

SUGGESTED BY-LAWS OF THE INTERNATIONAL MONETARY FUND

These By-Laws are adopted under the authority of, and are intended to be complementary to, the Articles of Agreement of the International Monetary Fund; and they shall be construed accordingly. Neither anything in these By-Laws nor the omission of anything from these By-Laws shall be construed as conflicting with, or as qualifying in any manner, any provision or requirement of the Articles of Agreement.

1. Places of Business

The principal office of the Fund shall be located in \_\_\_\_\_ . Agencies or branch offices may be established and maintained at any place in the territories of other members, whenever it is necessary to do so in order to facilitate the efficient conduct of the business of the Fund.

2. Other Organizations Represented

The Economic and Social Council of the United Nations is authorized to be represented at the meetings of the Board of Governors and Executive Directors, and the representative of the Council may participate in such meetings, but shall have no vote. The Executive Directors are authorized to arrange with the International Bank for Reconstruction and Development to send a representative of the Bank to meetings of the Board of Governors and Executive Directors who may participate in such meetings, but shall have no vote.

3. Notice of Meetings

The Managing Director shall notify all members of any meeting of the Board of Governors.

4. Special Board Meetings

Whenever any member requests the Executive Directors to call a special meeting of the Board, the Managing Director shall notify all members of the request together with the reasons assigned for such request. Special meetings of the Board shall be called by the Directors whenever requested by five members or by members having one-quarter of the total voting power.

5. Agenda of Board Meetings

The agenda for the meetings of the Board of Governors shall be submitted by the Managing Director after having been approved by the Executive Directors. Any Governor or Alternate may place upon the agenda any matter for the consideration of the Board.

6. Election of Chairman and Vice Chairmen

At each annual meeting the Board of Governors shall select a Governor to act as Chairman and other Governors to act as Vice Chairmen until the next annual meeting. The selection shall require a majority of the votes cast by the Governors. Successive ballots shall be cast until one nominee has a majority; and after each ballot the nominee with the smallest number of votes shall be dropped from the next ballot.

7. Secretary

The Secretary of the Fund shall serve as Secretary of the Board of Governors.

8. Minutes

The Board shall keep a summary record of its proceedings which shall be available to all members and which shall be filed with the Executive Directors for their guidance.

9. Report of Managing Director

The Managing Director shall prepare for presentation at the annual meeting of the Board of Governors an annual report in which he shall discuss the operations and policies of the Fund and make recommendations to the Executive Directors and the Board of Governors on the problems confronting the Fund.

10. Proxies

No Governor or Alternate may vote at any meeting by proxy or by any other method than in person.

11. Voting Without Meeting

Whenever, in the judgment of the Executive Directors, an action by the Fund must be taken by the Board of Governors



which should not be postponed until the next regular meeting of the Board and does not warrant the calling of a special meeting of the Board, the Executive Directors shall present to each member by telegraph or otherwise a motion embodying the proposed action with a request for a vote by its governor. When sufficient replies have been received to accept or reject the motion, the Executive Directors shall record the results and the Managing Director shall notify all members.

12. Expenses of Governors

Each governor and alternate shall present to the Secretary of the Board of Governors a memorandum of transportation expenses incurred in travelling to and from the meetings of the Board. All reasonable transportation expenses shall be paid by the Fund, together with \$ \_\_\_\_\_ for each day he is engaged in the business of the Fund, including the time of travelling, in lieu of reimbursement for other expenses.

13. Delegation of Authority

The Executive Directors are authorized by the Board of Governors to exercise all the powers of the Fund except those reserved to the Board by Article XII, Section 2(b) and other provisions of the Articles of Agreement.

14. Rules and Regulations

The Executive Directors are authorized by the Board of Governors to adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Fund. Any rules and regulations so adopted, and any amendments thereof, shall be subject to review by the Board of Governors at their next annual meeting.

15. Executive Directors on Full Time Basis

The Executive Directors and their Alternates shall be regarded as full time officers of the Fund.

16. Vacant Directorships

Whenever a new Director must be elected because of a vacancy requiring an election, the Managing Director shall

notify the members who elected the former Director of the existence of the vacancy. He may convene a meeting of the Governors of such countries exclusively for the purpose of electing a new Director; or he may request nominations by mail or telegraph and conduct ballots by mail or telegraph. Successive ballots shall be cast until one candidate has a majority; and after each ballot, the candidate with the smallest number of votes shall be dropped from the next ballot.

