another party, or the company takes any other measure as a consequence of

which the shareholding does not represent at least 30% of the voting rights for all shares in the company), or (iii) a party within four weeks initiates buy-out of all remaining shares of the target company pursuant to the squeeze-out procedure in the Swedish Companies Act (Sw. Aktiebolagslag (2005:551)).

Additionally, the Swedish Securities Council (Sw. Aktiemarknadsnämnden) may grant exceptions from the mandatory tender obligation. For example, the Swedish Securities Council has granted exceptions when the shares were acquired from an affiliate (i.e. there was no real change of control).

11. What is the approval process for building a new facility in the country (in a greenfield or brownfield project)?

A building permit is typically required for a new construction in Sweden. Other permits, such as an environmental permit, may also be required depending on the intended measures and the type of facility to be built. In general, the approval process for building a new facility in Sweden is as follows:

1. Application

An application shall be submitted to the local building committee (Sw. *byggnadsnämnden*) in the municipality where the measures are to be carried out. It is possible to apply for an advance notice (Sw. *förhandsbesked*) before the building permit application is made. An advance notice is a way to find out early if it is at all possible to build at a particular location.

2. Review of application

The building committee shall conduct an initial review of the matter. When the application is deemed to be complete with all necessary documents, the building committee shall send an acknowledgement of receipt to the applicant.

The local building committee then reviews the application. The review varies depending on the character of the measure and whether it will be carried out within or outside an area with a detailed development plan.

The building committee must in some cases notify stakeholders, such as neighbors, affected by the application and allow them to submit their views.

3. Decision

The building committee shall decide on issuing a building

permit if the measure meets all requirements. Once the building permit is received, the neighbours and other stakeholders are notified. If nobody appeals, the building permit decision gains legal force provided that the committee has correctly dispatched and announced the decision. A rejected application can be appealed by the applicant.

It shall be noted that the construction works may not begin until a starting clearance (Sw. *startbesked*) is given from the building committee. Thus, it is not enough to have an approved building permit to be able to begin the construction works. If no technical consultation is needed (see point four below), the building committee shall provide a starting clearance already in the permit decision, or as soon as possible thereafter.

4. Technical consultation

A technical consultation shall often be held after a building permit has been granted by the building committee. At this stage, the proposal on an inspection plan and other relevant documents are reviewed. For example, if the inspection plan concerns demolition measures, there shall be information on what hazardous waste the measure can give rise to and how both hazardous waste and other waste will be taken care of.

5. Starting clearance

To obtain a starting clearance, it must be shown that the measures that are planned can be assumed to meet the requirements in the Swedish Planning and Building Act (Sw. *plan- och bygglagen (2010:900)*). The inspection plan and information on any requirements that may exist in other legislation are established in the starting clearance. The construction work can begin once the starting clearance is received.

6. Work site visits

The building committee shall in most cases visit the work site at least once in the course of the work. The visits shall be documented.

7. Final consultation

Once the project is complete, the local building committee usually holds a final consultation where they go through how the inspection plan was followed and how conditions in the starting clearance were followed. The local building committee also assesses if a completion decision will be able to be issued.

8. Final clearance

It is required to receive a final clearance for all measures covered by a starting clearance. In order to obtain a final clearance, it must be shown that all requirements that apply under the permit, inspection plan, starting clearance or decision on supplemental conditions are met and that the building committee has not found reason to intervene with an inspection. Normally the construction works may not be put into use before the building committee has issued a final clearance.

If the building committee concludes in its final assessment that the requirements and conditions for issuing a final clearance are not met and it is not possible to issue a final clearance with remarks, the building committee must decide not to issue a final clearance and the structure may then not be used. This decision may be appealed.

12. Can an investor do a transaction in the country in any currency or only in domestic currency? a) Is there an approval requirement (e.g. through Central Bank or another governmental agency) to use foreign currency in the country to pay: i. in an acquisition, or, ii. to pay to contractors, or, iii. to pay salaries of employees? b) Is there a limit on the amount of foreign currency in any transaction or series of related transactions? i. Is there an approval requirement and a limit on how much foreign currency a foreign investor can transfer into the country? ii. Is there an approval requirement and a limit on how much domestic currency a foreign investor can buy in the country? iii. Can an investor buy domestic currency outside of the country and transfer it into the country to pay for an acquisition or to third parties for goods or services or to pay salaries of employees?

