

AGREEMENT TO ESTABLISH A BANK FOR
RECONSTRUCTION AND DEVELOPMENT

Article I.

Creation, Purposes and Policies of the Bank

I.N.P. I

There is hereby established the Bank for Reconstruction and Development, hereinafter referred to as the "Bank". It shall be guided in all its decisions by the following purposes and policies:

J.S. I

1. To assist in the reconstruction and development of member countries by facilitating provision of long-term investment capital for productive purposes through private financial agencies, by means of guaranteeing and participating in the loans made by private investors;

2. To supplement private financial agencies by providing capital for productive purposes out of its own resources, on conditions that amply safeguard its funds, when private capital is not available on reasonable terms;

3. To promote the long-range balanced growth of international trade by encouraging international investment for the development of the productive resources of member countries;

4. To conduct its operations with due regard to the effect of international investment on business conditions in member countries and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

Article II.

Membership in and Capital of the Bank

Section 1. Countries Eligible for Membership.

The member countries of the Bank shall be those members of the International Monetary Fund which accept membership in the Bank.

Section 2. Authorized Capital.

J.S. II, 1

The authorized capital stock of the Bank shall be \$10,000,000,000, in terms of United States dollars of the weight and fineness in effect on July 1, 1944. The capital stock shall be divided into 100,000 shares having a par value of \$100,000 each, which shall be available for subscription only to member countries.

New

The capital stock may be increased when the Fund deems it advisable by four-fifths of the aggregate votes.

Section 3. Subscriptions for Stock.

J.S. II, 1
P.P. II, 3

Each member country shall subscribe for a whole number of shares of stock equal in par value to not less than eighty per cent of the sum of (a) four per cent of the national income of the country for the calendar year 1943 and (b) six per cent of its average annual total foreign trade during the calendar years 1934 to 1938, inclusive. The minimum number of shares to be subscribed by countries represented at the United Nations Monetary and Financial Conference.

Country

Number of Shares

New

Any member country may subscribe for additional shares of stock in accordance with rules to be established by the Bank, except that 2,000 shares shall be reserved for minimum subscriptions of countries not represented at the United Nations Monetary and Financial Conference.

Section 4. Payment of Subscriptions.

J.S. II, 3
P.P. II, 4(a)

(a) The initial payment on the shares subscribed by each country which becomes a member of the Bank before the date fixed in accordance with Article II, Section 5, for the operations of the Bank to begin shall be twenty per cent of the par value of the shares and shall be made not later than the date so fixed by the Board.

New

Each country which becomes a member after the date so fixed shall make its initial payment at such time as may be fixed by the Bank and in such amount as will include the calls made on previously issued shares and the amount, if any, by which the issue price of the shares,

determined in accordance with Section 5 of this Article, exceeds par.

P.P. II, 4(b)
P.P. II, 4(c)

(b) The remainder of the subscriptions of member countries shall be paid in such amounts and at such times as the Bank may determine, but not more than twenty per cent of the subscriptions may be called in any one year. Calls shall be uniform on all shares and shall be made only when funds are needed for the operations of the Bank.

New; cf.
I.M.F. II, 6

(c) All payments made by a member country on shares subscribed, except that part of any payment attributable to excess of purchase price over par, shall include gold in an amount which is the smaller of (1) twenty per cent of the payment or (2) the amount determined by an equitable and uniform rule prescribed by the Bank. The remainder of each payment shall be in the currency of the member country in an amount determined by converting the amount of the payment in United States dollars of the weight and fineness in effect on July 1, 1944 into the currency of such country at the rate of exchange resulting from the par values established by the International Monetary Fund for the currency of such country and the United States dollar with an adjustment equal to any net change in the gold value of the United States dollar between July 1, 1944 and the date of payment.

Section 5. Issue Price of Shares.

New

[Country as
to below par
Sales]

Shares of stock included in the initial subscription of a country represented in the meeting at which this Agreement was concluded shall be issued at par. Other shares shall be issued at a price not below par, fixed by the Bank with due regard to the surplus and reserves existing at the time of subscription.

Section 6. Protection of the Assets of the Bank.

IMF

No change in the value of the currency of any member or former member country shall alter the gold value of the holdings of the Bank in the currency of that country.

