

PROPOSED AGENDA FOR THE FIRST MEETING OF THE BOARD
OF GOVERNORS OF THE INTERNATIONAL MONETARY FUND

1. Selection of a Chairman and one or more Vice-Chairmen.
2. Selection of the principal office.
3. Determination of the remuneration to be paid to the Executive Directors.
4. Election of Executive Directors.
5. Determination of the salary and terms of the contract of service of the Managing Director.
6. Admission of new members.
7. Adoption of by-laws.
8. Determination of a quota for Denmark.
9. Setting a date for the second meeting.

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Rules and Regulations for the Conduct
of the Business of the Fund

Authority for the Rules and Regulations

1:1 The Executive Directors, having been so authorized by the Board of Governors, adopt the following rules and regulations which they find necessary or appropriate to conduct the business of the Fund.

1:2 These rules and regulations may be changed at any time by the Executive Directors under the authority extended them by the Board of Governors.

1:3 The Fund shall publish its Rules and Regulations for the conduct of the business of the Fund and shall notify all members of changes adopted by the Executive Directors. No change shall take effect until the date stated in the notice to members and adequate time shall be allowed for this purpose.

Board of Governors

2:1 The Board of Governors shall hold an annual meeting at the head office of the Fund the first Tuesday in month of each year to consider the business of the Fund.

2:2 Alternates of Governors may participate in all meetings of the Board of Governors but shall not vote except in the absence of the Governors for whom they are alternates.

2:3 At each annual meeting the Board of Governors shall select a governor or alternate to act as chairman until the next annual meeting. The selection shall require a majority of the votes cast by the governors. All nominations shall be made prior to the voting. Successive ballots shall be cast until one governor has a majority; and after each ballot the governor with the smallest number of votes shall be dropped from the next ballot.

2:4 The Board of Governors shall select such other officers as it requires for its meetings from among the staff of the Fund.

2:5 The Board shall keep a record of its Proceedings which shall be available to all members and which shall be filed with the Executive Directors for their guidance.

2:6 The Board of Governors may at any meeting provide for any subsequent meetings of the Board prior to the next annual meeting by adjourning to a specified date.

2:7 The Executive Directors shall call a meeting of the Board of Governors whenever there is business requiring the consideration of the Board that cannot be put off to the next scheduled meeting of the Board and that cannot be handled through a telegraphic vote.

2:8 Any member may request the Executive Directors to call a meeting of the Board of Governors. The member requesting the meeting shall state the principal purpose of the requested meeting.

The Executive Directors shall notify all members of a request in order to give them an opportunity to join in the request. When sufficient requests have been received, the Executive Directors shall call a meeting of the Board.

2:9 An agenda for the meetings of the Board of Governors shall be submitted by the Managing Director. Any governor may place upon the agenda such other matters that require the consideration of the Board.

2:10 Whenever any action by the Fund requires the approval of the Board of Governors, the Executive Directors may present to each governor by telegraph a motion embodying the required action with a request for a vote. When sufficient replies have been received by telegraph to accept or reject the motion, the Executive Directors shall record the action in their Journal and shall notify each Governor of the result.

At the next meeting of the Board of Governors the telegraphic ballots shall be presented to the Board and the verification of the vote shall be recorded in their Proceedings.

2:11 Each governor and alternate shall present to the Secretary of the Board a memorandum of expenses incurred in attending the meetings of the Board and all reasonable expenses shall be paid by the Fund, together with an allowance of \$20 for each day including the time of travelling.

Executive Directors

3:1 The Executive Directors are authorized by the Board of Governors to exercise all the powers of the Fund except those reserved to the Board of Governors by Article XII, Section 2(b) of the Agreement.

3:2 The Executive Directors are authorized to submit to the Board of Governors for telegraphic vote any matter arising under Article XII, Section 2(b) which in their judgment should not be put off until the next meeting of the Board of Governors.

3:3 The Executive Directors and their alternates are to be available at the principal office of the Fund for consultation by the officials of the Fund and by members on the business of the Fund. They shall be provided with suitable office space and equipment and adequate assistance for this purpose.

3:4 The Executive Directors shall meet regularly at least once each week at such time as they may set.

The Executive Directors may provide for such other meetings as they find necessary for the conduct of the business of the Fund. Any executive director or alternate 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.

3:5 Executive Directors and alternates shall be informed of all meetings of the Executive Directors and shall be entitled to participate in such meetings.

Any director or alternate may request that the action of the Executive Directors shall be taken by a record vote and when any Executive Director is absent his alternate shall be called upon to vote in his place.

3:6 The Managing Director, and in his absence the chief of the operating staff of the Fund, shall preside at the meetings of the Executive Directors, and the other principal officials of the Fund shall be present and participate in the meetings of the Executive Directors.

The Executive Directors shall select such officers as they require for their meetings from the staff of the Fund.

3:7 The Executive Directors shall keep a Journal of their meetings in which they shall record such action as they take or authorize.

3:8 The managing director of the Fund shall prepare an agenda for the meetings of the Executive Directors. Any executive director or alternate may place upon the agenda any matter requiring the consideration of the Executive Directors.

3:9 Voting

3:10 The Executive Directors shall name committees to advise them on the business of the Fund. They shall include:

- (a) Committee on Exchange Transactions
- (b) Committee on Exchange Rates
- (c) Committee on Exchange Regulations
- (d) Committee on Cooperation with other International Agencies
- (e) Committee on Relations with Members.

The Executive Directors shall name such other standing committees as they find necessary for the business of the Fund.

The Executive Directors may name such special committees as they require from time to time to advise them on the business of the Fund.

3:11 Each committee shall consist of at least three Executive Directors and such governors or officials of the Fund as the Executive Directors may name. An alternate shall be a member of the same committees as the director for whom he may act. Any executive director or alternate may attend meetings of any committee.

3:12 Any executive director, or his alternate, who is a member of a committee may submit a report on any business before the committee and all such reports shall be noted in the Journal of the Executive Directors.

3:13 Whenever the Executive Directors contemplate any action limiting the use of the Fund's resources, declaring a member ineligible to use the Fund's resources, acting upon a request for a waiver of the limitations on the sale of foreign exchange, etc., or presenting a question affecting a member for telegraphic vote by the Governors, etc., the member shall be promptly informed and

a date set for consideration of the contemplated action. No final action shall be taken by the Director, nor any question affecting the member submitted to the Governors, until the member has had an opportunity to be heard at a scheduled meeting of the Executive Directors of which the member has had reasonable notice.

3:14 Whenever a new Executive 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 for election of a director from among all those nominated. The procedure for a telegraphic ballot shall be the same as that provided for the regular election of directors.

3:15 When a new Executive Director is elected, the office of alternate shall be deemed to be vacant and an alternate shall be named by the newly-elected director.

3:16 At least one month before a regular election 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 an executive director on this basis.

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

3:17 The salary of executive directors and their alternates shall be \$25,000 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 by the Executive Directors or by the Managing Director.

Officials of the Fund

4:1 The officials of the Fund shall be a Managing Director, a technical director, 5 assistant managing directors and a general counsel. Other officers and employees shall be provided for in the annual budget of the Fund.

4:2 The Managing Director, as chief of the operating staff of the Fund, shall see that the operations of the Fund are conducted in accordance with the authorizations of the Board of Governors and the Executive Directors.

4:3 The Managing Director is authorized to issue administrative orders to guide the operating staff to assure the efficiency of their work.

4:4 The Managing Director shall place before the Executive Directors the business of the Fund requiring their consideration. He shall make recommendations to the Executive Director on policies to guide the Fund in its operations.

4:5 The Managing Director shall present to the Executive Directors for their approval a budget of proposed expenditures for the Fund's financial year. The managing director is authorized, within the limitations of the budget, to appoint members of the staff.

4:6 The salary of the Managing Director shall be \$50,000 per annum. He shall also be entitled to reimbursement for reasonable expenses actually incurred in the conduct of the business of the Fund when he has been authorized to incur such expenses by the Executive Directors.

4:7 The Technical Director shall be the principal adviser of the Executive Directors and the officials of the Fund on the policies and operations of the Fund. He shall participate in the meetings of the Executive Directors and the committees established by the Directors.

4:8 In the absence of the Managing Director, the Technical Director shall act as chief of the operating staff of the Fund.

4:9 The Technical Director shall be selected by the Executive Directors and shall hold office until his successor is chosen.

The salary of the Technical Director shall be \$35,000 per annum. He shall be entitled to reimbursement for reasonable expenses actually incurred in the conduct of the business of the Fund when he has been authorized to incur such expenses by the Executive Directors or the Managing Director.

4:10 There shall be an Assistant Managing Director in charge of operations. He shall be responsible for seeing that the gold and exchange operations of the Fund are conducted in accordance with the provisions of the Agreement and the Rules and Regulations adopted by the Executive Directors.

4:11 All exchange operations undertaken by the Fund shall be evidenced by a voucher signed by the Managing Director, or in his absence the Technical Director, the Assistant Managing Director in charge of operations, or another official of the Fund authorized by the Executive Directors to act in their absence.

4:12 There shall be an Assistant Managing Director in charge of relations with members. He shall be responsible for seeing that the exchange policies of members conform to the provisions of the Agreement.

The assistant managing director in charge of relations with members shall maintain close liaison with members and for this purpose the Fund may maintain representatives attached to members.

4:13 There shall be an Assistant Managing Director in charge of relations with the International Bank for Reconstruction and Development. He shall be responsible for seeing that the Executive Directors and the officials of the Fund are informed of the policies and operations of the International Bank and that the Executive Directors and the officials of the International Bank are informed of the policies and operations of the Fund.

For this purpose the Assistant Managing Director is authorized to maintain liaison with the officials of the International Bank, and authorization is given to permit an official of the Bank to maintain liaison with the officials of the Fund.

4:14 There shall be an Assistant Managing Director in charge of relations with the United Nations Organization and specialized international organizations other than the Bank. He shall be responsible for seeing that the Executive Directors and the officials of the Fund are informed of the policies of the Economic and Social Council of the United Nations Organization and its constituent specialized organizations except the International Bank.

For this purpose the Assistant Managing Director is authorized to maintain liaison with the United Nations Organization, its Economic and Social Council, and its constituent specialized organizations except the International Bank.

4:15 There shall be an Assistant Managing Director in charge of technical studies. He shall be responsible for seeing that the Executive Directors and the officials of the Fund are informed of economic developments which affect the policies and operations of the Fund.

For this purpose, the Fund shall have an adequate and competent technical staff to prepare studies for the guidance of the officials of the Fund.

4:16 The Executive Directors shall designate the order in which the Assistant Managing Directors shall act as the chief of the operating staff of the Fund in the absence of the Managing Director and the Technical Director.

4:17 There shall be a General Counsel.

4:18 The Assistant Managing Directors and the General Counsel shall be selected by the Executive Directors and they shall hold office until their successors are chosen.

The salary of these officials shall be \$25,000 per annum. They shall also be entitled to reimbursement for reasonable expenses actually incurred by them in the conduct of the business of the Fund when these expenses have been authorized by the Executive Directors or the Managing Directors.

4:19 The Managing Director shall make provision in the annual budget for other officers and employees needed for the business of the Fund.

The Managing Director shall provide by administrative order for the selection of the staff on the basis of efficiency and competence. In the selection of the staff weight shall be given to the desirability of securing wide representation of all members of the Fund on its staff. The officers and staff of the Fund

selected in this manner 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 the officers and staff of the Fund.

Offices and Depositories

5:1 The principal office of the Fund shall be in Washington. All communications from members on the business of the Fund are to be addressed to the principal office of the Fund.

5:2 Agencies of the Fund shall be established in London, etc.

5:3 Each agency shall be under the direction of a Manager designated by the Managing Director. The staff at each agency shall be responsible to the Managing Director. Provision shall be made in the annual budget for the expenses of the agencies.

5:4 The primary function of the agencies will be to collect information for the Fund, to provide information to members, to facilitate the business of the Fund on order of the Managing Director, and to perform such other duties as may be assigned to each separate agency.

5:5 Gold depositories of the Fund shall be established in New York, London, Moscow, Shanghai, Paris, etc. 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.

5:6 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.

