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September 30, 1992

To: Members of the Executive Board
From: The Secretary
Subject: Switzerland - Exchange Arrangements

Attached for the information of the Executive Directors is a paper on the exchange arrangements of Switzerland.

Mr. Lipschitz (ext. 38866) or Mr. Huh (ext. 38566) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

SWITZERLAND

Exchange Arrangements

Prepared by the European I and Monetary and Exchange Affairs Departments
(In Consultation with the Legal Department)

Approved by Massimo Russo and Manuel Guitián

September 29, 1992

Switzerland became a member of the Fund on May 29, 1992. In the attached communication, the authorities of Switzerland have notified the Fund, pursuant to paragraph 7 of the Membership Resolution, 1/ of the exchange arrangements that Switzerland intends to apply in fulfillment of its obligations under Article IV, Section 1, of the Articles of Agreement.

In the notification, the authorities of Switzerland have stated that the currency of Switzerland is the Swiss franc. The Swiss National Bank (the central bank) does not maintain margins in respect of exchange transactions, and exchange rates are determined, in principle, on the basis of underlying demand and supply conditions in the exchange markets. However, the Swiss National Bank reserves the right to intervene if and when circumstances warrant. The principal intervention currency is the U.S. dollar.

In light of this notification, Switzerland has been classified by the staff in the group of countries whose currencies are independently floating.

Attachment

1/ Board of Governors' Resolution No. 46-2 (approved on April 23, 1991).

ATTACHMENT

Mr. Michel Camdessus
Managing Director
The International Monetary Fund
Washington, D.C. 20431

19th June 1992

Dear Mr. Camdessus:

We have the honor to notify you of the exchange arrangements of Switzerland under Article IV of the Articles of Agreement of the International Monetary Fund.

The currency of Switzerland is the Swiss franc. The Swiss National Bank (the Central bank) does not maintain margins in respect of exchange transactions, and exchange rates are determined, in principle, on the basis of underlying demand and supply conditions in the exchange markets. However, the Swiss National Bank reserves the right to intervene if and when circumstances warrant. The principal intervention currency is the U.S. dollar. On June 18, 1992, the midpoint market rate for the Swiss franc in terms of the U.S. dollar was Sw F 1.4165 per US\$1.

Yours sincerely,

M. Lusser J. Zwahlen
Banque Nationale Suisse