

V. Capital Transactions

1. A member country may not use the Fund's resources to meet a large or sustained outflow of capital, and the Fund may require a member country to exercise controls to prevent such use of the resources of the Fund. This provision is not intended to prevent the use of the Fund's resources for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking, or other business. Nor is it intended to prevent capital movements which are met out of a member country's own resources of gold and foreign exchange, provided such capital movements are in accordance with the purposes of the Fund.

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Alternative A

& Section 1. Use of the Resources of the Fund for Transfers of Capital.

A member ~~country~~ may not use the resources of the Fund to meet a large or sustained outflow of capital, and the Fund may request a member ~~country~~ to exercise controls to prevent such use of the resources of the Fund. For failure to exercise appropriate controls the Fund may suspend a member country from making further use of the resources of the Fund.

This Section is not intended to prevent the use of the resources of the Fund for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business. Nor is it intended to prevent capital movements which are met out of a member's country's own resources of gold and foreign exchange, provided that such capital movements <sup>will be in accord</sup> are in accordance with the purposes and policies of the Fund. *(are not affected by the action) but member's understand*

*after receiving such request, if a member fails to exercise appropriate controls, after receiving such request the Fund may declare such member ineligible to make further use of the resources of the Fund.*

NOT FOR PUBLICATION UNTIL OFFICIALLY RELEASED

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J. S. [Signature]  
Sec. 1