5:7 A member may request the Fund to permit the substitution of non-negotiable non-interest bearing notes for currency held by the Fund. The officials of the Fund are authorized to accept such notes for any currency holdings in excess of 25 percent of the quota of the country. The Executive Directors shall consider any request for the substitution of such notes for currency which would reduce its holdings below 25 percent of the quota.

5:8 The notes substituted for currency shall be in the following form: "The Government of A (or the Bank of A, as fiscal agent of the Government of A) will pay to the International Monetary Fund on demand, without grace, the sum of _____, by crediting this amount to its account at the Bank of A, without discount, fee or charge of any kind."

5:9 The notes so substituted shall be held by the designated depository for the account of the Fund. The officials of the Fund may place with each member a standing order to have such notes paid without specific request of the Fund whenever its currency account falls below 25 percent of the quota or any other agreed amount, to the extent necessary to restore its holdings to this amount.

Accounts and Reports

6:1 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.

6:2 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.

6:3 The accounts of the Fund shall be kept in such a manner as to 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.

6:4 Whenever the par value of a currency is changed and the Fund pays or is paid currency equal to the change in the gold value of its holdings, the change in currency holdings shall be entered in the accounts of the Fund with a record of the change in the par value.

Whenever the Fund is paid currency because of a significant depreciation in the foreign exchange value of a currency, the currency so paid shall be held in a suspense account until the foreign exchange value of the currency has been restored or a change in the par value has been agreed.

6:5 Adequate reserves shall be established to meet the expenses of the Fund and to offset any losses that may be incurred by the Fund.

6:6 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 intervals of not longer than a month, 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.

6:7 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.

6:8 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 reserves and what part shall be distributed as dividends to members.

6:9 The Managing Director shall prepare an annual report of the operations of the Fund in which he shall discuss the policies of the Fund and shall make recommendations to the Executive Directors and the Board of Governors on the problems confronting the Fund.

6:10 The Fund shall publish a monthly Bulletin of economic and financial data which would be of interest to members and helpful to them in connection with their policies.

The Bulletin shall also be used to publish such reports and articles as would be of interest to members and helpful to them in connection with their policies.

6:11 The staff of the Fund shall prepare reports for the guidance of the Executive Directors on any proposal to change the parity of a currency, to waive the conditions for the sale of exchange, to limit the sale of exchange to a member, to declare a member ineligible to use the resources of the Fund, to request a member to impose controls on the movement of capital, to authorize a member to limit exchange transactions etc.

No action shall be taken by the Fund on any of these questions until the report has been submitted to the member and an adequate time given to the member for reply.

The report may be published in the Bulletin 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.

6:12 The officials and staff of the Fund shall be available to advise members on any economic and financial problems that may affect the balance of payments of any member of the Fund.

With the approval of the Executive Directors, the Fund may provide technical missions or 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.

6:13 The data required of members shall be submitted on forms provided by the Fund to assure uniformity of reporting. The data collected from all members 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 affecting only that member shall not be published except with the permission of that member.

6:14 The Fund may prepare such special studies and reports as it deems in the interest of the Fund and of members. Such studies and reports shall be published if the Executive Directors so decide by a two-thirds vote.

Membership, Quotas, Relations with International Organizations

7:1 Any country may apply for membership in the Fund.

The Executive Directors shall inform the Economic and Social Council of the United Nations each application for membership and shall inquire of the Council whether there is any objection to the extension of membership to the applicant.

7:2 The Executive Directors may discuss with the applicant any matters relevant to its application. They shall then decide whether to submit an application for membership to the Board of Governors for a telegraphic vote or hold the application until the next meeting of the Board of Governors.

7:3 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, the removal of exchange restrictions, and such other conditions as in their opinion the Board of Governors may wish to prescribe.

7:4 Any country may request the Fund for an adjustment of its quota. The Executive Directors shall prepare a report on the request which shall be submitted 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.

7:5 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 report to be submitted to the Board of Governors.

7:6 The International Bank for Reconstruction and Development is authorized by the Board of Governors to be represented at the meetings of the Executive Directors, and the representative of the Bank may participate in such meetings, but shall have no vote.

7:7 The Executive Directors of the Fund are authorized to designate an official to represent the Fund at the meetings of the Executive Directors of the Bank when invited to do so by the Bank.

7:8 Whenever the Fund's relations with the United Nations Organization, its Economic and Social Council, or any constituent specialized organization requires prompt action by the Board of Governors, the Executive Directors shall arrange for a telegraphic poll of the Governors on the matter under consideration.

Par Values and Exchange Rates

8:1 The Fund shall notify all members at monthly intervals of the agreed par value, in terms of the United States gold dollar of the weight and fineness of July 1, 1944, of the currency of each member.

8:2 Each member shall report to the Fund by telegraph at least once each week, the highest and lowest rates for actual transfers of dollars not in violation of the law (or in the absence of such transfers, rates for the currency of the member with the highest quota for which actual transfers were made) since the previous report.

8:3 No member shall buy or sell gold from or to any other member, or the government or central bank of a non-member, for any member currency at a price that differs from the agreed parity for that currency by more than 1 percent. Each member shall report to the Fund any transactions it contemplates for the purchase or sale of gold, including newly-mined gold purchased from its own nationals, at any price differing from parity by more than 1 percent.

8:4 Each member shall inform the Fund whether it buys and sells gold freely to other members within the limits prescribed above and shall inform the Fund of any change in its policy.

8:5 The rates for forward exchange transactions or for time bills of exchange in currencies of other members shall not be for the purpose of negating the agreed parity nor shall it have the effect of undermining the agreed parity. The rates for such exchange shall not differ from parity by more than 1-1/2 percent with an allowance of an additional 1/2 percent for each month prior to delivery or maturity.

A member may request the permission of the Fund to allow rates for forward exchange transactions or for time bills of exchange in currencies of other members at rates other than those prescribed above.

8:6 A member proposing a change in the par value of its currency shall notify the Managing Director of the proposed change and, if possible, shall submit, through a representative authorized to consult with the Fund, a report to support its contention that the change is necessary.

The Managing Director shall promptly call the Executive Directors to a meeting to be held on the next business day of the Fund, or as soon thereafter as possible, at which the representative of the member shall be invited to be present and to participate.

8:7 If the proposed change together with all previous changes 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 presented to the representative of the member within 72 hours of the request.

A member that changes the parity of its currency without conforming to the above procedure or without giving the Fund an opportunity to present its opinion shall be deemed to have failed to consult with the Fund.

8:8 If a proposed change, together with all previous changes, exceeds 10 percent but not 20 percent of the initial parity, the Fund shall prepare a report, within 72 hours, which shall state whether the Fund concurs or objects and the reasons for the attitude of the Fund.

A member that changes the parity of its currency under the above circumstances without waiting for the Fund to declare its attitude shall be deemed to have failed to consult with the Fund; but if the Fund does not declare its attitude to the member's proposals within 72 hours, it shall be deemed to have concurred in the proposed change.

8:9 If a proposed change, together with all previous changes, exceeds 20 percent of the initial parity, the Fund shall consider the proposal with dispatch. It shall hold such further consultation with the 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 tenth day after the proposal for a change is presented, it shall so inform the member in writing and it shall set a definitive date within another 10 days at which time it will present the member with a report stating whether the Fund concurs or objects and the reasons for its attitude.

A member that changes the parity of its currency under the above circumstances without waiting for the Fund to declare its attitude shall be deemed to have failed to consult with the Fund; but if the Fund does not declare its attitude to the member's proposal within 20 days, it shall be deemed to have concurred in the proposed change.

8:10 A member that proposes to change the par value of its currency and contends that the change will not affect international transactions shall consult with the Fund in the manner provided above. The Fund shall inform the member whether in its opinion the proposed change affects international transactions and it shall give its opinion on this point within 72 hours.

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

8:11 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 of a majority vote of the executive directors, including each director representing

10 percent of the aggregate of quotas, so decides. Otherwise they shall return the proposal to the member with a statement of the action of the Executive Directors and the member may, at its option, present the same proposal to the Board of Governors at its next meeting.

Gold and Exchange Transactions of the Fund

9:1 Each member shall designate a fiscal agent for its transactions with the Fund. A member may change the designated fiscal agent at any time by notifying the Fund.

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

9:2 From time to time but not less frequently than once a quarter the officials of the Fund shall consult with each member regarding its prospective balance of payments.

9:3 The Fund shall buy gold placed on earmark to its account at any gold depository with payment in any member 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 charges for gold transactions in each currency at each of its designated gold depositories.

9:4 The Fund may buy gold from a member for any member currency when the gold is situated at some point other than the depository. The Fund shall quote the rate at which it is prepared to undertake each requested transaction.

9:5 A member desiring to purchase foreign exchange from the Fund with its own currency shall file a telegraphic request with the Fund in which it warrants that the currency is presently needed for making payments in that currency consistent with the provisions of this Agreement and that the member is fulfilling all of its obligations under the Agreement.

9:6 On any request for purchase of exchange involving less than 5 percent of the quota of a country, the transfer shall be made on a value date within six business days of the receipt of the request by the Fund and the Fund shall notify the member of the date on which the transfer will be made.

9:7 On any request for purchase of exchange in excess of 5 percent of a member's quota, but not exceeding 10 percent of a member's quota, the transfer shall be made on a value date within 10 business days of the receipt of the request by the Fund and the Fund shall notify the member of the date on which the transfer will be made.

9:8 On any request for purchase of exchange in any large amount, the Fund shall set the transfer date at such time which it regards as desirable but it shall inform the member of its decision.

9:9 A member may cancel any requested gold or exchange transaction prior to the value date and the Fund shall levy no charge in connection with such a transaction except for expenses actually incurred.

9:10 The Fund may agree with a member to reverse a transaction within ten days after the value 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 a currency has been made in the interim.

9:11 A member that has purchased a currency from the Fund and finds that 30 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.

9:12 A member purchasing foreign exchange from the Fund for its own currency shall not use the proceeds to purchase gold from any member; and a member purchasing gold with a currency shall not at the same time purchase that currency from the Fund, unless it secures the approval of the Fund for that purpose.

9:13 The Fund shall inform members at monthly intervals what its holdings are of the currency of that member.

The Fund shall inform a member promptly when its holdings of a member currency exceed 200 percent of its quota, when its acquisitions of currency during the preceding year exceed 25 percent of the country's quota (provided its holdings exceed the quota), and of any action by the Fund limiting the purchase of foreign exchange by a member from the Fund.

9:14 A member requesting a waiver shall file with the Fund an application for the sale of the requested amount of exchange giving the information required by the Fund. The application shall be considered by the executive directors on the basis of the recommendations of the Committee on Transactions. The executive directors shall then decide whether or not the Fund agrees to a waiver. If the executive directors agree to a waiver the terms of the waiver shall be recorded and submitted to the member for its acceptance. The transfer of exchange on the basis of a request for a waiver shall be made only after the member accepts these terms.

9:15 When requiring collateral under a waiver, the Fund may provide that the collateral shall be subject to pledge or sale under a repurchase agreement by the Fund as if it were the Fund's property. The Fund may also provide that if a member fails to meet its obligations under a waiver the Fund shall be authorized to sell the collateral and to apply the proceeds to repurchase for the account of the member its currency held by the Fund.

9:16 No transfers of exchange shall be made by the Fund except on the signed order of the managing director or the assistant managing director in charge of operations. The transfer order shall bear on its face the statement that the transfer will not increase the Fund's holdings above 200 percent of the member's quota or increase the Fund's holdings more than 25 percent above its holdings on the same date of the previous year (provided the holdings exceed the quota) and that the executive directors have not limited the member's use of the Fund or declared the member ineligible to use the Fund's resources.

9:17 The managing director shall place before the executive director at each meeting of the executive directors the request for purchases of foreign exchange by members for their own currencies together with all the relevant facts.

Any executive director may require that the 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 the transfer shall be made on the value date determined under these rules and regulations.

Postponement, Limitation, Ineligibility and Withdrawal

10:1 The Fund shall postpone exchange transactions with a member in accordance with Article XX, Section 4(i) only after the Executive Directors so decide. Before the Executive Directors decide, the member shall be informed of the action under consideration and shall be invited to send a representative to the meeting of the Executive Directors when the matter is being considered. The Fund shall inform the member of the action of the Executive Directors in a written report stating the conditions under which the Fund will be prepared to begin exchange transactions with the member.

