

Alternative C

*to be inserted later*

(Substitute the following for Section 4 in Alternative C.)

& 1. The government of the U.K., and the Government of the United States will communicate to the Monetary Fund at its inauguration, the initial par value of their respective currencies, expressed in terms of gold. Within one month (or in the case of occupied countries, within one month of liberation) the other member countries wishing to adhere to the Convention will make corresponding communications. Notwithstanding this rule, member countries that have been occupied by the enemy need not make a definitive communication of the initial par value in the above sense until the reconstruction of their monetary system has been completed and the initial communication may be limited to giving a provisional par value. If the Directorate of the Fund finds a communicated initial or provisional par value reasonable, such par value shall come into force immediately for the purpose of the Fund. If, however, the Directorate should deem the communicated par value to be open to criticism, the question shall be the subject of further consideration with the member country in question, and the facilities of the Fund shall not be available to the member until agreement has been reached. All transactions between the Fund and members shall be at par subject to a fixed charge payable by the member making application to the Fund; and all transactions in member currencies shall be at rates within an agreed percentage of parity.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

7/1/44

- 39 -

Art. XIII, Sec. 1 - 5  
(Additional Article)

### Fixing Initial Par Values

Each member shall communicate to the Fund not later than thirty days after the effective date of this Agreement, a par value for its currency based on the de facto rates of exchange prevailing for its currency on the effective date of the Agreement. The par value so communicated shall be the par value of the member's currency for the purposes of the Fund unless the member or the Fund signifies within a period of ninety days from the effective date of this Agreement that it regards such par value as unsatisfactory. When a member or the Fund signifies that the par value of a currency initially communicated to the Fund is unsatisfactory, the Fund and the member shall, during a period to be determined by the Fund in the light of all relevant circumstances, agree upon a suitable par value for the currency concerned. If the Fund and the member do not agree within such period so determined, the member shall be deemed to have withdrawn from the Fund as of the date of the termination of such period.

A member communicating to the Fund a par value for its currency shall at the same time communicate a value, in terms of its own currency, for each subordinate currency, where such exists, in territories under its jurisdiction. From the values so communicated the Fund shall compute the par value of each such subordinate currency. The provisions of the preceding paragraph shall apply separately to the principal and subordinate currencies in the event that the member or the Fund signifies within the stated period that the par value of any one of them is unsatisfactory.

The Fund shall begin exchange transactions at such date as it may determine after par values have been established for the currencies of members having sixty percent of the aggregate quotas fixed in Article II, Section 2, but in no event until one-hundred fifty days after the effective date of this Agreement, or until . Exchange transactions in a currency, the par value of which has not been established to the

satisfaction of the member and the Fund when the Fund's exchange transactions begin, shall begin when agreement has been reached by the Fund and such member on a par value.

Initial Determination of ~~the~~ Par Values.

~~DRAFT NOT REPRODUCED~~

Each member on joining the Fund shall communicate to the Fund a par value for its currency, based on the de facto rates of exchange prevailing for its currency at the date of the inauguration of the Fund. The par value so communicated shall stand as the par value of the member's currency for the purposes of the Fund, unless the member signifies<sup>s</sup> within a certain interval that it regards this par value as unsatisfactory. In the normal case this interval shall be 90 days, but in the case of a member whose territory has been occupied by the enemy, it shall extend until such time as the member declares that the reconstruction of its monetary system has been completed.

When a member thus represents that the par value for its currency initially communicated to the Fund is unsatisfactory, the Fund and the member shall, during a period to be determined by the Fund in the light of all the relevant circumstances, agree upon a suitable par value for the currency concerned. If agreement between the Fund and the member is not reached within the period so determined, the member shall be deemed to have withdrawn from the Fund as from the end of this period.

[A member

*Not later than sixty days after the effective date of the Agreement,*

Each member shall communicate to the Fund a par value for its currency based on the de facto rates of exchange prevailing for its currency on the effective date of the Agreement. The par value so communicated shall be the par value of the member's currency for the purposes of the Fund unless <sup>by the member or the Fund</sup> the member signifies within a period of 90 days <sup>from the effective date of this Agreement</sup> that it regards this par value as unsatisfactory. ~~The Fund may state its objection to a member country that the par value communicated is unsatisfactory. If either the member or the Fund shall, during this period or during an extended period to be determined by the Fund, signify that the par value so communicated is unsatisfactory the Fund and the member country shall agree upon a suitable rate.~~

*as implied*  
When a member or the Fund ~~represents~~ that the par value of a currency initially communicated to the Fund is unsatisfactory, the Fund and the member shall during a period to be determined by the Fund in the light of all relevant circumstances, agree upon a suitable par value for the currency concerned. If agreement between the Fund and the member is not reached within the period so determined, the member shall be deemed to have withdrawn from the Fund as of the date of the termination of this period.

A member communicating to the Fund a par value for its currency, shall at the same time communicate a value, in terms of its own currency, for each subordinate currency, where such exists, in territories under its jurisdiction. From the values so communicated the Fund shall compute the par value of each such subordinate currency. A member <sup>or the Fund</sup> may, ~~if it so chooses, treat its metropolitan currency and each subordinate currency as separate currencies for purposes inter alia, of the provision entitling it to declare that it regards the par value initially communicated to the Fund as unsatisfactory.~~

*signify that the par value of any subordinate currency is unsatisfactory, and the Fund and the member shall agree upon a suitable par value.*

The suggestion is that amongst the additions and elaborations which will necessarily have to be made to Article VIII, something on the following lines should be inserted:

Section X

(1) If a member acts in a manner which is <sup>(a)</sup> ~~in violation of its~~ <sup>contrary to</sup> obligations under ~~this agreement or~~ <sup>Article IX</sup> ~~contrary to the purposes of the Fund,~~ <sup>(b) acts in a manner which is</sup> or (c) <sup>fails to reach agreement with the Fund under Article IV,</sup> the Fund may declare the member ineligible to use the resources of the Fund.

(2) If the member persists in acting in a manner which is in violation of its obligations under this agreement or contrary to the purposes of the Fund for a period of \_\_\_\_\_ after action has been taken under (1), that member shall be required to withdraw after having received a special notice from the Fund.

(3) All action under (2) above shall be taken by the Board of Governors and decisions shall require a majority of the Governors and a majority of the voting power.

Action under (1) shall be capable of delegation to the Executive Directors and voting shall be according to the ordinary rule in that body.

(4) It is proposed that suitable provisions be elaborated, making it clear that cases under (2) [compulsory withdrawal] shall be dealt with in a reasonably judicial manner, i.e., the member concerned shall have proper notice and a proper opportunity of stating its case before the Board of Governors.

Alternative B, pages 14a and b

The only change that would be made in Alternative B, pages 14a and b ~~14~~ would be the deletion of paragraph 3 and the insertion in lieu thereof of the new paragraph 3 which will read as follows:

"A member which alters the par value of its currency despite the objection of the Fund, in cases where the Fund is entitled to object, shall be subject to the provisions of Article VIII, Section \_\_\_\_"

A member proposing a change in the par value of its currency shall be deemed, unless it declares otherwise, to be proposing a corresponding change in the par value of the currencies of all territories under its jurisdiction. It shall however be open to a member to declare that its ~~proposal~~ proposal relates either to the metropolitan currency alone, or to one or more specified subordinate currencies alone, or to the metropolitan currency and one or more specified subordinate currencies.

*Does in a separate page after  
16 with Dutch proposal.*



7/2/44

Insert A - B

A. The Fund, within the terms of this Agreement, shall cooperate with any general international organization and with public international organizations having specialized responsibilities in related fields, [and shall endeavor to harmonize its policies with the policies of such organizations,] provided that any arrangements [for such cooperation] which would involve a modification of the [constitutional] provisions of [the] Fund, or which would affect the rights, privileges, or obligations of any Member country as set forth in [this] Agreement, may be effected only <sup>after</sup> through amendment to this Agreement in conformity with the procedure set forth in Article \_\_\_\_.

Note: This presumes the amendment article will be redrafted in accordance with suggestions telephoned to Atlantic City on June 25.

Sums payable to the Fund in gold shall be placed at the disposal of the Fund at a depository indicated by the Fund. In indicating a depository the Fund shall pay regard to the convenience of the member, the costs of transport, and the expected requirements of the Fund. Gold and assets other than holdings of currency belonging to the Fund may be held in or moved to any depository as the Fund may determine.

Joint Statement - No provisions

The following provisions have been suggested as an additional Article concerning execution of the Agreement:

# Execution of the Agreement

IN FAITH WHEREOF the undersigned have executed this Agreement.

Done at Washington in a single copy which will remain deposited in the archives of the United States of America, and of which certified copies will be transmitted through the diplomatic channel to the other countries represented at the United Nations Monetary and Financial Conference.

If a colony withdraws.

