

CONVENTION
FOR THE
ESTABLISHMENT OF AN INTER-AMERICAN BANK

The Governments of the American Republics

CONSIDERING

First, that economic and financial cooperation among the American Republics is an essential factor in fostering the welfare of and maintaining solidarity among these Republics;

Second, that such cooperation would be greatly facilitated by the establishment of an Inter-American Bank;

have resolved to conclude a Convention as follows:

Article I

The High Contracting Parties agree to the creation of an institution to be known as the "Inter-American Bank" for the purposes and with the powers stated in the proposed Charter and By-Laws annexed hereto. The High Contracting Parties agree that the Bank shall be accorded the powers, rights and privileges to engage in the various activities, transactions and operations envisaged in such Charter and By-Laws and further agree to enact any legislation and to take any other action necessary to effectuate and protect such powers, rights and privileges to the Bank. The United States of America also agrees to grant to the Bank a Charter substantially in accordance with the proposed Charter annexed hereto. Each High Contracting Party hereby agrees to subscribe for the minimum number of shares required of such Party for participation in the Bank as provided in the annexed By-Laws.

Article II

The High Contracting Parties grant, within their respective territories, in time of peace or war and in any period of emergency and in any other situation, the rights, privileges, immunities and exemptions enumerated in this Article; and agree also to enact any legislation and to take any other action necessary to effectuate and protect such rights, privileges, immunities and exemptions.

A. The Bank, its assets, obligations to it and its real and personal property of whatsoever nature, including any property deposited with it on a custody basis or otherwise, shall wheresoever located and by whomsoever held, be exempt and immune from (1) requisition, seizure, attachment, execution, confiscation, moratoria and expropriation; (2) prohibitions, restrictions, regulations and controls of withdrawal, transfer, or export;
and

(3) currency, monetary, exchange, and debt regulation and control, by the High Contracting Parties or any political subdivision thereof, whether or not compensation is offered; provided, however, that nothing in this paragraph shall prevent a High Contracting Party or political subdivision thereof from attaching or levying execution, subject to any prior lien or claim of the Bank, upon admitted or adjudicated claims of its nationals against the Bank or upon property admitted or adjudicated to be held by the Bank for such nationals.

B. Where restrictions, regulations, prohibitions or controls exist or are hereafter imposed in the territory of a High Contracting Party in regard to the conversion or exchange of its currency into foreign currencies, the High Contracting Party shall make available to the Bank, by sale or otherwise, as provided in the next sentence, foreign exchange and precious metals, requested by the Bank, for such local currency acquired by the Bank as a result of loans, discounts, extensions of credit (including those in the form of deposits), guaranties thereof, ~~or~~ investments, made by the bank to such High Contracting Party, in its securities and obligations, or with its guarantee, express approval or consent, or to which it has made no timely objection as defined in and when expressly provided for by the by-laws of the Bank, including principal, interest, and other returns thereon. Such foreign exchange and precious metals shall be so made available to the Bank on a basis, as to amount, rate, and all other factors, no less favorable than the most favored treatment extended under any circumstances by the High Contracting Party to any government including its own or to any political subdivision, individual, partnership, association, corporation or other organization or entity of whatsoever nature.

C. The Bank and its assets and real and personal property of whatsoever nature, including, without limitation of the foregoing, its Charter, franchise, capital, reserves, surplus, income and profits; its activities, transactions and operations; its shares of stock and all notes, debentures, bonds and other such obligations issued by the Bank, including dividends and interest thereon, by whomever held; any remunerations or salaries paid by the Bank; and any individual, partnership, corporation, association or other entity in its dealings
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and relations with the Bank in any of the foregoing matters and in its acquisitions, holdings, transfers or dispositions of any such shares and obligations of the Bank, shall be exempt and immune from all taxation by a High Contracting Party or a political subdivision thereof 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 be construed as preventing the imposition by a High Contracting Party or any political subdivision thereof of non-discriminatory taxes upon nationals of such High Contracting Party with respect to any of the foregoing. Notwithstanding any of the foregoing, neither a High Contracting Party nor any political subdivision thereof shall impose any tax on or measured by salaries or remunerations paid by the Bank to its officers or employees who are citizens of any other High Contracting Party. Nothing in this paragraph shall make the Bank or any other party referred to above exempt or immune from any customs duties or imposts or other taxation imposed on or in connection with the importation or exportation of any article; provided, however, that the exportation of (1) coin, currency and of intangible property, including, without limitation of the foregoing, shares of stock, credit instruments, securities, and evidences of indebtedness, and (2) precious metals, other than precious metals produced in the territory of the High Contracting Party and being exported for the first time, owned or held by the Bank, or deposited with it on a custody basis or otherwise, and by whomsoever held, shall be exempt and immune from any customs duties or imposts or other taxation. The provisions of this paragraph shall not be construed to restrict in any manner any exemption, deduction, credit or other allowance accorded by the laws of any of the High Contracting Parties in the determination of a tax imposed by such party.

