

COMPILATION OF ALTERNATIVE SUGGESTIONS FOR
BY-LAWS OF THE INTERNATIONAL MONETARY FUND

EXPLANATORY NOTE

This compilation, together with the attached annex, contains all of the by-law provisions suggested by members of the technical committee at the meeting on Wednesday, September 12. Provisions covering the same point have been grouped together for convenience in consideration. The arrangement of the alternatives and their order in the compilation is purely arbitrary and with no attempt to suggest a final order or arrangement.

Any provision which one agency suggested as a "by-law" and another suggested as a "regulation" has not been included in the compilation proper, but has been inserted in the attached annex until their status has been determined by the main technical committee.

The symbols on the left margin identify the source of the provision e.g. "T(Sec.1)" would indicate that a provision appeared as paragraph 1 of Treasury draft of By-Laws and "T(Regs.)-(Sec.1)" would indicate that it appeared as paragraph 1 of Treasury draft of Rules and Regulations.

RECOMMENDATIONS

The sub-committee recommends that these alternative provisions be reviewed from the point of view of substantive content rather than for form or language. In this way the general scope of the by-laws, and the major policy determinations, can be formulated by the main technical committee and the actual drafting can be left to a drafting sub-committee.

COMPILATION OF ALTERNATIVE SUGGESTIONS FOR
BY-LAWS OF THE INTERNATIONAL MONETARY FUND

FRB(Art.I) 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.

OK

1. Places of Business

FRB(Art.II,Sec.1) A. The principal office of the Fund shall be located in Washington, D. C., in the United States of America. 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.

OK

May be good to start designating branch offices until program is more fully developed & experience has demonstrated need.

T(Sec.15) B. The principal office of the Fund shall be located at _____. Agencies of the Fund shall be established in the following cities: _____

SEC(I,4) C. Determination of the location of the principal office, and agencies or branch offices (Article XIII, Section 1).

ST(2,j) D. A by-law relating to the location of the offices of the Fund and the depositories to be used.

C(I,1) E. The by-laws should designate in what city in the United States the head office is to be located and should also specify in what foreign cities agencies and branches are to be established.

2. Official Language

FRB(Art.II,Sec.2) A. All official records, documents, communications, and published reports of the Fund shall be expressed in the English language.

Omit. Only presents a fight. Develop practice.

3. Bank Represented

T(Sec.27) A. The International Bank for Reconstruction and Development is authorized to be represented at the meetings of the Board of Governors and Executive Directors, and the representative of the Bank may participate in such meetings, but shall have no vote.

OK

4. Regular Board Meetings

FRB(Art.III,Sec.1) A. All meetings of the Board of Governors shall be held at the principal place of business of the Fund. Each annual meeting shall begin as soon as convenient after the anniversary of the first meeting.

T(Sec.1) B. The Board of Governors shall hold an annual meeting at the principal office of the Fund on _____ of each year.

SEC(I,3) C. Fixing of date for annual meeting and other meetings. (Article XII, Section 2(c)).

C(I,2)

D. The date for the regular annual meeting of the Board of Governors and the procedure for designating the place of meeting are matters customarily determined in by-laws. In addition, the by-laws should establish the machinery for calling additional meetings by the Board or by the Executive Directors and for the notification of members. The election of a chairman and a secretary for the annual meetings of the Board of Governors and the submission for approval of the annual report of the Fund should also be provided for in the by-laws.

ST(1,a)

E. A by-law relating to the setting of the time and place of regular meetings and the method of responding to a call by the Directors or voting without a call.

5. Special Board Meetings

T(Sec.3)

OK

A. Whenever any member requests the Executive Directors to call a meeting of the Board, the Managing Director shall notify all members of the request together with the reasons assigned for such request. 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.

T(Sec.4)

OK

6. Notice of Meetings

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

7. Proxies

FRB(Art.III,Sec.2) A. No Governor or Alternate may vote at any meeting by proxy or by any other method than in person while actually present at the meeting.

OK

8. Report of Managing Director

FRB(Art.III,Sec.3) A. At each meeting of the Board, the Managing Director shall render a full report on the work of the Directors and the operations of the Fund since the preceding meeting of the Board.

