

Communications

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Central Banks to further expand provision of USD liquidity

In order to provide broad access to liquidity and funding to financial institutions, the Bank of England (BoE), the European Central Bank (ECB), the Federal Reserve, the Bank of Japan, and the Swiss National Bank (SNB) are jointly announcing further measures to improve liquidity in short-term U.S. dollar funding markets.

The BoE, ECB and SNB will conduct tenders of U.S. dollar funding at 7-day, 28-day, and 84-day maturities at fixed interest rates for full allotment. Funds will be provided at a fixed interest rate, set in advance of each operation. Counterparties in these operations will be able to borrow any amount they wish against the appropriate collateral in each jurisdiction. Accordingly, sizes of the reciprocal currency arrangements (swap lines) between the Federal Reserve and the BoE, the ECB, and the SNB will be increased to accommodate whatever quantity of US dollar funding is demanded. The Bank of Japan will be considering the introduction of similar measures. Central banks will continue to work together and are prepared to take whatever measures are necessary to provide sufficient liquidity in short-term funding markets.

Swiss National Bank measures

Starting on October 15 the SNB will, every Wednesday, hold a US dollar repo auction with a term of 7 days. All future auctions with a term of 7 days, 28 days and 84 days will be conducted at a fixed rate with full allotment. These measures will be in place as long as needed, at least until January 2009. The US dollar overnight auctions will be conducted if necessary in view of market developments. A schedule with information on the planned US dollar auctions is posted on the SNB website

(http://www.snb.ch/en/ifor/finmkt/id/finmkt_usdollars).

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

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

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

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

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