

Treasury Department  
Division of Monetary Research

Date.....19

To:

From:

New page 6 of Fund proposal sent to  
Russian delegation 2/4/44



3. A currency is "acceptable" to the Fund if at the time the currency is tendered to the Fund the member country represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.

Unless the conditions are waived, the currency ceases to be acceptable:

- a. If the Fund's total holdings of the currency exceed 200 percent of the quota.
- b. If the Fund's total holdings of the currency have increased by more than 25 percent of the quota during the previous 12 months.

The Fund's holdings of the currency of a country include its holdings of the Government securities of the country.

When a member's holdings of gold and gold convertible exchange exceed its quota, it shall pay with gold for one half the exchange purchased from the Fund.

4. When a member country is using the resources of the Fund in a manner that clearly has the effect of preventing or unduly delaying the establishment of a sound balance in its international accounts, the Fund shall render a report to a member country indicating the effect of its excessive use of the Fund's resources.

- a. The Fund may also give notice of not less than one year that it will not, thereafter, sell foreign exchange for the currency of a member country, but during the period of notice the Fund shall sell foreign exchange to the member country for its currency up to the extent of 25 percent of its quota.
- b. However, when the currency holdings of the Fund exceed 125 percent of the member's quota the Fund may reduce the period of notice to not less than six months during which period the Fund will sell foreign exchange for the currency of a member country to the extent of not less than 12-1/2 percent of its quota.

5. The Fund may waive any of the conditions of acceptability in V-3 and 4 above only with the specific approval of the Executive Committee and provided that at least one of the following two conditions is met:

- a. In the judgment of the Fund satisfactory measures are being or will be taken by the country whose currency is acquired by the Fund, to correct the disequilibrium in the country's balance of payments; or