Combs

T(Sec.21)

B. The Managing Director shall prepare 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.

ST(1,c)

C. A by-law with respect to the type and timing of reports to be made by the Directors to the Governors with respect to the functioning of the Fund.

9. Secretary

FRB(Art.III,Sec.4) A. The Secretary of the Fund shall serve as Secretary of the Board of Governors and shall keep minutes of all meetings of the Board and prepare a provisional agenda for each meeting to be sent to each member of the Board a reasonable period of time before each meeting. He shall perform such other duties as may be assigned to him by the Directors and the Managing Director.

No Sec'y of Fund
Contingent?
Not bad though

T(Sec.2)

B. The Chairman shall select a Secretary, and such other officers as the Board requires from the Board or the staff of the Fund.

OK

10. Correction and Approval of Minutes

FRB(Art.III,Sec.5) A. The minutes of each meeting of the Board shall be sent as soon as possible to each Governor and Alternate; and any Governor, within sixty days, may inform the Secretary of any corrections which he may desire to have made. As corrected, the minutes shall be filed and preserved by the Secretary and presented to the next session of the Board for approval.

Too detailed

T(Sec.5)

B. 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.

OK

C(I,3)

C. True copies of the organization papers of the Fund, the records of all regular and special meetings of the Board of Governors, attested records of votes, and the annual report of the Executive Directors should all be called the Official Records of the International Monetary Fund. The verification, accessibility, and safe-keeping of these records should be provided for in by-laws.

11. Expenses of Governors

T(Sec.7)

A. 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 an allowance of \$___ for each day, including the time of travelling, in lieu of reimbursement for other expenses.

OK

C(I,4)

B. Regular procedure for reimbursing the Governors for travelling expenses by the Treasurer of the Fund should be prescribed.

12. Provisional Directors

SEC(I,1 and 8) A. Arrangements for the selection of provisional executive directors (Article XX, Section 3(b)). Fixing date of the first regular election of executive directors (Article XX, Section 3(c)).

good point - but should be resolution rather than by law.

13. Election of Chairman and Vice Chairman

FRB(Art.IV,Sec.1) A. At the first meeting of the Board of Governors the Governor appointed for the United States shall serve as Temporary Chairman of the Board. At each annual meeting of the Board the Chairman shall appoint a Nominating Committee consisting of eleven Governors, including the Governors representing the five Members with the highest quotas, to nominate a Governor for election as Chairman and a Governor for election as Vice Chairman for the ensuing year. These nominations shall be presented to the Board by the Chairman of the Nominating Committee. At such time as the nominations are presented, any Governor may nominate any other Governor for the office of Chairman or Vice Chairman; but no such individual nomination shall

*Too detailed
Fight over
Procedure*

be voted upon unless it is seconded by at least five Governors. Elections shall be by a majority of the votes cast. If no candidate shall have a majority of the votes cast on the first ballot, the one having the smallest number of votes shall be eliminated and another vote shall be taken; and this method shall be continued until the Chairman and Vice Chairman are elected. The Chairman and Vice Chairman so elected shall be installed in office immediately prior to the conclusion of the meeting at which they were elected and shall serve until their successors are installed at the next annual meeting.

T(Sec.2)

B. At each annual meeting the Board of Governors shall select a Governor to act as Chairman 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.

OK

Vice Chairman

SEC(I,11)

C. Selection of a Chairman (Article XII, Section 2(a)).

14. Duties

FRB(Art.IV.Sec.2)

The Chairman shall (i) preside at all meetings of the Board, (ii) rule on all questions of procedure arising during the meetings, subject to corrections by a vote of the Board, and (iii) appoint all committees and designate the chairman thereof.

Omit as unnecessary

The Vice Chairman shall perform the duties of the Chairman during the absence of the Chairman.

The Chairman and Vice Chairman shall not be compensated by the Fund for their service as Chairman or Vice Chairman.

15. Delegation of Authority

T(Sec.8)

A. 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) of the Articles of Agreement.

af

Under Agreement to Country

SEC(7,2)

B. Delegation of powers to the provisional Executive Directors (Article XX, Section 3(c) and to the Executive Directors (Article XII, Section 2(b) and (g)).

ST(1,f)

C. The Board of Governors should delegate to the Executive Directors authority to exercise any of its powers except the powers specified in Section 2(b) of Article XII.