10:2 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), the Fund shall prescribe the conditions under which it will undertake exchange transactions with the members. Before the Executive Directors prescribe the conditions, the member shall be informed of the action under consideration and shall be invited to send a representative to the meeting of the Executive Directors when the matter is being considered. The Fund shall inform the member of the prescribed conditions in a written report. The Fund may at any time change the prescribed conditions.

10:3 When the Fund and a member agree on the initial par value of the currency of a member, where the period for agreeing on the initial parity has been extended beyond 90 days, the Fund may decide to postpone exchange transactions with the member or to prescribe new conditions. In such cases, the Fund shall follow the procedure provided above for postponing exchange transactions or for prescribing conditions.

10:4 Whenever a member changes the par value of its currency without consulting the Fund or despite the objection of the Fund, the Managing Director shall promptly inform the Executive Directors of the action taken by the members. If the Executive Directors confirm that this action constitutes an unauthorized change in the par value of the currency, the member shall be informed that it is ineligible to use the resources of the Fund.

The Executive Directors shall set a date for considering the difference with the member and the member shall be invited to be represented. The Executive Directors shall then decide whether to continue the ineligibility of the member, to take other action to limit the use of the Fund's resources by the member, or to declare the difference with the member at an end.

10:5 The Managing Director shall inform the Executive Directors whenever it appears that a member is making net use of the Fund's resources to meet a large or sustained outflow of capital. The Executive Directors shall request the member to exercise appropriate controls to prevent such use of the resources of the Fund.

If, thereafter the member fails to exercise appropriate controls, the Executive Directors shall consider whether to declare the member ineligible to use the resources of the Fund. The member shall be invited to be represented at the meeting of the Executive Directors when the matter is considered. The Executive Directors shall inform the member of their decision. If the member is declared ineligible the decision shall be given in a written report setting forth the controls that in the opinion of the Fund should be exercised to prevent a large or sustained outflow of capital.

10:6 When the Fund finds beyond reasonable doubt that a member is continuing any wartime exchange restrictions which are inconsistent with the provisions of the Fund Agreement and which are unnecessary, it shall present a report to the member specifying the restrictions which should be abandoned. The member shall be given a period of one month in which to reply to the representations in the report.

The Executive Directors shall then decide whether the specified restrictions can be safely removed and the member shall be informed of the decision. If the Executive Directors decide that the specified restrictions can be safely removed, they shall set a date, not earlier than three months from that time, at the end of which period the member is requested to remove the specified restrictions that are no longer necessary. If at the end of such a period the member persists in maintaining the specified restrictions, the member shall be declared ineligible to use the resources of the Fund.

10:7 When the Fund finds that a member deliberately or persistently fails to fulfill any of its obligations under the Fund Agreement, it shall present a report to the member setting forth the failure of the member, and it shall set a date when the matter will be considered by the Executive Directors. The member shall be given adequate opportunity to prepare a reply and it shall be represented at the meeting of the Executive Directors when the matter is considered.

If the Executive Directors find that a member has failed to fulfill its obligations under the Fund Agreement, they shall declare the member ineligible to use the resources of the Fund or they shall prescribe conditions under which the member may continue to use the resources of the Fund.

10:8 Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it shall present to the member a report setting forth which purpose of the Fund is involved and the uses of the Fund's resources by the member which are contrary to the specified purpose. After presenting the report the Fund may limit the use of its resources by the member. The member shall be given a suitable time to prepare a reply.

The Executive Directors shall set a date for a meeting at which the report and reply will be considered and the member shall be represented at the meeting. If the Executive Directors decide that the member has used the Fund's resources in a manner contrary to the purposes of the Fund, they may continue to limit the member's use of the Fund's resources, and they may declare the member ineligible to use the Fund's resources after a date not earlier than 3 months from the time of the decision.

10:9 No member shall be relieved of any obligation under the Agreement, except as otherwise stated, because the Fund has postponed or limited exchange transactions with a member, or has prescribed conditions for exchange transactions with a member, or declared it ineligible to use the resources of the Fund.

10:10 Any member that is ineligible to use the resources of the Fund, or whose use of the Fund's resources has been postponed, limited or conditioned, may at any time apply to the Executive Directors for the full resumption of exchange transactions. The Executive Directors shall set a time for a meeting at which the request of the member will be considered and the member shall be represented at the meeting. The Executive Directors shall inform the member of their decision in a written report and if they decide not to permit full resumption they shall state what further action they require of the member.

10:11 After a member has been ineligible to use the Fund's resources for a period of six months, the Executive Directors shall consider whether the member has corrected the conditions which have led to the declaration. The member shall be invited to be represented at the meeting at which the matter is considered. The Executive Directors shall then decide whether to terminate the ineligibility or continue the ineligibility of the member to use the Fund's resources. If the Executive Directors find that the member persists in its failure to fulfill any of its obligations or the difference between the member and the Fund persists, the Executive Directors may inform the member that a recommendation for compulsory withdrawal will be made to the Board of Governors.

After complying with this procedure, the Executive Directors may present to the Governors a recommendation for compulsory withdrawal. The recommendation may be presented at any meeting of the Board of Governors or by means of a telegraphic poll.

10:12 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 between representatives of the Fund and representatives of the former member to secure agreement on the settlement of accounts between the Fund and the former member.

10:13 Add provisions on liquidation.

Exchange Controls

11:1 Each member shall communicate to the Fund within one month the restrictions on payments and transfers which it will have in effect when the Fund begins its operations. Thereafter it shall communicate promptly to the Fund any new controls it imposes and all controls that are removed.

11:2 The member shall state to the Fund which restrictions in effect at the beginning of the Fund's operations are necessary to control international capital movements, which restrictions it is prepared to remove progressively, and which restrictions are part of its post-war transitional arrangements.

11:3 The Fund shall take no action on restrictions which it finds are necessary to control 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.

11:4 Whenever a member introduces new controls for the purpose of controlling international capital movements, it shall inform the Fund promptly of the new controls. The Fund shall consider the new controls and it shall inform the member if it regards any of the controls as likely to result in a restriction of payments for current transaction or undue delay in the transfer of funds in settlement of such commitments.

The Executive Directors shall set a date for a meeting with a representative of the member for consideration of the matter. If the Fund finds that the controls are in fact restrictive of current transactions and payments, it shall inform the member and give the member an opportunity to modify the controls. If the member fails to remedy the defect, the action of the member shall be regarded as a failure to fulfill its obligations under the Agreement.

11:5 The Fund shall consult promptly with members on controls of current transactions which are not necessary for the post-war transitional arrangements. The Fund shall agree with each member on the progressive removal of such restrictions. If the Fund and member cannot agree, the member shall be required to remove such controls as are specified by the Fund within one year after the Fund has begun exchange operations. If the member does not agree with the Fund and fails to remove the specific controls, the action of the member shall be regarded as a failure to fulfill its obligations under the Agreement.

11:6 Members that maintain exchange restrictions 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 restrictions and from time to time shall consult with the Fund as to the need for the continuation of such arrangements. Members shall inform the Fund of the withdrawal of restrictions that are no longer necessary.

11:7 Members whose territories have been occupied by the enemy shall inform the Fund of new restrictions imposed on payments and transfers for current international transactions. They shall consult with the Fund from time to time as to the need for the continuation of such arrangements.

11:8 After the Fund has been in operation three years, the Fund shall survey all restrictions still in force under the transitional arrangements and it shall publish a report on the need for the continuation of such arrangements. Each member then availing itself of the transitional arrangements shall be given an opportunity to present its views to the Executive Directors before the report is published.

After the Fund has been in operation five years the Fund shall consult with each member then availing itself of the transitional arrangements regarding the continuation of the restrictions still in effect. The Fund shall then inform the member which restrictions are unnecessary and should be removed.

11:9 When a member finds that its balance of payments position will require it to impose restrictions on payments and transfers in connection with current transactions, it shall inform the Fund of the restrictions it believes necessary in a 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. The Fund shall inform the member within 30 days of the date of the request whether it approves or disapproves, and its reasons therefore.

11:10 The Fund shall inform all members of the exchange restrictions maintained by every other member which are consistent with the Fund Agreement. The exchange controls so reported to members shall be the basis for determining whether any exchange contract is unenforceable under the terms of the Agreement.

11:11 A member shall inform the Fund of any agreement with other countries for the purpose of making its exchange controls more effective. The Fund shall inform any member if any provision in such an agreement which in the opinion of the Fund is inconsistent with the Fund Agreement. The member shall be given an opportunity to present its views to the Executive Directors. The Fund shall then inform the member of its decision. A member that continues any agreement which the Fund has found contrary to the provisions of the Fund Agreement shall be regarded as failing to fulfill its obligations under the Fund Agreement.

11:12 Within one month after the Fund begins its operations, 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 it regards as necessary for a limited period, and which it regards as necessary during the post-war transitional period.

11:13 The Fund shall deal with existing currency, payments or clearing arrangements between any member and other countries in the same manner as it deals with existing exchange restrictions.

11:14 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 such arrangements.

11:15 The Fund may inform a member at any time that a currency agreement is inconsistent with the provisions of the Fund Agreement and it may require the member to terminate the agreement to the extent that it is in conflict with the Fund Agreement.

11:16 A member that proposes to enter into a currency agreement that is inconsistent with the provisions of the Fund Agreement shall request the approval of the Fund in a report setting forth the need for the agreement. 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. If a member enters into such an agreement without the approval of the Fund it shall be deemed to have failed to fulfill its obligations under the Agreement.

Mr. Lufford

Rules and Regulations for the Conduct
of the Business of the Fund

Authority for the Rules and Regulations

1:1 The Executive Directors, having been so authorized by the Board of Governors, adopt the following Rules and Regulations which they find necessary or appropriate to conduct the business of the Fund. These Rules and Regulations may be changed at any time by the Executive Directors under the authority extended them by the Board of Governors.

1:2 The Fund shall publish its Rules and Regulations for the conduct of the business of the Fund and shall notify all members of changes adopted by the Executive Directors. No change shall take effect until the date stated in the notice to members and adequate time shall be allowed for this purpose.

Board of Governors

2:1 The Board of Governors shall hold an annual meeting at the principal office of the Fund the first Tuesday in month of each year to consider the business of the Fund.

2:2 At each annual meeting the Board of Governors shall select a governor or alternate to act as Chairman until the next annual meeting. The selection shall require a majority of the votes cast by the governors. All nominations shall be made prior to the voting. Successive ballots shall be cast until one governor has a majority; and after each ballot the governor with the smallest number of votes shall be dropped from the next ballot.

The Chairman shall select a Secretary and such other officers as the Board requires for its meetings from among the staff of the Fund.

2:3 The Board of Governors may at any meeting provide for any subsequent meetings of the Board prior to the next annual meeting by adjourning to a specified date.

The Executive Directors shall call a meeting of the Board of Governors whenever there is business requiring the consideration of the Board that cannot be put off to the next scheduled meeting and that cannot be handled through a telegraphic vote.

Any member may request the Executive Directors to call a meeting of the Board of Governors. The member requesting the meeting shall state the principal purpose of the requested meeting. The Fund shall notify all members of a request in order to give them an opportunity to join in the request. When sufficient requests have been received, the Executive Directors shall call a meeting of the Board.

2:4 The Fund shall notify all members of any meeting of the Board of Governors and the members shall arrange to be represented at such meetings by their governors or alternates or both. Alternates of governors may participate in all meetings of the Board of Governors but shall not vote except in the absence of the governors for whom they are alternates.

2:5 The agenda for the meetings of the Board of Governors shall be submitted by the Managing Director. Any governor may place upon the agenda such other matters that require the consideration of the Board.

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

2:6 Whenever any action by the Fund requires the approval or authorization of the Board of Governors, and in the judgment of the Executive Directors the matter should not be put off until the next meeting of the Board, the Fund shall present to each governor and alternate by telegraph a motion embodying the required action with a request for a vote. When sufficient replies have been received by telegraph to accept or reject the motion, the Executive Directors shall record the action in their Journal and The Fund shall notify each member of the result.