Withdrawal - If country withdraws & a loss has been suffered due to a prior repudiation, should withdrawing country share the loss. They don't under our scheme.

Fund can't pay in local currency or gold. Pays in other currencies. May cause a political problem of country whose currency is paid not wanting non-members to have it.

JOINT STATEMENT - No provision

The following material has been suggested as an addition to Article VIII.

~~XXXXXXXXXX~~ Alternative A.

# Section 4. Liquidation of the Fund

(a) The Fund may not be liquidated except after a decision taken by a majority of the aggregate votes in the Board of Governors. In an emergency, if the Executive Directors decide that liquidation of the Fund may be necessary, they may by a majority vote temporarily suspend all transactions of the Fund, pending an opportunity for further consideration and action by the Board of Governors.

(b) If a decision to liquidate the Fund is carried, the Fund shall forthwith cease to engage in any activities except those incident to an orderly liquidation of its assets and the settlement of its liabilities.

(c) The liabilities of the Fund, other than the repayment of quotas, shall have priority in distributing ~~all~~ the assets of the Fund. In meeting each such liability the Fund shall use its holdings of the currency in which the liability is due. If these holdings are insufficient, it shall use its gold. If this is insufficient to complete the payment, it shall draw on the currencies held by the Fund as far as possible in proportion to the quotas of the members.

(d) The net assets of the Fund available after the discharge of the above liabilities shall be distributed as follows:

- (i) The Fund shall divide its holdings of the currency of each member by the quota of such member and thus ascertain the percentages resulting from this division.
- (ii) All members shall have returned to them in their own currencies a proportion of their quotas equal to the lowest percentage ascertained under (i).
- (iii) There shall then be returned to that member with regard to whose currency the division under (i) above produced the next lowest percentage the remainder of its currency held by the Fund and the percentage which the amount returned bears to that member's quota.  
The member whose currency held by the Fund has been exhausted under (ii) above shall have returned to it in gold a percentage of its quota equal to the percentage returned under the first sentence of this paragraph. Alternatively, if there is not sufficient gold, then the currency of the country having the second lowest percentage shall be divided between such country and the country having the

lowest

lowest percentage in such manner that each will have been repaid the same proportion of its quota. All other countries shall have paid to them amounts in their respective currencies which represent a like proportion of their quotas.

(d) Distribution of the available assets shall be continued on the principles established above until all available currencies have been exhausted.

(e) In the event of certain currencies not being available for distribution such countries shall not participate in the distribution and such currencies held by the Fund shall be vested in Trustees to be appointed by the Governments of the remaining member countries. The eventual liquidation of assets thus vested in Trustees shall be determined by an International Commission to be set up at an appropriate time for this purpose.

Each member country shall redeem its own currency held by another member country as a result of liquidation. Redemption shall be made in gold or in such other manner as may be agreed between the countries. Redemption shall be made with reasonable dispatch within three years unless the member countries involved agree to a longer period. The member country obligated to redeem the currency unconditionally guarantees its unrestricted use in the purchase of goods or in the payment of other obligations to it or to its nationals. Such country further guarantees the currency against exchange depreciation until it has been used or redeemed.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED.

7/1/44/

J.S.Art.VIII  
Additional Section.

*M. Botta*

The following material has been suggested as an addition to Article VIII.

Alternative A

§ Section 4. Liquidation of the Fund.

The Fund may <sup>not</sup> be voted into liquidation only by a majority of the aggregate votes. In an emergency, if the Executive Committee decides that liquidation of the Fund may be desirable, it may by a majority vote temporarily suspend all transactions of the Fund pending an opportunity for further consideration and action by the Board.

Upon being voted into liquidation, the Fund shall forthwith cease engaging in any activities except those incident to an orderly liquidation of its assets and the settlement of its obligations.

The obligations of the Fund, <sup>in the repayment of quotas (subs)</sup> other than the repayment of quotas, shall be a prior claim <sup>by the members</sup> on all the assets of the Fund. In meeting each such obligation the Fund shall use its holdings of the currency in which the obligation is due. If these holdings are insufficient, it shall use its gold. If this is insufficient to complete the payment, the remainder shall be covered by drawing on the currencies held by the Fund as far as possible in proportion to the quotas <sup>of the members</sup> of these countries.

The net assets of the Fund ~~remaining~~ shall be distributed as follows:

(4) The Fund shall determine a percentage for each <sup>member</sup> country by dividing its <sup>total</sup> holdings of the currency <sup>of such country</sup> by the <sup>of each</sup> quota of such country.

All countries shall have returned to them in their own currencies a proportion of their quotas equal to the smallest percentage determined in (a).

(3) The country having the next lowest percentage under (a) above shall then have returned to it the remainder of its currency held by the Fund, <sup>held by the Fund</sup> and ~~The country whose currency holdings have~~ been exhausted shall have returned to it an equivalent ~~proportion~~.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

J. S. Art. VIII  
Additional Section

*Alternatives*

Alternative A - continued

~~of its quota~~ in gold. If there is not sufficient gold, then the currency of the country having the second lowest percentage <sup>and country - the country having the lowest percentage</sup> shall be divided between ~~the two countries~~ in such manner that each will have been repaid the same proportion of its quota.

All other countries shall have paid to them amounts in their respective currencies which represent <sup>a like</sup> ~~the same~~ proportion of their quotas.

(d) ~~Further Distribution~~ shall be made <sup>of the available assets</sup> ~~in the manner provided~~ <sup>continued</sup> ~~above~~ <sup>in the principles established above</sup> until <sup>all available</sup> ~~the~~ currencies of all countries have been exhausted.

Each member country shall redeem its own currency held by another member country as a result of liquidation. Redemption shall be made in gold or in currencies agreed between the countries. Redemption shall be made with reasonable dispatch ~~and, in agreement~~, within three years unless the member countries involved agree to a longer period. Pending redemption of such currency, a member country receiving it may liquidate it in any market at a rate not greater than one-twelfth of the total amount in any quarterly period, and the member country obligated to redeem the currency unconditionally guarantees its unrestricted use in the purchase of goods or in the payment of other obligations to it or to its nationals. Such country further guarantees the currency against exchange depreciation until it has been used or redeemed.

(e) In the event of certain currencies not being available for distribution and countries shall not participate in the distribution of ~~such~~ currencies held by the Fund shall be vested in trustees to be appointed by the Fund at the

NOTE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

remaining member countries. The eventual liquidation of <sup>assets</sup> ~~fund~~ currencies vested in trustees shall be determined J. S. Art. VIII Additional Section by an International Commission to be set up <sup>at appropriate time for this purpose.</sup>

7/1/44



Alternative B

(Substitute the following for paragraph four of Alternative A)

\* The net assets of the Fund remaining shall be distributed as follows:

- (a) each country shall have a prior claim up to its quota on its own currency held by the Fund;
- (b) Each of the remaining assets of the Fund (gold and currencies) shall be divided proportionately amongst all countries whose quotas have not been reimbursed as per (a), in relation to the amounts still due to them on their quotas.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

7/1/44

- 276 -

J. S. Art. VIII  
Additional Section

1 fremw saltemati  
1 Deputy fremw saltemate

U.S. 21  
15  
10

(14) There shall then be returned <sup>that</sup> to the member  
whose ~~currency~~ <sup>currency</sup> the ~~gold~~ <sup>gold</sup> ~~is~~ <sup>is</sup> held  
under (1) above produced the  
next lowest percentage. The  
remainder of its currency held  
by the Fund; The member whose  
currency held by the Fund  
has been exhausted under (1)  
above shall have returned  
to it in gold a percentage  
of its quota equal to the  
percentage returned under  
the presentence of this paragraph  
and the percentage which  
the amount returned  
bears to that of the  
members  
quota  
ascertained

*in the Board of Governors*

JOINT STATEMENT - No provision.

The following material has been suggested as an addition to Article VIII.

Alternative A

*(to be inserted later)*

# Section 4. Liquidation of the Fund.

(a) The Fund may be ~~voted~~ <sup>not</sup> into liquidation ~~only~~ <sup>ed</sup> by a majority of the aggregate votes. In an emergency, if the Executive ~~Committee~~ <sup>Directors</sup> decided that liquidation of the Fund may be ~~desirable~~ <sup>necessary, they</sup>, it may by a majority vote temporarily suspend all transactions of the Fund pending an opportunity for further consideration and action by the Board of Governors.