P.P. III, 2
I.M.F. IV, 4

Whenever the par value of the currency of any member country is reduced, such country shall pay to the Bank, within a reasonable time, an amount in its own currency equal to the reduction in the gold value of the currency of such country held by the Bank. Whenever the par value of the currency of any such country is increased, the Bank shall pay to the country, within a reasonable time, an amount in its own currency equal to the increase in the gold value of such currency held by the Bank.

Section 7. Reservation of Uncalled Subscriptions as Surety Fund.

J.S. II, 2

A substantial part of the subscribed capital of the Bank shall be reserved in the form of uncalled subscriptions to assure payment of the securities and other obligations guaranteed or issued by the Bank and shall be called only if, in the judgment of the Bank, no other funds are available to make such payments.

Section 8. Limitation on Liability.

J.S. II, 1

Liability on shares of the Bank shall be limited to the unpaid portion of the issue price of the shares.

Section 9. Disposal of Shares Limited.

P.P. II, 2

Shares shall not be pledged or encumbered in any manner whatever and they shall be transferable only to the Bank.

Section 10. Return of Subscriptions.

P.P. II, 6

When the liquid resources of the Bank are substantially in excess of prospective needs, the Bank may return, subject to call, uniform amounts on all shares of stock outstanding.

[Omitted provisions of printed plan:

1. Section 6, relating to repurchase of shares with excess holdings of particular currency.
2. Section 7, requiring repurchase of local currency with gold.
3. Section 8, undertaking that assets of Bank shall be free--transferred to Article VI.
4. Section 9, providing that resources shall be used exclusively for benefit of member countries.]

See p. 11

Article III.

Operations of the Bank

Section 1. Agencies Dealing with the Bank.

J.S. III, 1
P.P. IV, 17

The Bank shall conduct its business only with or through the governments of the member countries, their central banks, stabilization funds and other similar fiscal agencies, the International Monetary Fund and other international agencies participated in primarily by governments of member countries; except that in exercising the powers conferred by Section 19 of this Article, the Bank may deal with any person, partnership, association, corporation or other legal entity subject to the jurisdiction of any member country.

Section 2. Limitation on Loans and Guarantees.

The total amount of guarantees, participations, and loans made by the Bank shall not exceed at any one time two hundred fifty per cent of the subscribed capital of the Bank.

J.S. III, 2
[Should obligations to and obligations of the Bank be lumped?]

Section 3. Bank Not to Engage in Local Financing.

J.S. III, 3
P.P. IV, 3(b)(c)
[Does this permit Bank to finance a project requiring no foreign exchange?]

The Bank shall not finance the needs of a borrower for the currency of the member country in which the project to be financed is located except in those special circumstances where the necessary funds cannot be borrowed in such country on reasonable terms.

Section 4. Conditions on Which Bank May Guarantee or Make Loans.

J.S. III, 4
P.P. IV, 1

The Bank may guarantee, participate in, or make loans to the government of any member country, political subdivisions thereof, and business and industrial enterprises therein, subject to the following conditions:

J.S. III, 4(a)
P.P. IV, 1(a)

(1) The government of the member country in which the project is located, the central bank of such country, or some comparable agency guarantees the payment of interest on the loan and repayment of the principal of the loan.

J.S. III, 4(b)
P.P. IV, 1(b)
See P.P. IV, 6

(2) The borrower is otherwise unable to secure the funds which, in the opinion of the Bank, are reasonable.

J.S. III, 4(c)
P.P. IV, 1(c)

(3) A competent committee, appointed as provided in Article IV, Section 6, after a careful study of the merits of the project, has written a report concluding that the project would serve to increase the productivity of the member country in which it is located and that the prospects are favorable to the payment of interest on the loan and repayment of the principal.

J.S. III, 4(d)
P.P. IV, 1(e)
P.P. IV, 2(a)

(4) The rate of interest is reasonable and the schedule for repayment of the principal is appropriate to the project and to the balance of payments prospects of the member country in which the project is located.

J.S. III, 4(e)
P.P. IV, 2(b)

(5) In guaranteeing a loan made by other investors, the Bank receives reasonable compensation for its risk.

Section 5. Investment in Equity Securities.

To encourage international investment in equity securities, the Bank may consult with the governments of member countries to obtain commitments that they will not restrict the right of persons holding equity securities to convert the earnings of such securities into the currencies of the countries in which the holders reside, provided that the issues of securities covered by each such commitment are registered with the Bank with the approval of the member country concerned.

General
Article 7

The Bank may invest in equity securities issued within member countries but the total amount of funds so invested shall not exceed at any one time per cent of the subscribed capital of the Bank.