At the next meeting of the Board of Governors the telegraphic ballots shall be presented to the Board and the verification of the vote shall be recorded in their Proceedings.

2:7 Each governor and alternate shall present to the Secretary of the Board a memorandum of expenses incurred in travelling to and from the meetings of the Board. All reasonable travelling expenses shall be paid by the Fund, together with an allowance of \$20 for each day, including the time of travelling, in lieu of other expenses.

Executive Directors

3:1 The Executive Directors are authorized by the Board of Governors to exercise all the powers of the Fund except those reserved to the Board of Governors by Article XII, Section 2(b) of the Agreement.

The Executive Directors are authorized to submit to the Board of Governors for telegraphic vote any matter arising under Article XII, Section 2(b) which in their judgment should not be put off until the next meeting of the Board of Governors.

3:2 The Executive Directors and their alternates are to be available at the principal office of the Fund for consultation by members and the officials of the Fund on the business of the Fund. They shall be provided with suitable office space and equipment and adequate assistance for this purpose.

3:3 The Executive Directors shall meet regularly at least once each week at such time as they may set. The Executive Directors may provide for such other meetings as they find necessary for the conduct of the business of the Fund.

Any director or alternate 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.

3:4 The Managing Director, and in his absence the chief of the operating staff of the Fund, shall preside at the meetings of the Executive Directors, and the other principal officials of the Fund shall be present and participate in the meetings of the Executive Directors.

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

3:5 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 requiring the consideration of the Executive Directors.

The Executive Directors shall keep a Journal of their meetings in which they shall record such action as they take or authorize.

3:6 Directors and alternates shall be informed of all meetings of the Executive Directors and shall be entitled to participate in such meetings.

Any director or alternate may request that the action of the Executive Directors shall be taken by a record vote and when any director is absent his alternate shall be called upon to vote in his place.

3:7 On any matter brought to a vote, each director, and in his absence his alternate, shall cast the number of votes to which the member that appointed or the members that elected the director are entitled. 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, the net sales of a currency shall be determined by the amount by which 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 holding of the currency of a member exceeds its quota.

3:8 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) Relations with Members
- (e) Cooperation with other International Agencies

The Executive Directors shall name such other standing committees as they find necessary for the business of the Fund.

The Executive Directors may name such special committees as they require from time to time to advise them on the business of the Fund.

3:9 Each committee shall consist of at least three Executive Directors and such governors or officials of the Fund as the Executive Directors may name. An alternate shall be a member of the same committees as the director for whom he may act. Any director or alternate may attend meetings of any committee.

Any director or alternate who is a member of a committee may submit a report to the Executive Directors on any business before the committee and all such reports shall be noted in the Journal of the Executive Directors.

3:10 Whenever the Executive Directors contemplate any action affecting a member, the member shall be promptly informed and a date set for consideration of the contemplated action. 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 had an opportunity to be heard at a scheduled meeting of the Executive Directors of which the member has had reasonable notice.

3:11 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 for election of a director from among all those nominated. 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 director is elected, the office of alternate shall be deemed to be vacant and an alternate shall be named by the newly-elected director.

3:12 At least one month before a regular election 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 an executive director on this basis.

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

3:13 As authorized by the Board of Governors, the salary of directors and their alternates shall be \$25,000 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 by the Executive Directors or by the Managing Director.

Officials of the Fund

4:1 The officials of the Fund shall be a Managing Director, a Technical Director, 5 Assistant Managing Directors and a General Counsel. Other officers and employees shall be provided for in the annual budget of the Fund.

4:2 The Managing Director, as chief of the operating staff of the Fund, shall see that the operations of the Fund are conducted in accordance with the decisions and authorizations of the Board of Governors and the Executive Directors.

The Managing Director is authorized to issue administrative orders to guide the operation staff and to assure the efficiency of their work.

4:3 The Managing Director shall place before the Executive Directors the business of the Fund requiring their consideration. He shall make recommendations to the Executive Director on policies to guide the Fund in its operations.

4:4 The Managing Director shall present to the Executive Directors for their approval a budget of proposed expenditures for the Fund's financial year. The managing director is authorized, within the limitations of the budget, to appoint members of the staff.

4:5 As authorized by the Board of Governors, the salary of the Managing Director shall be \$50,000 per annum. He shall also be entitled to reimbursement for reasonable expenses actually incurred in the conduct of the business of the Fund when he has been authorized to incur such expenses by the Executive Directors.

4:6 The Technical Director shall be the principal adviser of the Executive Directors and the officials of the Fund on the policies and operations of the Fund. In the absence of the Managing Director, the Technical Director shall act as chief of the operating staff of Fund.

4:7 The Technical Director shall be selected by the Executive Directors and shall hold office until his successor is chosen.

The salary of the Technical Director shall be \$35,000 per annum. He shall be entitled to reimbursement for reasonable expenses actually incurred in the conduct of the business of the Fund when he has been authorized to incur such expenses by the Executive Directors or the Managing Director.

4:8 There shall be an Assistant Managing Director in charge of operations. He shall be responsible, under the Managing Director, for seeing that the gold and exchange operations of the Fund are conducted in accordance with the provisions of the Agreement and the Rules and Regulations adopted by the Executive Directors.

4:9 All exchange operations undertaken by the Fund shall be evidenced by a voucher signed by the Managing Director and the Assistant Managing Director in charge of operations, or other officials of the Fund authorized by the Executive Directors to act in their absence.

4:10 There shall be an Assistant Managing Director in charge of relations with members. He shall be responsible for seeing that the exchange policies of members conform to the provisions of the 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.

4:11 There shall be an Assistant Managing Director in charge of relations with the International Bank for Reconstruction and Development. He shall be responsible for seeing that the Executive Directors and the officials of the Fund are informed of the policies and operations of the International Bank.

For this purpose he is authorized to maintain liaison with the officials of the International Bank. Authorization is given also to permit an official of the Bank to maintain liaison with the Fund for the purpose of keeping the Executive Directors and the officials of the Bank informed of the policies and operations of the Fund.

4:12 There shall be an Assistant Managing Director in charge of relations with the United Nations Organization and specialized international organizations other than the Bank. He shall be responsible for seeing that the Executive Directors and the officials of the Fund are informed of the policies of the Economic and Social Council of the United Nations Organization and its constituent specialized organizations except the International Bank.

For this purpose he is authorized to maintain liaison with the United Nations Organization, its Economic and Social Council, and its constituent specialized organizations except the International Bank.

4:13 There shall be an Assistant Managing Director in charge of technical studies. He shall be responsible 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.

For this purpose, the Fund shall have an adequate and competent technical staff to prepare studies and reports for the guidance of the Executive Directors and the officials of the Fund.

4:14 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 Technical Director.

4:15 There shall be a General Counsel.

4:16 The Assistant Managing Directors and the General Counsel shall be selected by the Executive Directors and they shall hold office until their successors are chosen.

The salary of these officials shall be \$25,000 per annum. They shall also be entitled to reimbursement for reasonable expenses actually incurred by them in the conduct of the business of the Fund when these expenses have been authorized by the Executive Directors or the Managing Director.

4:17 The Managing Director shall make provision in the annual budget for other officers and employees needed for the business of the Fund.

The Managing Director 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 of the Fund on its staff. The officers and staff of the Fund selected in this manner 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 the officers and staff of the Fund.

Offices and Depositories

5:1 The principal office of the Fund shall be in Washington. All communications from members on the business of the Fund are to be addressed to the principal office of the Fund.

5:2 Agencies of the Fund shall be established in London, etc.

5:3 Each agency 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.

5:4 The primary 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.

5:5 Gold depositories of the Fund shall be established in New York, London, Moscow, Shanghai, Paris, etc. 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.

5:6 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.

5:7 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

6:1 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.

6:2 The accounts of the Fund shall be kept in such a manner as to 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.

6:3 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 intervals of not longer than a month, 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.

6:4 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.

6:5 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 established 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 reserves and what part shall be distributed as dividends to members.

6:6 The Managing Director shall prepare an annual report of the operations of the Fund in which he shall discuss the policies of the Fund and shall make recommendations to the Executive Directors and the Board of Governors on the problems confronting the Fund.

6:7 The Fund shall publish a monthly Bulletin of economic and financial data. The Bulletin shall also be used to publish such reports and articles as would be of interest to members and helpful to them in connection with their policies.

6:8 The data required of all members shall be submitted on forms provided by the Fund to assure uniformity of reporting. The data collected from all members 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 affecting only that member shall not be published except with the permission of that member.

6:9 The staff of the Fund shall prepare reports for the guidance of the Executive Directors and the Board of Governors on any action they have under consideration affecting the policies of the Fund or the position of any member.

No action shall be taken by the Fund on any question affecting a member until the report has been submitted to the member and an adequate time given to the member for reply. The report may be published in the Bulletin 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.

6:10 The officials and staff of the Fund shall be available to advise members on any economic and financial problems that may affect the balance of payments of any member of the Fund.

With the approval of the Executive Directors, the Fund may provide technical missions or 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.

6:11 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.

Membership, Quota, Relations with International Organizations

7:1 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.

7:2 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 or hold the application until the next meeting of the Board of Governors.

7:3 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, the removal of exchange restrictions, and such other conditions as in their opinion the Board of Governors may wish to prescribe.

7:4 Any country may request the Fund for an adjustment of its quota. The Executive Directors shall prepare a report on the request which shall be submitted 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.

7:5 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 report to be submitted to the Board of Governors.

7:6 A member may pay its gold subscription to the Fund at any gold depository. Where the gold payment of the member exceeds the required gold payment, the Fund will reimburse the member for the excess in any member's currency at parity without charge.

7:7 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 15 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.

7:8 The International Bank for Reconstruction and Development is authorized by the Board of Governors to be represented at the meetings of the Executive Directors, and the representative of the Bank may participate in such meetings, but shall have no vote.

The Executive Directors of the Fund are authorized by the Board of Governors to designate an official to represent the Fund at the meetings of the Executive Directors of the Bank when invited to do so by the Bank.

7:9. Whenever the Fund's relations with the United Nations Organization, its Economic and Social Council, or any constituent specialized organization require prompt action by the Board of Governors, the Executive Directors are authorized by the Board of Governors to arrange for a telegraphic poll of the governors on the matter under consideration.

Par Values and Exchange Rates

8:1 The Fund shall notify all members at monthly intervals of the agreed par value, in terms of the United States gold dollar of the weight and fineness of July 1, 1944, of the currency of each member.

8:2 Each member shall report to the Fund by telegraph at least once each week, the highest and lowest rates for actual spot transfers of dollars made in conformity with its laws and exchange regulations. (In the absence of such transfers, the member shall report the corresponding rates for the currency of the member with the highest quota for which actual transfers were made.)

8:3 No member shall buy or sell gold from or to any other member, or the government or central bank of a non-member, for any member currency at a price that differs from the agreed parity for that currency by more than 1 percent.

Each member shall report to the Fund any transactions it contemplates for the purchase or sale of gold, including newly-mined gold purchased from its own nationals, at any price differing from parity by more than 1 percent.

8:4 Each member shall inform the Fund whether it buys and sells gold freely to other members within the limits prescribed above and shall inform the Fund of any change in its policy.

8:5 The rates for forward exchange transactions or for time bills of exchange in currencies of other members shall not be for the purpose of negating the agreed parity nor shall it have the effect of undermining the agreed parity. The rates for such exchange shall not differ from parity by more than 1-1/2 percent with an allowance of an additional 1/2 percent for each month prior to delivery or maturity.

A member may request the permission of the Fund to allow forward exchange transactions or transactions in time bills of exchange in currencies of other members at rates other than those prescribed above.

8:6 A member proposing a change in the par value of its currency shall notify the Managing Director of the proposed change and shall submit, through a representative authorized to consult with the Fund, a report to support its contention that the change is necessary.

The Managing Director shall promptly call the Executive Directors to a meeting to be held on the next business day of the Fund, or as soon thereafter as possible, at which the representative of the member shall be invited to be present and to participate.

8:7 If the proposed change together with all previous changes 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 presented to the representative of the member within 72 hours of the proposal.

