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Renminbi swap agreement and granting of a renminbi investment quota to the Swiss National Bank

The Swiss National Bank (SNB) and the People's Bank of China (PBC) have entered into a bilateral swap agreement. The agreement was signed today in Beijing by the Governor of the PBC, Zhou Xiaochuan, and the Chairman of the SNB Governing Board, Thomas Jordan. In addition, the SNB has been granted a renminbi investment quota, which it can use to invest part of its foreign exchange reserves in the Chinese bond market.

The PBC and SNB have enjoyed a constructive exchange of views for many years, and the regular contacts between the two central banks serve to instil a profound understanding of developments in monetary policy and on the financial markets in each other's country. The signing of this bilateral swap agreement and the granting of a renminbi investment quota will further strengthen the collaboration between the PBC and SNB. It is a collaboration which highlights the increasingly close ties being forged between China and Switzerland.

The swap agreement enables renminbi and Swiss francs to be purchased and repurchased between the two central banks, up to a limit of 150 billion renminbi, or CHF 21 billion. This will allow liquidity in renminbi and Swiss francs to be made available to the relevant markets as required. The swap agreement is a key prerequisite for the development of a renminbi market in Switzerland.

The PBC has granted the SNB an investment quota for the Chinese interbank bond market in the amount of 15 billion renminbi, or just over CHF 2 billion. The SNB's foreign exchange reserves can thereby be diversified even further.