D. The Bank, its assets, obligations to it and its real and personal property of whatsoever nature, shall, wheresoever located and by whomsoever held, be subject to attachment or execution by a private party only after final judgment or decree in a suit, action, or proceeding in a court of a High Contracting Party or political subdivision thereof.

E.

E. The shares of stock and the notes, debentures, bonds and other securities and obligations issued by the Bank shall be exempt and immune from prohibitions, restrictions, regulations, or controls now or hereafter imposed by any High Contracting Party or any political subdivision thereof, with respect to the registration, issue and sale of stock, notes, debentures, bonds and other securities and obligations; provided that notes, debentures, bonds and other securities and obligations issued by the Bank shall not be issued or sold by the Bank in the territory of a High Contracting Party which makes a timely objection, as provided in the By-Laws of the Bank.

Article III

As used in this Convention and the annexed By-Laws of the Inter-American Bank "nationals" of a High Contracting Party or of a participating country or government shall include any person who is domiciled in, or a citizen or resident of, such High Contracting Party or such participating country or government; and shall also include any individual, partnership, association, corporation or other entity organized under the laws of such High Contracting Party or such participating country or government or political subdivision thereof or having a permanent establishment, such as a branch, office, agency or other fixed place of business, in the territory of such High Contracting Party or of such participating country or government; but shall not include the Bank.

As used in this Convention and the annexed By-Laws of the Inter-American Bank, "political subdivision" shall include territories, dependencies, possessions, states, departments, provinces, counties, municipalities, districts, and other similar governmental organizations and bodies and agencies and instrumentalities thereof.

Article IV

The original of the present Convention in English, Spanish, Portuguese and French shall be deposited in the Pan American Union, in Washington, and opened for signature on behalf of the American Republics.

Article V

Article V

The present Convention shall be ratified and effectuated by the High Contracting Parties in conformity with their respective constitutional methods. The Pan American Union shall transmit authentic certified copies of the original of the Convention to the High Contracting Parties for the purpose of ratification. The instruments of ratification shall also be deposited in the archives of the Pan American Union, which shall notify the signatory governments of such deposit. Such notification shall be considered as an exchange of ratifications.

Article VI

The present Convention shall come into effect as between such ratifying High Contracting Parties if and when ratifications of this Convention shall have been deposited with the Pan American Union by at least five of the High Contracting Parties which have agreed to subscribe for at least a total of 145 shares of stock of the Bank. Each deposit of ratification shall be accompanied by the designation of a person to serve on the Organizing Committee of the Bank, which Committee shall meet forthwith after the Convention shall have come into effect as provided herein and proceed with all arrangements necessary for prompt organization of the Bank.

Article VII

Each High Contracting Party shall remain bound under this Convention for one year after such Party ceases to participate in the Bank and ceases to be in any way obligated to the Bank.

Article VIII

This Convention shall remain open to the adherence of American Republics which are not original signatories. The corresponding instruments shall be deposited in the archives of the Pan American Union which shall communicate them to the other High Contracting Parties.

IN WITNESS WHEREOF: the undersigned plenipotentiaries, having deposited their full powers found to be in due and proper form, sign this Convention on behalf of their respective Governments, and affix thereto their seals on the dates appearing opposite their signatures.

Proposed Charter, etc.

