

Zurich, 29 October 2008

Department III
Money Market and Foreign Exchange

Instruction Sheet on Participation in EUR/CHF Foreign Exchange Swaps of the Swiss National Bank

The Swiss National Bank (SNB) holds auctions for EUR/CHF foreign exchange swaps whenever necessary. Auctions will be announced on Reuters (SNBAUCT1/2), Bloomberg (SNB <go> menu item 7) and the SNB website (www.snb.ch, Financial Markets/Monetary policy operations/Foreign exchange swap).

Tender procedure

- The foreign exchange swaps are conducted as volume tenders at the published price, in swap points.

Eligibility to participate

- Participation is open to all domestic and foreign banks that are eligible to participate in the SNB's main refinancing and fine-tuning operations.
- Banks belonging to the TOIS and Libor reference bank panel that are not eligible to participate in the SNB's main refinancing and fine-tuning operations may submit a written application to participate in EUR/CHF foreign exchange swaps.
- All eligible banks must submit the completed Master Data/Contact Sheet (cf. Annex 1 hereto) at least 24 hours prior to their first participation.

Bids

- During the period specified for the auction, the SNB will take bids by telephone (+41 44 631 85 00).
- The minimum bid amount is EUR 1 million. There is no bid ceiling.
- During the auction period, bids can be withdrawn or modified (increased/reduced). The allocation will be based on the amount of valid bids at the close of the auction.
- Banks that do not comply with the above provisions will be excluded from the auction.

Zurich, 29 October 2008

2

Allocation

- If the bids exceed the SNB's desired allocation volume, the requested amount will be reduced pro rata. Otherwise, counterparties will be allocated the full amount for which they have submitted a bid.
- The allocation will be confirmed by telephone within 60 minutes after the close of the auction. In the case of bids exceeding EUR 200 million, the settlement instalments will be defined during this telephone call.

Collateralisation

- In terms of the amount allocated (nominal amount in EUR), the CHF countervalue less a haircut will be paid out. To this end, the percentage haircut set for the corresponding swap term will be deducted from the EUR/CHF spot rate prevailing on the market, and published as the reference rate by the SNB at the time the auction is announced. The resulting rate will be used to calculate the transaction.
- The SNB will perform a valuation of outstanding operations with all counterparties on a daily basis. It shall, at all times, retain the right to request additional collateral (in the form of EUR or CHF cash margin or SNB eligible securities), if the market value of the EUR paid in falls below the amount paid out in CHF.

Confirmation

- The contractual parties will mutually confirm the conclusion of transactions in writing. This confirmation will take place at close of business, usually by SWIFT message.

Settlement

- The following channels shall be used for effecting payments to the SNB (SNBZCHZZ80A):

EUR: Deutsche Bundesbank, Frankfurt, MARKDEFF, account number: 5040040430

CHF: via Swiss Interbank Clearing (SIC) to BC 001008

- By participating in the auction, counterparties undertake to effect both the EUR and the CHF payments by 14.00 at the latest.
- The SNB shall only initiate payment once it has received the amount in the other currency from the counterparty.
- If a counterparty defaults on a payment obligation, default interest will be payable to the SNB until the day when the payment is made. The rate charged for default interest shall be 2 percentage points above the one-week SNB repo rate, or – for terms beyond one week – above the CHF TOIS rate for the corresponding term on the day the foreign exchange swap is entered into.

Zurich, 29 October 2008

3

Publication of results

- A summary of the auction result will be published on the day of the auction.

Who to contact at the Swiss National Bank

Deal initiation: Money Market and Foreign Exchange, telephone +41 44 631 85 00

Deal confirmation/processing: Back Office, telephone +41 44 631 33 20

Zurich, 29 October 2008

4

Annex 1 to the Instruction Sheet on Participation in EUR/CHF Foreign Exchange Swaps of
the Swiss National Bank

Send by fax to **+41 44 631 39 31** or by e-mail to **mmfxops@snb.ch**

Master Data/Contact Sheet

Details of participating bank

Name	_____
Place	_____
SWIFT BIC	_____

Correspondent bank for EUR

Name	_____
Place	_____
SWIFT BIC	_____
Participant's account number Bank	_____

Correspondent bank for CHF

Name	_____
Place	_____
SWIFT BIC	_____
SIC BC number	_____
Participant's account number Bank	_____

Contact person(s)

Trading desk

(1)	First name, surname	_____
	Telephone number	_____
	E-mail	_____
(2)	First name, surname	_____
	Telephone number	_____
	E-mail	_____

Back office (confirmations)

(1)	First name, surname	_____
	Telephone number	_____
	E-mail	_____
(2)	First name, surname	_____
	Telephone number	_____
	E-mail	_____

Zurich, 29 October 2008

5

EUR clearing

(1) First name, surname
Telephone number
E-mail

(2) First name, surname
Telephone number
E-mail

CHF clearing

Same as for EUR?

☐ Yes ☐ No (fill in the boxes below)

(1) First name, surname
Telephone number
E-mail

(2) First name, surname
Telephone number
E-mail

The Swiss National Bank will confirm receipt of this Sheet within 24 hours, by sending an e-mail to all contact persons listed.

The participating bank hereby confirms that it has read and understood the contents of this Instruction Sheet, and agrees with the terms and conditions thereof in their most up-to-date version.

Signature(s):

Place / date:

