

Rules and Regulations of the International Monetary Fund

Executive Directors

1. Any director or the Managing Director, and in his absence the acting chief of the operating staff of the Fund, may call a meeting of the Executive Directors to consider the business of the Fund.

2. The Managing Director, and in his absence the chief of the operating staff of the Fund, shall provide at the meetings of the Executive Directors, and the other principal officials of the Fund may be present and participate in the meetings.

The Executive Directors shall select a Secretary, and such other officers as they require, from the staff of the Fund.

3. The Managing Director shall prepare the agenda for the meetings of the Executive Directors. Any director or alternate may place upon the agenda any matter for the consideration of the Executive Directors.

The Executive Directors shall keep a summary record of their proceedings.

4. The Managing Director shall inform directors and alternates of all meetings of the Executive Directors.

5. The directors and their alternates shall be provided with suitable office space and adequate assistance.

6. If a member withdraws, the votes that it cast toward the election of a director shall be deducted from the number which that director shall vote.

For the purpose of voting under Article V, Section 4 or 5 of the Fund Agreement, the net sales of a currency shall be determined by the amount by which 75 percent of the quota of the member exceeds the Fund's holdings of its currency, and the net purchases of a currency shall be determined by the amount by which the Fund's holdings of the currency of a member exceeds 75 percent of its quota. The amount of any currency borrowed by the Fund shall be deducted from the Fund's balance of that currency before computing net sales or purchases.

Any director or alternate may request that the action of the Executive Directors shall be taken by a record vote.

7. The Executive Directors shall name committees to advise them on the business of the Fund. They shall include committees on

- (a) Exchange Transactions
- (b) Exchange Rates
- (c) Exchange Regulations
- (d) Relation with Members
- (e) Cooperation with the International Bank for Reconstruction and Development
- (f) Cooperation with other International Agencies

The Executive Directors shall pass such other standing and special committees as they find necessary.

Any director or alternate may attend meetings of any committee.

Officials and Staff of the Fund

8. The Managing Director shall make recommendations to the Executive Directors on policies to guide the Fund in its operations. He shall see that the business of the Fund is conducted in accordance with the Articles of Agreement, the By-Laws, the Rules and Regulations, and the policies of the Board of Governors and the Executive Directors. He is authorized to issue Administrative Orders for the guidance of the staff in the operations of the Fund.

9. The Managing Director shall present to the Executive Directors for their approval a budget of proposed expenditures for the Fund's financial year.

10. The salary of the Managing Director shall be \$_____ per annum.

11. The Deputy Managing Director shall act as chief of the operating staff of the Fund in the absence of the Managing Director.

The salary of the Deputy Managing Director shall be \$_____ per annum.

12. There shall be an Assistant Managing Director in charge of operations. He shall be responsible, under the Managing Director, for the gold and exchange operations of the Fund.

13. There shall be an Assistant Managing Director in charge of relations with members. He shall be responsible, under the Managing Director, for seeing that the exchange policies of members conform to the provisions of the Articles of Agreement.

He shall supervise for the Fund the maintenance of close liaison with members and for this purpose the Fund may maintain representatives attached to members.

14. There shall be an Assistant Managing Director in charge of relations with the International Bank for Reconstruction and Development. He shall be responsible, under the Managing Director, for maintaining liaison with the officials of the Bank.

15. There shall be an Assistant Managing Director in charge of relations with the Economic and Social Council of the United Nations and specialised international organisations other than the Bank. He shall be responsible, under the Managing Director, for maintaining liaison with the Economic and Social Council and its constituent specialised organisations other than the Bank.

16. There shall be an Assistant Managing Director in charge of technical studies. He shall be responsible, under the Managing Director, for seeing that the Executive Directors and the officials of the Fund are informed of economic and financial developments which affect the policies and operations of the Fund.

17. The Executive Directors shall designate the order in which the Assistant Managing Directors shall act as chief of the operating staff of the Fund in the absence of the Managing Director and the Deputy Managing Director.

18. There shall be a General Council.

19. The Deputy Managing Director, the Assistant Managing Directors and the General Council shall be selected by the Managing Director with the approval of the Executive Directors and they shall hold office until their successors are chosen.