Within the private sector, an investor can do a transaction in Sweden in another currency than the Swedish krona (which is the official domestic currency) if the parties to the transaction are in agreement. However, international transactions with certain currencies and to certain countries may be subject to sanctions.

Is there an approval requirement (e.g. through Central Bank or another governmental agency) to use foreign currency in the country to pay:

- in an acquisition, or
- to pay to contractors, or

- **to pay salaries of employees?**

There are no approval requirements (e.g., through Central Bank or another governmental agency) to use foreign currency in Sweden to pay any of the above.

Is there a limit on the amount of foreign currency in any transaction or series of related transactions?

There is no formal limit on the amount of foreign currency in any transaction or series of related transactions. The parties to the transaction may however decide upon a limit amongst themselves.

Please note that the Swedish Government is permitted to implement currency regulations and controls under certain extraordinary circumstances, e.g. if Sweden is at war or during an epidemic.

Is there an approval requirement and a limit on how much foreign currency a foreign investor can transfer into the country?

There are no approval requirements or limits on how much foreign currency a foreign investor can transfer into Sweden. However, there is a requirement to give notification to the responsible authority when carrying the equivalent of 10,000 EUR or more in cash or equivalent assets when traveling across an EU border. The purpose of the notification requirement is to prevent money laundering, and organised crime and fight terrorism. Besides notes and coins, "cash and equivalent assets" are also defined as travelers' cheques, cheques, promissory notes, debt instruments, debentures, shares, money orders and securities.

Notification must be given to the responsible authority in either the first EU country which is entered into, or the final EU country being exited. In Sweden, the responsible authority is Swedish Customs (Sw. *Tullverket*).

Is there an approval requirement and a limit on how much domestic currency a foreign investor can buy in the country?

There are no approval requirements in this regard in Sweden.

Can an investor buy domestic currency outside of the country and transfer it into the country to pay for an acquisition or to third parties for goods or services or to pay salaries of employees?

An investor can buy Swedish krona outside of Sweden and transfer it into Sweden to pay for an acquisition or to third parties for goods or services or to pay salaries of

employees. However, there is a requirement to give notification to the responsible authority (in Sweden, the responsible authority is Swedish Customs) when carrying the equivalent of 10,000 EUR or more in cash or equivalent assets when traveling across an EU border.

13. Are there approval requirements for a foreign investor for transferring domestic currency or foreign currency out of the country? Whose approval is required? How long does it take to get the approval? Are there limitations on the amount of foreign or domestic currency that can be transferred out of the country? Is the approval required for each transfer or can it be granted for all future transfers?

There are no approval requirements for a foreign investor to transfer Swedish krona or foreign currency out of Sweden. However, there is a requirement to give notification to the responsible authority (in Sweden, the responsible authority is Swedish Customs) when carrying the equivalent of 10,000 EUR or more in cash or equivalent assets when traveling across an EU border.

Whose approval is required?

N/A.

How long does it take to get the approval?

N/A.

Are there limitations on the amount of foreign or domestic currency that can be transferred out of the country?

There are no limits, but when carrying the equivalent of 10,000 EUR or more in cash or equivalent assets across an EU border there is a notification requirement.

Is the approval required for each transfer or can it be granted for all future transfers?

N/A.

14. Is there a tax or duty on foreign currency conversion?

In Sweden, profits from trading foreign currencies and currency derivatives, such as CFDs, futures and options, are taxed as capital gains.

15. Is there a tax or duty on bringing foreign or domestic currency into the country?

No.

16. Is there a difference in tax treatment between acquisition of assets or shares (e.g. a stamp duty)?

No transfer tax or stamp duty is levied on securities transactions or asset sales in Sweden. However, the sale of shares is more common in Sweden as the capital gains on the sale of shares may be tax-exempt. Please note that stamp duty is levied on direct transfers of real property (1.5% of the purchase price for individuals and 4.25% for corporate buyers). Transfer of shares is VAT-exempt and the same, typically, applies as regards the sale of a well-separated business (transfer of going concern).

17. When is a stamp duty required to be paid?

Stamp duty is levied on direct transfers of real property (1.5% of the purchase price for individuals and 4.25% for corporate buyers).