(b) ~~Upon being voted into liquidation,~~ <sup>If a decision to liquidate the Fund is carried,</sup> the Fund shall forthwith cease ~~engaging~~ <sup>to engage</sup> in any activities except those incident to an orderly liquidation of its assets and the settlement of its ~~obligations.~~ <sup>liabilities.</sup>

(c) The ~~obligations~~ <sup>liabilities</sup> of the Fund, other than the repayment of quotas, shall ~~be~~ <sup>have priority in the distribution of</sup> a ~~claim~~ <sup>claim</sup> on all the assets of the Fund. In meeting each such ~~obligation~~ <sup>liability</sup> the Fund shall use its holdings of the currency in which the ~~obligation~~ <sup>liability is due.</sup> is due. If these holdings are insufficient, it shall use its gold. If this is insufficient to complete the payment, ~~the remainder~~ <sup>it</sup> shall be covered by drawing on the currencies held by the Fund as far as possible in proportion to the quotas of ~~those countries.~~ <sup>no members.</sup>

(d) The net assets of the Fund ~~remaining~~ <sup>available after the discharge of the above liabilities</sup> shall be distributed as follows:

(a) The Fund shall determine a percentage for each ~~country~~ <sup>member</sup> by dividing its holdings of the currency of ~~such country~~ <sup>each member</sup> by the quota of such ~~country,~~ <sup>member, thus</sup> and ascertain the percentages resulting from ~~this division.~~ <sup>this division.</sup>

(b) All ~~countries~~ <sup>members</sup> shall have returned to them in their own currencies a proportion of their quotas equal to the ~~smallest~~ <sup>lowest</sup> percentage ~~determined~~ <sup>ascertained</sup> in (a).

(c) The ~~country~~ <sup>member</sup> having the next lowest percentage under (a) above shall then have returned to it the remainder of its currency held by the Fund and the ~~country~~ <sup>member</sup> whose currency holdings have ~~previously~~ <sup>been exhausted</sup> shall have returned to it ~~an~~ <sup>in gold a percentage of its quota equal to the</sup> equivalent proportion ~~percentage~~ <sup>percentage returned to the member</sup> under the ~~1st~~ <sup>1st</sup> sentence of this #.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

Alternative A - continued

of its quota in gold. <sup>Alternatively,</sup> If there is not sufficient gold, then <sup>for this purpose</sup>  
the currency of the <sup>members with respect to their currency</sup> country having the second lowest percentage <sup>of labor</sup> <sup>produced</sup>  
shall be divided between the two <sup>members</sup> countries in such manner that  
each will have been repaid the same proportion of its quota.  
All other countries shall have paid to them amounts in their  
respective currencies which represent the same proportion of  
their quotas.

- (2) Further distributions shall be made in the manner provided  
~~in (1)~~ above until the currencies of all countries have been  
exhausted.

Each member country shall redeem its own currency held by another member  
country as a result of liquidation. Redemption shall be made in gold or in  
currencies agreed between the countries. Redemption shall be made with  
reasonable dispatch and, in any event, within three years unless the member  
countries involved agree to a longer period. Pending redemption of such  
currency, a member country receiving it may liquidate it in any market at a  
rate not greater than one-twelfth of the total amount in any quarterly period,  
and the member country obligated to redeem the currency unconditionally  
guarantees its unrestricted use in the purchase of goods or in the payment  
of other obligations to it or to its nationals. Such country further  
guarantees the currency against exchange depreciation until it has been  
used or redeemed.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

J. S. Art. VIII  
Additional Section

7/1/44

Alternative B

*(to be inserted later)*

(Substitute the following for paragraph four of Alternative A)

# The net assets of the Fund remaining shall be distributed as follows:

- (a) each country shall have a prior claim up to its quota on its own currency held by the Fund;
- (b) Each of the remaining assets of the Fund (gold and currencies) shall be divided proportionately amongst all countries whose quotas have not been reimbursed as per (a), in relation to the amounts still due to them on their quotas.

*no difference between two percentages*

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

7/1/44

~~- 27 -~~ 37 *[Signature]*

J. S. Art. VIII  
Additional Section

The following material has been suggested as an addition to Article VIII.

Alternative A

\* Section 4. Liquidation of the Fund.

(a) The Fund may be <sup>in liquidated except after a decision taken by a</sup> ~~voted into liquidation only~~ (by a majority of the aggregate votes. In an emergency, if the Executive Committee decides that liquidation of the Fund may be <sup>necessary</sup> desirable, it may by a majority vote temporarily suspend all transactions of the Fund, pending an opportunity for further consideration and action by the Board. <sup>of Governors</sup>

(b) Upon being <sup>96 a decision to liquidate</sup> ~~voted into liquidation~~, the Fund shall forthwith cease <sup>to engage</sup> ~~engaging~~ in any activities except those incident to an orderly liquidation of its assets and the settlement of its <sup>liabilities</sup> ~~obligations~~.

(c) The obligations of the Fund, other than the repayment of quotas, shall be <sup>have priority as to assets</sup> ~~a~~ <sup>liability</sup> ~~prior claim~~ on all the assets of the Fund. In meeting each such obligation, the Fund shall use its holdings of the currency in which the <sup>liability</sup> ~~obligation~~ is due. If these holdings are insufficient, it shall use its gold. If this is insufficient to complete the payment, <sup>it shall draw on</sup> ~~the remainder~~ shall be covered by drawing on the currencies held by the Fund as far as possible in proportion to the quotas of <sup>the members</sup> ~~those countries~~.

(d) The net assets of the Fund remaining shall be distributed as follows:

- (i) The Fund shall determine a <sup>member</sup> ~~percentage~~ for each country by <sup>divide</sup> ~~dividing~~ its holdings of the currency of such country by the <sup>each member</sup> ~~quotas~~ of such country. <sup>and thus ascertain the percentages resulting from this division</sup>
- (ii) All <sup>members</sup> ~~countries~~ shall have returned to them in their own currencies a proportion of their quotas equal to the <sup>lowest</sup> ~~smallest~~ percentage <sup>resulting from</sup> ~~determined in (i)~~. <sup>ascertained under (i)</sup>
- (iii) The <sup>member</sup> ~~country~~ having the next lowest percentage under (i) above shall then have returned to it the remainder of its currency held by the Fund and the <sup>any member</sup> ~~country~~ whose currency holdings have <sup>under (i) above</sup> ~~been exhausted~~ shall have returned to it an ~~equivalent~~ <sup>equivalent</sup> proportion

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

*in the draft rate, a Turn of gold as a common denominator, based on the draft rate existing at the date of the inauguration of the Fund shall be the par value of that currency for purposes of the Fund.*

# Alternative A (Continued)

#Section . Calling the Initial Meeting of the Fund.

Immediately after receipt of the evidences of acceptance of countries having sixty-five percent of the aggregate quotas established in II, 1, the government of the country accepting membership which has the largest quota shall invite to the initial meeting of the Fund, to be held in that country sixty days after the date of such invitation, all of the countries which shall have accepted membership in the Fund. Such countries shall be represented at the meeting by the directors or alternates they appoint to the Board of Directors of the Fund.

#Section . Agenda of the Initial Meeting.

At the initial meeting of the Board of Directors, the Board shall make provision for the organization of the Fund. In addition to such other action as it deems appropriate, it shall elect a chairman, elect an Executive Committee, and set a date for the operations of the Fund to begin, subject to Section 5 of this Article.

#Section . Fixing Initial Par Values.

The official value on July 1, 1944, of the currency of each member country in terms of gold or gold-convertible currency shall be the par value of that currency for purposes of the Fund, unless either the Fund or the member country concerned signifies within a period of ninety days from the effective date of this Agreement that such par value for a given currency is unsatisfactory. If either so signifies, the Fund and the member country shall, during this period or during an extended period to be determined by the Fund in the light of all relevant circumstances of the member country, agree upon a suitable rate. If agreement between the member country and the Fund is not reached during such period, as extended, the member country shall be deemed to have withdrawn from the Fund as of the date of the termination of such period.

The Fund shall begin exchange transactions at such date as it may determine after par values have been established for the currencies of members having sixty percent of the aggregate quotas fixed in II, 1, but in no event until one-hundred twenty days after the effective date of this

See p/3a

draft-1



Agreement, or until the Fund shall have determined that major hostilities in the present conflict have ceased, whichever is the later. Exchange transactions in a currency, the par value of which has not become established when exchange transactions begin, shall begin when agreement has been reached with the Fund on a par value.

Alternative B

u.K.

I A. Inauguration of the Fund.

1. When the Convention comes into force, the first meeting of the Council shall be held as soon as possible. The Councillor appointed by the Government in whose country the first meeting takes place shall take the Chair until the Council have appointed a Chairman.
2. The Council shall then proceed to the election of the Directorate and shall arrange for the first meeting of the Directorate to take place as soon as possible.
3. The Directorate at their first meeting shall appoint the Chairman and General Manager, shall request the payment by each member of such proportion of its subscription as is required, in the opinion of the Directorate, for the preliminary expenses of the Fund, and shall instruct the General Manager to make the necessary arrangements with regard to the taking of offices and the engaging of staff.
4. The Directorate shall then, as soon as may be, take steps to determine the par value of members' currencies in accordance with IV and the provisions of IV shall come into operation.
5. Thereafter the Directorate shall, as soon as seems to them expedient, call up such further proportion of the subscription of each member as in their judgment is immediately required to provide facilities currently required by members, and as from the date of this call the whole of the provision of this Statute shall come into operation.
6. For the purpose of taking action under 4 and 5 above, the assent of Directors representing four-fifths of the total voting power of the Directorate shall be required.