Section 6. Use of Loans Guaranteed, Participated in or Made by the Bank.

The Bank shall not impose upon any loan which it guarantees, participates in or makes conditions as to the particular member country or member countries in which the proceeds of the loan must be spent.

The Bank shall make appropriate arrangements to assure that the proceeds of any loan which it guarantees, participates in or makes are used only for the purposes for which the loan was made.

Section 7. Foreign Exchange Provided by the Bank.

When the Bank makes loans, it shall be guided by the following policies:

- (1) To furnish the currencies of member countries needed by the borrower; *in connection with the loan*
- (2) To make available gold or needed currencies of member countries when a developmental program gives rise to an increased need for foreign exchange.
- (3) To furnish gold or needed currencies of member countries for a part of the loan expended by the borrower at the request of countries in which the loan is spent.

J.S. III, 5
P.P. IV, 4

J.S. III, 6
P.P. IV, 7

J.S. III, 6
P.P. IV, 1(d)

Section 8. Terms of Participation.

New

When the Bank participates in loans it shall accept the same terms and conditions as those accepted by other participants.

Section 9. Approval of Countries in Which Loans are to be Spent.

J.S. III, 8
P.F. IV, 13

The Bank shall not guarantee or make any loan without the approval of the director representing each member country whose currency is loaned.

Section 10. Miscellaneous Operations.

J.S. III, 9(a)
P.F. IV, 5 15(a)

In addition to the operations specified elsewhere in this Agreement, the Bank shall have the power:

- (1) To issue, buy and sell its own securities, securities it has guaranteed and securities in which it has invested, but with respect to each transaction the Bank shall obtain the approval of the director representing the member country in which such security is to be issued, bought or sold, and when the Bank buys securities it has issued, it shall also obtain the approval of the director representing the member country whose currency will be paid for such securities;
- (2) To guarantee securities in which it has invested for the purpose of facilitating the sale of such securities.
- (3) To borrow the currency of any member country with the approval of the director representing such country;
and
- (4) To buy and sell gold and the currencies of member countries whenever such transactions are necessary in connection with the operations of the Bank but with

J.S. III, ((b)
P.F. IV, 15 (b)

J.S. III, 9(c)
P.F. IV, 15 (c)

respect to each transaction other than any undertaken to pay creditors, the Bank shall obtain the approval of the directors representing the country in which the transaction takes place and the country whose currency is disposed of by the Bank.

Section 11. Additional Payment Provisions.

J.S. IV, 1
P.B. IV, 10(a)(b)

(a) Guarantee fees and payments of interest and principal on loans participated in or made by the Bank shall be in currencies acceptable to the Bank or in gold.

J.S. IV, 2
P.P. IV, 10(c)

(b) In the event of an acute exchange stringency the Bank may, for brief periods, accept local currency in payment of interest and principal under conditions that safeguard the value of the holdings of the Bank.

J.S. IV, 3
P.P. IV, 10(d)

(c) Payment of interest and principal, whether made in currency or in gold, must be equivalent to the gold value of the loan and of the contractual interest thereon.

Section 12. Warning to Be Placed on Securities.

Every security guaranteed or issued by the Bank shall bear on its face a conspicuous statement that it is not an obligation of the government of any country other than any expressly stated to be obligated on the security.

Article IV.

Management

Section 1. Board of Directors.

J.S. VI
P.P. V, 1

I.M.F.
VII, 1(a)

(a) The administration of the Bank shall be vested in a Board of Directors consisting of one director and one alternate appointed by each member country in such manner as it may determine. Directors and alternates shall serve for five years, subject to the pleasure of their respective governments, and may be re-appointed. Alternates may participate in all activities of the Board. The Board shall select from its members a chairman who shall serve for a period of two years.

I.M.F. VII,
1(b)

(b) The Board of Directors may delegate to the Executive Committee authority to exercise, until the next annual meeting of the Board, any powers of the Board, except the power to amend this Agreement. Delegated powers shall be exercised in a manner consistent with the purposes and policies of the Bank and the general practices of the Board.

I.M.F. VII,
1(c)

(c) The Board of Directors shall hold an annual meeting and such other meetings as may be provided for by the Board or convened by the Executive Committee.

I.M.F. VII,
1(d)

(d) The Board may establish a procedure whereby the Executive Committee, when it deems such action to be in the best interests of the Bank, may poll the directors on specific questions in lieu of calling a meeting of the Board.

