
SNB Bills – FAQ

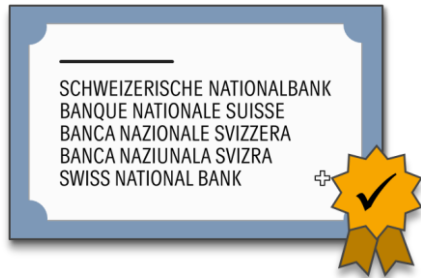
February 2024

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK



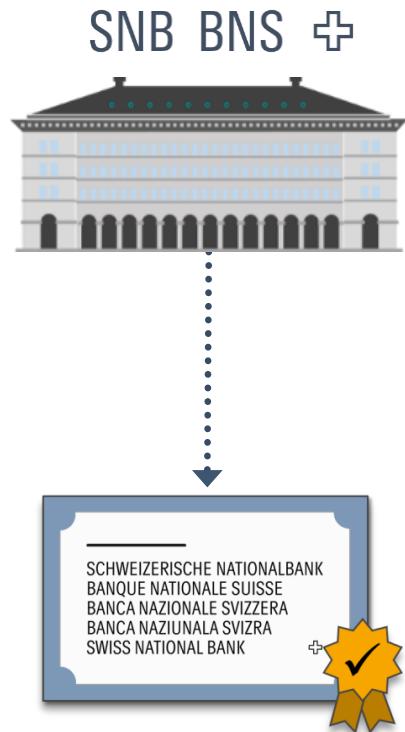
What are SNB Bills?

SNB Bills are interest-bearing, tradable debt certificates issued by the SNB.



Terms	28 days, 84 days, 168 days, 336 days
Interest	Discount basis; on the redemption date, the nominal amount less any withholding tax is paid.
Denomination	CHF 1 million
Issuance	SNB Bills are issued via auction.

Why does the SNB issue SNB Bills? (I/II)

