

ARTICLES OF AGREEMENT OF THE  
INTERNATIONAL MONETARY FUND

The Governments on whose behalf the present Agreement is signed agree as follows:

Introductory Article

The International Monetary Fund is established and shall operate in accordance with the following provisions:

Article I. Purposes

The purposes of the International Monetary Fund are:

(i) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation <sup>collaboration</sup> on international monetary problems.

(ii) To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.

*make this (v)*  
(iii) To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

<sup>iv</sup>  
(iv) To promote exchange stability, to maintain orderly exchange arrangements among member ~~countries~~, and to avoid competitive exchange depreciation.

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<sup>IV</sup>  
(v) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

(vi) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members. The Fund shall be guided in all its decisions by the purposes set forth ~~above~~. *in this article.*

Article II. Membership

Section 1. Original members.

The original members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership ~~in~~ *before* ~~the date specified in~~ *2(e)* accordance with Article XX, Section 1 ~~(a)~~.

Section 2. Other members.

Membership shall be open to the governments of other countries at such times and in accordance with such terms as may be prescribed by the Fund.

Article III. Quotas and Subscriptions

Section 1. Quotas.

Each member shall be assigned a quota. The quotas of the members represented at the United Nations Monetary and Financial Conference which accept membership ~~in accordance~~ *before the date* ~~with Article XX, Section 1(a)~~ *2(e)* shall be those set forth in Schedule A, ~~annexed hereto~~. The quotas of other members shall be determined by the Fund.

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Section 2. Adjustment of quotas

The Fund shall at intervals of five years review, and, if it deems it appropriate, propose an adjustment of, the quotas of the members. It may also, if it thinks fit, consider at any other time the adjustment of any particular quota at the request of the member concerned. A four-fifths majority <sup>of the total voting power</sup> vote shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned.

Section 3. Subscriptions: time, place and form of payment

(a) The subscription of each member shall be equal to its quota and shall be paid in full to the Fund at the appropriate depository on or before the date when the member becomes eligible under Article XX, Section 4 <sup>(c) or (d)</sup> to buy currency <sup>res</sup> from the Fund.

(b) Each member shall pay in gold, as a minimum, the smaller of:  
(i) twenty-five percent of its quota; or

(ii) ten percent of its net official holdings of gold and United States dollars as at the date <sup>the Fund notifies</sup> when this Agreement <sup>members under Article XX, Section 4(a) that it will</sup> enters into force under Article XX, Section 4. <sup>shortly be in a position to begin exchange transactions.</sup> Each member shall furnish to the Fund the data necessary to determine its net official holdings of gold and United States dollars.

(c) Each member shall pay the balance of its quota in its own currency.

(d) If the net official holdings of gold and United States dollars of any member as at the date <sup>referred to in (b)(ii) above</sup> when this Agreement enters into force under Article XX, Section 4, are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative date for determining such holdings for the purposes of (b) (ii) above. If such date is later than that on which the country becomes eligible under Article XX, Section 4, <sup>(c) or (d)</sup> to buy currency <sup>res</sup> from the Fund, the Fund and the member shall

agree on a provisional gold payment to be made under (b) above and the balance of the member's subscription shall be paid in the member's currency, subject to appropriate adjustment between the member and the Fund when the net official holdings have been <sup>ascertained</sup> determined.

Section 4. Payments when quotas are changed.

(a) Each member which consents to an increase in its quota shall, within thirty days after the date of its consent, pay to the Fund twenty-five per cent of the increase in gold and the balance in its own currency. If, however, on the date when the member consents to an increase, its monetary reserves are less than its new quota, the Fund may reduce the proportion of the increase to be paid in gold.

(b) <sup>if a member</sup> The Fund shall, <sup>after</sup> within thirty days <sup>of the consent,</sup> of the date <sup>on which</sup> any member consents to a reduction in its quota, pay to <sup>that</sup> member an amount equal to the reduction. The payment shall be made in the member's currency and in such amount of gold as may be necessary to prevent reducing the Fund's holdings of the currency below seventy-five per cent of the <sup>member's</sup> new quota.

Section 5. Substitution of securities for currency.

The Fund shall accept from any member in place of any part of the member's currency which in the judgment of the Fund is not needed for its operations, notes or similar obligations issued by the member or the depository designated by the member, <sup>under Article VIII, Section 2</sup> which shall be non-negotiable, non-interest bearing and payable <sup>at</sup> at their par value on demand by crediting the account of the Fund in the designated depository. This Section shall apply not only to currency subscribed by members but also to any currency <sup>due to or</sup> otherwise acquired by the Fund.

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Article IV. Par Values of Currencies

Section 1. Expression of par values.

(a) The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

(b) All computations relating to currencies of members for the purpose of applying the provisions of this Agreement shall be on the basis of their par values.

Section 2. Gold purchases based on par value.

The Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin.

Section 3. Foreign exchange dealings based on parity.

The maximum and the minimum rates for exchange transactions between the currencies of members taking place within their territories shall not differ from parity

(i) in the case of spot exchange transactions, by more than one percent; and

(ii) in the case of other exchange transactions, by a margin which exceeds the margin for spot exchange transactions by more than the Fund considers reasonable.

Section 4. Obligations regarding exchange stability.

(a) Each member undertakes to collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations.

