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ATTENTION**

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EBD/92/125

June 18, 1992

To: Members of the Executive Board
From: The Secretary
Subject: Switzerland - Representative Rate for the Franc

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Wednesday, June 24, 1992. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Decarli (ext. 37627) or Mr. Moustapha (ext. 37637) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Switzerland - Representative Rate for the Franc

Prepared by the Treasurer's Department

(In consultation with the Legal, European I, and
Exchange and Trade Relations Departments)

Approved by David Williams

June 18, 1992

Switzerland became a member of the Fund on May 29, 1992 with a quota of SDR 1.7 billion.

The currency of Switzerland is the Swiss franc, the exchange rate of which is freely determined on the basis of demand and supply conditions in the foreign exchange markets.

Consultations have taken place with the authorities of Switzerland, and they have proposed that the representative exchange rate for the Swiss franc under Rule 0-2(b)(i) be the midpoint between the buying and the selling rates for the U.S. dollar in terms of the Swiss franc at 1 p.m. in the Zurich foreign exchange market as communicated to the Fund by the Swiss National Bank. ^{1/} It is understood that the Swiss National Bank will continue to report daily this rate to the Fund and promptly inform the Fund of any change that may affect the definition of the representative rate for the Swiss franc. As of June 17, 1992, the spot exchange rate of the Swiss franc against the U.S. dollar was Swiss franc 1.4110 (buying) and Swiss franc 1.4120 (selling) per one U.S. dollar (see Attachment).

In light of the foregoing, the following draft decision is proposed for adoption by the Executive Board:

The Fund finds, after consultation with the authorities of Switzerland, that the representative exchange rate for the Swiss franc under Rule 0-2(b)(i) is the midpoint between the buying and selling rates for the U.S. dollar in terms of the Swiss franc at 1 p.m. in the Zurich foreign exchange market, as communicated to the Fund by the Swiss National Bank.

Attachment

^{1/} This is the same definition currently used to compute the SDR value of the Swiss franc for transactions and operations pertaining exclusively to the SDR Department into which the Swiss National Bank can enter as an other holder of SDRs (Executive Board Decision No. 6485-(80/77) S, adopted April 18, 1980).

FROM: BANQUE NATIONAL SUISSE, ZURICH
17JUN92 PAN/DBA/1709B

TO: INTERNATIONAL MONETARY FUND TREASURER'S DEPARTMENT
ATTN MR E. DECARLI, WASHINGTON DC

NO. 2

REFERENCE ESTABLISHMENT OF A REPRESENTATIVE RATE FOR THE SWISS FRANC

WE PROPOSE THAT THE REPRESENTATIVE RATE FOR THE SWISS FRANC UNDER RULE 0-2(B) (1) OF THE RULES AND REGULATIONS OF THE FUND BE THE MIDPOINT BETWEEN THE BUYING AND SELLING RATES FOR THE U.S. DOLLAR IN TERMS OF THE SWISS FRANC AT 1 P.M. IN THE ZURICH FOREIGN EXCHANGE MARKET, AS COMMUNICATED TO THE FUND BY THE SWISS NATIONAL BANK.

ON JUNE 17, 1992, THE RATE OF EXCHANGE OF THE SWISS FRANC AGAINST THE U.S. DOLLAR WERE CHF 1.4110 (BUYING) AND CHF 1.4120 (SELLING) PER U.S. DOLLAR IN SPOT EXCHANGE TRANSACTIONS.

THE SWISS NATIONAL BANK WILL CONTINUE TO REPORT DAILY THIS RATE TO THE FUND AND PROMPTLY INFORM THE FUND OF ANY CHANGE THAT MAY AFFECT THE DEFINITION OF THE REPRESENTATIVE RATE FOR THE SWISS FRANC.

BEST REGARDS

BANQUE NATIONALE SUISSE

JEAN-PIERRE ROTH
DEPUTY HEAD OF DEPARTMENT III

RECEIVED IN FUND JUNE 17, 1992