The salary of these officials shall be \$_____ per annum.

20. The Managing Director shall make provision in the annual budget for other members of the staff.

He shall provide by Administrative Order for the selection of the staff on the basis of competence and efficiency. In the selection of the staff, weight shall be given to the desirability of securing wide representation of all members on the staff of the Fund. The staff so selected shall have security of tenure and shall be removed only for cause.

The Managing Director shall submit to the Executive Directors for their approval the Administrative Orders that govern the appointment, reappointment and tenure of members of the staff.

21. The officials and staff of the Fund shall be available to advise members on any economic and financial problems that may affect their balance of payments.

Offices and Depositories

22. Each agency of the Fund shall be under the direction of a Manager designated by the Managing Director. The staff at each agency shall be responsible to the Manager. Provision shall be made in the annual budget for the expenses of the agencies.

The function of the agencies shall be to collect information for the Fund, to provide information to members, to facilitate the business of the Fund on instructions from the Managing Director, and to perform such other duties as may be assigned to each separate agency by the Managing Director.

23. No depository shall receive or deliver gold on behalf of the Fund, or pay or accept payment of currency on behalf of the Fund, except on instructions in verified code signed by the Managing Director.

Accounts and Reports

24. The financial year of the Fund shall be from _____ to _____.

25. The accounts of the Fund shall be kept in terms of the United States dollar, of the weight and fineness in effect on July 1, 1944, as a common denominator.

To assure uniformity of accounts, gold held by the Fund shall be valued at 35 a fine ounce, and the currency holdings of the Fund shall be valued at their agreed parities.

26. The accounts of the Fund shall be kept in a manner that will show clearly the nature of each transaction, the position of the Fund, and the results of its operations. Each entry shall be evidenced by an original document signed by an authorized official of the Fund and these original documents shall be retained for purposes of audit.

27. A daily statement of the position and transactions of the Fund shall be prepared for the guidance of the Executive Directors and the officials of the Fund.

At weekly intervals, a summary balance sheet and statement of the operations of the Fund shall be prepared for the guidance of the Executive Directors and the officials of the Fund.

28. The Fund shall publish a monthly bulletin of economic and financial data. Reports and articles of interest and help to members shall also be published in the bulletin.

29. The data required of all members shall be submitted on forms provided by the Fund to assure uniformity of reporting. The data collected from members on a uniform basis shall be published in the bulletin.

The information collected from a member on the basis of a specific request necessary in connection with the operations of the Fund shall not be published except with the permission of that member.

30. A report submitted to a member in connection with any action taken by the Executive Directors or the Board of Governors may be published if the Executive Directors so decide by a two-thirds vote. If a reply has been submitted by the member, it may be published with the approval of the member concerned.

31. With the approval of the Executive Directors, the Fund may provide technical advisers or prepare reports on economic and financial problems to guide a member. Such reports shall be published only with the approval of the Executive Directors and the member.

32. The Fund may prepare other special studies and reports that it regards as of interest to the Fund and to members. Such studies and reports shall be published if the Executive Directors so decide by a two-thirds vote.

Payment of Subscriptions

33. A member may pay its gold subscription to the Fund at any gold depository.

34. A member shall pay its currency subscription to the Fund at the designated depository.

The depository is authorized to permit a member to substitute non-negotiable non-interest bearing notes payable to the Fund on demand for that part of the currency subscription which exceeds _____ percent of the member's quota and the depository shall hold such notes for the account of the Fund. A member may arrange with the Fund for any further substitution of such notes for currency.

The Fund will instruct depositories on the procedure for accepting, holding and receiving payment for such notes.

Par Values and Exchange Rates

35. Each member shall report to the Fund by telegraph on the first business day of each week, the highest and lowest rates during the preceding week for actual spot transfers of all currencies made in conformity with the member's laws and exchange regulations.

36. Each member shall inform the Fund whether its monetary authorities, for the settlement of international transactions, in fact freely buy and sell gold and the rates at which such purchases and sales are made. A member shall inform the Fund promptly of any change in its practice.

37. The margin for forward exchange transactions or for time bills of exchange shall be for the purpose of preventing the undermining of the agreed parities.

38. A member proposing a change in the par value of its currency shall notify the Fund of the proposed change and shall submit, through its director or a representative authorized to consult with the Fund, a written report to support its contention that the change is necessary.

The proposal of the member shall be considered promptly by the Executive Directors at a meeting at which the director or representative of the member shall be invited to be present and to participate.

39. If a proposed change in parity, together with all previous changes, whether increases or decreases, does not exceed 10 percent of the initial par value, the Fund shall not object; but it may inform the member through a written report of its opinion of the advisability of such action. The opinion of the Fund shall be delivered to the director or representative of the member within 72 hours of the proposal if the member so requests.

A member that changes the parity of its currency without giving the Fund an opportunity to present its opinion shall be deemed to have failed to consult with the Fund; but if the Fund does not deliver its opinion to the director or representative of the member within 72 hours, or such longer period as the member has requested, it shall be deemed to have been consulted on the proposed change.

40. If the proposed change in parity, together with all previous changes, whether increases or decreases, exceeds 10 percent but not 20 percent of the initial parity, the Fund shall deliver to the director or representative of the member a written report, within 72 hours, if the member so requests, which declares whether the Fund concurs or objects and the reasons for its attitude.

41. If the proposed change in parity, together with all previous changes, whether increases or decreases, exceeds 20 percent of the initial parity, the Fund shall consider the proposal promptly. It shall hold such further consultation with the director or representative of the member as it deems necessary and it may call for additional information and reports.

If the Fund is not prepared to declare its attitude by the _____ day after the proposal for the change is presented, it shall so inform the director or representative of the member in writing and it shall set a definite date within another _____ days at which time it shall deliver to the director or representative of the member a written report which declares whether the Fund concurs or objects and the reasons for its attitude.

42. A member that proposes a change in the par value of its currency which, in its opinion, will not affect international transactions of members shall submit, through its director or a representative authorized to consult with the Fund, a written report to support its opinion. The Fund shall inform the member whether it agrees that the proposed change does not affect international transactions of members and it shall deliver to the director or representative of the member a written report, within 72 hours, if the member so requests, which shall state its view on this point.

A member that changes the par value of its currency, under the above circumstances, before the Fund has expressed its view shall be deemed to have failed to consult with the Fund; but if the Fund does not express its view within 72 hours, or such longer period as the member has requested, it shall be deemed to have agreed that the proposed change does not affect international transactions of members.

43. Any member may propose to the Executive Directors or the Board of Governors that a uniform proportionate change be made in the par values of the currencies of all members. The member proposing such a change shall submit a report to support the contention that such a change is needed.

When such a change is proposed to the Executive Directors, they shall consider whether to present the proposal to the Governors for a telegraphic vote. The Executive Directors shall present the proposal for a telegraphic vote if a majority of the total voting power of the Executive Directors, including each director representing 10 percent of the aggregate of quotas, so decides. They shall inform the member of the action of the Executive Directors.

44. Within one month after members agree with the Fund on the initial parities of their currencies, each member, not availing itself of the transitional arrangements, shall communicate to the

fund any class of exchange transactions it proposes to continue at rates that differ from parity by more than the prescribed margin. The member shall present to the Fund a written report stating the reasons why such other rates are necessary and the period during which it proposes to continue them.

The Executive Directors shall meet with the director of a representative of the member to consider the matter. They shall inform the member of their decision in a written report stating the reasons for their attitude. If the Executive Directors disapprove the proposal, they shall prescribe the method for discontinuing or modifying the other rates.

45. A member proposing to introduce rates for any class of exchange transactions that differ from parity by more than the prescribed margin shall notify the Fund of the proposal and shall submit a written report stating why such other rates are necessary.

The Executive Directors shall consult with the director or representative of the member on its proposal and shall inform the member of their decision in a written report stating the reasons for their attitude.

Exchange Controls

46. Within one month after a member agrees with the Fund on the initial parity of its currency, it shall communicate to the Fund a full statement of the controls on payments and transfers which it proposes to continue in effect after the Fund begins its operations.

The member shall state which controls are necessary to regulate international capital movements, which controls it will soon be prepared to remove, and which controls are part of its post-war transitional arrangements.

