

Department III

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

Instruction sheet on SNB COVID-19 refinancing facility (CRF)

1. Introduction

The Swiss National Bank (SNB) is setting up a temporary standing facility called the SNB COVID-19 refinancing facility (CRF) in order to cushion the economic impact of the coronavirus pandemic. Under this facility, liquidity can be drawn as a covered loan against credit claims in accordance with the COVID-19 ordinance on joint and several guarantees (*COVID-19-Solidarbürgschaftsverordnung*) and, at the discretion of the SNB, against other collateral it deems eligible.

This instruction sheet defines the modalities for loans for which credit claims from surety and loan guarantee programmes offered by the federal government and cantons in connection with the COVID-19 pandemic serve as collateral. The conditions for drawing loans against other collateral depend on the term of the refinancing and the type of collateral involved.

This instruction sheet and the contracts to be concluded between the banks and the SNB determine the conditions and operational details for using the facility.

2. Eligible counterparties

The CRF is available to banks domiciled in Switzerland (including the Principality of Liechtenstein) that are connected to the SIC system. In justified cases, Swiss branches of foreign banks may also be deemed eligible, provided they are connected to the SIC system and have a significant corporate client business in Switzerland.

3. Conditions for drawing liquidity

3.1. Application to use the facility

The bank submits an application to the SNB for use of the CRF in accordance with point 7 of this instruction sheet. The contractual agreement must be signed and the operational set-up completed before a loan can be drawn.

3.2. Eligible collateral

The following are eligible as collateral:

- claims pursuant to arts. 3 and 4 of the COVID-19 ordinance on joint and several guarantees;
- certain claims secured by loan guarantees or credit default guarantees offered by cantons,¹ provided these have been granted in order to cushion the economic impact of the COVID-19 pandemic;
- claims secured by joint and several loan guarantees provided for startups by the federal government in cooperation with the cantons;
- certain claims secured by other sureties or loan guarantees offered by the federal government,¹ provided these have been granted in order to cushion the economic impact of the COVID-19 pandemic.

The claims are to be assigned in full to the SNB; in each case, only the portion of the credit claim guaranteed directly or indirectly by the federal government/cantons is considered to be the eligible amount.

For all claims eligible as collateral, the bank must also obtain a waiver of set-off from the relevant borrowers. The bank must also have the relevant borrowers' consent to release it from bank-client confidentiality, and no prohibition of assignment may be agreed.

Further details are defined in the respective contracts.

The credit claims assigned as collateral are recorded in the SNB's systems. The corresponding notification by the bank is made using the forms provided by the SNB. The bank must ensure that the amount of the liquidity drawn under the CRF is covered at all times. The relevant provisions and further details are defined in the respective contracts.

¹ cf. annex 'Surety and loan guarantee programmes eligible for the CRF'

4. Conditions for drawing liquidity

4.1. Interest rate and interest conditions

The interest rate corresponds to the SNB policy rate. It is calculated on a daily basis and according to the Actual/360 convention customary in the money market.

The interest payment is made on the last value date of each month (reference date).

4.2. Term

The loan transaction has no fixed term. The bank has the option on a daily basis to increase or reduce the loan.

Disbursements by the SNB are generally made with value date T+1, and repayments by the bank with value date T+0.

4.3. Granting of the loan

Requests for granting, increasing or reducing the loan are to be made using the forms provided by the SNB. The loan is granted as soon as the cover has been verified and secured. The disbursement of the loan is made directly to the bank's SIC settlement account.

Repayments in connection with the loan (reduction or full repayment) are made into the loan account held for each bank at the SNB. Payment information is exchanged on a bilateral basis.

5. Default interest

If the bank defaults under the contractual agreement, 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%.

6. Termination of the facility

The termination modalities are defined in the contracts. Accordingly, the SNB is entitled to terminate the loan subject to three months' notice.

In addition, the SNB has the right under the terms of the contract to terminate the loan at any time with immediate effect if there is a material change to the legal framework with respect to the guaranteed COVID-19 loans.

7. Process and contact details

The following process applies for use of the facility:

- An informal application to use the facility is to be sent to kunden@snb.ch, stating bank name, SIC identification number (SIC no.) and contact person.

- The contract documents will be sent for signing after the application has been processed.
- Once the contract has been signed, the contact person will be contacted by the SNB's Money Market unit.

Please direct any questions regarding the operation of the CRF to the SNB's Money Market unit (+41 58 631 77 00 or moneymarket@snb.ch). Any administrative questions should be addressed to the Middle Office unit (kunden@snb.ch).

Annex:

- Form for submitting collateral and drawing loans
- Technical instructions
- Surety and loan guarantee programmes eligible for the CRF