

BY-LAWS OF THE INTERNATIONAL MONETARY FUND (DRAFT)

ARTICLE I. INTRODUCTORY

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.

ARTICLE II. GENERAL

Section 1. Places of Business.- 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.

Section 2. Official Language.- All official records, documents, communications, and published reports of the Fund shall be expressed in the English language

Section 3. Business Year.- 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.

ARTICLE III. BOARD OF GOVERNORS

Section 1. Meetings.- 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.

Section 2. Proxies.- 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.

Section 3. Report of Managing Director.- 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.

Section 4. Secretary.- 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.

Section 5. Correction and Approval of Minutes.- 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. •

ARTICLE IV. CHAIRMAN AND VICE CHAIRMAN

Section 1. Election.- 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 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.

Section 2. Duties.- (a) 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 chairmen thereof.

(b) The Vice Chairman shall perform the duties of the Chairman during the absence of the Chairman.

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

ARTICLE V. EXECUTIVE DIRECTORS

Section 1. Executive Directors on Full Time Basis.- The Executive Directors and their Alternates shall devote their full time to their duties as Executive Directors and as Alternates.

Section 2. Meetings.- 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.

Section 3. Compensation.- (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.

(b) 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.

Section 4. Committees.- 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.

ARTICLE VI. MANAGING DIRECTOR AND DEPUTY MANAGING DIRECTOR

Section 1. Compensation of Managing Director.- The Managing Director shall be paid a salary of \$_____ per annum and shall be entitled to reimbursement for his actual, necessary traveling expenses.

Section 2. Responsibilities of Managing Director.- 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.

Section 3. Deputy Managing Director.- 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.

Section 4. Duties of Deputy Managing Director.- 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.

Section 5. Compensation of Deputy Managing Director.- The Deputy Managing Director shall be paid a salary of \$_____ per annum and shall be entitled to reimbursement for his actual, necessary traveling expenses.

ARTICLE VII. REPORTS AND AUDITS

Section 1. Confidential Reports.- 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.

Section 2. Publication of Reports.- 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.

Section 3. Audits.- 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.

Section 4. Reports of Audits.- A complete copy of the report of each such audit shall be submitted to each Governor and his Alternate, each Director and his Alternate, and the Managing Director.

ARTICLE VIII. BUDGET

Section 1. Preparation and Submission.- 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.

Section 2. Approval.- 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.

Section 3. Compliance.- 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.

ARTICLE IX. PROCEDURE FOR BRINGING MATTERS TO THE
ATTENTION OF THE BOARD OF GOVERNORS

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..

(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.

ARTICLE X. VOTING WITHOUT MEETING

Section 1. When Resorted to. - 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.

Section 2. Method of Submission. - If the matter is not too urgent, a clear, concise, and specific statement of the question to be voted upon, a clear and concise 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.

Section 3. Voting. - 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.

Section 4. Declaration of Result. - 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.

Section 5. Alternative Method for Use in Emergencies. - 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.

Section 6. Record. - 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.

ARTICLE XI. REPRESENTATION OF MEMBERS NOT ENTITLED TO APPOINT A DIRECTOR

Section 1. Requests. - 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.

Section 2. Other matters. - 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 representative will be.

Section 3. Privileges of Representative. - 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.

Section 4. Failure to Respond or Attend. - 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.

ARTICLE XII. COMPULSORY WITHDRAWAL OF A MEMBER

Section 1. When Resorted to. - 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.

Section 2. Initiation of Proceedings. - (a) 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.

(b) 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.

(c) 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.

Section 3. Consideration and Action. - (a) 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.

(b) 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.

(c) 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.

(d) 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.

Board of Governors of the
Federal Reserve System
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