47. The Fund shall take no action on controls which are necessary to regulate international capital movements, provided such controls are exercised in a manner which will not restrict payments for current transactions or unduly delay transfers of funds in settlement of such commitments.

If in the opinion of the Fund the controls are restrictive of transfers and payments for current transactions, the Fund shall consult with the member on the need for the controls. The Fund shall then inform the member of its decision in a written report and give the member an opportunity to modify the controls.

48. The Fund shall consult promptly with members on controls of current transactions then in effect which are not part of the post-war transitional arrangements. The Fund shall agree with each member on the progressive removal of such controls.

If the Fund and the member cannot agree, the Fund shall submit to the member a written report specifying which controls should be removed or modified and stating its reasons. The member shall be required to remove or modify such controls as are specified by the Fund within _____ months after the Fund has begun exchange operations.

49. Members that maintain exchange controls as part of their post-war transitional arrangements shall consult with the Fund from time to time as to the need for the continuation of such arrangements.

Members shall inform the Fund of any adaptation of such controls and shall consult with the Fund as to the need for them. Members whose territories have been occupied by the enemy shall inform the Fund of new controls imposed as part of the post-war transitional arrangements.

50. Whenever a member proposes to introduce controls for the purpose of regulating international capital movements, it shall inform the Fund promptly of the new controls. The Fund shall consider the proposed controls and it shall inform the member if it regards any of them as likely to restrict payments for current transactions or unduly delay transfers of funds in settlement of such commitments.

In such a case, the Executive Directors shall meet with the director or representative of the member to consider the matter. If the Fund finds that the controls are in fact restrictive of current transactions and payments, it shall inform the member in a written report and give the member an opportunity to modify the controls.

51. When a member is of the opinion that its balance of payments position will require it to impose controls on payments and transfers in connection with current transactions, it shall notify the Fund of the restrictions it believes necessary and shall submit, through its director or a representative, a written report setting forth the full facts and requesting the Fund's approval.

The Executive Directors shall set a date for a meeting to consider the request and the member shall be represented at the meeting. Within _____ days of the date of the request the Fund shall inform the member in a written report whether it approves or disapproves and the reasons for its decision.

52. Within ___ month after members agree with the Fund on the initial parities of their currencies, each member shall inform the Fund of any currency, payments or clearing arrangements it has with any other country. The member shall indicate which arrangements it regards as consistent with the Fund Agreement, which are transitional arrangements.

The Fund shall deal with existing currency, payments and clearing arrangements in the same general manner as it deals with existing exchange controls under sections 47, 48 and 49.

53. A member that proposes to enter into a currency, payments or clearing arrangement that requires the approval of the Fund shall request such approval in a report setting forth the need for the arrangement.

The Executive Directors shall meet with a representative of the member to consider the request. The Fund shall then inform the member of its decision in a written report stating its reasons.

54. A member shall inform the Fund of any new currency, payments or clearing arrangements it enters into and of the termination of any such arrangements. The Fund shall keep all members informed of the arrangements in force.

The Fund may inform a member at any time that a currency, payments or clearing arrangement is inconsistent with the provisions of the Articles of Agreement and it may require the member to terminate or modify the arrangement to the extent that it is in conflict with the Articles of Agreement. The member shall be given an opportunity to present its views to the Executive Directors and the member shall be informed of the decision of the Fund in a written report stating the reasons for the decision.

Gold and Exchange Transactions of the Fund

55. The Fund shall sell foreign exchange for gold or currency only on the basis of a written or telegraphic request in verified code from a designated fiscal agent of the member.

56. From time to time, but not less frequently than once a quarter, the Fund shall consult with each member regarding its prospective balance of payments and its prospective need to purchase foreign exchange from the Fund.

57. The Fund shall buy from any member gold placed on account to its account at any gold depository with payment in any other member's currency. The Fund may establish handling charges for gold which differ at each of its gold depositories, and these handling charges may vary for each currency.

The Fund shall publish from time to time the handling charges for gold transactions in each currency at each of its designated gold depositories.

The Fund may buy gold from a member for any other member's currency when the gold is situated at some point other than the depository. At the request of the member, the Fund shall quote the handling charge for which it is prepared to undertake each specific transaction.