Proposed Charter of the Inter-American Bank

Sec. 1. There is hereby created a body corporate with the name "Inter-American Bank", hereinafter referred to as "the Bank".

Sec. 2. The structure, operations and activities of the Bank shall be as defined by the By-Laws, which are annexed to the Convention relating to the establishment of the Bank. The Bank shall also have all incidental powers necessary and proper to carry out the powers now or hereafter expressly authorized herein or in the By-Laws of the Bank.

Sec. 3. The Bank may begin operations when at least a total of 145 shares of stock of the Bank are subscribed for by at least five governments which have also deposited their ratifications of the aforementioned Convention with the Pan American Union.

Sec. 4. The Bank shall have succession for a period of twenty years from the date of enactment hereof or until such earlier time as it shall be lawfully dissolved. The United States agrees not to repeal or amend this charter except upon the request of the Bank pursuant to a four-fifths majority vote of the Board of Directors of the Bank. The United States may extend the charter for additional twenty year periods upon the request of the Bank pursuant to a four-fifths majority vote of the Board of Directors of the Bank.

Sec. 5. Amendments to the By-Laws of the Bank, consistent with the aforementioned Convention, this Charter, and the purposes of the Bank as now set out in Article 5 A of the By-Laws of the Bank, may be adopted by the Bank pursuant to a four-fifths majority vote of the Board of Directors, provided, however, that Article 5 A of the By-Laws may not be amended, and provided further, that a unanimous vote of the representatives of all the participating governments (and not merely unanimity of the votes cast) shall be required to increase or decrease the minimum holdings of participating governments in the stock of the bank and to amend the provisions of the By-Laws relating to the manner and effect of the making of a timely objection by a participating government. As used in this act four-fifths majority vote of the Board of Directors shall mean four-fifths of the votes cast.

Sec. 6. The Bank shall have power to adopt, alter and use a corporate seal; and to make such contracts and to acquire, own, hold, use or dispose of such real and personal property, as may be necessary for the transaction of its business.

Sec. 7.

Sec. 7. The Bank may sue and be sued, complain and defend, in any court of competent jurisdiction. Any civil suit at law or at equity, brought within the United States, its territories and possessions, to which the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and the Bank in any such suit may, at any time before the trial thereof, remove such suit into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law.

By-Laws of the Inter-American Bank.

1. Location

The principal office of the Bank shall be in the United States of America and at least one branch or agency of the Bank shall be established in the territory of every other participating government. Additional branches and agencies may also be established.

2. Capital structure and participation

A. The capital stock shall be expressed in United States dollars (hereafter referred to as dollars) and shall be authorized in the amount of \$100,000,000 consisting of 1000 shares having a par value of \$100,000 each, to be paid for in gold or in dollars. Fifty percent of the issue price of each share shall be paid up at the time of subscription for such share and the balance may be called up at a later date or dates at the discretion of the Board of Directors of the Bank; Provided, however, that with respect to the minimum shares of governments in groups A, B, and C, 25 percent of the issue price of each share shall be paid up at the time of subscription, an additional 25 percent of the issue price shall be paid up within 12 months thereafter, and no calling up of balances shall require any government in such groups to pay more than 25 percent of the issue price of such minimum shares within any 12-month period. Three months' notice shall be given of any calling up of any balance on any shares. Upon the formation of the Bank the shares of stock shall be sold at par. Thereafter the issue price of shares shall be fixed by a four-fifths majority vote of the Board of Directors.

B. Stock shall be available for subscription only to the Governments of the American Republics which have subscribed or adhered to the Convention relating to the Bank. For a Government to participate in the Bank it must subscribe for a minimum number of shares, determined in relation to the dollar value of the total foreign trade of each of the American Republics during the year 1938, as follows:

Group A: Up to 25 million dollars:
Costa Rica, Ecuador, El Salvador,
Haiti, Honduras, Nicaragua and
Paraguay..... 5 shares

Group B: Over 25 million dollars and up to
50 million dollars:
Dominican Republic, Guatemala and
Panama.....10 shares

Group C: Over 50 million dollars and up to
75 million dollars:
Bolivia.....15 shares