C(II, 1 and 2)

D. Several of the powers specifically retained by the Board of Governors (Article XII, Section 2(b)) may require amplification in the by-laws. Examples: Conditions for admission of new members; establishment of machinery for cooperation with other international organizations; conditions regarding suspension of membership and appeals. Except as specifically barred from doing so, the Board of Governors may delegate any of its powers to the Executive Directors. The work of the Fund should be facilitated from the beginning if a detailed positive delegation of powers could be made in the by-laws. Examples of subjects for such delegation might be: The obtaining of information from members (Article XIII, Section 5); issuance of reports on exchange restrictions during the transitional period (Article XIV, Section 4); determination of certain charges levied by the Fund (Article V, Section 8-a and -b); determination of margins above and below par for transactions in gold by members (Article IV, Section 2).

covered
covered
covered
no!

16. Rules and Regulations

T(Sec.9)

A. 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 regular meeting.

BT

Amend

*no need of Art XII
sec 3*

17. Executive Directors on Full Time Basis

FRB (Art.V,Sec.1)

A. The Executive Directors and their Alternates shall devote their full time to their duties as Executive Directors and as Alternates.

Resolution

18. Compensation

FRB (Art.V,Sec.3)

A. Each Director shall be paid a salary at the rate of \$ _____ per annum, and shall be entitled to reimbursement for his actual, necessary expenses of traveling on behalf of the Fund.

Each Alternate shall be paid a salary at the rate of \$ _____ per annum, and shall be entitled to reimbursement for his actual, necessary expenses of traveling on behalf of the Fund.

T (Sec.13)

*OK
shorts*

B. The salary of Directors and Alternates shall be \$ _____ per annum. They shall also be entitled to reimbursement for reasonable expenses actually incurred in the conduct of the business of the Fund when they have been authorized to incur such expenses.



SEC (I,12(a))

C. Determination of remuneration to be paid to the Executive Directors.

C (I,5)

D. The by-laws might either provide maximum salaries or establish a comparative basis for determining salaries or set a definite sum for salaries of the Executive Directors and Managing Director.

19. Vacant Directorships

T (Sec.11)

OK

A. 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 telegraph and conduct ballots by 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.

mail

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.

20. Additional Directors

T (Sec.12)

OK

A. 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.

Art XII, sec 3 c

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.

21. Officials

T (Sec.14)

OK

A. The officials of the Fund shall be a Managing Director, a Deputy Managing Director, 5 Assistant Managing Directors and a General Counsel. Other members of the staff shall be provided for in the annual budget of the Fund.

C (I, 6(5))

B. The by-laws should provide for the selection by the Executive Directors of such additional executive officers of the Fund as may be necessary to assist the Managing Director (Treasurer, etc.)

ST (2, c)

C. A by-law regarding the selection and control of the Managing Director.

22. Deputy Managing Director

FRB (Art.VI,Sec.3)

no need - agreement confer

A. The Managing Director with the approval of the Board of Directors shall appoint a Deputy Managing Director who shall serve at the pleasure of the Directors.

23. Determining Votes

ST (2,d)

no need, as by-law

A. A by-law which would facilitate ready determination of the number of votes each Director is entitled to cast.

24. Gold Depositories

T (Sec.16)

omit; let E & D determine?

A. Gold depositories of the Fund shall be established in the following cities: _____

The earmarked gold accounts of the Fund shall be held with the depositories, each acting as fiscal agent for the member in whose territory the depository is located.

SEC (I,5)

B. Selection of the location of depositories (Article XIII, Section 2(b)).

25. Currency Depositories

T (Sec.17)

no need as by-law

A. The currency accounts of the Fund shall be held in the designated depositories, each acting as fiscal agent for the member in whose territory the depository is located.

26. Fiscal Agents

T (Sec.18)

why not?

A. Each member shall designate a fiscal agent or agents for its transactions with the Fund. A member may change the designated fiscal agent or agents at any time by notifying the Fund.

27. Confidential Reports

FRB (Art. VII,Sec.1)

how can it be confidential in hands of 90 people?

A. The Managing Director shall submit to each Governor and his Alternate and to each Director and his Alternate for their confidential information, such periodic reports as may be needed to keep them currently informed as to the operations

of the Fund as to all developments which may have an important effect upon the operations or purposes of the Fund.

