

Regulations on the Risk Committee of the Swiss National Bank

of 14 May 2004

I. General

Art. 1 Purpose

These Regulations lay down the tasks and powers of the Risk Committee of the Swiss National Bank (SNB), its composition, organisation and reporting activities.

Art. 2 Basis

Pursuant to art. 12 of the Organisation Regulations of the SNB, the Bank Council shall establish a Risk Committee. The Risk Committee shall assist the Bank Council in overseeing risk management and the investment process, and it shall assess risk control.

Art. 3 Composition

¹ The Risk Committee shall consist of two to three members of the Bank Council. Each year, at its first meeting following the ordinary General Meeting of Shareholders, the Bank Council shall appoint the members and the chairperson of the Risk Committee.

² The members of the Risk Committee shall be independent, in particular, of the Governing Board.

II. Tasks

Art. 4 Risk management

¹ The Risk Committee shall oversee, for the attention of the Bank Council, the risk management for the investment of the SNB's monetary assets and free assets.

² Risk management includes the guidelines on the security of investments and the risk control process.

³ The Risk Committee shall regularly discuss the principles of risk management with the management of Department III and the head of Risk Management.

Art. 5 Investment process

¹ The Risk Committee shall assess, for the attention of the Bank Council, the principles of the investment process. It shall be notified of significant changes in the investment process in good time.

² The Risk Committee shall regularly assess, for the attention of the Bank Council, the effectiveness and adequacy of the investment process. It shall examine, in particular, the separation of responsibilities between monetary policy and investment policy operations, and between the determination of the investment strategy and its implementation.

Art. 6 Risk control

¹ The Risk Committee shall discuss the quarterly reports on the monitoring of the market, credit and liquidity risks, and it shall be informed about compliance with the risk management principles by the head of Risk Management.

² The Risk Committee shall regularly assess, for the attention of the Bank Council, the effectiveness and adequacy of the risk assessment methods and models used, as well as their impact on risk management and risk statements.

Art. 7 Additional tasks

¹ It is in the Risk Committee's discretion to deal with additional aspects and areas which are connected to its mandate pursuant to art. 2, such as operational, legal or reputational risks.

² The Risk Committee shall regularly assess its area of activity, the way it carries out its responsibilities, and its performance. It shall periodically verify the adequacy of these Regulations and submit any proposals for modification to the Bank Council.

³ The Risk Committee shall coordinate its activities with those of the Audit Committee.

III. Powers

Art. 8 Right of inspection and right of information

The Risk Committee shall be given access to all records and information required to fulfil its mandate pursuant to art. 2. If necessary, it may question SNB employees. As a matter of principle, the head of the relevant department

must be notified beforehand. The President of the Bank Council shall decide on any exceptions.

Art. 9 Further investigations

The Risk Committee may conduct further investigations that it considers necessary for the purpose of these Regulations. For this purpose, additional internal and/or external resources (e.g. specialists) may be called upon. The head of Department III must be notified beforehand.

IV. Organisation

Art. 10 Meetings

¹ The Risk Committee shall convene at least twice a year. Additional meetings may be convened if necessary.

² The management of Department III and the head of Risk management shall generally attend the meetings of the Risk Committee in an advisory capacity. The chairperson of the Committee shall decide on any exceptions. If necessary, SNB experts shall be called upon to attend meetings.

³ The President of the Bank Council is entitled to participate in the meetings of the Risk Committee (without voting rights).

Art. 11 Chair

¹ The chairperson shall organise the work of the Risk Committee and fix the agenda for the meetings. He/she shall convene the meetings at least five days in advance, chair the meetings and ensure reporting to the Bank Council.

² If the chairperson is unavailable, the meeting shall be chaired by a deputy.

Art. 12 Resolutions and minutes

¹ If the Risk Committee consists of three members, it shall constitute a quorum if two members are present. Resolutions shall be passed with a majority of the votes cast. In the event of a tie, the chairperson shall have the casting vote.

² If the Risk Committee consists of two members, it shall constitute a quorum if both members are present. Resolutions will require a unanimous vote.

³ In urgent cases, resolutions may also be passed by conference call or by circular letter, unless one member requests that a meeting be held. Such resolutions shall be included in the minutes of the next meeting.

⁴ Minutes shall be kept of the meetings. They shall contain the wording of the resolutions and, in case of discussions on key matters, the justification for the resolutions.

V. Reporting

Art. 13 Informing the Bank Council

¹ The Bank Council shall receive the minutes of the Risk Committee's meetings. The chairperson of the Risk Committee shall immediately notify the President of the Bank Council of any significant events of an urgent nature.

² The chairperson shall inform the Bank Council at its next meeting of any significant findings of and decisions made by the Risk Committee. He/she shall submit the necessary recommendations to the Bank Council.

Art. 14 Activity report

The Risk Committee shall submit an annual activity report to the Bank Council, commenting on the fulfilment of its mandate pursuant to art. 2 and summarising its findings and recommendations.

VI. Final provisions

Art. 15 Entry into force

These regulations shall enter into force on 1 July 2004.

Issued by the Governing Board on 14 May 2004.