18. Are shares in private domestic companies easily transferable? Can the shares be held outside of the home jurisdiction? What approval does a foreign investor need to transfer shares to another foreign or domestic shareholder? Are changes in shareholding publicly reported or publicly available?

Shares in private companies are generally easy to transfer. However, most companies typically have limitations on transferability imposed by shareholder agreements or company bylaws.

Can the shares be held outside of the home jurisdiction?

Yes, shares of Swedish companies can be held outside of Sweden by foreign investors. Sweden allows for international ownership of shares in its companies without any restrictions or limitations based on the investor's location or jurisdiction.

What approval does a foreign investor need to transfer shares to another foreign or domestic shareholder?

Foreign investors typically do not require specific approval to transfer shares to another foreign or

domestic shareholder, unless the target company is involved in protection-worthy activities. In such instances, approval may be required under the Swedish FDI Act.

Are changes in shareholding publicly reported or publicly available?

In Sweden, changes in shareholding in private companies are not publicly reported. However, the share register of a limited liability company is a public document and must be made available to the public at the company's office.

Moreover, a limited company is required to register the party or parties that ultimately own or control the legal entity, referred to as the beneficial owner (Sw. *verklig huvudman*), and this information is also publicly available.

19. Is there a mandatory FDI filing? With which agency is it required to be made? How long does it take to obtain an FDI approval? Under what circumstances is the mandatory FDI filing required to be made? If a mandatory filing is not required, can a transaction be reviewed by a governmental authority and be blocked? If a transaction is outside of the home jurisdiction (e.g. a global transaction where shares of a foreign incorporated parent company are being bought by another foreign company, but the parent company that's been acquired has a subsidiary in your jurisdiction), could such a transaction trigger a mandatory FDI filing in your jurisdiction? Can a governmental authority in such a transaction prohibit the indirect transfer of control of the subsidiary?

The scope of the Swedish FDI Act is very broad, imposing extensive mandatory notification requirements on various transactions. Under the Swedish FDI Act, any direct or indirect investments in companies engaged in protection-worthy activities exceeding specified thresholds are subject to mandatory notification and must secure prior approval before the transaction can be finalized. Notably, the notification obligations apply universally to all investors, regardless of their domicile.

The target company is also obligated to inform the investor that its operations are classified as protection-worthy under the provisions of the Swedish FDI Act.

With which agency is it required to be made?

To the Inspectorate of Strategic Products (Sw. *Inspektionen för strategiska produkter*).

How long does it take to obtain an FDI approval?

Upon receiving the mandatory notification, the Inspectorate of Strategic Products shall, within 25 working days, determine whether the investment necessitates no further action or whether an examination should be initiated. If the Inspectorate decides that an examination is warranted, it shall render a final decision—either to approve or prohibit the investment—within three months of initiating the examination. This timeframe may be extended by an additional three months if the Inspectorate of Strategic Products considers that special circumstances justify a prolonged review.

Under what circumstances is the mandatory FDI filing required to be made?

All investments, both domestic and foreign, directly or indirectly, in companies engaged in protection-worthy activities under the Swedish FDI Act, and meeting specified thresholds, are subject to mandatory notification requirements.

Under the Swedish FDI Act, protection-worthy activities are defined as those involving;

- essential services (Sw. *samhällsviktig verksamhet*);
- security-sensitive activities (Sw. *säkerhetskänslig verksamhet*);
- activities related to critical or strategic raw materials, metals, or minerals (Sw. *kritiska eller strategiska råvaror, metaller eller mineraler*);
- activities involving the processing of sensitive personal data or location data (Sw. *känsliga personuppgifter eller lokaliseringssuppgifter*);
- development, production, or research of war material (Sw. *krigsmateriel*);
- development, production, or research of dual-use items (Sw. *produkter med dubbla användningsområden*); and
- research or supply of products in emerging or strategically valuable technologies (Sw. *framväxande teknologi eller strategiskt skyddsvärd teknologi*).

The thresholds for notification requirements in the Swedish FDI Act are as follows:

- **Investment in an existing company engaged in protection-worthy activities:** Notification is required if the investment results in the investor acquiring control over 10%, 20%, 30%, 50%, 65%, 90%, or more of the voting rights in the company.