Group D

<u>Group D:</u>	Over 75 million dollars and up to 100 million dollars: Uruguay.....	20 shares
<u>Group E:</u>	Over 100 million dollars and up to 150 million dollars: Peru.....	25 shares
<u>Group F:</u>	Over 150 million dollars and up to 250 million dollars: Chile, Colombia and Cuba.....	30 shares
<u>Group G:</u>	Over 250 million dollars and up to 500 million dollars: Mexico and Venezuela.....	35 shares
<u>Group H:</u>	Over 500 million dollars: Argentina, Brazil and United States of America.....	50 shares

Each participating government may subscribe for stock in addition to the minimum. Where the demand for such additional stock exceeds the amount available for issue by the Bank, such demand will be met on an equal basis from such available shares.

C. Governments of American Republics which do not participate in the Bank at the time of its formation or which shall have at any time ceased to participate in the Bank, shall be permitted to participate in the Bank upon adhering to the Convention relating to the Bank, subscribing for the minimum number of shares, and complying with any other terms and conditions designated in regulations of the Bank.

D. Liability of a shareholder on its shares shall be limited to the issue price of the shares held by it.

E. (1) The shares of stock held by each government shall be security for all the obligations of such government to the Bank and shall not be otherwise pledged or encumbered by the shareholder.

(2) If a government fails to make payment on a share on the day appointed for such payment, the Bank may, after giving reasonable notice to such government, vest in itself title to such share, paying to the defaulting shareholder an amount equal to the fair value of such share as determined by the Bank less any amount which the Bank considers necessary as additional collateral for any outstanding obligation or liability of such government to the Bank. Failure to make payment on a share on the day appointed for such payment shall deprive the defaulting government of its right to exercise a vote in respect of such share so long as such government remains in default, provided that the failure of a government to make payment on the

minimum

minimum number of shares required to be subscribed by it shall deprive such government of the right to exercise any voting power during the period of default.

(3) If a government defaults on any other obligation to the Bank, the Bank may, after taking reasonable action to realize on any other collateral given to secure such obligation and after giving reasonable notice to such government, vest in itself title to an appropriate number of shares belonging to such government and apply to the defaulted obligation the fair value of such shares, as determined by the Bank. Any amount remaining, less any amount which the Bank considers necessary as additional collateral for any outstanding obligation or liability of such government to the Bank, shall be paid by the Bank to the defaulting government.

(4) If, after a government has had a reasonable opportunity to present its position to the Board of Directors, the Board by a four-fifths majority vote finds that such government has violated any provision of the Convention relating to the Bank, such government shall cease to participate in the Bank, but its obligations and duties with respect to the Bank shall continue and the Bank may vest in itself title to an appropriate number of shares belonging to such government and apply the fair value of such shares as determined by the Bank to compensate the Bank for such damages as the Bank determines it suffered by reason of such violation. Any amount remaining, less any amount which the Bank considers necessary as additional collateral for any outstanding loan or liability of such government to the Bank shall be paid by the Bank to such government.

F. Shares of stock may be transferred only to the Bank or to other participating governments at a price to be agreed upon between the parties and upon the approval of the transfer by a four-fifths majority vote of the Board of Directors. If, as a result of the transfer of shares of stock or acquisition by the Bank, or for any other reason, a government holds less than the minimum amount of shares of stock required of it, such government shall cease to participate in the Bank, but its obligations and duties with respect to the Bank shall continue.

G. The capital structure of the Bank, including the number and par value of shares may be increased or decreased by a four-fifths majority vote of the Board of Directors, except that a unanimous vote of the representatives of all the participating governments (and not merely unanimity of the votes cast) shall be required to increase or decrease the minimum holdings of participating governments.

H. The voting power of the participating governments on the Board of Directors shall be distributed as follows: 20 votes for each government for its minimum shares, and 1 vote for each additional share. However, regardless of the amount of stock owned by it, no government shall have a voting power in excess of 50 percent of the total voting power of all the other participating governments.

