



EUROPEAN CENTRAL BANK

## EURO-SWISS FRANC SWAP AGREEMENT

This Euro-Swiss Franc Swap Agreement (the “Agreement”) is between the European Central Bank (the “ECB”) and the Banque Nationale Suisse/ Schweizerische Nationalbank (the “SNB”) (each a “Party”, and together the “Parties”).

**WHEREAS**, the Parties wish to establish a standing arrangement to purchase and subsequently repurchase euro (EUR) and Swiss Francs (CHF) from each other to facilitate the functioning of financial markets and provide liquidity in EUR in case of adverse developments in the markets;

**WHEREAS**, Article 105(5) of the Treaty establishing the European Community (the “Treaty”) provides that the European System of Central Banks (the “ESCB”) shall contribute to the stability of the financial system, and Article 23 of the Protocol annexed to the Treaty on the Statute of the ESCB and of the ECB provides that the ECB may establish relations with central banks in other countries and conduct all types of banking transactions in relations with third countries;

**WHEREAS**, Article 99(2) of the Federal Constitution of Switzerland provides that the Swiss National Bank shall pursue, as an independent central bank, a monetary policy serving the interests of the country as a whole, a mandate which implies responsibilities for the stability of the financial system, and pursuant to Article 14, paragraph 3, of the National Bank Statute the Swiss National Bank has the right to enter into transactions, including swap-transactions, with domestic and foreign counterparties, including other central banks;

**NOW THEREFORE**, the Parties have agreed as follows:

### Article 1

#### *Standing Arrangement by the Parties for the Purchase and Repurchase of Currency*

1. From time to time the ECB may agree to sell EUR to the SNB and to purchase CHF from the SNB by means of a spot transaction, with a simultaneous agreement by the ECB to sell CHF to the SNB and to purchase EUR from the SNB on the maturity date of such swap transaction (the “Maturity Date”) by means of a forward transaction. The purchases and subsequent repurchases under this Agreement shall be referred to collectively as “Swap Transactions” and individually as a “Swap Transaction”.

2. The Parties agree, at such times as they may mutually agree from time to time, to enter into Swap Transactions up to an aggregate outstanding value of EUR 10,000,000,000 (Ten Billion EUR) at any given time.
3. All Swap Transactions are subject to the prior approval of the ECB.
4. The Parties agree to co-ordinate the dissemination of any information to the general public regarding the entry into this Agreement or the entry into any Swap Transactions under this Agreement.

## **Article 2**

### ***Establishment of ECB Account on the books of the SNB***

1. For the purposes of implementing this Agreement, the SNB shall open an account [REDACTED] in CHF in the name of the ECB (the "ECB Account").
2. The ECB Account shall be used solely in connection with the implementation of this Agreement, and no payment instructions shall be executed in connection with the ECB Account other than those executed in connection with the implementation of this Agreement.
3. The SNB shall provide the ECB with a statement of account with respect to every movement on the ECB Account, and otherwise on an annual basis.
4. Except as otherwise agreed in writing by the Parties, the SNB shall not charge the ECB for any costs incurred by the SNB in connection with the operation of the ECB Account.

## **Article 3**

### ***Determination of Exchange Rate and Interest Rates***

1. The EUR/CHF exchange rate (the "Exchange Rate") that shall apply to (i) each purchase of EUR and CHF under this Agreement and (ii) each repurchase of EUR and CHF under this Agreement shall be based on the prevailing market spot exchange rate at the time of each such purchase of EUR and CHF, as quoted by the EBS (Electronic Broking Services) System. The same exchange rate shall be applied on both the spot and forward legs of each Swap Transaction.
2. Interest payable by the SNB on the EUR part of the spot leg of each Swap Transaction shall, unless otherwise agreed by the Parties at the time they enter into each Swap Transaction, be based on [REDACTED]

████████████████████ Interest payable by the SNB on the EUR part of the spot leg of each Swap Transaction shall be calculated on a 360-day basis from, and including, the Value Date to, but excluding, the Maturity Date.

3. No interest shall be payable by the ECB on the CHF part of the spot leg of any Swap Transaction, provided, however, that the ECB shall hold the CHF part of the spot leg of any Swap Transaction in the ECB Account.

