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Money Market and Foreign Exchange  
TJN/HG/PMI

**Simplified process for drawing liquidity provided through liquidity-shortage financing facility  
(special-rate repo transactions)**

Dear Sir/Madam

The process of replacing traditional Lombard loans with special-rate repo transactions with the Custody Cover Account "SNB" at SIS will be completed by the end of this year. The credit lines extended to banks under this new system, which have reached CHF 10 billion, have already exceeded the total amount of prior Lombard limits.

Starting 1 December 2005, the Swiss National Bank (SNB) will simplify the process of drawing liquidity provided through the liquidity-shortage financing facility. Each working day, banks are invited to register their liquidity requirements via the Eurex Repo trading platform. The tender procedure starts after SIC Stop 2 (usually around 4.00 p.m.) and lasts 15 minutes. Offers not exceeding the limits granted by the SNB will be accepted. The tender process is the same as that applicable to repo auctions for main financing operations.

This process makes it easier for banks to obtain liquidity via special-rate repo transactions and ensures a standardised approach. The conditions and operational details are described in the enclosed Instruction Sheet on the Liquidity-Shortage Financing Facility. The conventional Lombard loans will continue to be utilised in accordance with current procedure until the end of 2005.

Please do not hesitate to contact us should you have any questions (ph +41 44 631 87 00, Money Market and Foreign Exchange).

Yours sincerely

Swiss National Bank

Thomas J. Jordan

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Enclosure:

Instruction Sheet on the Liquidity-Shortage Financing Facility (Special-Rate Repo Transactions)