3. Management

A. The administration of the Bank shall be vested in the Board of Directors composed of one director and one alternate appointed by each participating government. Each government shall appoint its director and alternate and any nominee or proxy in a manner to be determined by it. Such director shall serve for a period of two years, subject to the pleasure of his government. An alternate and a nominee or proxy shall serve for such period as shall be determined by his government. The Bank shall pay such reasonable expenses as are incurred by the directors and alternates and nominees or proxies in attending any meetings of the Board or any committee of the Bank. The voting power held by a participating government shall be exercised by the director and in his absence by the alternate and in the absence of both the director and alternate by the nominee or proxy of such government in such manner as the Board may provide by regulations. The alternate may otherwise participate in the activities of the Board.

B. Meetings of the Board of Directors shall be held not less than four times a year and may be held either at the principal or any branch office or at any other city in a participating country as the Board may determine. The president may call special or extraordinary meetings of the Board at any time. All meetings regular, special or extraordinary, shall be held upon such reasonable notice as the Board may provide by regulations.

C. The Board of Directors shall select a president of the Bank who shall be the chief of the operating staff of the Bank and who also shall be ex-officio chairman of the Board, and one or more vice presidents, who shall be ex-officio vice chairman of the Board. The president and vice presidents of the Bank shall hold office for two years, shall be eligible for reelection and may be removed for cause at any time by the Board. The Board of Directors shall determine the order in which vice presidents shall serve as acting president and chairman in the absence of the president.

D. The departmental organization of the Bank shall be determined by the Board of Directors. The heads of departments and other similar officers shall be appointed by the Board on the recommendation of the president. The remainder of the staff shall be appointed by the president.

E. The Board of Directors may also appoint from among its members an executive committee. The Board may at any meeting, by a four-fifths majority vote, authorize the president or the executive committee or any other committee of the Bank to exercise any specified powers of the Board; provided, however, that such powers shall be exercised only until the next meeting of the Board and shall be exercised in a manner consistent with the general policies and practices of the Board. The Board may also, by a four-fifths majority vote, delegate to designated officers
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committees of the Bank, for such periods as it may determine, power to make loans and extend credit in such small amounts as may be fixed by the Board.

F. The Board of Directors may appoint advisory committees chosen wholly or partially from persons not regularly employed by the Bank.

G. The Board of Directors, within a year after its first meeting, shall by regulations prescribe the reserves to be established and maintained against demand deposits and other obligations of the Bank and shall prescribe a limitation on the amount of intermediate and long-term assets in relation to capital and surplus; and such regulations shall not be amended, modified or revoked except by a four-fifths majority vote of the Board.

H. Before the Bank finally approves an intermediate or long-term loan or extension of credit, a full written report on the merits of the proposed transaction shall be prepared by a committee of experts which may include persons other than officers and employees of the Bank.

I. Except as herein otherwise provided, decisions of the Board of Directors, shall be by simple majority of the votes cast. In the case of equality of votes, the chairman, or in his absence the vice chairman serving in his stead, shall have a deciding vote. When deemed by the president to be in the best interests of the Bank, decisions of the Board may be made, without a meeting, by polling the directors on specific questions submitted to them in such manner as the Board shall by regulations provide. The Board shall by regulations determine what constitutes a quorum for a meeting.

J. Authorization or approval by four-fifths majority vote of the Board of Directors shall be required for the making and granting of intermediate and long-term loans and credits, including the assumption of the obligation of a guarantor on intermediate and long-term loans and credits; the acquisition and sale of, and dealing in intermediate and long-term obligations and securities; the discounting and rediscounting of intermediate and long-term paper; engaging in bullion and foreign exchange transactions and guaranteeing the availability and the rates of exchange of the currencies of participating governments; the issuance of debentures and other securities and obligations of the Bank; the payment of interest on deposits of governments, fiscal agencies and political subdivisions thereof and central banks; the selection or removal of a president, the vice presidents, heads of departments and other similar officers of the Bank; the determination of the departmental organization of the Bank and of the functions and duties of the officers and principal employees of the Bank and the executive and other committees; the calling up of the balances due on stock; the establishment, creation, change or discontinuance of the principal office and branches and agencies of
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the Bank, and for amending the By-Laws, except that Article 5A of these By-Laws may not be amended, and except that the provisions of these By-Laws relating to the manner and effect of the making of a timely objection by a participating government may not be amended except by a unanimous vote of the representatives of all the participating governments (and not merely unanimity of the votes cast).