Alternative B (Continued)

7. Thereafter the Directorate may, from time to time, call up such further instalments of the subscriptions due by members as may be required for the operation of the Fund.

Joint Statement - No provisions

The following provisions have been suggested as an additional Article concerning execution of the Agreement:

# Execution of the Agreement

IN FAITH WHEREOF the undersigned have executed this Agreement.

Done at Washington in a single copy which will remain deposited in the archives of the United States of America, and of which certified copies will be transmitted through the diplomatic channel to the other countries represented at the United Nations Monetary and Financial Conference.

The Fund shall begin exchange transactions at such date as it may determine after par values have been established for the currencies of members having sixty percent of the aggregate quotas fixed in Article II, Section 2, but in no event until one-hundred twenty days after the effective date of this Agreement, or until the Fund shall have determined that major ~~hostilities in the present conflict have ceased, whichever is the later.~~

Exchange transactions in a currency, the par value of which has not *been established to the satisfaction of the members and the Fund* become established when exchange transactions begin, shall begin when agreement has been reached with the Fund on a par value.

*The Fund's*  
Alternative B

#IA. Inauguration of the Fund.

1. When the Convention comes into force, the first meeting of the Board of Governors shall be held as soon as possible. The Governors appointed by the Government in whose country the first meeting takes place shall take the Chair until the Board have appointed a Chairman.
2. The Board shall then proceed to the election of the Executive Directors and shall arrange for the first meeting of the Executive Directors to take place as soon as possible.
3. The Executive Directors at their first meeting shall appoint the Chairman and General Manager, shall request the payment by each member of such proportion of its subscription as is required, in the opinion of the Executive Directors, for the preliminary expenses of the Fund, and shall instruct the General Manager to make the necessary arrangements with regard to the taking of offices and the engaging of staff.
4. The Executive Directors shall then, as soon as may be, take steps to determine the par value of members' currencies in accordance with IV and the provisions of IV shall come into operation.
5. Thereafter the Executive Directors shall, as soon as seems to them expedient, call up such further proportion of the subscription of each member as in their judgment is immediately required to provide facilities

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

7/1/44

- 38 b -

J.S. Art. XIII, Sec. 1-5  
(Additional Article)

1. The Executive Directors shall be responsible for the conduct of the general operations of the Fund, and for this purpose, shall exercise all the powers delegated to them by the board of Governors.
2. There shall be eleven Executive Directors, of whom five shall be appointed by the five members having the largest quotas and six shall be elected biennially, in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members having the five largest quotas. Persons chosen as Executive Directors need not be Governors.
3. Every Executive Director may appoint an alternate with full power to act for him when he is not present. When the Executive Directors appointing them are present, alternates may participate in meetings but shall not vote.
4. The Executive Directors shall function in continuous session at the principal office of the Fund and shall meet as often as the business of the Fund may require.
5. In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.
6. Each Executive Director appointed by one of the members with the five largest quotas shall be entitled to cast the number of votes allotted under Section 3 of this Article (J.S. VII, 2) to the member appointing him. Each elected Executive Director shall be entitled to cast only the number of votes which actually counted toward his election. When the provisions of the second paragraph of Section 2 of this

Article are applicable, the votes to which an Executive Director would otherwise be entitled shall be increased or decreased proportionately. Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

- 6a. Except as otherwise specifically provided, all matters before the Executive Directors shall be decided by a majority of the aggregate votes cast.
7. The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under 2 above shall be permitted to send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.
8. The Executive Directors shall select a Managing Director who shall not be a Governor or an Executive Director. The Managing Director shall be Chairman of the Executive Directors, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meetings. He shall, however, be eligible for election as Chairman of the Board of Governors. The Managing Director shall cease to hold office when the Executive Directors shall so decide.
9. The Managing Director shall be chief of the operating staff of the Fund and shall conduct under the direction of the Executive Directors, the ordinary business of the Fund's work. Subject to the general control of the Executive Directors, he shall be responsible

for the internal organization of the Fund's staff and the appointment and dismissal of its staff.

10. The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.
11. The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the Managing Director.

(1) The Executive Directors shall be responsible for the general conduct of the <sup>general</sup> Operations of the Fund & for the purpose shall exercise all of the powers delegated to them by the Board of Governors.

B



4. The Executive Directors shall  
be in continuous session at the  
principal office of the Fund.

100

1. Insert A-B

in accordance with the provisions of Schedule B.

2. There shall be ~~(11)~~<sup>11</sup> Executive Directors of whom ~~X~~<sup>5</sup> shall be appointed by the ~~X~~<sup>5</sup> members having the largest quotas and ~~X~~<sup>6</sup> shall be elected biennially by all the Governors other than those appointed by the members having the ~~X~~<sup>5</sup> largest quotas. It is not necessary that ~~persons~~<sup>persons</sup> chosen as Executive Directors ~~should~~<sup>need not</sup> be Governors.

3. Every Director may appoint an alternate with <sup>full</sup> power to act for him when he is not present. When the Directors appointing them are present, alternates may ~~attend~~<sup>participate in meetings</sup> in meetings but shall not vote.

C-D  
Insert A-B

4. ~~The~~<sup>4.1</sup> Executive Directors shall appoint a Managing Director, who shall not be a Governor. The Managing Director shall be Chairman of the Executive Directors but shall ~~only~~<sup>have no vote</sup> possess a casting vote in case of an equal division. He may ~~attend~~<sup>participate in</sup> meetings of the Board of Governors but shall not vote at such meetings. ~~The Managing Director shall be appointed for a period of X years and shall be eligible for re-appointment. The Managing Director shall appoint to act for him when for any reason he is unable to act.~~  
*(He shall, however, be eligible for election as chairman of the Bd of Govts.)*  
*held office at the pleasure of the Executive Directors.*

Insert  
President 4  
Insert 5  
6. Insert F-F  
7. Insert possible  
U  
x

x

4. Each Executive Director or his alternate shall regularly attend at the principal office of the Fund during all sessions necessary for the due performance of the business of the Fund.

5. In order to constitute a quorum for any meeting of the Executive Directors, there must be present ~~not less than~~

*a majority of the directors representing not less than one-half of the voting power of all the Executive Directors*

~~5~~ Directors, representing one-half of the voting power of all the Executive Directors.

6. ~~Regulations made by the Board of Governors in accordance with~~ <sup>shall make</sup> ~~regulations contains~~ ~~shall contain~~ provisions under which a member which is not entitled to appoint an Executive Director under ~~1~~ <sup>5 2</sup> above shall be permitted to send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration. Such representative may ~~participate in~~ <sup>participate in</sup> ~~speak at~~ such meetings but shall have no vote.

7. ~~The system to be followed in balloting for the Executive Directors shall be that set out in the Second Schedule.~~ ~~(The Second Schedule to be the substance of (b) of Alternative A.)~~

8. When it is necessary for the Executive Directors to vote for the purposes of reaching a decision, ?

10.9. The Executive Directors may appoint such committees as they deem it advisable. Membership of such committees need not be limited to Governors or Executive Directors or their alternates.

11.2  
10. The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of service of the Managing Director.

9.9.11 The Managing Director shall be chief of the operating staff of the Fund and shall conduct under the direction of the Executive Directors the ordinary business of the Fund's work. Subject to the general control of the Executive Directors, he shall be responsible for the internal organisation of the Fund's staff and the appointment and dismissal of <sup>its</sup> subordinate staff. The Managing Director shall be responsible to the Executive Directors for the accounts.

12. The Executive Directors shall appoint the chief assistants of the Managing Director on the proposal of the latter. The chief assistants shall be appointed under contracts determinable by six months notice on either side. Continuance of the service of these officials shall be considered by the Executive Directors after every period of five years.

new combined alternative  
A+B

2. There shall be <sup>eleven</sup> ~~(11)~~ Executive Directors of whom <sup>5</sup> ~~X~~ shall be appointed by the ~~X~~ members having the largest quotas and <sup>6</sup> ~~X~~ shall be elected biennially by all the Governors other than those appointed by the members having the <sup>5</sup> ~~X~~ largest quotas. It is not necessary that persons chosen as Executive Directors should be Governors.

3. Every Director may appoint an alternate with <sup>full</sup> power to act for him when he is not present. When the Directors appointing them are present, alternates may <sup>participate in</sup> attend meetings but shall not vote.