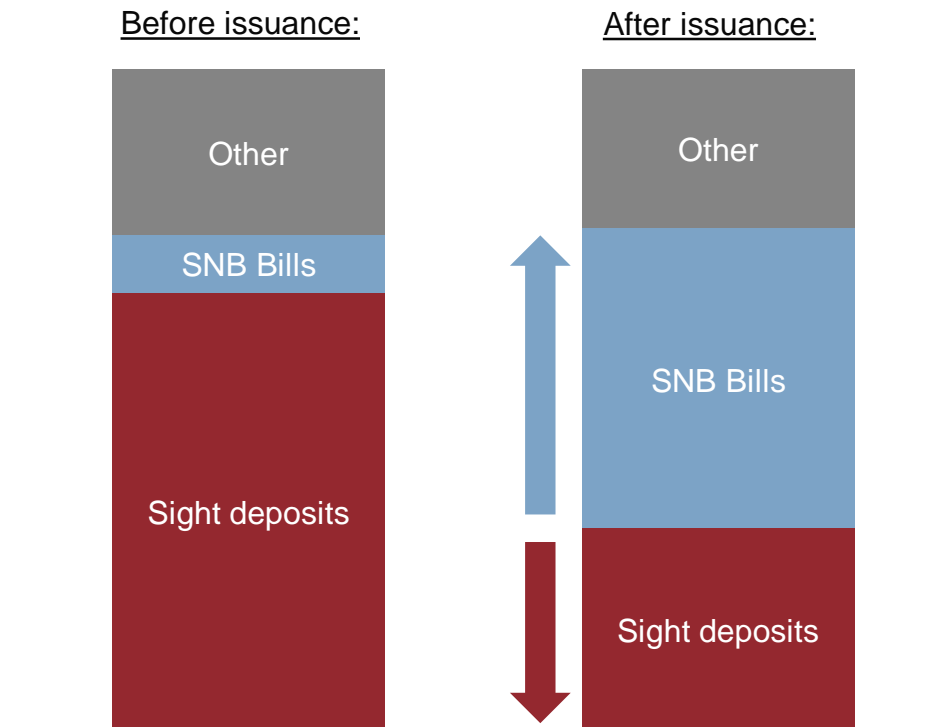


- The SNB seeks to keep secured short-term Swiss franc money market rates close to the SNB policy rate.
- The SNB influences money market rates by setting the conditions for interest on sight deposits and by managing liquidity on the money market via liquidity-providing and liquidity-absorbing money market transactions.
- SNB Bills are money market instruments used to manage liquidity. By issuing SNB Bills, the SNB can temporarily absorb Swiss franc liquidity from the banking system. In turn, liquidity becomes more scarce and money market rates increase. The SNB can also repurchase SNB Bills via the secondary market in order to increase the supply of liquidity to the financial system where necessary.

Why does the SNB issue SNB Bills? (II/II)

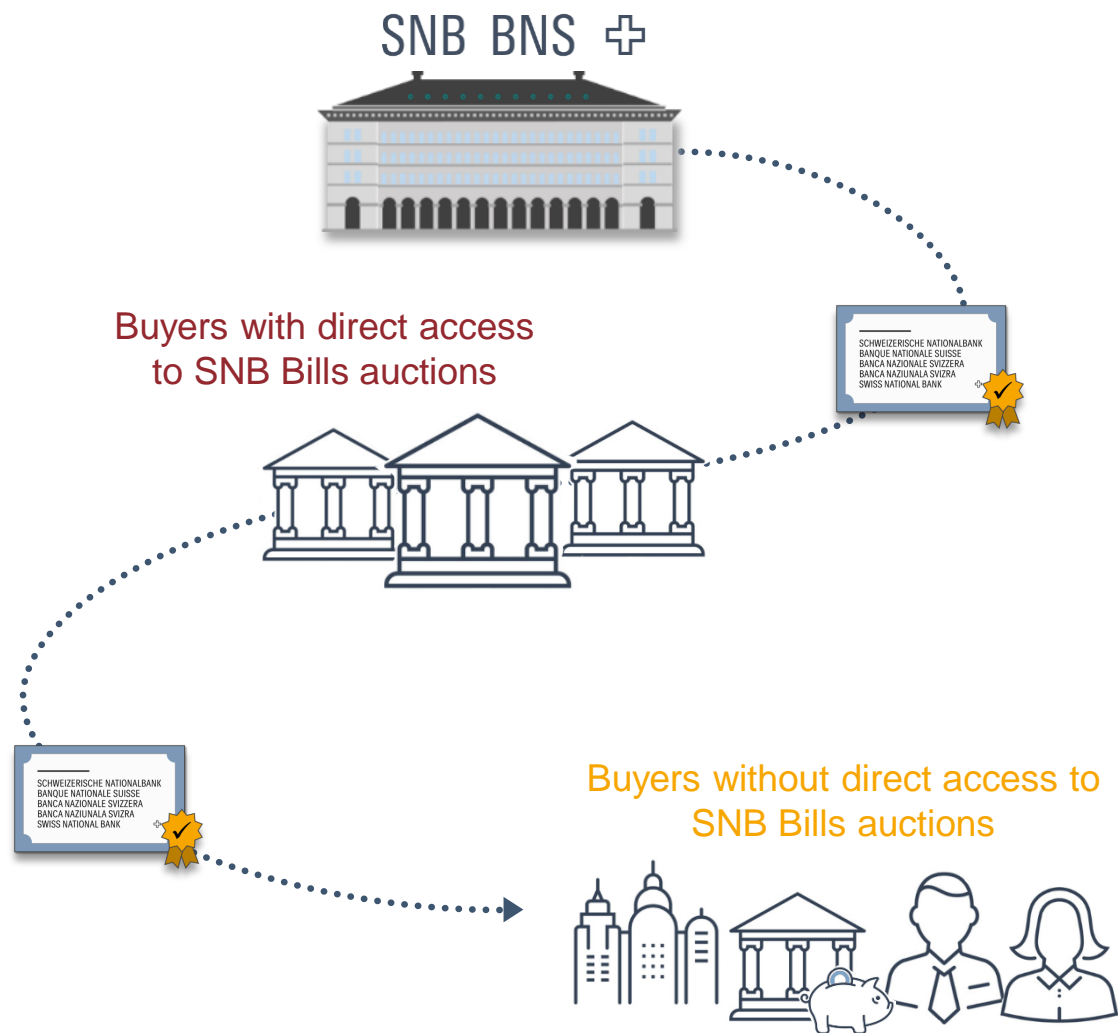
- When SNB Bills are issued, sight deposits held at the SNB are exchanged for SNB Bills.
- Consequently, the stock of SNB Bills increases while the volume of sight deposits decreases.
- The issuance of SNB Bills changes the composition, but not the size, of the balance sheet.

