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JOINT STATEMENT, VIII, 2 & 3.

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with the arrangements made under 2. above. After a country has given notice of withdrawal, its use of the resources of the Fund is subject to the approval of the Fund.

Alternative A

# Section 3. Settlement of Accounts with Governments Ceasing to be Members.

(a) When a government ceases to be a member in any of the cases referred to in sections above, settlement of all accounts between the Fund and such government shall be made with reasonable dispatch by agreement between the Fund and the government. The Fund shall not engage in any transactions in the currency of such country except in accordance with this Section.

(b) The Fund shall be obligated to pay to such government <sup>an</sup> ~~the~~ amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund from such government, including charges accruing after the government ceases to be a member; but no payment shall be made prior to six months from the date when such government ceases to be a member. Payments shall be made in the currency of that country.

(c) If the Fund's holdings of the currency of such country are not sufficient to pay the net amounts due from the Fund, the balance shall be paid in gold, or in a manner to be agreed between the Fund and such government. If the Fund and the government have not reached agreement within six months from the date of withdrawal, the currency of that country held by the Fund shall immediately be paid to the government. The balance shall be paid in 12 quarterly instalments during the following 3 years. Each such instalment <sup>shall be</sup> paid in the currency of the country acquired by the Fund since the date of withdrawal <sup>by the delivery of</sup> or gold.

(d) If the Fund fails to meet any payment due in accordance with the preceding paragraphs, the government shall be entitled to acquire from the Fund against the amount then due to it from the Fund ~~with its own currency~~ the currency of any member held by the Fund, which has not

been declared scarce under Article VI, Section 2, (J.S.VI.2).

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED.

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(Alternative A continued)

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(e) If the Fund's holdings of the currency of such country exceed the amount due to such Government, and the Fund and the Government do not reach agreement on the method of settling their accounts within six months, from the date of withdrawal, settlement shall be made as provided in this and the following paragraphs. The Government shall be obligated to redeem such excess currency in gold or in the currencies of members which are convertible at the time of actual redemption under Article III, Section 6 (J.S. III, 5) within three years from the date of withdrawal, or such longer period as may be fixed by the Fund. Such redemption shall not be required at a rate greater than one-twelfth of the Fund's excess holdings of the currency to be redeemed at the rate of withdrawal plus current accruals of such currency during such quarterly period. If the Government fails to redeem such excess currency in this manner, the Fund may liquidate in any market that currency at the same rate in an orderly manner. The withdrawing Government unconditionally guarantees at all times the unrestricted use of such currency for the purchase of goods or <sup>for</sup> the payment of other sums due to it or to its nationals. Further, the withdrawing Government shall indemnify the Fund against any loss resulting from exchange depreciation until such currency has been used or redeemed.

(f) Any member desiring to obtain the currency of a former member shall acquire the currency by purchase from the Fund, to the extent that such member has access to the resources of the Fund and such currency is available under the preceding paragraph.

(g) In the event of the Fund going into liquidation/<sup>under ....</sup> within six months of the date upon which any Government ceases to be a member, all rights and obligations of such Government shall be determined in accordance with the provisions governing liquidation instead of the provisions of this section.