4. Take in 4

3. The Executive Directors shall appoint a Managing Director, who shall not be a Governor. <sup>or an Executive Director.</sup> The Managing Director shall be Chairman of the Executive Directors but shall <sup>have no vote</sup> ~~only~~ possess <sup>except a</sup> a casting vote in case of an equal division. He may <sup>participate in</sup> ~~attend~~ meetings of the Board of Governors but shall not vote at such meetings. <sup>hold office at the pleasure of the Executive Directors.</sup> ~~The Managing Director shall be appointed for a period of X years and shall be eligible~~ ~~for re-appointment.~~ ~~The Managing Director shall appoint to act for him when for any reason he is unable to act.~~

However  
It shall be eligible  
Chairman of the  
Board of Governors.

INSERT (11) as 9

new combined alternative  
A+B

2. There shall be <sup>eleven</sup> ~~(11)~~ Executive Directors of whom <sup>5</sup> ~~X~~ shall be appointed by the ~~X~~ members having the largest quotas and <sup>6</sup> ~~X~~ shall be elected biennially by all the Governors other than those appointed by the members having the <sup>5</sup> ~~X~~ largest quotas. It is not necessary that persons chosen as Executive Directors should be Governors.

3. Every Director may appoint an alternate with <sup>full</sup> power to act for him when he is not present. When the Directors appointing them are present, alternates may <sup>participate in</sup> attend meetings but shall not vote.

4. Take in 4

3. The Executive Directors shall appoint a Managing Director, who shall not be a Governor. <sup>or an Executive Director.</sup> The Managing Director shall be Chairman of the Executive Directors but shall <sup>have no vote</sup> ~~only~~ possess a casting vote in case of an equal division. He may <sup>participate in</sup> ~~attend~~ meetings of the Board of Governors but shall not vote at such meetings. <sup>held office at the pleasure of the Executive Directors.</sup> ~~The Managing Director shall be appointed for a period of X years and shall be eligible for re-appointment.~~ ~~The Managing Director shall appoint to act for him when for any reason he is unable to act.~~

It shall be eligible  
Chairman of the  
Board of Governors.

INSERT (11) as 9

Forward

4. <sup>The</sup> ~~Each~~ Executive Director <sup>be in continuous</sup> or his alternate shall ~~regularly~~ attend at the principal office of the Fund during all sessions necessary for the due performance of the business of the Fund.

5. In order to constitute a quorum for any meeting of the Executive Directors, there must be present not less than

(Reading H)

1. The Executive Directors shall ~~exercise~~ be responsible for the conduct of the general operations of the Fund, + for this purpose shall exercise all <sup>powers</sup> ~~functions~~ delegated to them by the Board of Governors



2 Directors, representing one-half of the voting power of all the Executive Directors.

6. Take in p. 254256.  
19. Regulations made by the Board of Governors in accordance with \_\_\_\_\_ shall contain provisions under which a member which is not entitled to appoint an Executive Director under 1 above shall be permitted to send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration. Such representative may ~~participate~~ <sup>participate</sup> speak at such meetings but shall have no vote.

7. The system to be followed in balloting for the Executive Directors shall be <sup>^</sup> ~~that~~ <sup>electd</sup> set out in the Second Schedule. (The Second Schedule to be the substance of (b) of Alternative A.)

8. When it is necessary for the Executive Directors to vote for the purpose# of reaching a decision, ?
9. The Executive Directors may appoint such committees as they deem it advisable. Membership of such committees need not be limited to Governors or Executive Directors or their alternates.

~~10.~~ The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of service of the Managing Director.

~~11.~~ The Managing Director shall be chief of the operating staff of the Fund and shall conduct under the direction of the Executive Directors the ordinary business of the Fund's work. Subject to the general control of the Executive Directors, he shall be responsible for the internal organisation of the Fund's staff and the appointment and dismissal of subordinate staff. The Managing Director shall be responsible to the Executive Directors for the accounts.

12. The Executive Directors shall appoint the chief assistants of the Managing Director on the proposal of the latter. The chief assistants shall be appointed under contracts determinable by six months notice on either side. Continuance of the service of these officials shall be considered by the Executive Directors after every period of five years.

Section 2. The Executive Directors

(a)(1) There shall be twelve Executive Directors of whom X shall be appointed by the members having the largest quotas and Y <sup>shall be</sup> elected biennially by the <sup>members</sup> Governors not entitled to appoint a Director. Such elected <sup>members</sup> Directors may be re-elected. The Executive Directors need not be Governors.

(2) The Executive Directors shall appoint a General Manager who shall be Chairman of the Executive Directors.

[ The Chairman of the Executive Directors, if he is not a Governor, may attend and speak at meetings of the Board of Governors and shall be eligible to be elected as Chairman of the Board of Governors ]

(3) The Executive Directors shall exercise all authority delegated to them by the Board of Governors and shall attend at the principal office of the Fund with such frequency and for such continuous periods as are necessary for the due performance of the business of the Fund.

(4) In order to constitute a quorum for the Executive Directors there must be present Directors representing not less than six in number and not less than one-half of the total voting power of the Executive Directors.

(5) Whenever a member country not having a governor among the Executive Directors has requested action or will be directly affected by a decision of the Executive Directors, the Governor representing such country shall be entitled to be present at the meeting of the Executive Directors considering such request or decision but he shall not be entitled to vote.

(b) As in Alternative A

(c) After second sentence of (c) in Alternative A insert appropriate words to make it plain that an Executive Director can only cast a unit vote.

(d) The General Manager (or Chairman of Executive Directors)

(i) The General Manager shall reside at the Headquarters of the Fund.

(ii) The Executive Directors may delegate to the Chairman the power of performing on their behalf any of the functions delegated to them except the following, supposing they have been also delegated:-

1. waiver of any of the conditions of III(2)
2. the exercise of the options of the Fund in III(4)
3. all decisions on the par value of member currencies in IV (1-4)
4. all action relating to the apportionment of scarce currencies (VI)
5. decision on the use of the resources of the Fund by a member who has withdrawn (VIII(4) as revised)
6. decision on X(3) as revised and X(4) as revised
7. A formal interpretation of the Statute.

Provision will have to be made for the Chairman to appoint a Deputy Chairman to act in his absence. The Deputy Chairman must be a Director.

(e) As in (d) of Alternative A, with an additional sentence to make it plain that Committees report to the Executive Directors and that if the subject matter of their report is appropriate for consideration by the Board of Governors it is the Executive Directors who make the recommendation to the Board of Governors as to the acceptability of the Committee's report

(6) The Executive Directors shall be compensated by the Fund in an amount fixed by the Board of Governors.

#### Voting

? Reserve proposal until Quotas has been disposed of.

? Is it right that the General Manager if a Governor shall only have a casting vote in the case of an equal division in the voting

JOINT STATEMENT - No Provisions

-----

The following material has been suggested as an addition to Article IX:

Alternative A

# Section 5. Immunities of the Fund.

(a) The Fund shall be immune from suit except when it consents to be sued.

(b) The Fund and its assets of whatsoever nature shall, where-  
soever located and by whomsoever held, be exempt and immune from  
search, seizure, attachment, execution, requisition, confiscation,  
mort<sup>a</sup>itorium and expropriation, whether under judicial process or other-  
wise, in the territory of any member.

(c) All governors, executive directors, officers and employees  
of the Fund shall, with respect to their official acts, be exempt from  
suit except when the Fund consents.

(d) The archives of the Fund shall be inviolable.

Note. There are certain other minor privileges or  
immunities which will also be required such as courier  
facilities. A further document will be issued completing  
this section in this respect.

*U.K. - usual procedure. UNRRA Food Organization are similar  
Poland - thinks ability to sue is inconsistent with (a), answered by U.K. +  
Norway. Norway in favor of (a).*

*Cuba - Constitutional problem of relieving officials from local  
criminal laws. answered by U.S. that immunity applies  
only to official acts.*

*U.S. - immunities should be in the drafts, not merely resolution  
without effect - might be case where govts would not wish to recognize immunities  
officials. Treat like diplomats. U.K. answered that this is more  
than is necessary. Supported U.S. view on spelling out immunities  
in agreement*

*Norway - should be diplomats.*

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

*Approved*

(d) Each member shall <sup>inform</sup> satisfy the Fund <sup>of</sup> that the detailed action <sup>it has taken</sup> necessary or appropriate to grant the <sup>exemptions</sup> restrictions and immunities provided for in this Section and in Section 5, respectively, <sup>which it has</sup> have been taken.

*Accepted*

*Differences between such members & the Fund as to the ~~necessity~~ <sup>sufficiency</sup> of any action shall be resolved in accordance with the provisions of Article XII, Section 1.*

DA:be  
7/6/44

Redraft of Article IX, Section 7. Restrictions on Taxation of the Fund  
its Employees and Obligations.

(a) The Fund shall be exempt and immune from all direct taxation and all customs duties, and from liability for the collection or payment of any <sup>direct</sup> tax or customs duty, imposed by any member or any political subdivision or any taxing authority thereof, in respect of its assets, property, income, activities, operations and authorized transactions of whatsoever nature.