ST (3,e)

B. A by-law relating to periodic and special reports to the Governors.

28. Publication of Reports

FRB (Art.VII,Sec.2)

A. The Fund shall publish an annual report containing an audited statement of its accounts and shall issue each month a summary statement of its transactions and its holdings of gold and currencies of members.

29. Audits

FRB (Art.VII,Sec.3)

A. Not less frequently than once each year, a committee of Directors, designated for the purpose by the Directors and not including the Managing Director, shall cause a complete audit of all the books, records and financial affairs of the Fund to be made by auditors independent of the regular staff of the Fund.

T (Sec.19)

B. 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.

30. Reports of Audits

FRB (Art.VII,Sec.4)

A. A complete copy of the report of each audit shall be submitted to each Governor and his Alternate, each Director and his Alternate, and the Managing Director.

31. Distribution of Income

T (Sec.20)

A. The Executive Directors shall recommend to the Board of Governors the disposition of the net income of the Fund. Before computing the net income, adequate reserves shall be provided to meet all contingencies and to offset any losses that may be incurred by the Fund.

After receiving the recommendations of the Executive Directors, the Board of Governors at their annual meeting shall decide what part of the net income of the Fund shall be placed in surplus and what part shall be distributed as dividends to members.

32. Procedure for Bringing Matters to the Attention of the Board

FRB (Art.IX)

A. Whenever any question is to be brought before the Board of Governors for consideration or action, whether the matter arises as the result of a request by a member or on the initiative of the Executive Directors, the following procedure shall be followed:

(a) The Managing Director shall cause a study of the question to be made and a report to be prepared analyzing the relevant information and making recommendations as to the action to be taken.

Some general point
Two mechanisms
OK
not pressing - reserve for resolution when problem arises
Why force into a ritual



33
36
37

(b) The Managing Director shall consider the report and submit it to the Executive Directors with his written recommendations. The Executive Directors shall consider the report and the recommendations of the Managing Director and shall formulate their own recommendations.

(c) Copies of the report, the recommendations of the Managing Director, and the recommendations of the Executive Directors shall be transmitted to all Governors and their Alternates.

(d) The matter shall be placed on the agenda of the next regular meeting of the Board of Governors or a special meeting of the Board of Governors shall be called to consider the matter if the majority of the Board of Governors decides that it is necessary. In cases where the Executive Directors consider it advisable to obtain a vote on a question without calling a meeting of the Board of Governors the procedure outlined in Article X shall be followed. (This paragraph was intended to cover such matters as applications of membership, distribution of income, revision of quotas, etc., which are reserved for decision by the Board of Governors).

T (Sec.5)

OK

B. The agenda for the meetings of the Board of Governors shall be submitted by the Managing Director. Any Governor or Alternate may place upon the agenda any matter for the consideration of the Board.

33. Applications for Membership

T (Sec.22)

OK

XII, (2)(b)

A. Any country may apply for membership in the Fund by filing with the Fund an application setting forth all relevant facts. The Fund shall inform the Economic and Social Council of the United Nations of each application for membership and shall inquire of the Council whether there is any objection to the extension of membership to the applicant.

SEC (I,6)

B. Prescription of terms for admission of "other countries" to membership (Article II, Section 2), and determination of quotas of such "other members" (Article III, Section 1).

ST (1,c)

C. A by-law regarding the terms of admission of new members.

34. Consideration of Applications

T (Sec.23)

OK

A. The Fund may discuss with the applicant any matters relating to its application. The Executive Directors shall then decide whether to submit an application for membership to the Board of Governors for a telegraphic vote, call a special meeting of the Board, or hold the application until the next meeting of the Board.

35. Recommendations on Applications

T (Sec.24)

OK

A. 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.

36. Special Adjustment of Quotas

T(Sec.25)

A. Any country may request the Fund for an adjustment of its quota. After consulting the member, the Executive Directors shall submit a written report on the request to the Board of Governors at its next meeting. If the request is for an increase in the quota, and the member is not obligated to pay 25 percent of the increase in gold, the report shall contain a recommendation on the amount to be paid in gold.

Is this necessary at this time

37. General Adjustment of Quotas

T(Sec.26)

A. At least one year prior to the time when a review of quotas must be undertaken by the Fund, the Executive Directors shall appoint a committee to study the problem and to prepare a written report to be submitted to the Board of Governors.