A member that changes the parity of its currency without conforming to the above procedure or 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 inform the member of its opinion within 72 hours, it shall be deemed to have been consulted on the proposed change.

8:8 If a proposed change, together with all previous changes, exceeds 10 percent but not 20 percent of the initial parity, the Fund shall give the member a written report, within 72 hours, which shall declare whether the Fund concurs or objects and the reasons for its attitude.

A member that changes the parity of its currency under the above circumstances without waiting for the Fund to declare its attitude shall be deemed to have failed to consult with the Fund; but if the Fund does not declare its attitude within 72 hours, it shall be deemed to have concurred in the proposed change.

8:9 If a proposed change, together with all previous changes, exceeds 20 percent of the initial parity, the Fund shall consider the proposal with dispatch. It shall hold such further consultation with the 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 tenth day after the proposal for a change is presented, it shall so inform the member in writing and it shall set a definitive date within another 10 days at which time it will present the member with a report which shall declare whether the Fund concurs or objects and the reasons for its attitude.

A member that changes the parity of its currency under the above circumstances without waiting for the Fund to declare its attitude shall be deemed to have failed to consult with the Fund; but if the Fund does not declare its attitude within 20 days, it shall be deemed to have concurred in the proposed change.

8:10 A member that proposes to change the par value of its currency and contends that the change will not affect international transactions shall submit, through a representative authorized to consult with the Fund, a report to support its contention. The Fund shall inform the member whether in its opinion the proposed change affects international transactions and it shall give the member a written report, within 72 hours, which shall state its opinion on this point.

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

8:11 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 vote of the Executive Directors, including each director representing 10 percent of the aggregate of quotas, so decides. Otherwise they shall return the proposal to the member with a statement of the action of the Executive Directors; and the member may, at its option, present the same proposal to the Board of Governors at its next meeting.

8:12 Within a month after members agree with the Fund on the initial parities of their currencies, they shall communicate to the Fund any class of exchange transactions they propose 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 arrange a meeting with 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 and setting a date for discontinuing or modifying such other rates. A member that continues such other rates contrary to the decision of the Fund shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

8:13 A member proposing to introduce a rate for any class of exchange transactions that differs from parity by more than the prescribed margin shall notify the Fund of the proposal and shall submit, through a representative authorized to consult with the Fund, a written report stating why the proposed other rate is necessary. The Executive Directors shall consult with the member on its proposal and shall inform the member of their decision in a written report stating the reasons for their attitude. A member that introduces such other rate contrary to the decision of the Fund shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

Exchange Controls

9:1 Each member shall communicate to the Fund within one month after the Fund makes the request a full statement of the controls on payments and transfers which it will have in effect when the Fund begins its operations.

Thereafter, a member shall communicate promptly to the Fund any new controls it imposes and all controls that it removes.

9:2 The member shall state to the Fund which controls in effect at the beginning of the Fund's operations are necessary to control international capital movements, which controls it will soon be prepared to remove progressively, and which controls are part of its post-war transitional arrangements.

9:3 The Fund shall take no action on controls which it finds are necessary to control 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.

9:4 Whenever a member introduces new controls for the purpose of controlling international capital movements, it shall inform the Fund promptly of the new controls. The Fund shall consider the new controls and it shall inform the member if it regards any of the controls as likely to result in a restriction of payments for current transaction or undue delay in the transfer of funds in settlement of such commitments.

In such a case, the Fund shall set a date for a meeting with a representative of the member for consideration of 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. If the member fails to remedy the defect, the action of the member shall be regarded as a failure to fulfill its obligations under the Fund Agreement.

9:5 The Fund shall consult promptly with members on controls of current transactions which are not necessary for 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 one year after the Fund has begun exchange operations. If the member fails to remove or modify the specified controls, the action of the member shall be regarded as a failure to fulfill its obligations under the Fund Agreement.

9:6 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.

9:7 After the Fund has been in operation three years, the Fund shall survey all controls still in force under the transitional arrangements and it shall publish a report on the need for the continuation of such arrangements. Each member then availing itself of the transitional arrangements shall be given an opportunity to present its views to the Executive Directors before the report is published.

After the Fund has been in operation five years the Fund shall consult with each member then availing itself of the transitional arrangements regarding the continuation of the controls still in effect. The Fund shall then inform the member in a written report which controls in its opinion are unnecessary and should be removed or modified and stating its reasons.

9:8 When a member finds that its balance of payments position will require it to impose restrictions on payments and transfers in connection with current transactions, it shall inform the Fund of the restrictions it believes necessary in a 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 30 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. A member that imposes such restrictions without the approval of the Fund shall be regarded as failing to fulfill its obligations under the Fund Agreement.

9:9 The Fund shall inform all members of the exchange controls maintained by every other member which are consistent with the Fund Agreement. The exchange controls so reported to members shall be the basis for determining whether any exchange contract is unenforceable under the terms of the Fund Agreement.

9:10 A member shall inform the Fund of any agreement with other countries for the purpose of making its exchange controls more effective. The Fund shall inform any member if any provision in such an agreement which in the opinion of the Fund is inconsistent with the Fund Agreement.

The member shall be given an opportunity to present its views to the Executive Directors. The Fund shall then inform the member of its decision in a written report stating the reasons for its decision. A member that continues any agreement which the Fund has found contrary to the provisions of the Fund Agreement shall be regarded as failing to fulfill its obligations under the Fund Agreement.

9:11 Within one month after the Fund begins its operations, 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 it regards as necessary for a limited period, and which it regards as necessary for the post-war transitional arrangements.

The Fund shall deal with existing currency, payments or clearing arrangements between any member and other countries in the same manner as it deals with existing exchange restrictions.

9:12 A member that proposes to enter into a currency agreement that is inconsistent with the provisions of the Fund Agreement shall request the approval of the Fund in a report setting forth the need for the agreement.

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. If a member enters into such an agreement without the approval of the Fund it shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

9:13 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 such arrangements.

The Fund may inform a member at any time that a currency agreement is inconsistent with the provisions of the Fund Agreement and it may require the member to terminate or modify the agreement to the extent that it is in conflict with the Fund 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. A member that does not terminate or modify a currency agreement as requested by the Fund shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

9:14 When the Fund declares a currency scarce, it shall arrange to consult promptly with members on the limitations they propose to impose temporarily on exchange transactions in the scarce currency. The Fund shall inform the member whose currency has been declared scarce of the limitations imposed by each member. The Fund shall offer its good offices if the member wishes to make representations in the administration of the limitations so imposed.

9:15 If the Fund finds that any member maintains limitations on exchange transactions in a scarce currency which are more restrictive than is necessary in view of the supply held by the member and accruing to it, the Fund shall arrange to have a representative of the member consult with the Fund on the relaxation of the unnecessary limitations.

The Fund shall inform the member in a written report of the extent to which, in its opinion, the limitations should be relaxed and the reasons for its opinion. If a member fails to relax the limitations to the extent requested by the Fund, the member shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

Gold and Exchange Transactions of the Fund

10:1 Each member shall designate a fiscal agent for its transactions with the Fund. A member may change the designated fiscal agent at any time by notifying the Fund.

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

10:2 From time to time but not less frequently than once a quarter the officials of the Fund shall consult with each member regarding its prospective balance of payments and its prospective need to purchase foreign exchange from the Fund.

10:3 The Fund shall buy gold placed on earmark to its account at any gold depository with payment in any member 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 charges for gold transactions in each currency at each of its designated gold depositories.

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

10:4 A member desiring to purchase foreign exchange from the Fund with its own currency shall file a telegraphic request with the Fund in which it warrants that the currency is presently needed for making payments in that currency consistent with the provisions of this Agreement and that the member is fulfilling all of its obligations under the Agreement.

10:5 On any request for purchase of exchange within a thirty-day period involving less than 5 percent of the quota of a country, the transfer shall be made on a value date within six business days of the receipt of the request by the Fund and the Fund shall notify the member of the date on which the transfer will be made.

10:6 On any request for purchase of exchange within a thirty-day period involving more than 5 percent of a member's quota, but not exceeding 10 percent of a member's quota, the transfer shall be made on a value date within 10 business days of the receipt of the request by the Fund and the Fund shall notify the member of the date on which the transfer will be made.

10:7 On any request for purchase of exchange in any larger amount, the Fund shall set the transfer date which it regards as desirable but it shall inform the member of its decision.

10:8 A member may cancel any requested gold or exchange transaction prior to the value date and the Fund shall levy no charge in connection with such a transaction except for expenses actually incurred.

The Fund may agree with a member to reverse a transaction within ten days after the value 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 a currency has been made in the interim.

A member that has purchased a currency from the Fund and finds that 30 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.

10:9 A member purchasing foreign exchange from the Fund for its own currency shall not use the proceeds to purchase gold from any member; and a member purchasing gold with a currency shall not at the same time purchase that currency from the Fund, unless it secures the approval of the Fund for that purpose.

10:10 When a currency has been declared scarce, the Fund shall inform all members of the manner in which it proposes to apportion its sales of the scarce currency. Any member may consult with the Fund regarding the apportionment of its sales of the scarce currency.

10:11 The Fund shall inform members at monthly intervals what its holdings are of the currency of that member.

The Fund shall inform a member promptly when its holdings of a member currency exceed 200 percent of its quota, when its acquisitions of currency during the preceding year exceed 25 percent of the country's quota (provided its holdings exceed the quota), and of any action by the Fund limiting the purchase of foreign exchange by a member from the Fund.

10:12 A member requesting a waiver shall file with the Fund an application for the sale of the requested amount of exchange giving the information required by the Fund. The application shall be considered by the Executive Directors on the basis of the recommendations of the Committees on Transactions. The Executive Directors shall then decide whether or not the Fund agrees to a waiver. If the Executive Directors agree to a waiver the terms shall be recorded and submitted to the member for its acceptance. The transfer of exchange on the basis of a request for a waiver shall be made only after the member accepts these terms.

10:13 When requiring collateral under a waiver, the Fund may provide that the collateral shall be subject to pledge or sale by the Fund under a repurchase agreement as if it were the Fund's property. The Fund may also provide that if a member fails to meet its obligations under a waiver the Fund shall be authorized to sell the collateral and to apply the proceeds to repurchase for the account of the member its currency held by the Fund.

10:14 No transfer of exchange shall be made by the Fund except on the signed order of the Managing Director or the Assistant Managing Director in charge of operations. The transfer order shall bear on its face the statement that except where the limitations have been waived the transfer will not increase the Fund's holdings of the currency above 200 percent of the member's quota or increase the Fund's holdings more than 25 percent above its holdings on the same date of the previous year (provided the holdings will exceed the quota) and that the Executive Directors have not limited the member's use of the Fund or declared the member ineligible to use the Fund's resources.

10:15 The Managing Director shall place before the Executive Directors at each meeting of the Executive Directors the requests for purchases of foreign exchange by members for their own currencies together with all the relevant facts.

Any Executive Director may require that the 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, the transfer shall be made on the value date determined under these Rules and Regulations.

Repurchases and Charges

11:1 The Fund shall sell to a member any of its holdings of the member's currency in excess of its quota. The Fund shall sell such currency for gold and the charge, if any, shall not exceed the amount levied by the member on the Fund's sale of gold to that member.

11:2 Within one month of the end of the Fund's financial year, all members shall report to the Fund, on forms provided for that purpose, 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.

11:3 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 charge equal to the cost of moving the gold to its nearest gold depository.

11:4 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.

11:5 The service charge for the sale of foreign exchange to a member for its own currency shall be three-fourths percent. The Fund shall notify members of any change in the charge.

11:6 At quarterly intervals the Fund shall inform each member of the charges due the Fund on balances of its currency held by the Fund in excess of its quota.

11:7 Gold in payment of charges may be delivered at any gold depository of the Fund. To avoid the shipment of small quantities of gold, the Fund may accept in payment of charges the currency of a member if that currency may be used to purchase gold freely from the member within the prescribed range of parity.

A member entitled to pay part of its charges in its own currency shall inform the Fund of the amount of its monetary reserves at the time the charges are due and the Fund shall accept payment of the appropriate part of the charges in the member's currency.