How does the issuance of SNB Bills affect the SNB's balance sheet?



Disclaimer: This is a schematic chart. The values and ratios do not correspond to the actual balance sheet figures.

Who can purchase and hold SNB Bills?



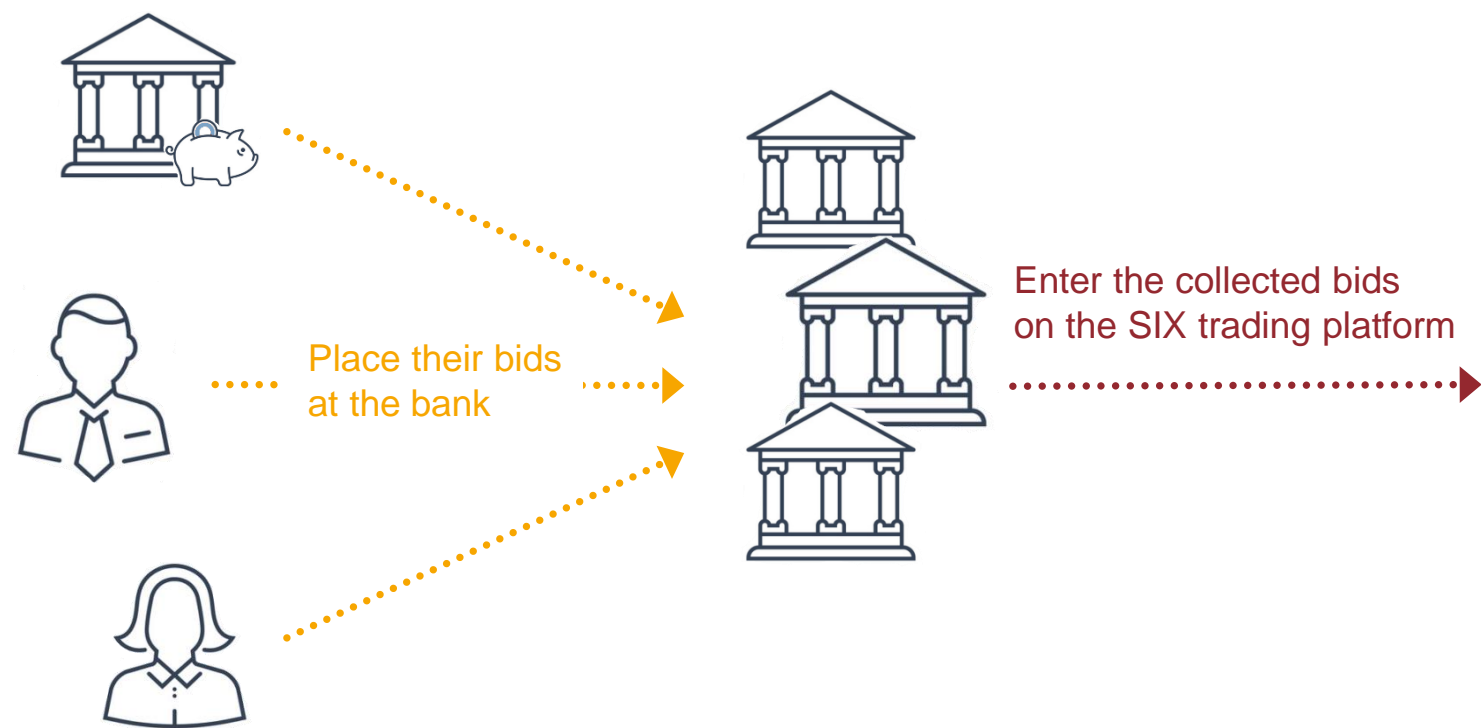
The Swiss National Bank issues SNB Bills via auction on the SIX Repo Ltd electronic trading platform.