Is this necessary - Resolution

38. Voting Without Meeting

FRB(Art.X)

A. Whenever the Directors deem it to be in the best interests of the Fund to obtain a vote of the Governors on a specific question without calling a meeting of the Board, this may be done only in accordance with the following procedure.

If the matter is not too urgent, a clear, concise, and specific statement of all relevant facts having a bearing thereon, a recommendation of the Directors, and a clear and concise statement of the reasons for such recommendation, shall be written and sent by mail, courier, or other method to each Governor and each Alternate. Each vote shall be by letter addressed to the Managing Director, signed by the Governor or his Alternate, and stating categorically whether he votes for or against the proposal. The vote of an Alternate shall not be counted, unless (i) his Governor is unable to vote and (ii) a statement that he is unable to vote is submitted in writing to the Managing Director by the Foreign Secretary or similar officer of the Member represented by the Alternate. When enough valid votes have been received to decide the question, the Directors shall have the results of the vote entered upon their minutes and reported to each Governor and Alternate. If the matter is of an emergency nature and too urgent to permit a vote by the method prescribed above, the question may be presented, and the vote taken, by telegraph, cable, or radio messages through diplomatic channels, providing an adequate record, but not by telephone or other verbal messages. In such event, the procedure shall conform in other respects as closely as practicable to that prescribed above. In all cases in which the Governors vote without a meeting of the Board, the Secretary shall enter a record of the question and the vote thereon in the minute book of the Board.

J

T(Sec.6)

B. Whenever any action by the Fund must be taken by the Board of Governors, and in the judgment of the Executive Directors the matter should not be put off 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 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

OK

the results and the Managing Director shall notify all members.

SEC(I,7)

C. Establishment of a procedure for obtaining a vote without calling a meeting (Article XII, Section 2(b)).

39. Representation of Members
Not Entitled to Appoint a Director

FRB(Art.XI)

X
A. When a Member not entitled to appoint a Director makes a request for the Fund, the Member shall state whether or not it desires to be represented at any meeting of the Directors when that request is under consideration. If the Member desires to be represented, it shall state at the same time whom it has designated as its representative and the earliest date when it will be possible for him to attend a meeting on the subject. The Directors shall thereupon fix a time, not earlier than the date specified, for a meeting at which the request will be considered; and the Managing Director shall give prompt notice thereof to the Member and the Member's designated representative.

When any matter particularly affecting a Member not entitled to appoint a Director is to be considered by the Directors, the Member shall be notified by the Managing Director and shall be requested to advise the Managing Director whether or not the Member desires to be represented at the meeting at which such matter is to be considered. Such notice shall specify the matter to be considered and the time when the Directors desire to consider it. Insofar as practicable, the time shall be fixed with a view of allowing the Member a reasonable time within which to designate a representative and send him to the meeting. As promptly as possible after receipt of such a notice, the Member shall advise the Managing Director whether or not it desires to be represented at the meeting, and if it desires to be represented, who its representatives will be.

In all such cases the Member's representative shall be furnished by the Member with credentials identifying him and defining the scope of his authority. Upon presentation of his credentials to the Managing Director, he shall be entitled to attend all meetings when the matter is being considered, to present the views of the Member which he represents, and to participate in the discussion; but he shall not be entitled to vote or to be present when the matter is voted upon. If the Member fails to respond to such a notice within a reasonable time or if the Member's representative fails to be present at the time designated for the meeting, the Directors may, in their discretion (i) consider and act upon the matter in his absence or (ii) postpone the consideration of the matter until some later date mutually convenient to the Directors and the representative of the Member.

T(Sec.10)

U
B. 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 prepare a reply 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.

SEC(I,9)

C. Adoption of regulations for sending representatives to attend meeting of Executive Directors (Article XII, Section 3(j)).

ST(1,d)

D. A by-law providing for representation at Directors meetings of a member not entitled to appoint a director when matters affecting that member are under consideration, as provided in Article XII, Section 3(j).

40. Settlement of Disputes

ST(2,h)

Ship until issue arises

A. In the case of interpretations about which a disagreement arises between the Fund and a withdrawing member, it will be necessary to designate by a by-law the new World Court as the body which shall appoint one of the three arbitrators.