When a new elective director is named, the office of alternate shall be deemed to be vacant and an alternate shall be named by the newly-elected director.

#### 17. Additional Directors

At least one month before the second and subsequent regular elections of directors, the Managing Director shall notify all members of the two members whose currencies held by the Fund have been, on the average over the preceding two years, reduced below their quotas by the largest absolute amounts. He shall state whether either or both are entitled to name a director on this basis.

When a member becomes entitled to name a director in accordance with Article XII, Section 3(c) of the Fund Agreement, it shall not participate in the election of any director.

#### 18. Representation of Members Not Entitled To Appoint a Director

Whenever the Executive Directors are to consider a request made by, or a matter particularly affecting a member not entitled to appoint a director, the member shall be promptly informed in writing of the date set for its consideration. No final action shall be taken by the Executive Directors, nor any question affecting the member submitted to the Board of Governors, until the member has been offered a reasonable opportunity to present its views and to be heard at a meeting of the Executive Directors of which the member has had reasonable notice. Any member, so electing, may waive this provision.

#### 19. Officials

The officials of the Fund shall be a Managing Director, a Deputy Managing Director, a General Counsel, and such Assistant Managing Directors and their officials as the Executive Directors shall determine. Other members of the staff shall be provided for in the annual budget of the Fund.



## 20. Audits

The Executive Directors shall have an audit of the accounts of the Fund made at least once each year and on the basis of this audit shall submit a balance sheet and a statement of operations of the Fund to the Board of Governors to be considered by them at their annual meeting.

## 21. Applications for Membership

Any country may apply for membership in the Fund by filing with the Fund an application setting forth all relevant facts.

The Managing Director shall arrange for consultation with the Economic and Social Council of the United Nations.

When submitting an application to the Board of Governors, the Executive Directors shall inform them of the response of the Economic and Social Council and shall recommend to the Board the amount of the quota, the form of payment, the parity of the currency, conditions regarding the removal of exchange restrictions, and such other conditions as, in the opinion of the Executive Directors, the Board of Governors may wish to prescribe.

## 22. Compulsory Withdrawal

Before any member is required to withdraw from membership in the Fund, the matter shall be considered by the Executive Directors who shall inform the member in reasonable time of the complaint against it and allow the member an adequate opportunity for stating its case both orally and in writing. The Executive Directors shall recommend to the Board of Governors the action they deem appropriate. The member shall be informed of the recommendation and the date on which its case will be considered by the Board and shall be given a reasonable time within which to present additional material to the Board. Any member so electing may waive this provision.

## 23. Settlement of Disagreements

The International Court of Justice is prescribed as the authority to appoint an umpire whenever there arises a disagreement of the type referred to in Article XVIII (c) of the Articles of Agreement.



## SUGGESTIONS FOR BANK BY-LAWS

The ordering and wording of the Bank by-laws should be almost identical with that of the Fund by-laws. The exceptions are noted below. Any last minute improvements in the Fund by-laws at the next meeting should be taken account of in the Bank by-laws. The differences between the Fund and Bank by-laws should be as follows. The numbered items referred to are in the draft of the Fund by-laws as of September 27 (NAC Document #9).

General. Change "Fund" to "Bank" in each case and change "Managing Director" to "President" in each case.

Item 1. Change the second sentence to read "Regional offices, agencies, or branch offices ...." Change "other members" in the fourth line to "any member."

Item 11. Change "Article XIII" to "Article V."

Item 15. Omit.

Item 16. Substitute "First Vice President" and "Such Vice-Presidents" for "a Deputy Managing Director" and "such Assistant Managing Directors."

Item 19. Omit the words in the fourth to sixth line of the third paragraph from the word "amount" to the word "restrictions" and insert "minimum number of shares to be subscribed."

Item on Compulsory Withdrawal. <sup>1/</sup> Omit.

Additional by-law. An additional by-law should provide for the selection of the Advisory Council by the Board of Governors. The Board should instruct the Executive Directors to nominate seven persons and submit the nominations for the approval of the Board of Governors by telegraph or at its next meeting. This will ensure that there will be no doubts as to the individuals who are to fill the Directors' posts when the Advisory Council is being chosen and will also give the Directors time to reach the required agreements with specialized international organizations on individual members of the Advisory Council. The Board might also instruct the Directors to submit nominations for the regional office advisory councils to the Board of Governors for approval.

Board of Governors of the  
Federal Reserve System  
January 9, 1946