Buyers who have a sight deposit account at the SNB and are authorised as a participant in the OTC segment of the SIX trading platform – mainly commercial banks – can directly take part in the SNB Bills auctions.

Other buyers can place their auction bids for SNB Bills via commercial banks or purchase them from other market participants.

How does an SNB Bills auction work? (I/II)

- 1. The SNB publishes the issuance calendar and auction conditions on its [homepage](#). Auctions are usually held every Thursday 11.00–11.30 (CET).
- 2. Banks submit their own bids and those of their customers (price and quantity) on the SIX trading platform.



Example: Variable rate tender bids

Price	Rate (% p.a.)	Bank 1	Bank 2	Bank 3
98.6	1.52			
98.5	1.63		50	50
98.4	1.74		50	100
98.3	1.85	50	100	100
98.2	1.96	50	100	150
98.1	2.08	50	75	125
98.0	2.19	50	50	125
Total		200	425	650

How does an SNB Bills auction work? (II/II)

3. The SNB allots SNB Bills according to auction conditions which are published in advance.

Price	Rate (% p.a.)	Bank 1	Bank 2	Bank 3	Total offers	Cumulative offers
98.6	1.52	Volume of accepted bids			0	0
98.5	1.63		50	50	100	100
98.4	1.74		50	100	150	250
98.3	1.85	50	100	100	250	500
98.2	1.96	50	100	150	300	800
98.1	2.08	50	75	125	250	1,050
98.0	2.19	50	50	125	225	1,275
Total		200	425	650	1,275	

Lowest
acceptable
price

Example: Variable rate tender, multiple rate auction

- SNB sets **lowest acceptable price** (marginal price).
- SNB Bills are allotted to all participants who have submitted **bids at the lowest acceptable price or above** (= total allotment).
- Participants pay the price they specified in their individual bids, assuming they are accepted.

Total
allotment

What data on SNB Bills are published after the auctions?

1. On the first bank working day after the auction, the **marginal price and the corresponding yield** are published on the **[SNB homepage](#)** (main register, pursuant to Art. 6, para. 2 FISA).
2. On the last bank working day of the following month the **remaining data, such as the sum of bids, the total allotment and the outstanding volume**, are published on the **[SNB homepage](#)**.

Auction date	ISIN	Denomination (CHF)	Issuance (N) / Increase (A)	Term (in days)	Payment	Redemption	Auction type ¹ Allotment method ²	Marginal price (%)	Yield at marginal rate (%)	Sum of bids (CHF mn)	Allotment (CHF mn)	Allotment to the issuer (CHF mn)	Outstanding volume (CHF mn)
11.05.23	CH1204501444	1'000'000	N	7	15.05.23	22.05.23	VR, A	99.9720	1.440				
11.05.23	CH1204500909	1'000'000	N	28	15.05.23	12.06.23	VR, A	99.8874	1.449				
11.05.23	CH1204500917	1'000'000	N	168	15.05.23	30.10.23	VR, A	99.2200	1.685				
4.05.23	CH1204501451	1'000'000	N	7	8.05.23	15.05.23	VR, A	99.9720	1.440				
4.05.23	CH1204500883	1'000'000	N	28	8.05.23	5.06.23	VR, A	99.8874	1.449				
4.05.23	CH1204500891	1'000'000	N	84	8.05.23	31.07.23	VR, A	99.6320	1.583				
27.04.23	CH1204501469	1'000'000	N	6	2.05.23	8.05.23	VR, A	99.9761	1.434	5'851	5'601	0	5'601
27.04.23	CH1204500867	1'000'000	N	28	2.05.23	30.05.23	VR, A	99.8874	1.449	14'902	14'892	0	14'892
27.04.23	CH1204500875	1'000'000	N	336	2.05.23	2.04.24	VR, A	98.2680	1.888	4'219	3'869	5'000	8'869
20.04.23	CH1204501477	1'000'000	N	8	24.04.23	2.05.23	VR, A	99.9685	1.418	7'999	6'349	0	6'349
20.04.23	CH1204500842	1'000'000	N	28	24.04.23	22.05.23	VR, A	99.8890	1.429	12'295	11'295	0	11'295
20.04.23	CH1204500859	1'000'000	N	84	24.04.23	17.07.23	VR, A	99.6430	1.535	11'160	9'494	0	9'494
13.04.23	CH1204501485	1'000'000	N	7	17.04.23	24.04.23	VR, A	99.9730	1.389	8'273	3'570	0	3'570

