

Communications

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Measures taken by central banks to calm the money markets

Today, the Bank of Canada, the Bank of England, the European Central Bank (ECB), the Federal Reserve, the Bank of Japan and the Swiss National Bank are announcing coordinated measures designed to address the continued elevated pressures in US dollar short-term funding markets. These measures, together with other action taken in the last few days by individual central banks, are designed to improve the liquidity conditions in global financial markets. The central banks continue to work together closely and will take appropriate steps to address the ongoing pressures.

Swiss National Bank measures

In consultation with the Federal Reserve, the Swiss National Bank has decided to step up its US dollar repo auctions. The SNB will now hold US dollar repo auctions with a term of 1 day (overnight) on a daily basis and increase the volume of the previous auctions with a term of 28 and 84 days respectively. The US dollar repo auctions ease access to US dollar liquidity for SNB counterparties. Taking the market situation into account, the SNB plans to make US dollar liquidity available for as long as it considers this to be necessary.

Starting today, the SNB will hold US dollar auctions with a term of 1 day (overnight) on a daily basis, for an amount of up to USD 10 billion. The volume of the outstanding US dollar repo transactions with a term of 28 days will be increased from USD 6 billion to USD 8 billion and the volume of repo transactions with a term of 84 days from USD 6 billion to USD 9 billion. As before, these auctions will be held once every two weeks on an alternating basis. An auction schedule with the respective volumes is available at www.snb.ch. The maximum total amount outstanding for all terms is now USD 27 billion, as compared to the previous USD 12 billion.

Further information on the US dollar auction and the technical requirements will be posted on the SNB website (www.snb.ch, under Financial markets / US dollar auctions).

The Federal Reserve will offer US dollar liquidity up to USD 27 billion within the framework of a mutual swap agreement (swap line).

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Information on related measures taken by other central banks

Information on related measures taken by other central banks is available on the following websites:

Bank of Canada (<http://www.bankofcanada.ca>)

Bank of England (<http://www.bankofengland.co.uk>)

European Central Bank (<http://www.ecb.int>)

Federal Reserve System (<http://www.federalreserve.gov>)

Bank of Japan (<http://www.boj.or.jp>)