

Regulations on the Audit Committee of the Swiss National Bank

of 14 May 2004 (as at 1 May 2013)

I. General

Art. 1 Purpose

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

Art. 2 Mandate

¹ The Audit Committee shall assist the Bank Council in monitoring financial reporting and the activities of external and internal auditors. It shall also assess the adequacy and effectiveness of the internal control system (ICS), in particular regarding the processes for managing operational risk and ensuring compliance with laws, regulations and directives.

² The Audit Committee shall coordinate its activities with those of the Risk Committee and collaborate with the latter insofar as their tasks overlap.

Art. 3 Composition

¹ The Audit Committee shall consist of 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 Head of the Audit Committee. The President of the Bank Council is not permitted to sit on the Audit Committee.

² The members of the Audit Committee shall be independent, in particular of internal and external auditors and the Enlarged Governing Board. The majority of Audit Committee members shall have knowledge and experience in the areas of finance, accounting and auditing.

II. Tasks

Art. 4 Financial reporting

¹ The Audit Committee shall critically review the budget and the annual financial statements. It shall also examine other financial reports.

² It shall discuss the annual financial statements and other financial reports with the units and bodies responsible for accounting and auditing, and shall

make a recommendation to the Bank Council as to the approval of the annual financial report.

³ It shall assess material modifications to the accounting principles, as well as to the structure of the annual financial statements and the interim results.

Art. 5 Internal control system

¹ The Audit Committee shall assess the adequacy and effectiveness of the SNB's internal control system and verify the security and integrity of business processes.

² It shall assess the adequacy and effectiveness of the SNB's processes for monitoring and managing operational risk.

³ It shall assess the adequacy and effectiveness of the SNB's procedures and processes for monitoring compliance with laws, regulations, directives and rules of conduct.

Art. 6 External auditors

¹ The Audit Committee shall determine the procedure for the selection of the external Audit Board, verify its independence and professional competence, and make a recommendation to the Bank Council regarding the proposal for appointment.

² It shall review the audit plan of the external Audit Board and coordinate the collaboration between external and internal auditors, in particular with regard to the type and scope of the audits and the resources to be used.

³ It shall approve – for the attention of the Bank Council – the fee budget submitted by the external Audit Board. It shall assess the quality of the work performed by the external Audit Board, the fees and the conditions of the mandate on an annual basis.

⁴ It shall discuss with the external Audit Board the result of the audit of the annual financial statements. It may call upon the Head of Internal Audit and the head of the Finance and Risk unit to attend the discussion.

⁵ It shall examine the findings and recommendations of the external Audit Board, including the comprehensive report (management letter), and explain the Audit Board's reports to the Bank Council.

⁶ The Head of the Audit Committee shall approve any consultancy mandates that the SNB grants to the external Audit Board. This approval must be given before the consultancy contract is concluded.

Art. 7 Internal Audit

¹ The Audit Committee shall make a recommendation to the Bank Council regarding the appointment of the Head of Internal Audit and his/her deputy.

² It shall approve the annual audit plan of the Internal Audit unit after the plan has been submitted to the SNB's Enlarged Governing Board. It shall also approve any significant changes to the audit plan.

³ It shall assess the quality of the work performed by Internal Audit as well as the efficiency of the collaboration between Internal Audit and the external Audit Board. It shall keep itself informed on the resource situation at Internal Audit.

⁴ It shall annually assess the performance of the Head of Internal Audit and shall determine his/her remuneration in agreement with the Chairman of the Governing Board.

⁵ It shall discuss significant events and fundamental issues relating to the conduct of the audit with the Head of Internal Audit.

⁶ It shall comment on Internal Audit's findings and recommendations, and assess the state of implementation of the recommendations made.

Art. 8 Self-assessment

The Audit 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.

III. Powers

Art. 9 Right of inspection and right of information

¹ The Enlarged Governing Board shall give the Audit Committee access to all information that the latter needs for the fulfilment of its mandate in accordance with art. 2. The Audit Committee may demand all the documents and information from the Enlarged Governing Board that it deems necessary and appropriate for the fulfilment of its mandate.

² The Audit Committee may question SNB employees if necessary. The Chairman of the Governing Board shall be informed of this in advance unless the President of the Bank Council rules otherwise.

Art. 10 Further investigations

¹ The Audit Committee may conduct further investigations that it considers necessary and appropriate for the fulfilment of its mandate in accordance with art. 2.

² In doing so, it may instruct Internal Audit and the external Audit Board to perform certain tasks.

Art. 11 Special investigations

If there are grounds to suspect serious irregularities or a lack of risk control, the Audit Committee may conduct special investigations in agreement with the president of the Bank Council. For this purpose, additional internal and/or external resources (e.g. specialists) may be called upon. The Chairman of the Governing Board shall be informed of this in advance unless the President of the Bank Council rules otherwise.

IV. Organisation

Art. 12 Meetings

¹ As a rule, the Audit Committee shall convene four times a year. Additional meetings may be convened if necessary.

² The members of the Board of Deputies, the head of the Finance and Risk unit and the Head of Internal Audit shall generally attend the meetings of the Audit Committee. The Head of the Audit Committee shall decide on any exceptions.

³ If necessary, representatives of the external Audit Board, heads of other organisational units and/or SNB experts shall be called upon to attend meetings.

⁴ The President of the Bank Council is entitled to attend meetings of the Audit Committee (without voting rights), as are the members of the Governing Board, unless the President of the Bank Council decides to the contrary.

Art. 13 Head of Committee

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

² In urgent cases, the Head of the Audit Committee may convene a meeting without observing the notice period.

³ If the Head of the Audit Committee is unavailable, the meeting shall be chaired by another member of the Committee.

Art. 14 Resolutions and minutes

¹ The Audit Committee shall pass resolutions with a majority of the votes cast. In the event of a tie, the Head of the Audit Committee shall have the casting vote.

² The Audit Committee shall constitute a quorum if at least two members are present. Members participating via conference call or videoconference technology are considered to be present.

³ In exceptional cases, resolutions may also be passed by circular letter, unless one member requires that a meeting be held. Such resolutions must 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 the event of discussions on key matters, the justification for the resolutions.

V. Reporting

Art. 15 Informing the Bank Council

¹ The Bank Council shall receive the minutes of the Audit Committee's meetings. The Head of the Audit Committee shall immediately notify the President of the Bank Council of any significant events.

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

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