I.M.F. VII,
3D

(e) Directors and alternates shall serve as such without compensation from the Bank, but the Bank shall pay such reasonable expenses as are incurred by the directors and alternates in attending any meetings of the Bank or any committee of the Bank.

Section 2. Voting.

P.P. V, 2(a)

Each member country shall have [twenty-five votes plus] one

P.P. V, 2(b)

[additional] vote for each share of stock held. The votes of each

I.M.F. VII,
2

country shall be cast by its director but in his absence his

alternate shall be entitled to cast them.

F.F. V, 1(c)

Except as otherwise specifically provided all matters before the Bank shall be decided by a majority of the votes cast.

[Omitted--sentence on polling directors without meeting]

Section 3. The Executive Committee.

J.S. V, 1
I.M.F. VII,
3(a)

(a) There shall be an Executive Committee consisting of the President, the directors representing the five member countries holding the largest numbers of shares, and six other directors elected bi-annually who are not automatically members of the Committee. The President shall be chairman. The Committee shall exercise all authority delegated to it by the Board and shall be in continuous session at the principal office of the Bank. In the absence of any member of the Committee, his alternate may act in his place. Members of the Committee shall be compensated by the Bank in an amount fixed by the Board.

I.M.F. VII,
3(b)

(b) In balloting for the elected members of the Committee, each director eligible to vote shall cast for one director all of the votes to which he is entitled under Section 2 of this Article. The six persons receiving the greatest number of votes shall be members of the Committee, except that no person who receives less than sixteen per cent of the aggregate eligible votes shall be considered elected. When six persons are not elected on the initial balloting, a second balloting shall be held in which the person receiving the lowest number of votes shall be ineligible for election and in which there shall vote only those directors who voted for a person not elected and those directors all or part of whose votes for a person elected are deemed to have raised the votes cast for such person above seventeen per cent of the aggregate eligible votes. In determining whether any part of a director's votes raised the total of any person above seventeen per cent, there shall be considered as not forming part of the excess of votes of the director casting the largest number of votes for

such person, then the votes of the director casting the next largest number, and so on until the total reaches seventeen per cent. Any director whose votes are partly not in excess and partly in excess shall be eligible to vote in the second balloting only to the extent of the votes in excess. If enough additional persons are not elected on the second balloting to bring to six the total number each of whom has received at least fifteen per cent of the aggregate eligible votes, further ballots shall be taken on the same principles until six such persons have been elected, provided that after five persons are elected the sixth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

I.M.F.
VII, 3(c)

(c) Each director who is automatically a member of the Committee shall be entitled to cast the number of votes allotted under Section 2 of this Article to the country which he represents. Each elected member shall be entitled to cast the number of votes to which the directors who elected him would be entitled. The President shall have no vote.

I.M.F.
VII, 3(d)

(d) The Executive Committee may appoint such committees as it deems advisable. Membership on such committees need not be limited to directors and alternatives.

Section 4. President.

P.P. V, 3;
I.M.F.
VII, 4

The Board of Directors shall appoint and fix the compensation of a President of the Bank and one or more vice-presidents. The President shall be chief of the operating staff of the Bank and, unless otherwise a member of the Board of Directors, shall be a member ex officio.

Section 5. Advisory Council.

P.P. V, 5

There shall be an Advisory Council of seven members, elected by the Fund from outstanding representatives of banking, business, labor and agricultural interests, who are citizens of member countries, but only one citizen of any country shall serve on the Council at any one time. The Council shall advise with the Bank on matters of general policy. The Council shall meet annually and on such other occasions as the Bank may request.

J.S. V, 3

Members of the Council shall serve for two years, and may be re-elected. They shall be paid their reasonable expenses incurred in behalf of the Bank and they shall receive a remuneration fixed by the Bank.

Section 6. Loan Committees.

New

The committees required to report on loans under Article III, Section 4, shall be appointed by the Fund, except that each committee shall include an expert selected by the director representing the country in which the project is located, who may or may not be a member of the technical staff of the Bank. The majority of each committee shall be members of the technical staff.

P.P. IV,
1(c)

Section 7. Consultation with Other Agencies.

J.S. VI

The Bank shall consult with the International Monetary Fund and other international agencies participated in primarily by governments of member countries concerning policies and operations of the Bank which are of direct interest to such agencies.

Section 8. Location of Offices.