Postponement, Limitation, Ineligibility and Withdrawal

12:1 The Fund shall postpone exchange transactions with a member in accordance with Article XX, Section 4 (1) of the Fund Agreement only after the Executive Directors so decide. The member shall be informed of the action under consideration and shall be invited to send a representative to the meeting of the Executive Directors when the matter is being considered. The Fund shall inform the member of the action of the Executive Directors in a written report stating the conditions under which the Fund will be prepared to begin exchange transactions with the member.

12:2 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 Fund Agreement, the Fund shall prescribe the conditions under which it will undertake exchange transactions with the member. The member shall be informed of the action under consideration and shall be invited to send a representative to the meeting of the Executive Directors when the matter is being considered. The Fund shall inform the member of the prescribed conditions in a written report. The Fund may at any time change the prescribed conditions.

12:3 When the Fund and a member agree on the initial par value of the currency of a member, where the period for agreeing on the initial parity has been extended beyond 90 days, the Fund may decide to postpone exchange transactions with the member or to prescribe new conditions. In such cases, the Fund shall follow the procedure provided above for postponing exchange transactions or for prescribing conditions.

12:4 Whenever a member changes the par value of its currency without consulting the Fund or despite the objection of the Fund, the Managing Director shall promptly inform the Executive Directors of the action taken by the member. If the Executive Directors confirm that this action constitutes an unauthorized change in the par value of the currency, the member shall be informed that it is ineligible to use the resources of the Fund.

The Executive Directors shall meet with a representative of the member to consider the difference. The Executive Directors shall then inform the member in a written report of their decision to continue the ineligibility of the member, to take other action to limit the use of the Fund's resources by the member, or to declare the difference with the member at an end.

12:5 The Managing Director shall inform the Executive Directors whenever it appears that a member is making net use of the Fund's resources to meet a large or sustained outflow of capital. The Fund shall request the member to exercise appropriate controls to prevent such use of its resources.

If the member fails, thereafter, to exercise appropriate controls, the Executive Directors shall consider whether to declare the member ineligible to use the resources of the Fund. The member shall be invited to be represented at the meeting of the Executive Directors when the matter is considered. If the member is declared ineligible the decision shall be given in a written report setting forth the controls that in the opinion of the Fund should be exercised to prevent a large or sustained outflow of capital.

12:6 When the Fund finds beyond reasonable doubt that a member is continuing any wartime exchange restrictions which are inconsistent with the provisions of the Fund Agreement and which are unnecessary, it shall present a written report to the member specifying the restrictions which should be abandoned or modified. The member shall be given a period of one month in which to reply to the representations in the report.

The Executive Directors shall then decide whether the specified restrictions can be safely removed or modified and the member shall be informed of the decision. If the Executive Directors decide that the specified restrictions can be safely removed or modified they shall set a date, not earlier than three months from that time, at the end of which period the member is requested to remove or modify the specified restrictions that are no longer necessary. If at the end of such a period the member persists in maintaining the specified restrictions, the member shall be declared ineligible to use the resources of the Fund.

12:7 When the Fund finds that a member deliberately or persistently fails to fulfill any of its obligations under the Fund Agreement, it shall present a written report to the member setting forth the failure of the member. The member shall be given adequate opportunity to prepare a reply and it shall be represented at the meeting of the Executive Directors when the matter is considered.

If the Executive Directors find that a member has failed to fulfill its obligations under the Fund Agreement, they shall declare the member ineligible to use the resources of the Fund or they shall prescribe conditions under which the member may continue to use the resources of the Fund.

12:8 Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it shall present to the member a written report setting forth which purpose of the Fund is involved and the uses of the Fund's resources by the member which are contrary to the specified purpose. After presenting the written report the Fund may limit the use of its resources by the member. The member shall be given a suitable time to reply.

The Executive Directors shall set a date for a meeting at which the written report and reply will be considered and the member shall be represented at the meeting. If the Executive Directors decide that the member has used the Fund's resources in a manner contrary to the purposes of the Fund, they may continue to limit the member's use of the Fund's resources, and they may declare the member ineligible to use the Fund's resources after a date not earlier than 3 months from the time of the decision.

12:9 No member shall be relieved of any obligation under the Agreement, except as otherwise stated, because the Fund has postponed or limited exchange transactions with the member, or has prescribed conditions for exchange transactions with the member, or declared the member ineligible to use the resources of the Fund.

12:10 Any member that is ineligible to use the resources of the Fund, or whose use of the Fund's resources has been postponed, limited or conditioned, may at any time apply to the Fund for the full resumption of exchange transactions.

The Executive Directors shall set a time for a meeting at which the request of the member will be considered and the member shall be represented at the meeting. The Executive Directors shall inform the member of their decision in a written report and if they decide not to permit full resumption they shall state what further action they require of the member.

12:11 After a member has been ineligible to use the Fund's resources for a period of six months, the Executive Directors shall consider whether the member has corrected the conditions which have led to the declaration. The member shall be invited to be represented at the meeting at which the matter is considered. The Executive Directors shall then decide whether to terminate the ineligibility or continue the ineligibility of the member to use the Fund's resources.

If the Executive Directors find that the member persists in its failure to fulfill any of its obligations, or the difference between the member and the Fund continues, the Executive Directors may inform the member that a recommendation for compulsory withdrawal will be made to the Board of Governors.

After complying with this procedure, the Executive Directors may present to the Governors a written report with a recommendation for compulsory withdrawal. The recommendation may be presented at any meeting of the Board of Governors, but not by means of a telegraphic poll.

12:12 When the Fund and a member differ on the interpretation of a provision of the Fund Agreement, and the member has been declared ineligible to use the resources of the Fund because of the failure to fulfill its obligations, the Executive Directors shall promptly submit the question to the Board of Governors for a telegraphic vote.

In such a case the Executive Directors shall take no action to recommend compulsory withdrawal of the member until the Board of Governors has made its decision and the member has had a reasonable time to meet the requests of the Executive Directors.

12:13 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 between representatives of the Fund and representatives of the former member to secure agreement on the settlement of accounts between the Fund and the former member.

12:14 If a member fails to agree with the Fund on a program for settlement of its accounts, or if it fails to meet its obligations under such a program, the Fund shall inform all members of the amount of the currency of the former member it will liquidate and it shall request the members to purchase the currency from the Fund to the extent of their needs.

If the Fund decides to liquidate the currency by offering it for sale in any market, it shall inform the members in whose markets the currency is to be sold and it shall request them to dispose of the currency in an orderly manner as agents for the Fund.

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Rules and Regulations of the
International Monetary Fund

Authority for the Rules and Regulations

1:1 The Executive Directors, having been so authorized by the Board of Governors, adopt the following Rules and Regulations which they find necessary and appropriate to conduct the business of the Fund. These Rules and Regulations may be changed at any time by the Executive Directors under the authority extended them by the Board of Governors.

1:2 The Fund shall publish its Rules and Regulations and shall notify all members of changes adopted by the Executive Directors. No change shall take effect until the date stated in the notice to members and adequate time shall be allowed for this purpose.

Board of Governors

2:1 The Board of Governors shall hold an annual meeting at the principal office of the Fund the first Wednesday in month of each year to consider the business of the Fund.

2:2 At each annual meeting the Board of Governors shall select a governor or alternate to act as Chairman until the next annual meeting. The selection shall require a majority of the votes cast by the governors. All nominations shall be made prior to the voting. Successive ballots shall be cast until one governor has a majority; and after each ballot the governor with the smallest number of votes shall be dropped from the next ballot.

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

2:3 The Board of Governors may at any meeting provide for any subsequent meetings of the Board prior to the next annual meeting by adjourning to a specified date.

The Executive Directors shall call a meeting of the Board of Governors whenever there is business requiring the consideration of the Board that cannot be put off to the next scheduled meeting and that cannot be properly *appropriately* decided through a telegraphic vote.

Any member may request the Executive Directors to call a meeting of the Board of Governors. The member requesting the meeting shall state the principal purpose of the requested meeting. The Fund shall notify all members of a request in order to give them an opportunity to join in the request. When sufficient requests have been received, the Executive Directors shall call a meeting of the Board.

2:4 The Fund shall notify all members of any meeting of the Board of Governors and the members shall arrange to be represented at such meetings by their governors or alternates or both. Alternates may participate in all meetings of the Board but shall not vote except in the absence of the governors for whom they are alternates.

2:5 The agenda for the meetings of the Board of Governors shall be submitted by the Managing Director. Any governor may place upon the agenda any other matters that require the consideration of the Board.

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

2:6 Whenever any action by the Fund requires the approval or authorization of the Board of Governors, and in the judgment of the Executive Directors the matter should not be put off until the next meeting of the Board, the Fund shall present to each governor and alternate by telegraph a motion embodying the required action with a request for a vote. When sufficient replies have been received by telegraph to accept or reject the motion, the Executive Directors shall record the action in their Journal and the Fund shall notify all members of the result.

At the next meeting of the Board of Governors the telegraphic ballots shall be presented to the Board and the verification of the vote shall be recorded in their Proceedings.

2:7 Each governor and alternate shall present to the Secretary of the Board of Governors a memorandum of expenses incurred in travelling to and from the meetings of the Board. All reasonable travelling expenses shall be paid by the Fund, together with an allowance of \$20 for each day, including the time of travelling, in lieu of other expenses.

Executive Directors

3:1 The Executive Directors are authorized by the Board of Governors to exercise all the powers of the Fund except those reserved to the Board of Governors by Article XII, Section 2(b) of the Fund Agreement.

The Executive Directors are authorized to submit to the Board of Governors for telegraphic vote any matter arising under Article XII, Section 2(b) which in their judgment should not be put off until the next meeting of the Board of Governors.

3:2 The directors and their alternates are to be available at the principal office of the Fund for consultation by members and the officials of the Fund on the business of the Fund. They shall be provided with suitable office space and equipment and adequate assistance for this purpose.

3:3 The Executive Directors shall meet regularly at least once each week at such time as they may set. The Executive Directors may provide for such other meetings as they find necessary for the conduct of the business of the Fund.

Any director or alternate 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.

3:4 The Managing Director, and in his absence the chief of the operating staff of the Fund, shall preside at the meetings of the Executive Directors, and the other principal officials of the Fund shall be present and participate in the meetings of the Executive Directors.

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

3:5 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 requiring the consideration of the Executive Directors.

The Executive Directors shall keep a Journal of their meetings in which they shall record such action as they take or authorize.

3:6 Directors and alternates shall be informed of all meetings of the Executive Directors and shall be entitled to participate in such meetings.

Any director or alternate may request that the action of the Executive Directors shall be taken by a record vote and when any director is absent his alternate shall be called upon to vote in his place.

3:7 On any matter brought to a vote, each director, and in his absence his alternate, shall cast the number of votes to which the member that appointed or the members that elected the director are entitled. 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 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 its quota.

3:8 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) Relations with Members
- (e) Cooperation with other International Agencies

The Executive Directors shall name such other standing committees as they find necessary for the business of the Fund.

The Executive Directors may name such special committees as they require from time to time to advise them on the business of the Fund

3:9 Each committee shall consist of at least three directors and such governors or officials of the Fund as the Executive Directors may name. An alternate shall be a member of the same committees as the director for whom he may act. Any director or alternate may attend meetings of any committee.

Any director or alternate who is a member of a committee may submit a report to the Executive Directors on any business before the committee and all such reports shall be noted in the Journal of the Executive Directors.

3:10 Whenever the Executive Directors contemplate any action affecting a member, the member shall be promptly informed in a written report and a date set for consideration of the contemplated action. 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 had an opportunity to prepare a reply and to be heard at a meeting of the Executive Directors of which the member has had reasonable notice.

3:11 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.

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

3:12 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.

3:13 As authorized by the Board of Governors, the salary of directors and alternates shall be \$25,000 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 by the Executive Directors or by the Managing Director.

Officials of the Fund

4:1 The officials of the Fund shall be a Managing Director, a Technical Director, 5 Assistant Managing Directors and a General Counsel. Other officers and employees shall be provided for in the annual budget of the Fund.

4:2 The Managing Director shall place before the Executive Directors the business of the Fund requiring their consideration. He shall make recommendations to the Executive Directors on policies to guide the Fund in its operations.

