

Instruction sheet 2

(Appendix to the Guidelines of the Swiss National Bank on monetary policy instruments)

Department III

Zurich, 27 September 2023

**This is an English translation of a German original.
Only the German original text is authoritative and legally binding.**

Instruction sheet on the intraday facility

1. Introduction

The Swiss National Bank (SNB) makes intraday liquidity available to its counterparties within the framework of its standing facilities. This instruction sheet describes the conditions and procedures for using this facility and provides more specific detail than is given in the ‘Guidelines of the Swiss National Bank on monetary policy instruments’.

2. Eligible counterparties

Counterparties that meet the conditions for participation in the repo market in Swiss francs may obtain intraday liquidity from the SNB through repo transactions.

3. Conditions

Intraday liquidity is provided interest free to counterparties. Collateral eligible for SNB repos must always cover at least 110% of the amount drawn (cf. ‘Instruction sheet on collateral eligible for SNB repos’). Only the SNB GC Basket (collective basket) may be used. The SNB normally meets such requests in full. Business transactions entered into for the purposes of drawing intraday liquidity must be completed. The SNB may impose a limit on the amount of intraday liquidity that can be drawn.

4. Procedure

Between 07.30 and 16.45, the SNB makes intraday liquidity available to its counterparties. Accordingly, it places a quote for an ‘INTRADAY SNB’ contract (CH0008257112) on the SIX Repo Ltd electronic trading platform. Intraday liquidity for the next bank working day is also placed on the trading platform, between 07.30 and 17.55, by means of a quote (‘TOM

intraday SNB', CH0008257120).

Intraday liquidity can be repaid at any time during the day through the SIX Repo Ltd electronic trading platform (*Contract Inventory* → *Terminate Intraday Contract* → *Accept by SNB*).

5. Settlement

Settlement of individual repo transactions for the next bank working day is triggered by SIX SIS Ltd (SIS) at the beginning of the following clearing day in the SIC system (though not before 24.00). If repo transactions are undertaken during the day, settlement is triggered immediately after conclusion of the transaction. As soon as the cash taker has sufficient collateral eligible for repo transactions with the SNB and the cash provider has sufficient liquidity, settlement takes place in accordance with the delivery-versus-payment principle. Where counterparties have a Custody Cover Account SNB at SIS (cf. 'Instruction sheet on the Custody Cover Account SNB'), primarily securities from this account are used for covering intraday liquidity.

Reverse settlement of liquidity that has not been repaid in advance is activated automatically by SIS at clearing stop 1 (17.00). The corresponding payment instructions in SIC have 'normal' priority. All other payment instructions in SIC have 'urgent' priority. Intraday liquidity must be repaid by clearing stop 3 at the latest (18.15).

6. Failure to perform obligations

If a counterparty fails to meet a payment obligation under a repo transaction for any reason, default interest is payable to the SNB until the day when the payment is made. The default interest rate is calculated as the SNB policy rate plus twice the special-rate surcharge, but is at least 1% (cf. 'Instruction sheet on the liquidity-shortage financing facility'). Consequently, all counterparties must sign a supplement to the 'Swiss master agreement for repo transactions'. This authorises the SNB to debit default interest from their sight deposit account, subject to due notification. Moreover, if payment is overdue, a fulfilment request with high priority ('urgent') will be activated by SIS at the beginning of the following clearing day in the SIC system.

7. Emergency procedure

In the event of a failure of the electronic trading platform, the SNB decides what steps need to be taken and informs its counterparties accordingly.

Where business transactions are conducted by telephone, counterparties should use the SNB's main contact number for money market transactions (+41 58 631 77 00). After allotment, the repo contracts must be entered in the system at SIS via a two-way order (matching). This order must be transmitted no later than 15 minutes before clearing stop 1 (16.45). The SNB may conduct repo auctions by telephone at any time in order to test this

emergency procedure. Counterparties are required to make the necessary arrangements for this.

In exceptional circumstances, the SNB may make liquidity available to a counterparty under the intraday facility on the basis of the securities pledged to it in the Custody Cover Account SNB (cf. 'Instruction sheet on the Custody Cover Account SNB', section 4.4).

In the event of failure of the traditional telephone infrastructure, the satellite telephone number for SNB money market transactions is available (+8816 77 10 26 71).