

3 Corporate governance

The Swiss National Bank (SNB) is a special-statute joint-stock company that is administered with the cooperation and under the supervision of the Confederation. Its organisational structure and responsibilities are governed by the National Bank Act of 3 October 2003 (NBA) and the Regulations on the Organisation of the Swiss National Bank of 14 May 2004 (Organisation Regulations). At the SNB, statutes and regulations fulfil the function of articles of association. The National Bank has a share capital totalling CHF 25 million which is fully paid up.

In autumn 2008, the National Bank established the SNB StabFund Limited Partnership for Collective Investment (stabilisation fund) to take over illiquid assets from UBS as part of the package of measures aimed at strengthening the Swiss financial system. It thereby constitutes a group as defined in art. 663e of the Swiss Code of Obligations (CO) and is required to draw up consolidated financial statements. Details on the stabilisation fund may be found on pp. 83–90 of the accountability report and in the chapter providing financial information on the stabilisation fund on pp. 163–172 of the financial report. The companies included in the consolidated financial statements are listed under Reporting entities (p. 181).

The corporate bodies of the SNB are the General Meeting of Shareholders, the Bank Council, the Governing Board and the Audit Board.

The Bank Council oversees the conduct of business at the National Bank. Six of its members are appointed by the Federal Council, while the five others are elected by the General Meeting of Shareholders. The Bank Council has established a Compensation Committee, a Nomination Committee, an Audit Committee and a Risk Committee. Each of these committees has three members.

The Governing Board is the SNB's management and executive body. Its three members are appointed for a six-year term by the Federal Council on the recommendation of the Bank Council. The operational management of the SNB is in the hands of the Enlarged Governing Board, which is made up of the three Governing Board members and their deputies. The Board of Deputies is responsible for running daily operations.

The Audit Board examines whether the accounting records, the annual financial statements, the consolidated financial statements and the proposal for the allocation of the net profit are in accordance with the statutory requirements. For this purpose, it is entitled to inspect the SNB's business activities at any time. It is appointed for a term of one year by the General Meeting of Shareholders. The auditors must meet special professional qualifications pursuant to art. 727b CO, and they must be independent of the Bank Council, the Governing Board and the controlling shareholders.

Basic principles

Corporate bodies and responsibilities

Shareholder rights are also governed by the National Bank Act, with the provisions of company law being subsidiary to those of the NBA. As the National Bank fulfils a public mandate and is administered with the cooperation and under the supervision of the Confederation, shareholder rights are restricted as compared with a joint-stock company under private law. Shareholders from outside the public law sector may be registered for a maximum of 100 votes. Shareholders may be represented at the General Meeting of Shareholders by other shareholders only. Only five of the eleven members of the Bank Council are elected by the General Meeting of Shareholders. Dividends are limited to 6% of the share capital, while one-third of the remaining distributable profit is paid out to the Confederation and two-thirds to the cantons.

The business report and the annual financial statements must be approved by the Federal Council before being submitted to the General Meeting of Shareholders. Other provisions deviating from company law concern the convocation of the General Meeting of Shareholders, its agenda and adoption of resolutions. Agenda items with motions from shareholders must be signed by at least 20 shareholders and submitted to the President of the Bank Council in writing in due time before invitations are sent out.

Important information on the structure and organisation of the SNB, as well as the remuneration and eligibility of its corporate bodies, may be found in various parts of this report. References to the relevant sections are contained in the tables at the end of this chapter.

In 2009, the Bank Council held six ordinary half-day meetings (in February, April, June, August, October and December) and one extraordinary half-day meeting in April, all of which were also attended by the members of the Governing Board. The business it dealt with included, in particular, reviewing the SNB's provisioning policy, monitoring the stabilisation fund's activities, revising the regulations on the recognition and representation of the SNB's shareholders as well as the SNB's General Terms of Employment, approving the renovation of a building in Zurich owned by the SNB and an investment project at the SNB's Hasliberg vacation centre, and taking note of the SNB's annual reports on financial and operational risk as well as its building and human resources strategies. In addition, the Bank Council presented a proposal for the election of a new Governing Board member and a new alternate member of the Governing Board to the Federal Council.

The Compensation Committee met once. The Nomination Committee met five times. The Audit Committee held five half-day meetings, which were regularly attended by representatives of the Audit Board. The Risk Committee held three half-day meetings.

The remuneration of SNB supervisory and executive bodies as set out in the remuneration regulations specifies that Bank Council members shall receive a fixed annual remuneration plus attendance compensation for committee meetings that are not held on the same day as meetings of the Bank Council. The National Bank does not make severance payments to members of the Bank Council.

Remuneration paid to members of the Enlarged Governing Board is made up of their salary plus lump-sum compensation for representation expenses, with guidance on applicable levels of remuneration being obtained from other companies of a similar size and complexity in the financial sector and from large federally run companies (cf. tables on remuneration for the Bank Council and executive management, p. 147).