The Managing Director shall see that the business of the Fund is conducted in accordance with the Fund Agreement, the Rules and Regulations, and the decisions and authorizations 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.

4:3 The Managing Director shall present to the Executive Directors for their approval a budget of proposed expenditures for the Fund's financial year. The managing director is authorized, within the limitations of the budget, to appoint members of the staff.

4:4 As authorized by the Board of Governors, the salary of the Managing Director shall be \$50,000 per annum. He shall also be entitled to reimbursement for reasonable expenses actually incurred in the conduct of the business of the Fund when he has been authorized to incur such expenses by the Executive Directors.

*Deputy
Managing Dir.*

4:5 The Technical Director shall be the principal adviser of the Executive Directors and the officials of the Fund on the policies and operations of the Fund. In the absence of the Managing Director, the Technical Director shall act as chief of the operating staff of Fund.

4:6 The Technical Director shall be selected by the Executive Directors and shall hold office until his successor is chosen.

The salary of the Technical Director shall be \$35,000 per annum. He shall be entitled to reimbursement for reasonable expenses actually incurred in the conduct of the business of the Fund when he has been authorized to incur such expenses by the Executive Directors or the Managing Director.

4:7 There shall be an Assistant Managing Director in charge of operations. He shall be responsible, under the Managing Director, for seeing that the gold and exchange operations of the Fund are conducted in accordance with the provisions of the Fund Agreement, the Rules and Regulations, and the decisions of the Executive Directors.

4:8 All gold and exchange operations of the Fund shall be evidenced by a voucher signed by the Managing Director and the Assistant Managing Director in charge of operations, or other officials of the Fund authorized by the Executive Directors to act in their absence.

4:9 There shall be an Assistant Managing Director in charge of relations with members. He shall be responsible for seeing that the exchange policies of members conform to the provisions of the Fund 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.

4:10 There shall be an Assistant Managing Director in charge of relations with the International Bank for Reconstruction and Development. He shall be responsible for seeing that the Executive Directors and the officials of the Fund are informed of the policies and operations of the Bank.

For this purpose he is authorized to maintain liaison with the officials of the Bank. Authorization is also given to permit an official of the Bank to maintain liaison with the Fund.

4:11 There shall be an Assistant Managing Director in charge of relations with the United Nations Organization and specialized international organizations other than the Bank. He shall be responsible for seeing that the Executive Directors and the officials of the Fund are informed of the policies of the Economic and Social Council of the United Nations and its constituent specialized organizations except the Bank.

For this purpose he is authorized to maintain liaison with the Economic and Social Council and its constituent specialized organizations except the Bank.

4:12 There shall be an Assistant Managing Director in charge of technical studies. He shall be responsible 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.

For this purpose, the Fund shall have an adequate and competent technical staff to prepare studies and reports for the guidance of the Executive Directors and the officials of the Fund.

4:13 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 Technical Director.

4:14 There shall be a General Counsel.

4:15 The Assistant Managing Directors and the General Counsel shall be selected by the Executive Directors and they shall hold office until their successors are chosen.

The salary of these officials shall be \$25,000 per annum. They shall also be entitled to reimbursement for reasonable expenses actually incurred by them in the conduct of the business of the Fund when these expenses have been authorized by the Executive Directors or the Managing Director.

4:16 The Managing Director shall make provision in the annual budget for other officers and employees needed for the business of the Fund.

The Managing Director shall provide by Administrative Order for the selection of the staff on the basis of competence and efficiency. In the selection of officers and employees, weight shall be given to the desirability of securing wide representation of all members on the staff of the Fund. The officers and employees of the Fund 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 the officers and employees of the Fund.

Offices and Depositories

5:1 The principal office of the Fund shall be in Washington. All communications from members on the business of the Fund are to be addressed to the principal office of the Fund.

5:2 Agencies of the Fund shall be established in London, etc.

5:3 Each agency 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.

5:4 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.

5:5 Gold depositories of the Fund shall be established in New York, London, Moscow, Shanghai, Paris, etc. 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.

5:6 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.

5:7 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

6:1 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.

6:2 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.

6:3 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 intervals of not longer than a month, 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.

6:4 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.

6:5 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 reserves and what part shall be distributed as dividends to members.

6:6 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.

6:7 The Fund shall publish a monthly Bulletin of economic and financial data. The Bulletin shall also be used to publish such reports and articles as would be of interest to members and helpful to them in connection with their policies.

6:8 The data required of all members shall be submitted on forms provided by the Fund to assure uniformity of reporting. The data collected from all members 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.

6:9 The staff of the Fund shall prepare reports for the guidance of the Executive Directors and the Board of Governors on any action they have under consideration affecting the policies of the Fund or its relations with any member.

A report submitted to a member in connection with any action taken by the Executive Directors or the Board of Governors may be published in the Bulletin 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.

6:10 The officials and staff of the Fund shall be available to advise members on any economic and financial problems that may affect the balance of payments of any member of the Fund.

With the approval of the Executive Directors, the Fund may provide technical advisers or missions 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.

6:11 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.

Membership, Quotas, Relations
with International Organizations

7:1 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.

7:2 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 or hold the application until the next meeting of the Board of Governors.

7:3 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.

7:4 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.

7:5 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.

7:6 A member may pay its gold subscription to the Fund at any gold depository. Where the gold payment of the member exceeds the required gold payment, the Fund will reimburse the member for the excess in any member's currency at parity without charge.

7:7 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 15 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.

7:8 The International Bank for Reconstruction and Development is authorized by the Board of Governors to be represented at the meetings of the Executive Directors, and the representative of the Bank may participate in such meetings, but shall have no vote.

The Executive Directors are authorized by the Board of Governors to designate an official to represent the Fund at the meetings of the Executive Directors of the Bank when invited to do so by the Bank.

A member may request the permission of the Fund to allow forward exchange transactions or transactions in time bills of exchange at rates other than those prescribed above.

8:6 A member proposing a change in the par value of its currency shall notify the Fund of the proposed change and shall submit, through 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 by the Executive Directors at a meeting held on the next business day of the Fund, or as soon thereafter as possible, at which the representative of the member shall be invited to be present and to participate.

8:7 If the proposed change together with all previous changes 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 given the member within 72 hours of the proposal.

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 inform the member of its opinion within 72 hours, it shall be deemed to have been consulted on the proposed change.

8:8 If the proposed change, together with all previous changes, exceeds 10 percent but not 20 percent of the initial parity, the Fund shall give the member a written report, within 72 hours, which declares whether the Fund concurs or objects and the reasons for its attitude.

A member that changes the parity of its currency under the above circumstances without waiting for the Fund to declare its attitude shall be deemed to have failed to consult with the Fund; but if the Fund does not declare its attitude within 72 hours, it shall be deemed to have concurred in the proposed change.

8:9 If the proposed change, together with all previous changes, exceeds 20 percent of the initial parity, the Fund shall consider the proposal with dispatch. It shall hold such further consultation with the 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 tenth day after the proposal for the change is presented, it shall so inform the member in writing and it shall set a definitive date within another 10 days at which time it shall give the member a written report which declares whether the Fund concurs or objects and the reasons for its attitude.

A member that changes the parity of its currency under the above circumstances without waiting for the Fund to declare its attitude shall be deemed to have failed to consult with the Fund; but if the Fund does not declare its attitude within 20 days, it shall be deemed to have concurred in the proposed change.

8:10 A member that proposes to change the par value of its currency and contends that the change will not affect international transactions shall submit, through a representative authorized to consult with the Fund, a written report to support its contention. The Fund shall inform the member whether in its opinion the proposed change affects international transactions and it shall give the member a written report, within 72 hours, which shall state its opinion on this point.

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

8:11 Any member may propose to the Fund 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 Fund, the Executive Directors 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 vote of the Executive Directors, including each director representing 10 percent of the aggregate of quotas, so decides. Otherwise they shall return the proposal to the member with a statement of the action of the Executive Directors; and the member may, at its option, present the same proposal to the Board of Governors at its next meeting.

8:12 Within one month after members agree with the Fund on the initial parities of their currencies, each member 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 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 such other rates they shall set a date for discontinuing or modifying them.

A member that continues such other rates contrary to the decision of the Fund shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

8:13 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, through a representative authorized to consult with the Fund, a written report stating why such other rates are necessary.

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

A member that introduces such other rates contrary to the decision of the Fund shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

Exchange Controls

9:1 Within one month after members agree with the Fund on the initial parities of their currencies, each member 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.

9:2 The Fund shall take no action on controls which it finds 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.

If the member fails to remedy the defect, the action of the member shall be regarded as a failure to fulfill its obligations under the Fund Agreement.

9:3 Whenever a member introduces new controls for the purpose of regulating international capital movements, it shall inform the Fund promptly of the new controls. The Fund shall consider the new controls and it shall inform the member if it regards any of them as likely to restrict payments for current transactions or undue delay transfers of funds in settlement of such commitments.

In such a case, the Executive Directors shall meet with a 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.

If the member fails to remedy the defect, the action of the member shall be regarded as a failure to fulfill its obligations under the Fund Agreement.

9:4 The Fund shall consult promptly with members on controls of current transactions then in effect which are not necessary for 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 six months after the Fund has begun exchange operations.

If the member fails to remove or modify the specified controls, the action of the member shall be regarded as a failure to fulfill its obligations under the Fund Agreement.

9:5 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.

9:6 After the Fund has been in operation three years, the Fund shall survey all controls still in force under the transitional arrangements and it shall publish a report on the need for the continuation of such arrangements. Each member then availing itself of the transitional arrangements shall be given an opportunity to present its views to the Executive Directors before the report is published.

After the Fund has been in operation five years the Fund shall consult with each member then availing itself of the transitional arrangements regarding the continuation of the controls still in effect. The Fund shall then inform the member in a written report which controls in its opinion are unnecessary and should be removed or modified and stating its reasons.

9:7 When a member finds that its balance of payments position will require it to impose controls on payments and transfers in connection with current transactions, it shall inform the Fund of the restrictions it believes necessary in 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 30 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. A member that imposes such restrictions without the approval of the Fund shall be regarded as failing to fulfill its obligations under the Fund Agreement.

9:8 The Fund shall inform all members of the exchange controls maintained by every other member which are consistent with the Fund Agreement. The exchange controls so reported to members shall be the basis for determining whether any exchange contract is unenforceable under the terms of the Fund Agreement.

9:9 A member shall inform the Fund of any agreement with other countries for the purpose of making its exchange controls more effective. The Fund shall inform the member whether any provision in such an agreement, in the opinion of the Fund, is inconsistent with the Fund Agreement.

If the Fund is of the opinion that a provision is inconsistent with the Fund Agreement, the member shall be given an opportunity to present its views to the Executive Directors. The Fund shall then inform the member of its decision in a written report stating the reasons for its decision.

A member that continues any agreement which the Fund has found inconsistent with the Fund Agreement shall be regarded as failing to fulfill its obligations under the Fund Agreement.

9:10 Within one 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 agreements it has with any other country. The member shall indicate which agreements it regards as consistent with the Fund Agreement, which are intended for a limited period, and which are part of its post-war transitional arrangements.

The Fund shall deal with existing currency, payments and clearing agreements in the same general manner as it deals with existing exchange controls.

9:11 A member that proposes to enter into a currency agreement that is inconsistent with the provisions of the Fund Agreement shall request the approval of the Fund in a report setting forth the need for the agreement.

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.

If a member enters into such an agreement without the approval of the Fund it shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

9:12 A member shall inform the Fund of any new currency, payments or clearing agreements it enters into and of the termination of any such agreements. The Fund shall keep all members informed of the agreements in force.

The Fund may inform a member at any time that a currency agreement is inconsistent with the provisions of the Fund Agreement and it may require the member to terminate or modify the agreement to the extent that it is in conflict with the Fund 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.

A member that does not terminate or modify a currency agreement as requested by the Fund shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

9:13 When the Fund declares a currency scarce, it shall arrange to consult promptly with members on the temporary limitations they propose to impose on exchange transactions in the scarce currency. The Fund shall inform the member whose currency has been declared scarce of the limitations imposed by each member. The Fund shall offer its good offices if the member wishes to make representations on the administration of the limitations so imposed.