(b) No member, or any political subdivision or any taxing authority thereof, shall impose or collect any tax on or measured by salaries paid by the Fund<sup>4p</sup> to its executive directors, officials and employees who are not citizens of such member.

(c) No member, or any political subdivision or taxing authority thereof, shall impose or collect any taxation on any obligation or security issued by the Fund, or any dividend or any interest thereon, by whomsoever held or received:

(i) which discriminates against such obligation, dividend, or interest, because of its origin; or

(ii) which is applied solely on the basis of the place or currency in which it is issued, made payable or paid, or solely on the basis of the location of any office or place of business maintained by the Fund.

(d) (Paragraph to be added).

ARTICLE XII - Interpretation of the Agreement

Section 1 - Interpretation

All questions of interpretation of the provisions of this Agreement arising between any member and the Fund or between any members and the Fund or between members shall be resolved by the Fund. Procedures in accordance with this Agreement and affording interested members an opportunity to be heard shall be established in the Rules and Regulations of the Fund. The procedures shall provide for the arbitration of such questions when they arise between the Fund and a former member.

DA:be  
7/6/44



Cuba - May cause constitutional problem. Wants mine to study it.  
 Norway - would fees be exempt? would stamp taxes be exempt  
 so that dealing with fund will be cheaper than market?  
 Poland - Indirect taxes may raise problem under (a). U.K. feels  
 this may be a problem. A.S. said indirect not exempt  
 U.K. - (c) must be measured home.

SA/1/6

JOINT STATEMENT - No Provisions

The following material has been suggested as an addition to  
 Article IX:

U.S. answered that charge takes care of this

Alternative A

# Section 7. Restrictions on Taxation of Fund, its Employees and Obligations.

(a) The Fund shall be exempt and immune from all taxation or liability for the collection or payment of any tax, <sup>direct and all customs duties, & from</sup> ~~including~~ <sup>or customs duty</sup> without limitation by reason of this enumeration, excises, duties, and imposts, imposed by any member or any political subdivision or taxing authority thereof, in respect of its assets, property, income, activities, operations and transactions of whatsoever nature.

China & Norway feel this is too broad. China - are duties covered?

(b) No member, or any political subdivision or taxing authority thereof shall impose or collect any tax on or measured by salaries paid by the Fund to its Executive Directors, officials and employees who are not citizens of such member.

Cuba thinks he indicates in fund will all sorts of business

(c) No member, or any political subdivision or taxing authority thereof, shall impose or collect any taxation on any obligation or security issued by the Fund or any dividend or interest thereon, by whomsoever held or received, which discriminates against such obligation, dividend, or interest, because of its origin, or which is applicable with respect to such obligation, security, dividend, or interest solely because of the place or currency in which it is issued, made payable or paid, or solely because of the location of any office or place of business maintained by the Fund.

China - is this an exception to (a)?

U.K. suggested telegram to all govts on points of principle U.S. do this & have sub-committee in meantime U.S., U.K., Cuba, Norway, USSR

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

impose or collect any taxation on any obligation or security issued by the fund, or any interest or dividend thereon, which is applied solely on the basis of the place or currency in which it is issued, made payable or paid, or solely on the basis of

Profits

Mexico - Shouldn't delegate power to distribute income.  
France - Doesn't distribution indicate commercial profit aspect.

Cuba  
accepted

---

Furnishing Information

Maffay - general statement.

A is minimum amount & B is end of factory.  
passed over at request of USSR + USA

At the time of accepting membership in the Fund each member will satisfy the Fund that the detailed action necessary or appropriate to grant the restrictions and immunities provided for in this section and in section 5 respectively have been taken.

INSECTA

The Executive Directors shall function in continuous session at the principal office of the Fund, and shall meet as often as the business of the Fund may require.

1. of A+B accepted.

4. amended A+B [insert A]

5. of A+B accepted.

Adopted insert B

10. accepted

8. amended [See 26a]

9. Amended [See 26b]

11. Amended [See 26b]

Nonwegian amendment to elect alternates not adopted:

(1) will work out in practice

(2) 2 must work together.

COMPARISON OF ALTERNATIVES

	<u>AB</u>	<u>C</u>	<u>D</u>
✓ 1.-Executive Directors and Their Powers	1	A	None
2.-Formation of Executive Directorate	2-3	B	1st par.
3.-Method of Election	2-Schedule B	C	1st & 2nd par.
4.- <u>Meetings of Directors</u>			
✓ a) Sessions	4-7	D	2nd par.
✓ b) Quorum	5	D	None
c) Voting Power	6	E	1st par.
✓ 5.-Decisions	None	E	None
✓ 6.-Appointment of Committees	10	F	None
✓ 7.-Managing Director	8-9	F	None
✓ 8.-Remuneration	11	F	None
<del>9.-Appeals of Decisions</del>	<del>None</del>	<del>None</del>	<del>None</del>

Mr. Ansel F. Luxford (United States)

3000  
Fidelity Union Bank  
MADE IN U.S.A.

Alternative C

a) The Board of Governors shall appoint an Executive Committee.

The Executive Committee shall conduct all of the business of the Fund delegated to them by the Board of Governors.

b) Formation of the Executive Committee.

The Executive Committee shall consist of fourteen Executive Directors appointed as follows:

1. Five Directors representing each one of the five member countries having the largest quotas in the Fund.
2. Three Directors representing the member countries in the economic area of the British Empire.
3. Three Directors representing the member countries in the economic area of the American Republics.
4. Three Directors representing the member countries in all other economic areas.

Each Director shall have an alternate appointed in the same manner. Executive Directors and their alternates need not be Governors and may be reappointed.

c) Method of Election of the Executive Committee.

The five Executive Directors of the five member countries having the largest quotas in the Fund shall be appointed directly by each one of such member countries and shall continue to serve for an indefinite period, subject to the pleasure of their respective Governments.

The remaining nine Executive Directors shall be chosen by the Board of Governors every year at its Annual meeting by separate elections in which all the governors of the respective economic areas shall participate, except those governors representing member countries holding permanent seats in the Executive Committee.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED.

Each governor, in the respective economic area to which his member country belongs, shall be entitled to cast exclusively for one Executive Director all of the votes to which his member country is entitled according to the rules of voting of Section 3 of this Article. The three persons receiving the highest number of votes shall be considered elected, provided, however, that no Executive Director shall be considered elected at the first ballot who has not received at least one-third of all the votes of the participating countries of his respective economic area.

If at the first balloting of the respective economic areas all three Directors should not have been elected according to the application of the preceding rules, then a second balloting shall be held at which only those governors who voted for a person not elected shall be entitled to participate in the second balloting. If at the second balloting the total number of Directors of the respective area shall not have been elected, further ballotings shall be taken applying the same rules until two Directors shall have been so elected. The third Director may then be elected by a simple majority vote.

The above procedure shall be equally applicable to the election of alternate Executive Directors.

d) Meetings of the Executive Committee.

The Executive Committee shall meet as often as the business of the Fund may require. The Executive Committee may also decide to hold regular meetings at stated periods to consider questions of general policy of the Fund and to prepare the agenda for the annual meeting of the Board of Governors.

The General Manager of the Fund shall act as Chairman of the Executive Committee, but shall have no vote.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED.



In order to constitute a quorum for the meetings of the Executive Committee there must be present not less than seven Directors representing not less than one half of the total voting power of the Executive Directors.

Whenever a member country not having a national among the Executive Directors may have requested action or will be directly affected by a decision of the Executive Committee, such member country shall be entitled to have a representative present at the meeting when such request or decision is to be considered, but such representative shall not be entitled to vote.

e) Decisions of the Executive Committee.

Resolutions of the Executive Committee shall be adopted by the favorable vote of the majority of Directors attending the meeting, provided, however, that in the said voting there should also concur a majority of the voting power represented by each Director according to Section 3.

For the purpose of computing their voting power under Section 3, the Director representing an economic area on the Executive Committee shall be entitled to represent and cast the accumulated number of votes of the member countries that voted for him in his area.

f) The Executive Committee shall appoint the General Manager of the Fund, and shall determine his duties and powers.

The Executive Committee may also appoint such committees as they deem advisable. Membership of such committees need not be limited to governors, directors and alternates.

The General Manager and the Executive Directors shall be compensated by the Fund in an amount fixed by the Board of Governors.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED.

ALTERNATIVE D

(Substitute for Joint Statement VII, 1)

b) There shall be 12 Executive Directors of whom 5 shall be appointed by the members having the five largest quotas, 3 by the members having the six next largest quotas, and 4 by the other members. In the balloting for the seats allowed to each of the last two categories, each member eligible to vote in that category shall cast for one director all the votes to which he is entitled and the directors receiving the greatest number of votes shall be Executive Directors.