- **Investment in a company where protection-worthy activities are planned to be conducted:** Notification is required if the investment results in the investor acquiring control over 10% or more of the voting rights in the company.
- **Participation in a partnership or sole proprietorship:** Notification is required if the investor becomes a partner in a partnership (Sw. *handelsbolag*) or a sole proprietorship (Sw. *enkelt bolag*) engaged in, or intended to be engaged in, protection-worthy activities.
- **Establishment of a foundation:** Notification is required when establishing a foundation (Sw. *stiftelse*) that intends to engage in protection-worthy activities.
- **Asset transactions:** Notification is required for any asset deal involving all or part of the protection-worthy activity.
- **Other forms of influence:** Notification is required if the investor gains direct or indirect influence over the management of a company engaged in the protection-worthy activities.

If a mandatory filing is not required, can a transaction be reviewed by a governmental authority and be blocked?

If the Inspectorate of Strategic Products has reason to believe that an investment may adversely impact Sweden's national security, it is authorized to review the transaction, regardless of whether a formal notification is required. Additionally, the Inspectorate of Strategic Products may initiate *ex officio* investigations in cases where a mandatory notification was required but has not been submitted.

If a transaction is outside of the home jurisdiction (e.g. a global transaction where shares of a foreign incorporated parent company are being bought by another foreign company, but the parent company that's been acquired has a subsidiary in your jurisdiction, could such a transaction trigger a mandatory FDI filing in your jurisdiction?

Yes, this will trigger the mandatory notification requirements under the Swedish FDI Act.

Can a governmental authority in such a transaction prohibit the indirect transfer of control of the subsidiary?

Yes, an investment in a non-Swedish parent company that has a subsidiary in Sweden that conducts protection-worthy activity will be subject to the mandatory notification requirements under the Swedish FDI Act as an indirect investment. As a result, the Inspectorate of Strategic Products may prohibit the transfer of control of the subsidiary.

20. What are typical exit transactions for foreign companies?

The most common exit transaction for foreign companies is the acquisition of businesses (in asset or stock transactions).

21. Do private companies prefer to pursue an IPO? i. on a domestic stock market, or ii. on a foreign stock market? iii. If foreign, which one?

Private companies in Sweden often prefer to pursue a domestic IPO due to their local investor access. If opting for a foreign IPO, choices may include NASDAQ or NYSE in the United States or London Stock Exchange.

22. Do M&A/Investment/JV agreements typically provide for dispute resolution in domestic courts or through international arbitration?

M&A/Investment/JV agreements typically provide for dispute resolution through arbitration. These agreements often stipulate dispute resolution through arbitration following the procedural rules and guidelines set forth by the Stockholm Chamber of Commerce.

It should be noted that although it is more common for the agreements to provide for dispute resolution through arbitration, it is not uncommon for the agreements to provide for domestic courts.

23. How long does a typical contract dispute case take in domestic courts for a final resolution?

A typical commercial dispute will generally take approximately two years in the district court and approximately another year in the appeal court (it is

possible to appeal to the Supreme Court but naturally, most cases are not granted leave). It should be noted that the time spent up and until a final resolution varies, depending on the complexity of the case, the specific district court handling the case and the responsible judge involved. Arbitration is advisable in international commercial contract disputes of any size since it normally takes approximately one year to reach a final resolution.

24. Are domestic courts reliable in enforcing foreign investors rights under agreements and under the law?

Yes. But generally, arbitration is advisable when you have a contract of some size and value.

25. Are there instances of abuse of foreign investors? How are cases of investor abuse handled?

No.

26. Are international arbitral awards recognized and enforced in your country?

Yes, the Swedish courts highly respect arbitral awards and will always follow the New York Convention.

27. Are there foreign investment protection treaties in place between your country and major other countries?

Yes, Sweden has signed numerous bilateral investment treaties and international agreements aimed at protecting foreign investments. Noteworthy among these are treaties with nations such as the United States, China, Germany, France, the United Kingdom, and many others.

Contributors

Anders Bäckman
Partner and Head of
Corporate/M&A

anders.backman@magnussonlaw.com



Carl Insulander
Senior Associate

carl.insulander@magnussonlaw.com



Ebba Svalling
Associate

ebba.svalling@magnussonlaw.com



Marcus Wallin
Associate

marcus.wallin@magnussonlaw.com