9:14 If the Fund finds that any member maintains limitations on exchange transactions in a scarce currency which are more restrictive than is necessary in view of the supply held by the member and accruing to it, the Fund shall consult with the member on the relaxation of the unnecessary limitations.

The Fund shall inform the member in a written report of the extent to which, in its opinion, the limitations should be relaxed and the reasons for its opinion.

If a member fails to relax the limitations to the extent requested by the Fund, the member shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

Gold and Exchange Transactions of the Fund

10:1 Each member shall designate a fiscal agent for its transactions with the Fund. A member may change the designated fiscal agent at any time by notifying the Fund.

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

10:2 From time to time, but not less frequently than once a quarter, the officials of the Fund shall consult with each member regarding its prospective balance of payments and its prospective need to purchase foreign exchange from the Fund.

10:3 The Fund shall buy gold placed on earmark to its account at any gold depository with payment in any member 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 charges for gold transactions in each currency at each of its designated gold depositories.

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

10:4 A member desiring to purchase foreign exchange from the Fund with its own currency shall file a telegraphic request with the Fund in which it warrants that the currency is presently needed for making payments in that currency consistent with the provisions of the Fund Agreement and that the member is fulfilling all of its obligations under the Fund Agreement.

10:5 On any request for purchase of exchange involving less than 5 percent of the member's quota within a thirty-day period, the transfer shall be made on a value date within six business days of the receipt of the request. The Fund shall notify the member of the date on which the transfer will be made.

10:6 On any request for purchase of exchange involving more than 5 percent but not exceeding 10 percent of the member's quota within a thirty-day period, the transfer shall be made on a value date within 10 business days of the receipt of the request. The Fund shall notify the member of the date on which the transfer will be made.

10:7 On any request for purchase of exchange in any larger amount, the Fund shall set the transfer date which it regards as desirable, but it shall inform the member of its decision.

10:8 A member may cancel any requested gold or exchange transaction prior to the value date and the Fund shall levy no charge in connection with such a transaction except for expenses actually incurred.

The Fund may agree with a member to reverse a transaction within ten days after the value 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 30 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.

10:9 A member purchasing foreign exchange from the Fund for its own currency shall not use the proceeds to purchase gold from any member; and a member purchasing gold with a currency shall not at the same time purchase that currency from the Fund, unless it secures the approval of the Fund for that purpose.

10:10 When a currency has been declared scarce, the Fund shall inform all members of the manner in which it proposes to apportion its sales of the scarce currency. Any member may consult with the Fund regarding the apportionment of its sales of the scarce currency.

10:11 The Fund shall inform members at monthly intervals what its holdings are of the currency of that member.

The Fund shall inform a member promptly when the Fund's holdings of its currency exceed 200 percent of its quota, when its acquisitions of currency during the preceding year exceed 25 percent of the country's quota (provided its holdings exceed the quota), and of any action by the Fund limiting the purchase of foreign exchange by the member from the Fund.

10:12 A member requesting a waiver shall file with the Fund an application for the sale of the requested amount of exchange giving the information required by the Fund.

The application shall be considered by the Executive Directors on the basis of the recommendations of the Committee on Transactions. The Executive Directors shall then decide whether or not the Fund agrees to a waiver.

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

10:13 When requiring collateral under a waiver, the Fund may provide that the collateral shall be subject to pledge or sale by the Fund under a repurchase agreement as if it were the Fund's property.

The Fund may also provide that if a member fails to meet its obligations under a waiver the Fund shall be authorized to sell the collateral and to apply the proceeds to repurchase for the account of the member its currency held by the Fund.

10:14 No transfer of exchange shall be made by the Fund except on the signed order of the Managing Director or the Assistant Managing Director in charge of operations. The transfer order shall bear on its face the statement that, except where the limitations have been waived, the transfer will not increase the Fund's holdings of the currency above 200 percent of the member's quota, nor increase the Fund's holdings more than 25 percent above its holdings on the same date of the previous year (provided the holdings will exceed the quota), and that the Executive Directors have not limited the member's use of the Fund or declared the member ineligible to use the Fund's resources.

10:15 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 together with all the relevant facts.

Any director may require that the 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, the transfer shall be made on the value date determined under these Rules and Regulations.

Repurchases and Charges

11:1 The Fund shall sell to a member any of its holdings of the member's currency in excess of its quota. The charge, if any, levied by the Fund shall not exceed the amount charged by the member on the Fund's sale of gold to that member.

11:2 Within one month of the end of the Fund's financial year, all members shall report to the Fund, on forms provided for that purpose, 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.

11:3 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 charge equal to the cost of moving the gold to its nearest gold depository.

11:4 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.

11:5 The service charge for the sale of foreign exchange to a member for its own currency shall be three-fourths percent. The Fund shall notify members of any change in the charge.

11:6 At quarterly intervals the Fund shall inform each member of the charges due the Fund on balances of its currency held by the Fund in excess of its quota.

11:7 Gold in payment of charges may be delivered at any gold depository of the Fund. To avoid the shipment of small quantities of gold, the Fund may accept in payment of charges the currency of any member if that currency may be used to purchase gold freely from the member within the prescribed range of parity.

A member entitled to pay part of its charges in its own currency shall inform the Fund of the amount of its monetary reserves at the time the charges are due and the Fund shall accept payment of the appropriate part of the charges in the member's currency.

Postponement, Limitation, Ineligibility and Withdrawal

12:1 The Fund shall postpone exchange transactions with a member in accordance with Article XX, Section 4 (1) of the Fund Agreement only after the Executive Directors so decide. The member shall be informed of the action under consideration and shall be invited to send a representative to the meeting of the Executive Directors when the matter is being considered.

The Fund shall inform the member of the action of the Executive Directors in a written report stating the conditions under which the Fund will be prepared to begin exchange transactions with the member.

12:2 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 Fund Agreement, the Fund shall prescribe the conditions under which it will undertake exchange transactions with the member. The member shall be informed of the action under consideration and shall be invited to send a representative to the meeting of the Executive Directors when the matter is being considered.

The Fund shall inform the member of the prescribed conditions in a written report. The Fund may at any time change the prescribed conditions.

12:3 When the Fund and a member do agree on the initial par value of the currency of a member, where the period for agreeing on the initial parity has been extended beyond 90 days, the Fund may decide to postpone exchange transactions with the member or to prescribe new conditions. In such cases, the Fund shall follow the procedure provided above for postponing exchange transactions or for prescribing conditions.

12:4 Whenever a member changes the par value of its currency without consulting the Fund or despite the objection of the Fund, the Managing Director shall promptly inform the Executive Directors of the action taken by the member. If the Executive Directors confirm that this action constitutes an unauthorized change in the par value of the currency, the member shall be informed that it is ineligible to use the resources of the Fund.

The Executive Directors shall meet with a representative of the member to consider the difference. The Executive Directors shall then inform the member in a

written report of their decision to continue the ineligibility of the member, to take other action to limit the use of the Fund's resources by the member, or to declare the difference with the member at an end.

12:5 The Managing Director shall inform the Executive Directors whenever it appears that a member is making net use of the Fund's resources to meet a large or sustained outflow of capital. The Fund shall request the member to exercise appropriate controls to prevent such use of its resources.

If the member, thereafter, fails to exercise appropriate controls, the Executive Directors shall consider whether to declare the member ineligible to use the resources of the Fund. The member shall be invited to be represented at the meeting of the Executive Directors when the matter is considered.

If the member is declared ineligible the decision shall be given in a written report setting forth the controls that in the opinion of the Fund should be exercised to prevent a large or sustained outflow of capital.

12:6 When the Fund finds beyond reasonable doubt that a member is continuing any wartime exchange restrictions which are inconsistent with the provisions of the Fund Agreement and which are unnecessary, it shall present a written report to the member specifying the restrictions which should be abandoned or modified.

The member shall be given a period of one month in which to reply to the representations in the report. The Executive Directors shall then consider with the member whether the specified restrictions can be safely removed or modified and the member shall be informed of the Fund's decision.

If the Executive Directors decide that the specified restrictions can be safely removed or modified they shall set a date, not earlier than three months from that time, at the end of which period the member shall be required to remove or modify the specified restrictions that are no longer necessary.

If at the end of such a period the member persists in maintaining the specified restrictions, the member shall be declared ineligible to use the resources of the Fund.

12:7 When the Fund finds that a member deliberately or persistently fails to fulfill any of its obligations under the Fund Agreement, it shall present a written

report to the member setting forth the failure of the member. The member shall be given adequate opportunity to prepare a reply and it shall be represented at the meeting of the Executive Directors when the matter is considered.

If the Executive Directors find that a member has failed to fulfill its obligations under the Fund Agreement, they shall declare the member ineligible to use the resources of the Fund or they shall prescribe conditions under which the member may continue to use the resources of the Fund.

12:8 Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it shall present to the member a written report setting forth which purpose of the Fund is involved and the uses of the Fund's resources by the member which are contrary to the specified purpose. After presenting the written report the Fund may limit the use of its resources by the member.

The member shall be given a suitable time to reply to the Fund's report. The Executive Directors shall set a date for a meeting at which the report and reply will be considered and the member shall be invited to be represented at the meeting.

If the Executive Directors decide that the member has used the Fund's resources in a manner contrary to the purposes of the Fund, they may continue to limit the member's use of the Fund's resources, and they may declare the member ineligible to use the Fund's resources after a date not earlier than 3 months from the time of the decision.

12:9 No member shall be relieved of any obligation under the Fund Agreement, except as otherwise stated, because the Fund has postponed or limited exchange transactions with the member, or has prescribed conditions for exchange transactions with the member, or declared the member ineligible to use the resources of the Fund.

12:10 Any member that is ineligible to use the resources of the Fund, or whose use of the Fund's resources has been postponed, limited or conditioned, may at any time apply to the Fund for the full resumption of exchange transactions.

The Executive Directors shall set a time for a meeting at which the request of the member will be considered and the member shall be represented at the meeting. The

Executive Directors shall inform the member of their decision in a written report and if they decide not to permit full resumption they shall state what further action they require of the member.

12:11 After a member has been ineligible to use the Fund's resources for a period of six months, the Executive Directors shall consider whether the member has corrected the conditions which have led to the declaration of ineligibility. The member shall be invited to be represented at the meeting at which the matter is considered. The Executive Directors shall then consider whether to terminate the ineligibility or continue the ineligibility of the member to use the Fund's resources.

If the Executive Directors find that the member persists in its failure to fulfill any of its obligations, or the difference between the member and the Fund continues, the Executive Directors may inform the member that a recommendation for compulsory withdrawal will be made to the Board of Governors.

After complying with this procedure, the Executive Directors may present to the Governors a written report with a recommendation for compulsory withdrawal. The recommendation may be presented at any meeting of the Board of Governors, but not by means of a telegraphic poll.

12:12 When the Fund and a member differ on the interpretation of a provision of the Fund Agreement, and the member has been declared ineligible to use the Fund's resources because of the failure to fulfill its obligations, the Executive Directors shall promptly submit the question to the Board of Governors for a telegraphic vote.

In such a case the Executive Directors shall take no action to recommend compulsory withdrawal of the member until the Board of Governors has made its decision and the member has had a reasonable time to meet the requests of the Executive Directors.

12:13 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.

12:14 If a former member fails to agree with the Fund on a program for settlement of its accounts, or if it fails to meet its obligations under such a program, the Fund shall inform all members of the amount of the currency of the former member it will liquidate and it shall request the members to purchase the currency from the Fund to the extent of their needs.

If the Fund decides to liquidate the currency by offering it for sale in any market, it shall inform the members in whose markets the currency is to be sold and it shall request them to dispose of the currency in an orderly manner as agents for the Fund.

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.

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.

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.

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.

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)

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)

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.

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.

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

B(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.

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.

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.

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.

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.

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)).

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

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.

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.

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.

SEC(r,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).

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.

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.

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)

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)

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.

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)

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.

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)

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)

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)

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)

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)

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)

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)

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.

(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)

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)

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)

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)

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.

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.

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.

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

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)

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)

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) 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) 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) 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.

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

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.

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.

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.