The members so chosen shall have the power of appointment of directors for two years; at the end of this period any of the members may be chosen again or other members may be chosen. The persons chosen as Executive Directors need not be Governors. The Executive Directors shall meet not less than once every three months.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

7/5/44  
Doc. 150

- 25g -

J.S. Art. VII  
Sec. 1

Permanent Members of the Executive  
Committee

It is the view of the Canadian Delegation that after the Fund has begun its operations, the members of the Executive Committee should at all times include the two countries which are in the largest creditor position with the Fund.

It is therefore proposed that the five countries with the largest quotas should be automatically members of the Executive Committee. It is further proposed that at the time of the second election and at each subsequent election of members of the Executive Committee the two countries which are in the largest creditor position vis-a-vis the Fund in absolute amounts should also (if not already included) be automatically elected, thus providing thenceforward for a minimum of five and a theoretical maximum of seven automatic elections to the Executive Committee. *Elected members would fluctuate in number. Could keep 6 elected & let size of Directorate vary*

Permanent Members of the Executive  
Committee

It is the view of the Canadian Delegation that after the Fund has begun its operations, the members of the Executive Committee should at all times include the two countries which are in the largest creditor position with the Fund.

It is therefore proposed that the five countries with the largest quotas should be automatically members of the Executive Committee. It is further proposed that at the time of the second election and at each subsequent election of members of the Executive Committee the two countries which are in the largest creditor position vis-a-vis the Fund in absolute amounts should also (if not already included) be automatically elected, thus providing thenceforward for a minimum of five and a theoretical maximum of seven automatic elections to the Executive Committee.

COMBINED ALTERNATIVES A AND B FOR JOINT STATEMENT  
VII 1, 2, and 3, AND ADDITIONAL MATERIAL ON  
PAGE 27 of DOCUMENT SA/1

1. The Executive Directors shall be responsible for the conduct of the general operations of the Fund, and for this purpose, shall exercise all the powers delegated to them by the board of Governors.
2. There shall be eleven Executive Directors, of whom five shall be appointed by the five members having the largest quotas and six shall be elected biennially, in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members having the five largest quotas. Persons chosen as Executive Directors need not be Governors.
3. Every Executive Director may appoint an alternate with full power to act for him when he is not present. When the Executive Directors appointing them are present, alternates may participate in meetings but shall not vote.
4. The Executive Directors shall be in continuous session at the principal office of the Fund.
5. In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.
6. Each Executive Director appointed by one of the members with the five largest quotas shall be entitled to cast the number of

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL  
OFFICIALLY RELEASED

votes allotted under Section 3 of this Article (J.S. VII, 2) to the member appointing him. Each elected Executive Director shall be entitled to cast only the number of votes which actually count toward his election. When the provisions of the second paragraph of Section 2 of this Article are applicable, the votes to which an Executive Director would otherwise be entitled shall be increased or decreased proportionately. Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

7. The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under 2 above shall be permitted to send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.
8. The Executive Directors shall appoint a Managing Director who shall not be a Governor or an Executive Director. The Managing Director shall be Chairman of the Executive Directors, but shall have no vote except a casting vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meeting. He shall, however, be eligible for election as Chairman of the Board of Governors. The Managing Director shall hold office at the pleasure of the Executive Directors.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY  
RELEASE

9. The Managing Director shall be chief of the operating staff of the Fund and shall conduct under the direction of the Executive Directors, the ordinary business of the Fund's work. Subject to the general control of the Executive Directors, he shall be responsible for the internal organization of the Fund's staff and the appointment and dismissal of its staff. The Managing Director shall be responsible to the Executive Directors for the accounts.
10. The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.
11. The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of service of the Managing Director.

#### SCHEDULE B

(a) In balloting for the elective Executive Directors, each governor eligible to vote shall cast for one person all of the votes to which he is entitled under the first paragraph of Section 3 of this article (J.S. VII, 2). The six persons receiving the greatest number of votes shall be executive Directors, except that no person who receives less than sixteen percent of the aggregate eligible votes shall be considered elected.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL  
OFFICIALLY RELEASED

(b) When six persons are not elected on the first ballot, a second ballot 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 governors who voted on the first ballot for a person not elected and those governors all or part of whose votes for a person elected are deemed to have raised the votes cast for that person above seventeen percent of the aggregate eligible votes.

(c) In determining whether any part of the votes cast by a governor are to be deemed to have raised the total of any person above seventeen percent, there shall be considered as not forming part of the excess over seventeen percent the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until the total reaches seventeen percent.

(d) Any governor 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.

(e) If on the second ballot, six persons have not been elected, further ballots shall be taken on the same principles until six 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.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL  
OFFICIALLY RELEASED



Alternative C

(For Combined Alternatives A and B for Joint Statement VII, 1, 2 and 3, and additional material on page 27 of Document SA/1/17)

Substitute for 3:

3. For every Executive Director there shall be elected at the same time and according to the same rules an alternate with full power to act for him when he is not present. An Executive Director and his alternate need not represent the same country.

Substitute for 4:

4. The Executive Directors shall be continuously in function at the principal office of the Fund.

Substitute for 8:

8. The Executive Directors shall co-opt a Managing Director who shall not be a Governor or an Executive Director. The Managing Director shall be Chairman of the Executive Directors, but shall have no vote except a casting vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meeting. He shall, however, be eligible for election as Chairman of the Board of Governors. The Managing Director shall cease to hold office when the Executive Directors will so decide. He will not take the chair in the meeting taking such decision.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

(INSERT B)

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

COMBINED ALTERNATIVES A AND B FOR JOINT STATEMENT  
VII 1, 2, and 3, AND ADDITIONAL MATERIAL ON  
PAGE 27 of DOCUMENT SA/1

1. The Executive Directors shall be responsible for the conduct of the general operations of the Fund, and for this purpose, shall exercise all the powers delegated to them by the board of Governors.
2. There shall be eleven Executive Directors, of whom five shall be appointed by the five members having the largest quotas and six shall be elected biennially, in accordance with the provisions of Schedule B, by all the Governors other than those appointed by the members having the five largest quotas. Persons chosen as Executive Directors need not be Governors.
3. Every Executive Director may appoint an alternate with full power to act for him when he is not present. When the Executive Directors appointing them are present, alternates may participate in meetings but shall not vote.
4. The Executive Directors shall <sup>function in</sup> ~~be in~~ continuous session at the principal office of the Fund <sup>shall meet as often as the business of the Fund may require.</sup>
5. In order to constitute a quorum for any meeting of the Executive Directors, there must be present a majority of the Directors representing not less than one-half of the voting power of all the Executive Directors.
6. Each Executive Director appointed by one of the members with the five largest quotas shall be entitled to cast the number of

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL  
OFFICIALLY RELEASED

votes allotted under Section 3 of this Article (J.S. VII, 2) to the member appointing him. Each elected Executive Director shall be entitled to cast only the number of votes which actually count toward his election. When the provisions of the second paragraph of Section 2 of this Article are applicable, the votes to which an Executive Director would otherwise be entitled shall be increased or decreased proportionately. Each Executive Director shall cast all of the votes to which he is entitled as a single unit.

*1/6 of the votes of members not entitled to appoint a Director.*

6a. (INSERTS)

7. The Board of Governors shall make regulations containing provisions under which a member which is not entitled to appoint an Executive Director under 2 above shall be permitted to send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

8. The Executive Directors shall <sup>select</sup> ~~appoint~~ a Managing Director who shall not be a Governor or an Executive Director. The Managing Director shall be Chairman of the Executive Directors, but shall have no vote except a <sup>deciding</sup> ~~casting~~ vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meeting. He shall, however, be eligible for election as Chairman of the Board of Governors. The Managing Director shall <sup>cease to</sup> hold office ~~at the~~ pleasure <sup>of</sup> the Executive Directors <sup>when</sup> ~~shall so decide~~.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASE

9. The Managing Director shall be chief of the operating staff of the Fund and shall conduct under the direction of the Executive Directors, the ordinary business of the Fund's work. Subject to the general control of the Executive Directors, he shall be responsible for the internal organization of the Fund's staff and the appointment and dismissal of its staff.

200  
100  
20

[The Managing Director shall be responsible to the Executive Directors for the accounts.]

10. The Executive Directors may appoint such committees as they deem advisable. Members of such committees need not be limited to Governors or Executive Directors or their alternates.

11. The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of *the contract of* service of the Managing Director.

#### SCHEDULE B

(a) In balloting for the elective Executive Directors, each governor eligible to vote shall cast for one person all of the votes to which he is entitled under the first paragraph of Section 3 of this article (J.S. VII, 2). The six persons receiving the greatest number of votes shall be executive Directors, except that no person who receives less than sixteen percent of the aggregate eligible votes shall be considered elected.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL  
OFFICIALLY RELEASED

(b) When six persons are not elected on the first ballot, a second ballot 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 governors who voted on the first ballot for a person not elected and those governors all or part of whose votes for a person elected are deemed to have raised the votes cast for that person above seventeen percent of the aggregate eligible votes.