41. Beginning of Operations

SEC (II,1)

not by by-law

A. Determination by provisional directors of date to begin exchange transactions and notifications to members (Article XX, Section 4(a)).

42. Interpretation or Amendment

SEC(I,13)

By resolution put on agenda

A. The first meeting of the Board shall consider the interpretation of stabilization operations or consideration of amendment (Bretton Woods Agreement Act Sections 13(a) and (b)).

ANNEX

1. Business Year

FRB (Art. II, Sec. 3)

A. The business year of the Fund shall begin at the commencement of business on the first day of July each year and end at the close of business on the thirtieth day of June of the next year.

T (Regs.)-(Sec. 24)

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

2. Meetings of Directors

FRB (Art. V, Sec. 2)

A. Regular meetings of the Directors shall be held at least once each week. The Managing Director, or the Deputy Managing Director in the absence of the Managing Director, may call special meetings of the Board of Directors at any time. On the written request of any two members the Managing Director, or in his absence the Deputy Managing Director, shall call a special meeting of the Board at any time.

T (Regs.)-(Sec. 1)

B. 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. [See also T (Regs.)-(Secs. 2 and 3)]

3. Committees

FRB (Art. V, Sec. 4)

A. The Directors may appoint such committees as they deem advisable. Membership of committees need not be limited to Governors or Directors or their Alternates. However, the Directors may not delegate to committees the exercise of powers entrusted to the Directors, other than the powers to make studies and investigations, to prepare and submit reports and recommendations.

T (Regs.)-(Sec. 7)

B. The Executive Director 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 name such other standing and special committees as they find necessary.

Any Director or Alternate may attend meetings of any committee.

SEC (II, 2)

C. Appointment of committees by Provisional Executive Directors (Article XII, Section 3(k)).

C (I, 6(6))

D. The by-laws should enumerate certain standing committees to be appointed by the Executive Directors and prescribe the qualifications and possible geographic distribution of the membership of the committees.

ST (1,e)

E. A by-law arranging for standing committees.

4. Compensation of Managing Director

FRB (Art.XI,Sec.1)

A. The Managing Director shall be paid a salary of \$ _____ per annum and shall be entitled to reimbursement for his actual, necessary traveling expenses. *Reg*

T (Regs.)-(Sec.10)

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

SEC (I,12(6))

C. Determination of the salary and terms of the contract of service of the Managing Director by the provisional directors. (Article XI, Section 2(i)).

5. Responsibilities of Managing Director

FRB (Art.VI,Sec.2)

A. The Managing Director shall be responsible for the conduct of all of the ordinary business of the Fund. The Managing Director shall not make any important policy decisions on behalf of the Fund and shall bring all matters requiring such decisions to the attention of the Board of Directors. *No Reg*

T (Regs.)-(Sec.8)

B. 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.

C (I,6)

C. The by-laws as adopted by the Board of Governors should:

(1) Determine certain qualifications to be required of the Managing Director to be chosen by the Executive Directors;

(2) set forth in detail the "terms of contract of service of the Managing Director;"

(3) provide the detailed machinery for the election of the Managing Director.

6. Duties of Deputy Managing Director

FRB (Art.VI,Sec.4)

A. The Deputy Managing Director shall exercise all of the powers and perform all of the duties of the Managing Director during the absence of the Managing Director, except the power to cast the deciding vote in case of an equal division at a meeting of the Directors. The Deputy Managing Director shall perform such other duties as may be delegated or assigned to him by the Managing Director. *Reg*

T (Regs.)-(Sec.11)

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

7. Compensation of Deputy Managing Director

FRB (Art.VI,Sec.5)

A. The Deputy Managing Director shall be paid a salary of \$ _____ per annum and shall be entitled to reimbursement for his actual, necessary traveling expenses.

T (Regs.)-(Sec.11)

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

8. Preparation and Submission of Budget

FRB (Art.VIII,Sec. 1,2,& 3)

A. On or before the first day of June of each year, the Managing Director shall prepare and submit to the Directors for approval a proposed budget for the following business year, which shall contain classified statements of the estimated income and expenses of the Fund, including the proposed salaries of all officers and employees of the Fund to be paid \$5,000 or more per annum, and estimates of the aggregate sums of all salaries and other expenses of each division or department of the Fund's staff.

