

## Communications

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Zurich, 15 October 2008

## Swiss National Bank issuing SNB Bills to steer money market liquidity

The Swiss National Bank plans to issue its own bills (SNB Bills) on a regular basis. SNB Bills will supplement the SNB's ordinary monetary policy instruments and ensure that liquidity in the money market can be steered more flexibly. This instrument will serve to absorb liquidity, thereby neutralising the monetary policy impact of measures to inject liquidity.

By issuing SNB Bills, the SNB will be able to absorb the Swiss franc liquidity created in the context of the measures coordinated with the European Central Bank (see separate press release). In addition, the SNB will gain greater flexibility in its ordinary liquidity-creation operations. The creation of the new liquidity-absorbing instrument means, in particular, that greater use can be made of repo transactions with longer terms when supplying the money market.

The frequency, term and amount of SNB Bill issues will be governed by the SNB's needs when steering the money market. The first auction is to be held on Monday, 20 October 2008, from 2.00 to 2.30 pm, via the Eurex Repo electronic trading platform. Any party that holds a sight deposit account with the SNB and is admitted as participant in both the CHF repo market and the primary and new issues market section of Eurex Zurich AG may take part in the auction. The auction will take the form of a variable rate tender with allotment according to the American auction method. The denomination is CHF 1 million. Participants will receive individual notification of their allotment. The minimum price (as a percentage of the nominal amount) will be announced at 12.00 noon on the auction day. The term of the first issue of SNB Bills will be seven days.

SNB Bills will be included in the list of collateral eligible for SNB repos. Consequently, they may also be used in SNB repo transactions. The general issue conditions and the conditions applying to the individual issues will be announced on the SNB website ([www.snb.ch](http://www.snb.ch), *Financial markets, Monetary policy operations, SNB Bills*).