K. Authorization or approval of specified series, classes, groups or other categories of transactions may be made in advance by the Board of Directors by the vote required in such cases by these By-Laws.

4. Accounts and Profits

A. The financial year of the Bank shall end on December 31.

B. The books and accounts of the Bank shall be expressed in terms of dollars.

C. The Bank shall publish an annual report and at least once a month a statement of account in such form as the Board of Directors may prescribe. The Board shall cause to be prepared a profit and loss account and a balance sheet for each financial year. All published documents shall be printed in the official languages of the participating governments. The Board shall designate a committee of Directors to arrange for examination, at least once a year, of the books and accounts of the Bank by competent experts to be selected by the committee.

D. The yearly net profits of the Bank shall be applied as follows:

1. Not less than 25 percent of such net profits shall be paid into surplus until the surplus is equal in amount to the par value of the authorized capital stock of the Bank.
2. The remainder of such net profits shall be applied towards the payment of a dividend of not more than 3 percent per annum on the paid up amount of the stock of the Bank; provided, however, that dividends shall be noncumulative and no dividends shall be paid so long as the capital of the Bank is impaired.
3. The balance of such profits shall be paid into surplus and be designated a dividend reserve.

E. The Board of Directors by a four-fifths majority vote may declare dividends out of the dividend reserve in surplus of the Bank, provided, however, that total dividends in any one year, including dividends paid pursuant to paragraph D2 above, shall not be more than 3 percent of the paid-up amount of the stock.

F. The Bank may not be liquidated except by a four-fifths majority vote of the Board of Directors. Upon liquidation of the Bank and after discharge

discharge of all the liabilities of the Bank, the assets remaining shall be divided among the shareholders.

G. The shares shall carry equal rights to participate in the profits of the Bank and in any distributions of assets upon liquidation of the Bank.

5. Purposes and Powers

A. The Bank is created by the American Republics to carry out the following purposes:

- (1) Facilitate the prudent investment of funds and stimulate the full productive use of capital and credit.
- (2) Assist in stabilizing the currencies of American Republics; encourage general direct exchanges of the currencies of American Republics; encourage the maintenance of adequate monetary reserves; promote the use and distribution of gold and silver; and facilitate monetary equilibrium.
- (3) Function as a clearing house for, and in other ways facilitate, the transfer of international payments.
- (4) Increase international trade, travel and exchange of services in the Western Hemisphere.
- (5) Promote the development of industry, public utilities, mining, agriculture, commerce and finance in the Western Hemisphere.
- (6) Foster cooperation among the American Republics in the fields of agriculture, industry, public utilities, mining, marketing, commerce, transportation and related economic and financial matters.
- (7) Encourage and promote research in the technology of agriculture, industry, public utilities, mining and commerce.
- (8) Engage in research and contribute expert advice on problems of public finance, exchange, banking and money as they relate specifically to the problems of American Republics.
- (9) Promote publication of data and information relating to the purposes of the Bank.

B. In order to carry out the foregoing purposes, the Bank shall have specific power to:

- (1) Make and grant short-term, intermediate and long-term loans and credits in any currency and in precious metals to participating governments and to fiscal agencies, central banks, political subdivisions and nationals thereof; provided that any such loan or credit having a maturity

maturity exceeding two years to any such fiscal agency, central bank, political subdivision or national shall be guaranteed by the government thereof, and provided further that any such loan or credit having a maturity not exceeding two years shall not be made or granted by the Bank to any such fiscal agency, central bank, political subdivision or national if the government thereof makes a timely objection.

(2) Buy, sell, hold and deal in the obligations and securities of any participating government and of fiscal agencies, central banks, political subdivisions and nationals thereof, unless such government makes a timely objection to the purchase thereof; provided that such obligations and securities having maturities exceeding two years as are not the direct liability of such government are guaranteed by such government; and provided, further, that the Bank shall not buy obligations and securities that are in default in whole or in part as to principal or interest.