I.M.F.
IV, 1

The principal office of the Bank shall be located in the United States of America, but agencies or branch offices may be established in any member country or member countries.

Section 9. Depositories.

New

(a) The Bank shall designate a depository in each member country. The holdings of the Bank of the currency of each member country, to the extent deemed by the Bank to be necessary for its operations, shall be deposited in the name of the Bank in the depository in that country.

I.M.F.
VII, 5

Each member country may convert any part of the remainder of the holdings of the Bank of its currency into bills, notes, or other forms of indebtedness, issued by the government of the country, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by a credit to the currency account of the Bank in that country.

(b) The Bank may deposit other assets, including its holdings of gold, in any designated depository but at least one-half of its holdings of gold shall be deposited in the designated depository in the country in which the Bank has its principal office.

Section 10. Publication of Reports.

J.S. V, 3

The Bank shall publish an annual report containing an audited statement of its accounts and shall issue at intervals of three months or less a summary statement of its financial position and a profit and loss statement showing the results of its operations.

I.M.F.
VII, 8

The Bank may publish such other reports as it deems desirable for carrying out its purposes and policies.

Section 11. Appropriation of Income.

New:

For each fiscal year of the Bank, the income of the Bank from fees paid for its guarantees and its income from other sources shall be recorded in two separate accounts, against which the total expenses for the year shall be charged in proportion to the respective amounts in the accounts at the end of the year.

The entire balance then remaining ⁱⁿ the guarantee account shall be credited to a reserve for the liability of the Bank on guarantees, but whenever the reserve exceeds twenty-five per cent of the total obligations of the Bank on guarantees outstanding at the end of the fiscal year, the Bank may add any part of the yearly balance to that in the account for other income.

The balance in the account for other income shall be appropriated as follows:

(1) An amount equal to at least one per cent of the total loans by the Bank outstanding at the end of the fiscal year shall be credited to a reserve for losses on loans, but whenever the reserve exceeds twenty-five per cent of the total loans outstanding at the end of the year, the Bank may utilize in the manner stated below any part of the amount which would otherwise be credited to the reserve;

(2) Twenty-five per cent of the remainder shall be credited to surplus, but whenever surplus exceeds twenty-five per cent of the par value of the subscribed capital stock, the Bank may distribute the entire balance in the manner stated below;

(3) The ultimate remainder shall be divided among member countries on the basis of the amount by which at the end of the fiscal year the amount paid on the par value of the shares of each country exceeds the amount of its currency held by the Bank.

*Substituted
the
original
language*

Distributions of profits shall be payable in the currency of the receiving country or in gold, at the option of the Bank.

F.F. V,
9(b)

Omitted—J.S. V. 4 and F.F. V. 9(a) providing merely that one-fourth of annual profits shall be credited to surplus and that dividends shall be in proportion to shares held.

Section 12. Meeting Losses.

Losses of the Bank shall be met first from the appropriate reserve, including the current yearly addition thereto, then from surplus, and finally, as the Bank may determine, either from paid-in capital or from a call on the unpaid part of subscriptions on shares.

Section 13. Miscellaneous Powers.

I.M.F. VII,
8

In order to carry out its purposes and policies, the Bank, through the Board of Directors, shall have the following powers, without restriction upon those specified elsewhere in this Agreement:

- (1) To adopt, alter and use an official seal;
- (2) To make contracts;
- (3) To acquire, own, lease or dispose of such real and personal property as may be necessary to conduct the business of the Bank;
- (4) To enter into such compromises or settlements of obligations due to or by the Bank as in the judgment of the Board are to the best interests of the Bank;
- (5) To sue and be sued, complain and defend, in any court of competent jurisdiction;
- (6) To select, employ and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to conduct the business of the Bank; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents;
- (7) To promulgate, amend, and repeal by-laws, rules and regulations necessary or appropriate to further the purposes and policies of the Bank.

source

Article V

Withdrawal and Suspension of Member Countries

Section 1. Right of Member Countries to Withdraw.

J.S. VI, 1
I.M.F.
VIII, 1

Any member country may withdraw from membership in the Bank at any time by serving written notice on the Bank at its principal office.

effective immediately

Section 2. Suspension of Membership.

J.S. VI, 2
P.P. V, 8

A member country failing to meet any of its obligations to the Bank may be suspended from membership during the period of its default, by decision of a majority of the member countries, each of which for this purpose shall have one vote, to be cast by its director or alternate.