#### **Article 4**

##### ***Transaction Procedures***

1. At such time as the SNB may desire to initiate a Swap Transaction, the SNB shall endeavour to give the ECB as much advance notice as is practicable of its intentions and of the reasons for initiating such Swap Transaction. As far as possible, the SNB shall endeavour not to request the ECB to initiate a Swap Transaction with a value date occurring during the time interval (i) from and including the date of the allotment of the Eurosystem's last main refinancing operation of any given maintenance period for the application of the ECB's minimum reserve requirements (ii) to and including the last date of such maintenance period.
2. The ECB shall respond to any request made by the SNB to initiate a Swap Transaction within two business days of receipt of such request.
3. At such time as the ECB is agreeable to initiate a Swap Transaction, the Parties shall confer by telephone and agree on the following terms for the relevant Swap Transaction: (i) Amount; (ii) Value Date, which shall, unless otherwise agreed by the Parties at the time they enter into each Swap Transaction, be not less than two business days thereafter; (iii) Exchange Rate as quoted by the EBS; (iv) Maturity Date, which shall, unless otherwise agreed by the Parties at the time they enter into each Swap Transaction, be based on a standard ██████████ maturity up to a maximum maturity of three months; and (v) applicable Interest Rate. Once the Parties have agreed on these terms on the telephone, the Parties shall confirm such oral agreement by means of a SWIFT message.
4. The Parties agree that each may electronically record all telephone conversations between them concerning Swaps Transactions entered into under this Agreement.
5. On the Value Date, the EUR amount shall be credited to the SNB's account on the books of the Deutsche Bundesbank ██████████ (the "SNB Account"), and the CHF amount shall be credited to the ECB Account. On the Maturity Date, the EUR amount, together with interest thereon as agreed by the Parties, shall be repaid to the ECB directly via TARGET, specifying ██████████ and ██████████ in

the related payment instruction. On the Maturity Date, the CHF amount shall be repaid to the SNB, without any interest thereon, through the ECB Account.

### **Article 5**

#### ***Liability and set-off***

1. Each Party shall be fully liable to the other for the performance of its respective obligations under this Agreement, and shall be liable for all losses or costs arising from any negligence in the performance of its respective obligations under this Agreement; provided, however, that neither Party shall have any liability to the extent that it is unable to perform its obligations under this Agreement due to circumstances beyond its reasonable control.
  
2. In the event a Party fails to fulfil its obligations under this Agreement with respect to a particular Swap Transaction on the applicable Maturity Date, the non-defaulting Party is authorised to set off any obligation it may owe the defaulting Party against the currency held by the non-defaulting Party pursuant to this Agreement.

### **Article 6**

#### ***Communications***

All communications between the Parties made pursuant to or in connection with this Agreement shall be in English, unless otherwise agreed by the Parties. Any notice, request, document or other communication submitted by a Party under this Agreement shall refer to this Agreement and shall be deemed fully given or sent when delivered to the other Party at one of the following addresses:

To the ECB:

European Central Bank  
 Kaiserstrasse 29  
 60311 Frankfurt am Main  
 Germany  
 Facsimile: [REDACTED]  
 SWIFT: [REDACTED]  
 E-mail: [REDACTED]  
 Attention: Back Office Division

To the SNB:

Banque Nationale Suisse/ Schweizerische Nationalbank  
 Börsenstrasse 15  
 Postfach  
 CH-8022 ZürichSwitzerland  
 Facsimile: [REDACTED]  
 SWIFT: [REDACTED]  
 E-mail: [REDACTED]  
 Attention: Money Market and Foreign Exchange Section

These addresses may, at any time, be changed by either Party by written notice to the other Party.

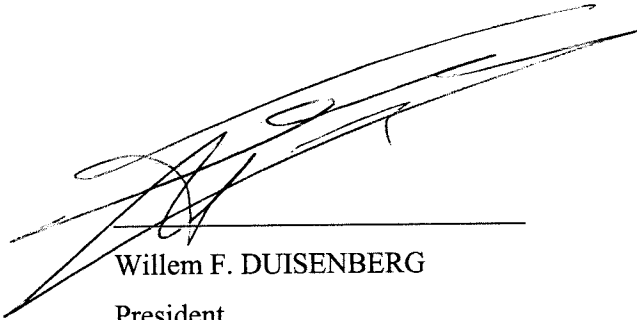
**Article 7**

***Amendments; Entry into Force; Termination; Renewal***

1. Any amendments to this Agreement shall be required to be in writing and to be signed by both Parties.
  
2. This Agreement shall become effective as of the date of the last signature hereto and shall continue in full force and effect until it is terminated. The Parties may, at any time, mutually agree to terminate this Agreement, and either Party may, upon one month's prior written notice, unilaterally terminate this Agreement. In the event that this Agreement is terminated for any reason, the terms and conditions of this Agreement shall continue to apply until all amounts payable by each Party under this Agreement shall have been paid in full.
  
3. The Parties may, at any time, mutually agree to terminate or, upon two business days' advance notice, to renew any Swap Transaction entered into under this Agreement. At such time as both Parties desire to terminate or renew a Swap Transaction, the Parties shall confer by telephone and agree on the adjusted terms for the relevant Swap Transaction, following the procedure set forth in Article 4.3 above. Once the Parties have agreed on these adjusted terms on the telephone, the Parties shall confirm such oral agreement by means of a SWIFT message.

On behalf of the

**EUROPEAN CENTRAL BANK**




Willem F. DUISENBERG

President

Date: 23 January 2003

On behalf of the

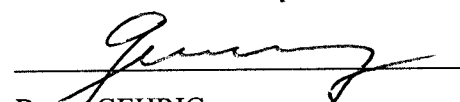
**BANQUE NATIONALE SUISSE/  
SCHWEIZERISCHE NATIONALBANK**



Jean-Pierre ROTH

Chairman of the Governing Board

Date: 27.01.2003



Bruno GEHRIG

Vice-Chairman of the Governing Board

Date: 28.7.2003