(3) Guarantee in whole or in part credits and loans made from any source to any participating government and to fiscal agencies, central banks, political subdivisions and nationals thereof, provided that such credits and loans having maturities exceeding two years as are not direct obligations of such government are guaranteed by such government, and provided further that such credits and loans having maturities not exceeding two years as are not direct obligations of such government shall not be guaranteed by the Bank if such government makes a timely objection.

(4) Act as a clearing house of funds, balances, checks, drafts and acceptances.

(5) Buy, sell, hold and deal in precious metals, currencies and foreign exchange for its own account and for the account of others; provided, however, that no such transaction shall be entered into with a fiscal agency, central bank, political subdivision, or national of a participating government, if such government makes a timely objection; and guarantee the availability and the rates of exchange of the currencies of participating governments.

(6) Issue or sell debentures and other securities and obligations of the Bank to obtain assets for the purposes of the Bank, provided that such debentures and other securities and obligations shall not be issued or sold by the Bank in the territory of any participating government which makes a timely objection. The Bank may also borrow in any other manner from participating governments, and from political subdivisions and banking institutions thereof unless the government of the lender makes a timely objection.

(7)

(7) Accept demand, time, and custody deposits and accounts from others, including participating governments and fiscal agencies, central banks, political subdivisions and nationals thereof unless the participating government makes a timely objection; provided that the Bank shall pay interest, if any, only on deposits of governments, fiscal agencies and political subdivisions thereof and central banks.

(8) Discount and rediscount bills, acceptances and other obligations and instruments of credit of participating governments and fiscal agencies, central banks, political subdivisions and nationals thereof, provided that such paper having maturity exceeding two years as is not the direct obligation of such government is guaranteed by the government, and provided further that such paper having a maturity not exceeding two years as is not the direct obligation of such government shall not be discounted or rediscounted by the Bank if such government makes a timely objection.

(9) Rediscount with any government, fiscal agency or banking institution bills, acceptances and instruments of credit taken from the Bank's portfolio; provided, however, that the Bank may not rediscount with a fiscal agency or a banking institution in the territory of a participating government which makes a timely objection.

(10) Open and maintain demand, time, and custody deposits and accounts with governments and banking institutions and arrange with governments and banking institutions to act as agent or correspondent for the Bank, unless such banking institution is situated in the territory of a participating government and such government makes a timely objection.

(11) Act as agent or correspondent for any participating government and for fiscal agencies, central banks and political subdivisions thereof, unless the government makes a timely objection.

(12) Engage in financial and economic studies and publish reports thereof.

(13) Buy, sell and deal in cable transfers, accept bills and drafts drawn upon the Bank, and issue letters of credit; all subject to the limitations herein provided with respect to loans, extensions of credit, discounting and rediscounting of paper, and dealing in obligations and securities.

(14) Adopt, alter and use a corporate seal; acquire, own, hold, use or dispose of such real and personal property as may be necessary for the transaction of its business; and make contracts subject to the limitations herein provided.

(15)

(15) Exercise incidental powers necessary and proper to carry out the powers expressly authorized herein.

(C) The Board of Directors shall determine the nature of the operations which may be undertaken by the Bank in the exercise of its powers and in order to effectuate its purposes. The operations of the Bank shall at all times be conducted in conformity with the laws of the territory where the Bank is acting and, so far as possible, be conducted in conformity with the policies of the participating government directly concerned.

6. Interpretations and Definitions

As used herein:

A. Four-fifths majority vote of the Board of Directors shall mean four-fifths of the votes cast.

B. "Short-term" shall mean a period less than one year; "intermediate" shall mean a period from one to five years; and "long-term" shall mean a period longer than five years; and the period applicable to any outstanding obligation shall be the period remaining to its maturity rather than the period from its issuance to maturity.

C. A government shall be deemed to make a timely objection only if such government, after its director is notified by the Bank of the Bank's proposed action or course of action, presents to the Bank within the reasonable period of time fixed by the Board, through such government's director, alternate, nominee or proxy its objection to such action or course of action. The Bank shall notify the directors representing the governments concerned when the Bank contemplates action or a course of action as to which provision for such timely objection is made in these By-Laws.