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Money Market and Foreign Exchange
HG/AVE

Repos in Swiss francs – "SNB GC Basket"

Dear Sir / Madam

The Swiss National Bank (SNB) currently accepts securities from the CHF GC Basket, the Euro GC Basket and the German Jumbo Pfandbriefe GC Basket as collateral for its repo transactions.

These three baskets were combined in a new basket – the "SNB GC Basket" – as of 1 September 2003. From 3 November 2003, the SNB will normally use only the new SNB GC Basket for all repo transactions in Swiss francs. However, the individual baskets will continue to exist to accommodate any special needs of both market participants and the SNB.

The SNB GC Basket has been well received by the interbank market. The launching of a collective basket containing all the SNB eligible collateral will improve market liquidity and facilitate collateral management.

Yours sincerely,

Banque nationale Suisse

Erich Spörndli

Karl Hug