(c) In determining whether any part of the votes cast by a governor are to be deemed to have raised the total of any person above seventeen percent, there shall be considered as not forming part of the excess over seventeen percent the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until the total reaches seventeen percent.

(d) Any governor 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.

(e) If on the second ballot, six persons have not been elected, further ballots shall be taken on the same principles until six 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.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL  
OFFICIALLY RELEASED

Alternative A

(Substitute for Joint Statement IV 2, 3, 4.)

(1) The members agree that they will collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange alterations.

(2) A member shall not propose a change in the par value of its currency except to correct a fundamental disequilibrium.

(3) An alteration in the par value of a member's currency may be made only on the proposal of the member and, only after consultation with the Fund. When a proposal for alteration is made the Fund shall deal with it as follows:

(a) If the proposed change, plus all previous changes, whether increases or decreases, since the par value of such currency was initially <sup>determined</sup> agreed with the Fund, does not exceed ten percent of the initial par value of such currency, the Fund shall raise no objection.

(b) If the proposed change, plus all previous changes, whether increases or decreases, made under this paragraph does not exceed ten percent of the initial par value of that currency, ~~for~~ in the case of a country which has changed the par value of its currency under (a) above, does not exceed ten percent of the initial par value of that currency plus the percentage of change made under (a) above, then the Fund may either concur in or object to such proposal. The Fund shall, however, declare its attitude to the member within 72 hours, if the member country so requests.

(c) If the proposal involves a ~~larger change than indicated~~ <sup>not within (a) or (b)</sup> above, the Fund may require a longer time in which to declare its attitude.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED.

- (d) In examining any proposed change the Fund shall take into consideration the extreme uncertainties prevailing when the par values of the currencies of members were initially determined. Moreover, the Fund shall not reject a proposed change necessary to restore equilibrium because of domestic social or political policies of the member or because of its economic policies insofar as these contribute to the maintenance of a high level of employment and real income.
- (e) The Fund shall concur in a proposed change under (b) or (c) if it is required to correct a fundamental disequilibrium. If the Fund considers that the proposal has not been shown to be required to correct a fundamental disequilibrium and is unjustified, having regard to the proper working of the Fund, the Fund shall object to the proposed change.
- (4) If a member alters the par value of its currency despite the objection of the Fund, in cases where the Fund is entitled to object, the matter shall be subject to the provisions of Article VIII, Section \_\_\_\_.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED

7/2/44

- 14 b -

U. S. Art. IV  
Secs. 2-4



Substitute language for Section 2 under Alternative A, page 28.

No country shall buy gold at a price which exceeds the agreed parity of its currency nor sell gold at a price which falls below the agreed parity of its currency.

No member country shall buy or sell gold from or to the monetary authorities of another member state at prices which vary from the agreed parity of its currency by more than a prescribed margin.

Substitute sentence for the second sentence in Section 1 of Alternative A,  
page 28.

It will read

"The performance of the said commitments and stipulations which constitute a continuing condition of membership including periods of ineligibility to use the resources of the Fund and periods of suspension of membership, but all obligations in regard thereto except those in Article \_\_\_\_\_ Section \_\_\_\_\_, shall cease as to any country after termination of membership in accordance with the provisions of this Agreement.

Exchange transactions in the territory of one member involving the currency of any other member which evade or avoid exchange controls maintained by that other member pursuant to this agreement shall not be enforceable in the territory of the former member.

Alternative B, pages 14a and b

The only change that would be made in Alternative B, pages 14a and b would be the deletion of paragraph 3 and the insertion in lieu thereof of a new paragraph 3 which will read as follows:

"A member country which alters the par value of its currency despite the objection of the Fund, in cases where the Fund is entitled to object, shall be subject to the provisions of Article VIII, Section 4.

hold changes in par values  
do IV, 5, 67.

---

Cooperation cleared  
Gold holding cleared

---

Art. IV, 2, 3, 4 J.S. + all alternates.  
Leave out section 3 + 4

to be inserted later.  
put in J.S. + [to be inserted later]

Rider A, page 14(b)

or business of its economic policies insofar as these contribute to the maintenance of a high level of employment and real income.

JOINT STATEMENT IX, 2

2. Not to allow exchange transactions in its market in currencies of other members at rates outside a prescribed range based on the agreed parities.

-----  
Alternative A

& Section 3. Foreign Exchange Dealings Based on Par Values.

(i) The Fund shall prescribe a maximum and minimum rates for exchange transactions, which shall not differ by more than \_\_\_\_ percent from parity.

(ii) Each member undertakes, through appropriate measures authorized under this Agreement, not to permit within its jurisdiction an appreciation or depreciation of the exchange value of its own currency in terms of gold beyond the range prescribed under (i) above. A member whose monetary authorities in fact freely buy and sell gold within the prescribed range, to settle international transactions, shall be deemed to be fulfilling this undertaking.

(iii) Exchange transactions in the territory of one member involving the currency of any other member which evade or avoid the exchange regulations prescribed by that other member, which are authorized by this Agreement, shall not be enforceable in the territory of any member.

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED.

(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~~ <sup>effective</sup> at a rate <sup>(in any quarterly period)</sup> greater than one-twelfth of the Fund's excess holdings <sup>at the date of withdrawal</sup> of the currency to be redeemed ~~at the date of withdrawal~~ plus current accruals <sup>of</sup> in 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 ~~in~~ <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.



~~To be inserted~~

Alternative A

(Transfer Article III, Section 5 of the Joint Statement  
to  
as it appears in Alternative B, page 9 a, Article IX, (as section 3 )

International Multilateral Clearing

It has been suggested that Article III,  
Section 5 of the Joint Statement be  
inserted here as an additional section.  
The wording would be the same as  
that appearing in Alternative A  
on page 9.

~~OUT~~

NONE OF THIS MATERIAL IS FOR PUBLICATION UNTIL OFFICIALLY RELEASED.

7/1/44

- 30 -

J.S. Art. IX  
Additional Section

QFL

June 26, 1944

MEMORANDUM

1. These are tentative quick conclusions of Messrs. Hiss, Acheson, Hackworth and myself. We will study the general problem of the legal nature of the Fund and consult the Secretary of State next week.

2. We will continue to study question of Bank and its relationship with public. We will study texts on the Bank, which we understand are being sent to us.

OK 3. IX, 5. Purposes and policies of member countries. We feel this is vague and will only cause trouble in Congress. Recommend its elimination.

OK 4. Article XIII, 1. Interpretation. Substitute: "All questions of interpretation of the provisions of these Articles of Agreement shall be referred by the governments members of the Fund to the Fund for resolution."

OK 5. Article IX, 1. Substitute for the last sentence: "The performance of the said commitments and stipulations shall constitute a continuing condition of membership including periods of ineligibility to use the resources of the Fund and periods of suspension of membership, but all obligations in regard thereto shall cease as to any country after termination of membership in accordance with the provisions of these Articles of Agreement." 18

C 6. Article XIII. Substitute a new title and new Section 1. "Article XIII. Entry into effect. Section 1. The original of these Articles of Agreement shall be deposited with the Secretary of State of the United States of America and opened for signature on behalf of the governments agreeing thereto. Each government agreeing to these Articles in conformity with its established constitutional procedure and accepting membership in the Fund and undertaking the obligations set forth in these Articles shall deposit an instrument of agreement setting forth the foregoing and an instrument of authority authorizing signature of the original of these Articles on its behalf. The Secretary of State will inform the governments of all of the countries represented at the United Nations Monetary and Financial Conference of the deposit of all the above-mentioned instruments and signatures and shall transmit certified copies of all said instruments to all said governments." 10

OK  
7. It will be noted that the idea contained in the first sentence of Article XIII, 1, is omitted entirely. This idea should be incorporated in an act of the Bretton Woods Conference which: (1) refers to the Articles of Agreement as merely a draft of proposal, (2) states that the delegates resolve that it shall be transmitted by the Secretary of State of the United States to each of their governments for action.

OK  
8. Adoption of the language of new Article XIII, 1, may require some stylistic revision throughout the entire Article where reference has been made simply to "membership".

9. Article XI amendments. It is believed that this Article cannot be used and that the "timely objection" would be an unacceptable manner of amendment. It is suggested that wherever the Board has discretion to make amendments as to details of regulations, this be specified if it is not already. Then there should be a general amendment clause providing for amendment by 80% acceptance by countries based on quotas, but not applicable in dealings with the Fund with countries which do not accept. Moreover, there should be spelled out a number of provisions which can only be amended by unanimous consent - say the Article on the readjustment of quotas, that on changing par values, those on obligations of member countries, and perhaps those on the functions of the Board and Executive Committee.

*President might  
to veto*

Emilio G. Collado

EGC:ja