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Money Market and Foreign Exchange

New definition of collateral eligible for SNB repos

(French and English versions, visit www.snb.ch, Financial Markets, Monetary Policy Operations, Repos)

Dear Sir/Madam

The Governing Board of the Swiss National Bank (SNB) has redefined the criteria for collateral eligible for SNB repos. In so doing, the list of collateral eligible for SNB repos can be considerably expanded. The inclusion of securities by issuers domiciled in a member state of the European Union (EU) or the European Economic Area (EEA) is the main feature of the new criteria. In future, the selection of securities eligible for SNB repos will be primarily based on the credit ratings of recognised rating agencies. Individual securities will continue to be subject to stringent requirements with regard to credit rating and liquidity. The attached instruction sheet lists the criteria for inclusion of securities in the list of collateral eligible for SNB repos.

Securities eligible for SNB repos are used for the collateralisation of the SNB's monetary policy operations. In accordance with art. 16 of the Banking Ordinance, these securities are considered to be liquid assets. Consequently, a comprehensive list of collateral eligible for SNB repos is paramount in securing the liquidity of the internationally oriented Swiss banking system. Banks with securities that qualify as eligible at the central bank may also obtain liquidity through repo transactions, even in difficult conditions, since these securities can be transformed into money at the SNB or in the interbank market.

The SNB does not accept counterparties' own securities or those issued by persons or companies that form an economic unit with the counterparty. If these provisions are violated, the SNB may temporarily exclude the counterparty from all its monetary policy operations.

The instruction sheet will enter into force on 1 October 2007. The current structure of the baskets will be maintained. The inclusion of securities in the list of collateral eligible for

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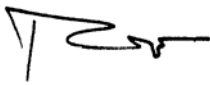
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SNB repos will be implemented gradually during the fourth quarter of 2007, and subsequently published on our website. Only those securities included in this list qualify as eligible collateral at the central bank.

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

Yours sincerely

Swiss National Bank



Dewet Moser
Alternate Member of the
Governing Board



Karl Hug
Director

Enclosed:

- Instruction Sheet on Collateral Eligible for SNB Repos
- Effects of redefinition of list of collateral eligible for SNB repos