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Money Market and Foreign Exchange
TJN/HG

Revision of basket structure and extension of list of collateral eligible for SNB repos

Dear Sir/Madam

With effect from 1 June 2006, the Swiss National Bank (SNB) will restructure its repo baskets and extend the list of collateral eligible for SNB repos. It is necessary to restructure the baskets so that additional categories of collateral can be accepted in future.

The present Euro GC Basket will be renamed Government GC Basket (GOV GC Basket), while the German Jumbo Pfandbriefe GC Basket will be called the International GC Basket (INTL GC Basket). The GOV GC Basket will only contain government bonds. All other bonds will be allotted to the INTL GC Basket. In future, both baskets may contain bonds denominated in euros, US dollars, pounds sterling and Swiss francs. The individual securities must be rated at least AA- or Aa3 by one of the two rating agencies, Standard & Poor's or Moody's, and the size of the bond issue must amount to at least one billion in the currency concerned. The SNB decides whether a security should be included in a basket, thus making it eligible for monetary policy repo transactions.

The conditions applicable to the CHF GC Basket will remain unchanged. In future, securities denominated in Swiss francs which meet the requirements of both the CHF GC Basket and either the GOV GC Basket or the INTL GC Basket will be included in the two baskets in question.

Furthermore, the SNB will admit additional categories of collateral for monetary policy repo transactions with effect from 1 June 2006, and include these in the baskets. They include securities issued by specific European countries and German territorial authorities, as well as specific securities issued by the European Investment Bank (EIB), the Inter-

American Development Bank (IADB) and the KfW Bankengruppe (KfW). The securities must be traded on a recognised stock exchange or a representative market in an OECD country and price data must be published regularly. Moreover, they must be deliverable through SegInterSettle AG (SIS) and their ultimate depository must be in Europe.

In accordance with art. 16 of the Banking Ordinance, domestic banks can count collateral eligible for SNB monetary policy repo transactions towards liquid assets.

The list of individual securities will be available on our website (www.snb.ch, *News, Repos*) as of 1 June 2006. The revised Instruction Sheet on Collateral Eligible for SNB Repos will be published at the same time. In order for you to familiarise yourself with the technical changes following the reorganisation of the baskets, Eurex Zurich AG and SIS have set up a test environment containing the necessary changes and will make it available to you as of 15 May 2006.

Please do not hesitate to contact us should you have any questions.

Yours sincerely
Swiss National Bank

Thomas J. Jordan

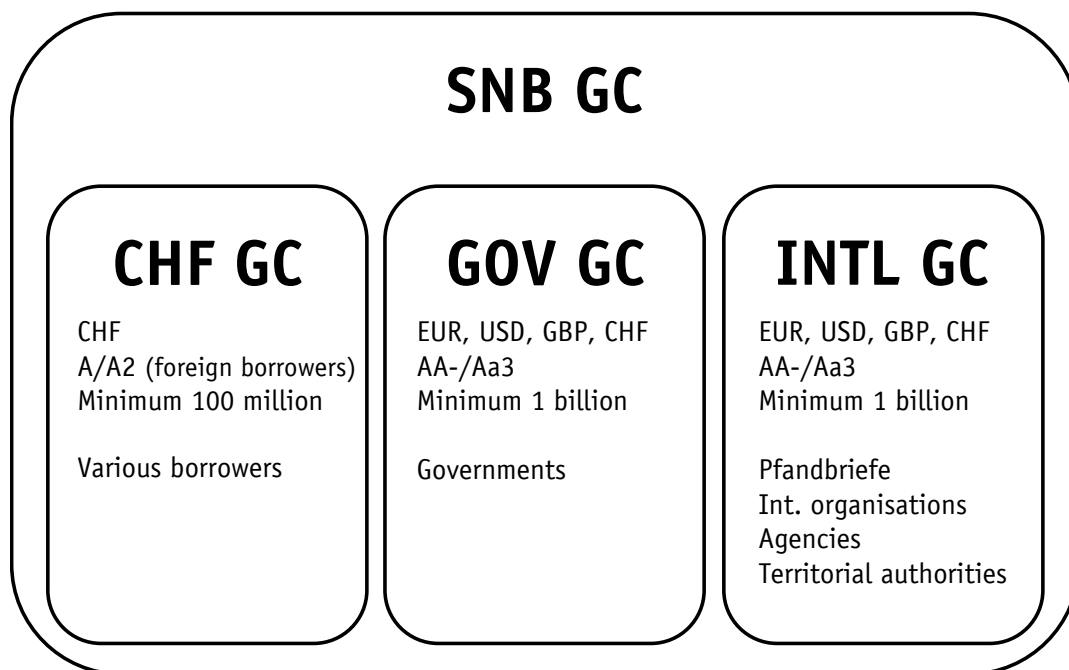
Karl Hug

Encl.:

- Further information related to the circular dated 12 May 2006

New basket structure

With effect from 1 June 2006, the baskets of collateral eligible for SNB repos will be restructured as follows:



Extension of list of collateral eligible for SNB repos

As of 1 June 2006, the SNB will include the debt certificates of the following borrowers in the baskets (figures in CHF billions):

Government GC Basket (GOV GC)	EUR	CHF
Ireland	31.1	-
Finland	47.2	-
<i>Securities in CHF GC Basket</i>		108.6
Total	78.3	108.6

International GC Basket (INTL GC)	EUR	CHF
European Investment Bank (EIB)	68.9	-
KfW Bankengruppe (KfW)	81.3	-
Inter-American Development Bank (IADB)	1.0	-
Land Baden-Württemberg	6.8	-
Land Berlin	13.8	-
Free State of Bavaria	4.5	-
Land Brandenburg	4.1	-
Land Hesse	9.5	-
Land North Rhine-Westphalia	21.1	-
Land Saxony-Anhalt	10.5	-
<i>Securities in CHF GC Basket</i>		3
Total	221.5	3

Total of new securities eligible as SNB collateral	299.8	111.6
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