

**EUR–USD SWAP AGREEMENT
DATED AS OF DECEMBER 22, 2011**

This Euro–US dollar swap agreement (“**Swap Agreement**”) is between the Federal Reserve Bank of New York, acting at the direction of the Federal Open Market Committee (“**FRBNY**”), and the European Central Bank (“**ECB**”) (together, the “**Parties**”) and is dated December 21, 2011 and takes effect from December 22, 2011 (the “**Effective Date**”).

WHEREAS, the Parties wish to create a temporary arrangement to purchase and subsequently repurchase Euro (“**EUR**”) and US dollars (“**USD**”) from each other to facilitate the functioning of financial markets and provide liquidity in EUR.

NOW THEREFORE, the Parties agree to the following Swap Agreement:

1. Commitments by the Parties to Purchase and Repurchase Currency

- a. The ECB agrees to sell EUR to the FRBNY and to purchase USD from the FRBNY by means of a spot transaction, with a simultaneous agreement by the ECB to sell USD to the FRBNY and to purchase EUR from the FRBNY on the maturity date of such swap transaction (the “**Maturity Date**”) by means of a forward transaction.
- b. The purchases and the subsequent repurchases under this Swap Agreement shall be referred to collectively as “**Swap Transactions**” and individually as a “**Swap Transaction**”.
- c. The Parties agree, at such times as they mutually agree, to enter into Swap Transactions provided that: (i) the ECB must receive at least one Business Days’ (defined below) prior notice before the proposed Value Date (defined below) of a proposed Swap Transaction (except in the case of a Swap Transaction where the Maturity Date is the first Business Day after the Value Date (“**Overnight Swap Transaction**”) where the ECB must receive notice by 3:00 p.m. Frankfurt time on the day on which the FRBNY wishes to enter into that Overnight Swap Transaction) and (ii) all Swap Transactions will have a maximum duration of 88 days or as otherwise agreed upon by the Parties. The Parties may agree to waive or modify either or both of these conditions (i) and (ii).
- d. The term “**Value Date**” will mean the day on which the ECB advances EUR to the FRBNY.
- e. The term “**Business Day**” will mean a day (other than Saturday or Sunday) on which TARGET2 is open for business.

2. Establishment of ECB Account on the Books of the FRBNY

- a. For the purposes of implementing this Swap Agreement the FRBNY will open an account in the name of the ECB (the “**ECB Account**”), which account shall be used solely in connection with the implementation of this Swap Agreement.
- b. No payment instructions shall be executed in connection with the ECB Account other than those executed in connection with the implementation of this Swap Agreement.

- c. No intra-day or overnight credit shall be granted by the FRBNY in respect of the ECB Account.

3. **Establishment of FRBNY Account on the Books of the ECB**

- a. For the purposes of implementing this Swap Agreement the ECB has opened an account in the name of the FRBNY (the “**FRBNY Account**”), which account shall be used solely in connection with the implementation of this Swap Agreement and for the transfer of EUR received under this Swap Agreement.
- b. No payment instructions shall be executed in connection with the FRBNY Account other than those executed in connection with the implementation of this Swap Agreement and for the transfer of EUR received under this Swap Agreement.
- c. No intra-day or overnight credit shall be granted by the ECB in respect of the FRBNY Account.
- d. The FRBNY Account shall not be used for settlement purposes with the FRBNY counterparties. Instead, the FRBNY is to establish a new or to use an existing settlement account for settlement purposes, with any of the Eurosystem central banks.