New

At the end of one year from the date of suspension, the country shall automatically cease to be a member of the Bank unless a majority of the member

countries, voting in the same manner as for suspension, restore the country to good standing.

While under suspension, a country shall be denied the privileges of membership but shall be subject to its obligations.

Section 3. Assation of Membership in International Monetary Fund.

Any member country which ceases to be a member of the International Monetary Fund shall immediately cease to be a member of the Bank.

New

Section 4. Settlement of Accounts with Countries Ceasing to be Members of the Bank.

J.S. VI, 3
(greatly revised in form)

New

(A) When a country ceases to be a member, the Bank shall arrange to repurchase its shares as a part of the settlement of accounts with such country. The repurchase price of the shares shall be the amount actually paid thereon plus a pro rata share of any surplus existing on the date the country ceases to be a member of the Bank or minus a pro rata share of any impairment of capital existing on such date.

New

(B) The payment for shares repurchases by the Bank under Part B of this Section shall be governed by the following conditions:

(1) Payments shall be made in gold and the currency of the country receiving payment in the same proportion as payments were made to the Bank on the shares, and any return attributable to surplus shall be in the currency of such country;

(2) No payment shall be made except to the extent that the amount to be paid exceeds the total outstanding obligations of the receiving country to the Bank on loans to such country or its nationals guaranteed, participated in or made by the Bank.

Section 5. Assessments to Meet Losses.

(A) The Bank may levy upon any country from which it has repurchased shares, assessments totalling not more than the par value of the shares resold, to meet losses on loans and guarantees outstanding on the date the country ceased to be a member of the Bank, and the amount of each such assessment shall be determined by ascertaining the

Unchanged as a result of J.S. VI, 3

proportion of the total paid-in capital on that date represented by such shares, allocating the appropriate portion of the loss to such shares, and reducing the amount of the assessment by that portion of the reserve for losses on guarantees or the reserve for losses on loans, as the case may be, which accumulated prior to cessation of membership and was attributable to such shares; and

(B) Assessments shall be paid to the Bank in gold and currency in the proportions provided in Article II, Section 4.

New Section 6. Protection of Assets.

No change in the value of the currency of any former member country shall alter the gold value of the holdings of the Bank of that currency and appropriate payments to the Bank by the country or by the Bank to the country shall be made to adjust for any change.

Article VI.

Additional Undertakings on the Part of Member Countries

Section 1. Purpose and Scope of Additional Undertakings.

I.M.F.
IX, 1

In order to support the activities of the Bank and to foster the accomplishment of its purposes and policies, each member country, in addition to commitments appearing elsewhere in this Agreement, undertakes the performance of and agrees to the stipulations set forth in this Article, all of which shall remain binding during suspension or after cessation of membership.

Section 2. Restrictions on Taxation of Fund or Its Assets.

I.M.F.
II, 6

The ^{Bank} Fund and its assets of whatsoever nature; its activities, transactions and operations; any obligations of whatsoever nature issued by the ^{Bank} Fund, including dividends or interest thereon, by whomsoever held, any remunerations or salaries paid by the Fund; shall be exempt and immune from all taxation by any member country or any political subdivision or taxing authority of any member country now or hereafter imposed and by whatever name described, including, without limitation of the foregoing, excises, duties, and imposts; provided, however, that the foregoing shall not prevent the

imposition by any member country or any political subdivision or taxing authority of any member country of non-discriminatory taxes upon nationals of such member country with respect to any of the foregoing.

Section 3. Immunity of Assets of the Fund.

I.M.F.
IX, 7

The ^{Bank} Fund and its assets of whatsoever nature shall, wherever located and by whomsoever held, be exempt and immune from:

- (1) seizure, requisition, confiscation, moratoria and expropriation, except as provided in Section 8 of this Article; and
- (2) any exchange, debt or export controls and any other like restrictions, except such as are consented to by the Bank.

New

Section 4. Suits Against the Fund.

I.M.F.
IX, 8

Suits may be brought against the Fund only in a court of competent jurisdiction in a country in which the Fund has an office, and only by litigants other than member countries and those acting for or deriving claims from member countries. The Fund and its assets of whatsoever nature shall, wherever located and by whomsoever held, be exempt and immune from seizure, attachment and execution in advance of final judgment.

Section 5. Consideration of Recommendations of the Fund.

P.P. VII,
6

Each member country shall give consideration to the views and recommendations of the Fund on any existing or proposed monetary or economic policy of such member country which tends, or may tend, to produce a serious disequilibrium in the international balance of payments of member countries.