On or before the thirtieth day of June of each year, the Directors shall either approve the budget recommended by the Managing Director with such changes and modifications as the Directors deem advisable.

No administrative expenditure shall be made in any year except within the limitations prescribed in the budget approved or prescribed for that year and such additions thereto and modifications thereof as may be made from time to time by the Directors.

T (Regs.)-(Sec.9)

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

9. Compulsory Withdrawal of a Member

FRB (Art.XII)

A. If, after the expiration of a reasonable period following a declaration that a Member is ineligible to use the resources of the Fund, that Member persists in its failure to fulfill any of its obligations under the Articles of Agreement, or a difference between a Member and the Fund under Article IV, Section 6, of the Articles of Agreement continues, the Directors may institute proceedings to obtain a decision of the Board to require that Member to withdraw from membership in the Fund. In any such case, the Directors shall first cause to be prepared and delivered to the Member a formal report, which shall contain at least the following:

- (i) A clear statement of the charges upon which the proceedings are based;
- (ii) A statement of the time within which the Member shall be allowed to file a written reply;
- (iii) The date upon which the case will be considered at a meeting of the Board of Governors; and
- (iv) A notice that the Member may be represented at the meeting by such representative or representatives as it may designate, and that such representatives will be given an adequate opportunity to present the Member's case orally and to file any additional written statements relative thereto which the Member or its representatives may desire to file.

Regs must be by Art. XII, Sec. 2

Copies of the formal report and of any written replies or statements filed by the Member shall be furnished promptly to all Governors and their Alternates. In fixing the time within which the Member will be allowed to file a written reply and the time of the meeting at which the case will be considered by the Board, the Directors shall be as liberal as the circumstances will permit and shall allow adequate time for the transmittal and receipt of the notice, the preparation and transmittal of an adequate written reply, the appointment of representatives of the Member, the preparation of such representatives to present the Member's case, and the travel of the representatives to the place of the meeting.

Any such case may be considered at any regular or special meeting of the Board of Governors at the time specified in the notice, if the meeting occurs at a date which will allow a reasonable time for the Member's reply and appearance in accordance with the above requirements. If no regular or previously called special meeting will be held at a suitable time, the Directors may call a special meeting of the Board for the purpose of considering the case. At the meeting, the Member may be represented by such representative or representatives as it may designate; and they shall be given an adequate opportunity to present the Member's case orally and to file any additional written statements or briefs relative thereto which the Member or its representatives may desire to file.

Before a vote is taken by the Board on a motion to require a Member to withdraw from membership in the Fund, careful consideration shall be given to the report by which the proceedings were instituted, to any reply filed by the Member, to all oral or written statements and arguments which may have been submitted by the Member or on its behalf, and to all other matters having a reasonable relation to the case. If the Member shall fail to make any reply or to send any representative to the meeting, the Board may nevertheless proceed to consider and act upon the matter.

T (Regs.)-(Sec.73)

B. 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.

ST (2,g)

C. A by-law relating to withdrawal from the Fund.

10. Exchange Controls

ST (2,i)

A. A by-law regarding the granting of approval to impose restrictions on payments.

T (Regs.)-(Sec.50,
51)

B. 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.

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 decisions. See also Sections 48, 49, 52, 53 and 54.

11. Par Values

ST (2,j)

A. The original determination of par values and changes therein may be facilitated by regulations in addition to the provisions in the Fund Agreement.

T (regs.)-(Sec.38)

B. 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 representatives of the member shall be invited to be present and to participate. See also T (Regs.) 39-42.

12. Operating staff of the Fund

C (I,6,(7))

A. The "general control" of the Executive Directors over the organization of the staff of the Fund should be made specific. The obligation on the part of the Managing Director and the staff toward the Fund should also be made more specific and should carry provision for disciplinary measures. Rules for the selection of the staff of the Fund could be set up, including possible provision for an international civil service register.

SEC (II,3)

B. Selection of Managing Director and approval of staff organization by provisional directors (Article XII, Section 4(a) and (b)).

T. (Regs.)-(Sec.20)

C. 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, remuneration and tenure of members of the staff.

13. Other International Organizations

SEC (I,10)

A. Make arrangements to cooperate with other international organizations (Article X).

T (Regs.)-(Sec.15)

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