4. **Exchange Rate and Fee Proceeds**

- a. The EUR/USD exchange rate (the “**Exchange Rate**”) that shall apply to (i) each purchase of EUR and USD under this Swap Agreement and (ii) each repurchase of EUR and USD under this Swap Agreement, shall be based on the prevailing market spot exchange rate as mutually agreed upon by the Parties. The same exchange rate (i.e., the rate of the spot leg) shall be applied to both the spot and forward legs of the same Swap Transaction.
- b. The FRBNY shall pay a fee to the ECB in respect of EUR purchased by it under each Swap Transaction. Except as otherwise agreed upon by the Parties, the fee will be a EUR amount equal to the EUR Amount (defined below) multiplied by a rate (the “**ECB Rate**”) (rounded to 4 digits after the decimal point) to be agreed by the Parties at such times as they mutually agree to enter into a Swap Transaction under this Swap Agreement (the “**Fee**”). The Fee shall be calculated on a 360-day basis on the actual number of days from, and including the Value Date to, but excluding, the Maturity Date. On the Maturity Date, the Fee will be paid by the FRBNY to the ECB in EUR, and the ECB will debit the Fee from the FRBNY Account (defined below).
- c. There shall be no interest payable by the ECB on the USD portion of any Transaction, and the ECB shall hold the USD portion of such Transaction at the FRBNY, in a non-interest-bearing account.

5. **Transaction Procedures**

- a. At such time as either Party may desire to initiate a Swap Transaction, the Parties will agree on the following terms of each Swap Transaction by means mutually agreed upon by both Parties:
 - i) amount of EUR to be purchased by the FRBNY (the “**EUR Amount**”) and, based on the applicable Exchange Rate, the amount of USD to be purchased by the ECB (the “**USD Amount**”);

- ii) Value Date;
 - iii) Exchange Rate;
 - iv) the Fee (calculated in accordance with paragraph 4(b) above); and
 - v) Maturity Date.
- b. Once the Parties have agreed on the terms described in Paragraph 5(a), the Parties shall confirm their agreement without delay by means of a SWIFT message or if SWIFT is not available by means mutually agreed upon by the Parties.
 - c. On the Value Date, the EUR Amount shall be credited to the FRBNY Account and the USD Amount shall be credited to the ECB Account.
 - d. On the Maturity Date, an amount equal to the aggregate of the EUR Amount and the Fee shall be paid by the FRBNY to the ECB by the ECB debiting the FRBNY Account.
 - e. On the Maturity Date, an amount equal to the USD Amount, without any return thereon, shall be paid by the ECB to the FRBNY by the FRBNY debiting the ECB Account.
 - f. Each Party shall provide the other Party with a statement of account with respect to every movement on the other Party's account.

6. Rollover and Set-off

- a. In the event that the FRBNY does not pay any amount due under a Swap Transaction on the Maturity Date, the Parties agree to roll over any shortfall (“**Shortfall**”) into a new overnight Swap Transaction (“**Rollover Swap Transaction**”), and the FRBNY shall credit the USD equivalent amount of the Shortfall to the ECB Account as soon as possible and no later than the next day on which banks are open for business in New York. The amount of EUR purchased by the FRBNY under the Rollover Swap Transaction will not exceed the EUR Amount and any associated Fee under the Swap Transaction that it replaces.
- b. Except as otherwise agreed upon by the Parties, the Exchange Rate and rates for determining the Fee for any Rollover Swap Transaction shall be the same respective rates as for the maturing Swap Transaction that experienced the Shortfall. All amounts due under a Rollover Swap Transaction will be paid on the maturity of the Rollover Swap Transaction.
- c. Notwithstanding Section 6(a), if at any time the FRBNY fails to pay any amounts owed under this Swap Agreement with respect to a particular Swap Transaction on the applicable Maturity Date, the ECB is authorised to set off any obligations it may owe to the FRBNY with respect to such Swap Transaction against the corresponding USD held by the ECB in respect of such Swap Transaction in the ECB Account pursuant to Section 5(c). The Parties shall use the prevailing market rate (as reasonably determined by the ECB) applicable on the same date as any set-off calculation to be performed.