Section 6. Exemption from Securities Regulations.

I.A.B.
Conv. II B
(Should
this be
included)

The issue or sale by the Bank of any shares of stock or any notes, debentures, bonds, and other securities and obligations shall be exempt and immune from any restrictions, regulations, controls, or prohibitions with respect to the registration, issue, or sale of stock or other securities.

Article VII

Amendments

I.M.F., XI

Any member country which desires to introduce modifications in this Agreement shall communicate its proposals to the Bank. The Board of

Directors, if four-fifths of the aggregate votes deem it advisable, shall prepare a protocol, by dated circular letter, to the governments of all the member countries, asking whether they accept the proposed modifications. The accession of the government of a member country will result either from explicit approval given to the Bank or from the fact that it refrains from notifying the Bank of any objections within six months from the date of the circular letter above referred to. When the expressed or tacit accessions include the governments of member countries having four-fifths of the aggregate votes, the Bank shall certify the fact by means of a proces verbal which it shall communicate to the governments of all the member countries. The protocol will enter into force between all the member countries after a period of three months from the date of the proces verbal.

Article VIII

Interpretation and Definitions

Section 1. Interpretation.

I.M.F. XII,
1 All disagreements between two or more member countries concerning the interpretation of any of the provisions of this Agreement or of any amendments thereto, or of any rules, regulations or by-laws promulgated by the Bank, shall be settled by the Bank.

Section 2. Definitions.

I.M.F.
XII, 2

To be inserted

Section 3. Approval Deemed Given.

Whenever the approval of the director representing any member country is required before any act may be done by the Bank, approval shall be deemed to have been given unless the director presents any objection within such reasonable period as the Bank may fix in notifying the director of the proposed act.

Article IX

Final Provisions

Section 1. Acceptance of Membership in the Bank.

This Agreement shall be presented by the delegates to their respective governments. Each government that accepts membership shall, as soon as possible, deposit evidence of its acceptance with the Government of the United States of America, which shall transmit certified copies of all evidences of acceptance to the governments of all the countries that sent delegates to the meeting at which this Agreement was concluded.

The Government of the United States of America shall also notify by telegram, cablegram or radiogram the governments of all such countries immediately upon the deposit with it of each evidence of acceptance.

Section 2. Effective Date of the Agreement.

As soon as the evidences of the acceptance of membership by countries having seventy-five per cent of the minimum subscription specified in Article II, Section 2, have been deposited, this Agreement shall come into force in respect of the said countries.

Thereafter this Agreement shall come into force between the countries which shall have accepted membership and each country which subsequently deposits its evidence of acceptance on the date of such deposit.

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Section 3. Calling the Initial Meeting of the Bank.

Immediately after receipt of the evidences of acceptance of the countries referred to in the first paragraph of Section 2 of this Article, the government of the country accepting membership which has the largest minimum subscription shall invite to the initial meeting of the Bank, to be held in that country thirty days after the date of said invitation, all of the countries which shall have accepted membership in the Bank, but no such meeting shall be called until the operations of the International Monetary Fund have begun.

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Section 4. Business at the Initial Meeting.

At the initial meeting the Bank, in addition to taking any other action which it seems appropriate, shall set a date for the operations of the Bank to begin.

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Section 6. Expiration of Final Provisions.

Sections 1 and 2 of this Article shall expire on December 31, 1945.

1. To help raise the productivity and hence the standard of living of the peoples of member countries by encouraging and facilitating the provision of capital for sound and constructive investment.

2. To facilitate a rapid and smooth transition from war-time economy to a peace-time economy, ~~in member countries~~ and thus to avoid ^{serious disruption} ~~the disturbance~~ of the economic life of member countries.

43. To help strengthen the monetary and credit structures of the member countries and thereby to provide a satisfactory basis for their economic development.

34. To encourage the balanced growth of international trade among member countries and to ^{market and improve the} ~~reduce~~ the likelihood, intensity ^{recurrence} and duration of world-wide economic depression. ^{to aid reducing} ~~their intensity and duration.~~

5. To assist in the reconstruction and development of the member countries by cooperating with private financial agencies in the provision of capital for ^{the development of their productive resources} ~~sound and constructive purposes.~~

6. To provide capital for reconstruction and development, under conditions which will amply safeguard public funds, when private financial agencies are unable to supply the needed capital on reasonable terms.