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Money Market

Adjustment of special rate and selective provision of liquidity to the money market via open market operations

Dear Sir/Madam

Following the introduction of the SNB COVID-19 refinancing facility (CRF), the SNB has reviewed the interest rates for its standing facilities. The Governing Board has decided to make an adjustment in the calculation of the special rate for the liquidity-shortage financing facility as of 1 July 2020. As before, the special rate will be calculated as the SNB policy rate plus a surcharge of 50 basis points. However, the lower limit for the special rate is to be reduced to at least 0%, down from the current level of at least 0.5%.

The liquidity-shortage financing facility allows the SNB's counterparties to bridge unexpected, short-term liquidity bottlenecks. The counterparties are entitled to draw on this facility up to the allocated limit until the next bank working day. For further information on the relevant conditions and procedures for the facility, please see our instruction sheets.¹

Since April 2020, the SNB has been regularly using fine-tuning operations to provide liquidity on a bilateral basis via the repo market. To supplement these, from 1 July 2020 the SNB will – within the framework of its monetary policy instruments² – be conducting additional open market operations as required. The focus here will be on repo auctions to selectively provide liquidity to the money market. The SNB will announce the conditions via

¹ The updated version will be published on 1 July 2020 at www.snb.ch, *Financial markets, Monetary policy operations, Repos, Guidelines and instruction sheets*

² The updated version will be published on 1 July 2020 at www.snb.ch, *Financial markets, Monetary policy operations, Monetary policy instruments*



the electronic market information services. For details on the procedure, please see the instruction sheet on open market operations.

Yours sincerely
Swiss National Bank

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