58. A member desiring to purchase foreign exchange from the Fund with its own currency shall file a written or telegraphic request with the Fund in which it represents that the currency is presently needed for making payments in that currency consistent with the provisions of the Articles of Agreement.

59. On any request for purchase of exchange involving less than ___ percent of the member's quota within a thirty-day period, the transfer shall be made on a transfer date within ___ business days of the receipt of the request. The Fund shall notify the member of the date on which the transfer will be made.

60. On any request for purchase of exchange involving more than ___ percent but not exceeding ___ percent of the member's quota within a thirty-day period, the transfer shall be made on a transfer date within ___ business days of the receipt of the request. The Fund shall notify the member of the date on which the transfer will be made.

61. On any request for purchase of exchange in any larger amount, the Fund shall set the transfer date and it shall inform the member of its decision.

62. A member may cancel any requested gold or exchange transaction prior to the transfer date and the Fund shall levy no charge in connection with such a transaction.

The Fund may agree with a member to reverse a transaction within ___ days after the transfer date, and it shall refund the charge. No reversal shall be made by the Fund of any completed transaction if a change in the par value of the currency purchased by the member has been made in the interim.

A member that has purchased a currency from the Fund and finds that ___ days after its purchase its official holdings of that currency exceed its holdings prior to the purchase shall notify the Fund of the facts and at the request of the Fund shall offer to reverse the transaction to the extent of the excess.

63. A member requesting a waiver under Article V, Section 4 of the Articles of Agreement shall file with the Fund an application giving the information required by the Fund.

If the Executive Directors agree to a waiver, the terms shall be submitted to the member for its acceptance. The sale of exchange on the basis of a request for a waiver shall be made only after the member accepts these terms.

64. No transfer of exchange shall be made by the Fund except on the signed order of the Managing Director or someone authorized to act for him.

65. The Managing Director shall place before the Executive Directors at each meeting the pending requests for purchases of foreign exchange by members for their own currencies.

Any director may require that a request be referred to the Committee on Transactions for a report to the Executive Directors and such report shall be made promptly. Unless the Executive Directors take action to limit the sale of exchange to the member or to declare the member ineligible to purchase exchange, the transfer shall be made on the transfer date determined under these Rules and Regulations.

Repurchases and Charges

66. Within ___ days after the end of the Fund's financial year, all members shall report to the Fund the data necessary to calculate the repurchase obligations of the member. The Fund shall inform the member, on the basis of the reports, how much of its currency it is required to repurchase and to what extent payment is to be made in gold and in each convertible currency.

67. When a member repurchases its currency from the Fund with gold, in accordance with its repurchase obligations, the Fund shall levy no charge for the transaction, provided the gold is delivered to any of the designated gold depositories of the Fund. The Fund may accept gold situated elsewhere and it shall levy a handling charge equal to the cost of moving the gold to its nearest gold depository.

68. When a member repurchases its currency from the Fund with convertible currencies of members, in accordance with its repurchase obligations, the Fund shall levy no charge for the transaction.

69. On the first day of the Fund's financial year, and every three months, thereafter, the Fund shall notify each member of the charges due on balances of its currency held by the Fund during the preceding quarter. Such charges shall be paid within 15 days after the date of the notice.

70. Gold tendered in payment of charges may be delivered at any gold depository of the Fund. Any overpayment shall be returned to the member in any currency of a member it requests.

Postponement of Exchange Transactions and Withdrawal from the Fund

71. Whenever exchange transactions with a member are postponed in accordance with Article XX, Section 4(1) of the Articles of Agreement the Managing Director shall inform the member of the action of the Fund in a written report stating the conditions under which the Fund will be prepared to begin exchange transactions with the member.

72. When the period for agreeing on the initial parity of the currency of a member has been extended beyond 90 days after the date on which the Fund requests the communication of par values, in accordance with Article XX, Section 4(d)(ii) of the Articles of Agreement, the member shall be informed of the conditions under which the Fund will undertake exchange transactions with it.

73. When a member withdraws from the Fund, voluntarily or by compulsion, the Fund shall notify all members of the change in membership.

The Executive Directors shall promptly arrange a meeting with a representative of the former member to secure agreement on the settlement of accounts between the Fund and the former member.