The Swiss National Bank said Philipp Hildebrand has resigned as head of the central bank, effective immediately, Katie Martin reports on Markets Hub. (Photo: REUTERS/Pascal Lauener)

Swiss National Bank Chairman Philipp Hildebrand resigned Monday amid a scandal over currency trades in which he and his wife were involved.

ZURICH—Swiss National Bank Chairman Philipp Hildebrand resigned Monday after emails appeared to undercut his assertion that he knew nothing of a currency trade worth more than $500,000 by his wife last summer.

Mr. Hildebrand, who denied any wrongdoing, resigned just days after declaring that he wouldn’t step down in the wake of disclosures that his wife, who once worked at a New York hedge fund, exchanged Swiss francs for dollars Aug. 15, just weeks before the central bank made one of the boldest interventions in foreign-exchange markets in recent years to control the rise of the Swiss currency.

The resignation brought an abrupt end to the two-year tenure of a central-bank chief who generated both controversy and plaudits from the international financial community.

**Currency Controversy**

See the Hildebrands’ currency transactions during a year of volatility in the Swiss franc foreign-exchange market.

Mr. Hildebrand, who denied any wrongdoing, resigned just days after declaring that he wouldn’t step down in the wake of disclosures that his wife, who once worked at a New York hedge fund, exchanged Swiss francs for dollars Aug. 15, just weeks before the central bank made one of the boldest interventions in foreign-exchange markets in recent years to control the rise of the Swiss currency.

The resignation brought an abrupt end to the two-year tenure of a central-bank chief who generated both controversy and plaudits from the international financial community.
In a news conference, 48-year-old Mr. Hildebrand said he was resigning in part because it was impossible for him to prove that his wife, Kashya, acted alone in making the transaction last August.

"My wife has a strong personality," Mr. Hildebrand had said last week in discussing the trade. "She worked in the financial business and has her own thoughts."

Ms. Hildebrand worked at New York hedge fund Moore Capital Management between 1994 and 1999 in various roles, where she met her husband. She has managed an art gallery in Zurich since 2001.

In one of the emails released by SNB Monday, dated Aug. 16, the family's financial adviser at Bank Sarasin & Cie., Felix Scheuber, raises a question as to whether Mr. Hildebrand had given some assent for the trade a day earlier by Ms. Hildebrand.

"I also remember you saying in our yesterday's conversation that if Kashya wants to increase the [U.S. dollar] exposure it is fine with you," Mr. Scheuber wrote.

Two days after the trade, on Aug. 17, the SNB flooded the market with liquidity in an effort to weaken the Swiss currency. The SNB then set a cap on how far it would let the franc rise against the euro.

By exchanging her francs for dollars before these moves, Ms. Hildebrand profited from the subsequent sharp gain in the dollar.

Mr. Hildebrand conceded Monday that his credibility had been called into question.

"Central bankers need to be absolutely credible," he said. "The resignation fills me with sadness."

While Mr. Hildebrand's resignation isn't expected to change either of his signature policies—enacting some of the toughest bank regulations in the world or reining in the strength of the Swiss franc—Switzerland is losing a figure who enjoyed close relationships with top central bankers in Europe and the U.S.

Ms. Hildebrand sold francs to buy $504,000 on Aug. 15, around the time the dollar hit a record low against the franc. On Sept. 6, the SNB said it wouldn't let the euro fall below 1.20 francs, considered a bold intervention aimed at weakening the Swiss currency. By early October, the dollar had soared 17%.

The SNB hasn't disclosed the profit made by Ms. Hildebrand, but her husband—who said his wife had no advance knowledge of the SNB's policy discussions—donated $79,000 to charity to compensate for the gain.

Ms. Hildebrand issued a statement apologizing "unreservedly to the Swiss people, the Swiss National Bank and most of all to my husband for my error in judgment regarding the foreign exchange transaction....I failed my husband." She didn't respond to a request for further comment.

While he has asserted that he only learned of his wife's transaction a day later and alerted the central bank's general counsel of the trade immediately, Mr. Hildebrand said that, since the emails didn't contain unequivocal proof, he decided to resign to protect the bank's integrity.

The emails released by SNB Monday document correspondence between him and his wife and the family's client adviser at Bank Sarasin. In an Aug. 15 email sent to Mr. Scheuber, the adviser, Ms. Hildebrand wrote that "[w]e would like to increase our dollar exposure to 50%." As a result, Mr. Scheuber sold 400,000 Swiss francs and bought dollars.

A day later, Mr. Hildebrand answered in an email to his wife and Mr. Scheuber: "I am surprised [about the] reference to a dollar transaction in your email. We never discussed any dollar purchases yesterday. Given Kashya's email response and copy to me, I assume she gave the order," adding that in the future he needs "to know and sign off on any trades."
However, Mr. Hildebrand's position was weakened by Mr. Scheuber's email the same day reminding the central banker of their conversation the day before that acknowledged his wife's wish to make the trade.

Mr. Hildebrand acknowledged Monday that the email "makes it more difficult for me to prove that this transaction has been made without my knowledge." He added that, although a letter from Mr. Scheuber to Mr. Hildebrand's lawyer Peter Nobel, dated Jan. 9, is backing his claim, "the fact remains that I can't prove it once and for all that it was as I have told it."

Last week, Mr. Hildebrand said he wasn't "totally surprised" by the trade because Ms. Hildebrand had "talked about how low the dollar is and that we should buy more dollars." Mr. Hildebrand said he regretted not reversing the purchase.

"I have never lied in this story," said Mr. Hildebrand on Monday. "You need to take my word for it." He has also resigned his board membership at the Bank for International Settlements and his vice-chairmanship of the Financial Stability Board, both influential policy-making bodies.

Thomas Jordan, who joined the SNB in 1997 and has been its vice chairman since 2010, will replace Mr. Hildebrand on an interim basis, until the Swiss government elects a new SNB president. Mr. Hildebrand was the senior member of the bank's three-person governing council, and the bank said it will nominate a third member as soon as possible.

Write to Deborah Ball at deborah.ball@wsj.com and Goran Mijuk at goran.mijuk@dowjones.com