In accordance with the SNB's Regulations, the members of the Governing Board are not allowed to carry out any paid or unpaid activity for a bank in Switzerland or abroad for a period of six months following the termination of their contract of employment. For alternate members of the Governing Board, the period is three months. The members of the Governing Board and their deputies are free to take up activities for companies outside the banking sector. However, they need the approval of the Bank Council if they join such a company within the above-mentioned periods. Given the regulatory restrictions, the members of the Governing Board and their deputies are entitled to payment within these periods. Jean-Pierre Roth, former Chairman of the Governing Board, is entitled to payment amounting to six monthly wages, less pension benefits paid out to him by the SNB pension fund and any earnings from activities that require the approval of the Bank Council carried out within this period for companies outside the banking sector. Ulrich Kohli, former Alternate Member of the Governing Board, is entitled to payment amounting to three monthly wages, less the above-mentioned benefits and earnings.

In addition, Jean-Pierre Roth received a farewell gift amounting to CHF 71,000 in accordance with the relevant SNB regulations. Ulrich Kohli received a farewell gift amounting to CHF 12,598.

On 31 December 2009, members of the Bank Council did not hold any SNB shares, while members of the Enlarged Governing Board held six.

PricewaterhouseCoopers Ltd (PwC) holds the auditing mandate. It has been auditing the annual financial statements of the SNB (parent company) since 2004 and, in 2008, audited the consolidated financial statements for the first time. The lead auditor for the annual financial statements of the parent company and the consolidated financial statements was appointed in 2008. Fees for the statutory auditing mandate totalled CHF 326,734. PwC was also entrusted with the task of auditing the SNB's stabilisation fund. For the audit as of 31 December 2009, fees of CHF 944,728 were paid. Furthermore, PwC provided additional services amounting to CHF 34,432.

Information for shareholders

Notifications to shareholders are, in principle, communicated by post to the address listed in the share register and published in the *Swiss Official Gazette of Commerce*. Shareholders do not receive any information which is not also made available to the public.

Listed registered shares

SNB registered shares are traded on the stock market. At the end of 2009, a total of 53.5% of the shares were held by cantons and cantonal banks. The remaining shares are mostly held by private individuals. The major shareholders were the Canton of Berne with 6.6% (6,630 shares), the Canton of Zurich with 5.2% (5,200 shares), Theo Siegert (Düsseldorf) with 5.0% (4,995 shares), the Canton of Vaud with 3.4% (3,401 shares) and the Canton of St Gallen with 3.0% (3,002 shares). The Confederation is not a shareholder of the SNB.

Cross reference tables

The basic features of the SNB's structure and organisation are defined by the National Bank Act (NBA), the Organisation Regulations and the regulations relating to the Bank Council committees.

NBA (SR 951.11)	www.snb.ch , <i>The SNB, Legal basis, Constitution and laws</i>
Organisation Regulations (SR 951.153)	www.snb.ch , <i>The SNB, Legal basis, Guidelines and regulations</i>
Regulations of the Compensation Committee, Nomination Committee, Audit Committee, and Risk Committee	www.snb.ch , <i>The SNB, Legal basis, Guidelines and regulations</i>

Information on corporate governance additional to that presented above may be found in other parts of this report, on the SNB website, in the NBA and in the Organisation Regulations.

Corporate structure and shareholders	<i>Annual Report</i> , pp. 107, 143
Head offices	Art. 3 para. 1 NBA
Breakdown of capital	<i>Annual Report</i> , p. 142
Accounting principles	<i>Annual Report</i> , Notes to the consolidated financial statements, pp. 179 et seq.
Bank Council	www.snb.ch , <i>The SNB, Supervisory and executive bodies, Bank Council</i>
Members	<i>Annual Report</i> , p. 196
Nationality	Art. 40 NBA
Affiliations	www.snb.ch , <i>The SNB, Supervisory and executive bodies</i>
Restrictions on election and term of office	Art. 39 NBA
Initial and current election	<i>Annual Report</i> , p. 196
Internal organisation	Arts. 10 et seq. Organisation Regulations
Delimitation of powers	Art. 42 NBA; arts. 10 et seq. Organisation Regulations
Systems of control	<i>Annual Report</i> , pp. 152 et seq., accountability report, chapter 5.2; arts. 10 et seq. Organisation Regulations
Information tools	www.snb.ch , <i>The SNB, Legal basis, Guidelines and regulations</i>
Executive management	www.snb.ch , <i>The SNB, Supervisory and executive bodies, Governing Board</i>
Remuneration	<i>Annual Report</i> , p. 147
Shareholder rights	www.snb.ch , <i>Shareholders, General Meeting of Shareholders, Participation</i>
Decision-making quorum	Art. 38 NBA
General Meeting of Shareholders	Arts. 34–38 NBA
Listing in share register	www.snb.ch , <i>Shareholders, General Meeting of Shareholders, Participation</i>
Audit Board	
Election and requirements	Art. 47 NBA
Tasks	Art. 48 NBA
Information policy	<i>Annual Report</i> , pp. 110, 202