SNB Bills: Issue conditions and selling restrictions

*The complete SNB Bills issue conditions can be found [here](#). The following exceptions to the issue conditions apply:**



SNB Bills are not and will not be registered according to the US Securities Act of 1933 (including amendments). They may not, therefore, be offered, sold or transferred either in the United States of America or to 'US persons' as defined in US regulations.



The Issue Conditions have been drawn up on the assumption that no offer is made in a member state of the European Economic Area for which a prospectus within the meaning of the prospectus regulations applicable in the European Economic Area is required.



The Issue Conditions have been drawn up on the assumption that no offer is made in the United Kingdom which does not comply with the requirements of the Financial Services and Markets Act 2000 (including amendments) and its implementing provisions ('FSMA') and/or for which a prospectus within the meaning of the prospectus regulations applicable in the United Kingdom is required. This communication is being distributed only to, and is directed only at persons in the United Kingdom who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the 'Order') and persons falling within Article 49(2) of the Order (all such persons together being referred to as 'relevant persons').

Disclaimer: This is an abbreviated version of the original exceptions to the issue conditions. For the full version, please visit: [Link](#).

SNB Bills: Applicable law and tax provisions

- **Applicable law:** SNB Bills, in particular their establishment, conditions, terms and form, are governed by Swiss law, excluding any conflicts of law provisions. The exclusive place of jurisdiction is Zurich (Switzerland).
- **Federal stamp tax on issue of securities:** This tax – if applicable – is borne by the issuer.
- **Federal stamp tax on transfer of securities:** SNB Bills with a term of not more than 12 months are exempt from this tax.
- **Withholding tax*:** The income is subject to withholding tax. Withholding tax will be deducted by the issuer and transferred to the Swiss Federal Tax Administration. The tax is not payable if, at the time of redemption, the SNB Bills are held by a bank or clearing house (hereinafter ‘central securities depository’), according to Swiss or foreign legislation, for its own account (hereinafter ‘own holdings’). Foreign banks are credited without deduction of any withholding tax only if they have explicitly confirmed to the issuer that they are holding the SNB Bills for their own account (hereinafter ‘confirmation of own holdings’). Central securities depositories are credited without deduction of any withholding tax only if they have explicitly confirmed to the issuer that they are holding the SNB Bills for their own account, for domestic banks, or for foreign banks with a confirmation of own holdings. The legally valid confirmation is to be delivered via SWIFT or by registered letter preceded by an email and must be received by the issuer at the latest by 12 noon (CET) two banking days before redemption. In the case of notification by letter/email, the time of receipt of the letter by the SNB is decisive. If the confirmation is not received in time, the withholding tax will be deducted. The confirmation is to be sent to:

Letter with prior email

Swiss National Bank
Corporate Actions & Collateral Management
P.O. Box
CH-8022 Zurich

Email: bo.ca@snb.ch

SWIFT (MT599)

Receiver: SNBZCHZZ80A
(20) Transaction Reference Number: CACM
(21) Related Reference: SNB BILLS/GMBF

*Additional information on the withholding tax can be found [here](#).

Further links and contact details

Links

- [Use of money market policy instruments](#) (volume information)
- [Q&A on the SNB's monetary policy instruments incl. SNB Bills](#)

Contact



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