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TENDER PROCEDURE FOR THE PROVISION OF SWISS FRANCS TO EUROSYSTEM COUNTERPARTIES THROUGH FX SWAP OPERATIONS

Following a decision by the ECB's Governing Council, the Eurosystem central banks will offer to conduct foreign exchange swap operations with the following characteristics:

- Type:** Provision of Swiss franc (CHF) funding to Eurosystem counterparties against euro (EUR) cash via foreign exchange swap operations as set out in Section 3.4 of the General Documentation on Eurosystem monetary policy instruments and procedures (the 'GD'), with the deviations contained in this statement of tender procedure:
- Intended volume:** The maximum amount to be allotted by the ECB will be included in the announcement of each operation.
- Type of auction:** Fixed price tender expressed in swap points.
- Method of allotment:** Full allotment at the fixed price, if the aggregate bid amount is equal or less than the intended maximum amount; otherwise the allocation is carried out on a pro rata basis.
- Auction details:** Counterparties may submit bids for the EUR amount they wish to swap at the fixed rate into CHF. The minimum bid amount is equal to EUR 1 million; there is no maximum bid amount. Bids exceeding this amount must be expressed as multiples of EUR 0.1 million.
- The publication of the announcement of the tender and the allotment will take place on wire services. The value date of the operations will normally be T+2. The exact settlement and maturity date will be indicated in the announcement of each operation.
- Eligible counterparties:** All institutions which have been selected according to Annex 3 of the GD and which have provided their CHF standard settlement instructions (SSIs) and a Statement of Acknowledgement (specified below) to their respective NCB in advance of the bid submission are deemed eligible. In addition, counterparties eligible for USD foreign exchange swap tenders are also deemed eligible for CHF foreign exchange swap operations.
- Risk control measures:** An initial margin will be applied to the CHF amount and factored into the spot foreign exchange rate. The initial margin will be 5% for 1-week and 15% for 84-day operations.

The spot foreign exchange rate and the spot foreign exchange rate incorporating the initial margin will be communicated in the tender announcement.

Settlement details:

A payment after payment procedure will be applied. On the settlement date, market counterparties are required to pay EUR funds to their local NCB by 13:00 CET; on receipt, the NCB will submit the corresponding CHF payment instruction to the SNB as soon as possible thereafter. On the maturity date, market counterparties are required to pay back CHF funds to the accounts of NCBs at the SNB by 13:00 CET. On receipt, the NCB will transfer EUR funds back to the counterparty.

Where netting of new and maturing operations takes place, counterparties are required to pay the net amount due in EUR or CHF as appropriate to their local NCB by 13:00 CET on the date on which payment is due. On receipt, the NCB will transfer the corresponding net amount in EUR or CHF as appropriate to the counterparty.

Legal requirements:

The operations set out in this note will take place in principle using existing legal documentation between the respective NCB and its eligible market counterparties. If certain NCB amendments are needed to such legal documentation, the NCBs will implement such amendments for the purpose of such operations.

Market counterparties wishing to participate in any EUR/CHF foreign exchange swap operation are required, before bidding, to provide to their respective NCB their CHF Standard Settlement Instructions (SSIs) and a Statement of Acknowledgement. In such Statement of Acknowledgement, market counterparties are required to explicitly acknowledge – as a condition of their participation in the tender –

- that they are bound by the conditions of the tender set out in this note and communicated in the tender announcement; and
- the applicability of existing legal documentation between the counterparty and the NCB to the operation in question (unless amendment of the legal documentation is necessary).

The provision of CHF SSIs by market counterparties to their respective NCB should be effected via SWIFT. The Statement of Acknowledgement may similarly be communicated via SWIFT or in another form as required by applicable national laws.

In the event of non-compliance by a counterparty with the requirements set out in this document, the procedures and sanctions set out in Annex 6 of the GD will be applicable.