7. Warranties

- a. Authority. Except as otherwise provided herein, each of the Parties warrants and represents that it has the full power and authority to enter into and perform its obligations under this Swap Agreement.
- b. Covenant to Inform. In the event there is any change in law, act or other change of fact or circumstance as a result of which one of the Parties is not able to perform all of its obligations under this Swap Agreement, such Party shall inform the other Party as soon as reasonably practicable of such change in law, act or other change of fact or circumstance and the steps that it plans to take in response.
- c. Repetition. On each occasion that a Swap Transaction is entered into under this Agreement, the warranties set out in this paragraph 7 shall be deemed to be repeated.

8. Termination

- a. The Parties may, at any time, mutually agree to terminate any Swap Transaction entered into under this Swap Agreement prior to the Maturity Date for that Swap Transaction. In case of any such early termination of a Swap Transaction, the amounts payable at the early maturity of the Swap Transaction shall be adjusted, as agreed between the ECB and the FRBNY, and such adjusted amounts shall be confirmed without delay by means of a SWIFT message.
- b. Unless otherwise mutually agreed to by the Parties, this Swap Agreement will terminate on February 1, 2013 (“**Termination Date**”). For greater certainty, the Maturity Date of any Swap Transaction may extend past the Termination Date.
- c. The Parties may, at any time, mutually agree to terminate this Swap Agreement or either Party may unilaterally terminate this Swap Agreement with 30 days’ prior written notice to the other Party. At such time that this Swap Agreement is terminated for any reason, the terms and conditions of this Swap Agreement and any outstanding Swap Transaction shall continue to apply until all amounts owed by either Party under this Swap Agreement have been repaid in full.

9. Communications

- a. Any notice, request, document or other communication submitted by a Party under this Swap Agreement shall be in the form of a record, shall refer to this Swap Agreement, and shall be deemed fully given when delivered or made to the other Party in accordance with the contact details set out below (and, in the case of by hand, postal, or FAX communication, marked for the attention of the appropriate person). The Parties’ contact details are:

To ECB:

Mail Address:
Kaiserstrasse 29
60311 Frankfurt am Main
Germany
Attn: Front Office Division

S.W.I.F.T.: ECBDDEFF
Facsimile: +49-69-1344-6232
E-mail: Holger.Neuhaus@ecb.europa.eu with a copy to
FrontOfficeRestricted@ecb.europa.eu

To FRBNY:

Mail Address:

33 Liberty Street
New York, NY 10045/-001
United States of America
Attention: Timothy Fogarty

SWIFT: FRNYUS33

Telephone: 1-804-698-7002
1-212-720-1391

Facsimile: 1-212-720-2717

E-Mail: communications.cbias@ny.frb.org with a copy to
account.relations@ny.frb.org

- b. These contact details may be changed by a Party upon written notice (including by e-mail) to the other Party.

10. Recording

The Parties agree that each may electronically record all telephone conversations between them with respect to this Swap Agreement.

11. Survival of Covenants

All covenants, agreements and warranties made herein shall survive after the execution and delivery of this Swap Agreement and shall remain in full force and effect until repayment in full of all amounts owed pursuant to this Swap Agreement.

12. Counterparts and Effective Date

This Swap Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute but one and the same instrument. This Swap Agreement shall become effective as of the Effective Date.

IN WITNESS WHEREOF, this agreement is signed and executed by the authorised representatives of the Parties as of the Effective Date.

**THE FEDERAL RESERVE BANK OF
NEW YORK**

EUROPEAN CENTRAL BANK



By: Brian P. Sack

Title: Executive Vice President

Date:

By: José Manuel González-Páramo

Title: Executive Board Member

Date:

By: Francesco Papadia

Title: Director General, Market Operations

Date:

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**THE FEDERAL RESERVE BANK OF
NEW YORK**

EUROPEAN CENTRAL BANK



By: Brian P. Sack
Title: Executive Vice President
Date:

By: José Manuel González-Páramo
Title: Executive Board Member
Date: 22.12.2011



By: Francesco Papadia
Title: Director General, Market Operations
Date: 21.12.2011