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4 (b) Each member undertakes, through appropriate measures, consistent with this Agreement, to permit within its territories exchange transactions between its currency and the currencies of other members only within the limits prescribed under Section 3. of this Article. A member whose monetary authorities, in fact freely buy and sell gold within the limits prescribed by the Fund under Section 2 of this Article, *for the need of* to settle international transactions, shall be deemed to be fulfilling this undertaking.

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

Section 5. Changes in par values.

4 (a) A change 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.

4 (b) When a change is proposed, the Fund shall first take into account the changes, if any, which have already taken place in the initial par value of the member's currency. *as determined under Article XX, Section 4.* If the proposed change, together with all previous changes, whether increases or decreases,

(i) does not exceed ten percent of the initial par value, the Fund shall raise no objection.

(ii) does not exceed a further ten percent of the initial par value, the Fund may either concur or object, but shall declare its attitude within seventy-two hours if the member so requests.

(iii) is not within (i) or (ii) above, the Fund may either concur or object, but shall be entitled to a longer period than seventy-two hours in which to declare its attitude.

4 (c) Uniform changes in par values made under Section 7 of this Article shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) of (b) above.

4 (d) A member may change the par value of its currency without the concurrence of the Fund if the change does not affect international transactions of <sup>the</sup> members of the Fund.

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<sup>A</sup>  
(a) The Fund shall concur in a proposed change which is within the terms of <sup>C</sup>(b) (ii) or <sup>D</sup>(b) (iii) above if it is satisfied that the change is necessary to correct a fundamental disequilibrium. In particular, provided it is so satisfied, it shall not object to a proposed change <sup>because</sup> ~~on the~~ ~~ground~~ of the domestic social or political policies of the member proposing the change.

Section 6. Effect of unauthorized changes.

If a member changes the par value of its currency despite the objection of the Fund, in cases where the Fund is entitled to object, the member shall be ineligible to use the resources of the Fund unless the Fund otherwise determines; and if, after the expiration of a reasonable period, the difference between the member and the Fund continues, the matter shall be subject to the provisions of Article XV, Section 2. <sup>(b)</sup>

Section 7. Uniform changes in par values.

Notwithstanding the provisions of Section 5(a) of this Article, the Fund by <sup>a</sup> majority <sup>of the total voting power</sup> vote may make uniform proportionate changes in the par values of the currencies of all members, provided each such change is approved by every member which has ten percent or more of the total of the quotas. The par value of a member's currency shall, however, not be changed under this provision if, within seventy-two hours of the Fund's action, the member informs the Fund that it does not wish the par value of its currency to be changed by such action.

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Section 8. Maintenance of gold value of the Fund's assets.

(a) The gold value of the Fund's assets shall be maintained notwithstanding changes in the par or foreign exchange value of the currency of any member.

(b) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Fund, depreciated to a significant extent within that member's territories, the member shall <sup>pay to</sup> ~~compensate~~ the Fund ~~by paying to it~~ within a reasonable time an amount of its own currency equal to the reduction in the gold value of its currency held by the Fund.

(c) Whenever the par value of a member's currency is increased, the Fund shall ~~compensate such member by returning to it~~ <sup>to such member</sup> within a reasonable time, an amount in ~~the member's~~ <sup>its</sup> currency equal to the increase in the gold value of its currency held by the Fund.

(d) The provisions of this Section shall apply to a uniform proportionate change in the par values of the currencies of all members, unless at the time when such a change is proposed the Fund decides otherwise.

Section 9. Separate currencies within a member's territories.

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 separate currencies of all territories in respect of which it has accepted this agreement under Article XX, Section 1 <sup>2 (g)</sup> (c). It shall, however, be open to a member to declare that its proposal relates either to the metropolitan currency alone, or <sup>only</sup> to one or more specified separate currencies, ~~alone~~, or to the metropolitan currency and one or more specified separate currencies.

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Article V. Transactions with the Fund

Section 1. Agencies dealing with the Fund.

Each member shall deal with the Fund only through its Treasury, Central Bank, Stabilization Fund or other similar fiscal agency and the Fund shall deal only with or through the same agencies.

Section 2. Limitation on the Fund's operations

Except as otherwise provided in this Agreement, operations on the account of the Fund shall be limited to transactions for the purpose of supplying a member, on the initiative of such member, with the currency of another member in exchange for <sup>or for</sup> the currency of the member desiring to purchase, <sup>make the</sup> ~~or for~~ gold.

Section 3. Conditions governing use of the Fund's resources

(a) A member shall be entitled to buy the currency of another member from the Fund in exchange for its own currency subject to the following conditions:

- (i) The member desiring to purchase the currency represents that it is presently needed for making payments in that currency, which are consistent with the provisions of this Agreement;
- (ii) The Fund has not given notice under Article VII, Section 3, that its holdings of the currency desired have become scarce;
- (iii) <sup>proposed</sup> The purchase ~~shall~~ <sup>would</sup> not cause the Fund's holdings of the purchasing member's currency to increase by more than twenty-five percent of its quota during the period of twelve months ending on the date of the

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purchase nor to exceed two hundred percent of its quota, but <sup>the</sup> ~~the~~ twenty-five percent limitation shall <sup>not apply until the Fund's holdings of the member's currency have been brought up to seventy-five percent of its quota if they have been below that amount;</sup> ~~not apply until the Fund's holdings of the member's currency have been brought up to seventy-five percent of its quota if they have been below that amount;~~

*are not the relevant limit below the 25% limitation shall apply only to the extent above 75% of its quota.*

(iv) The Fund has not previously declared under Section 5 <sup>Article IV, Section 1, Article V, Section 1</sup> of this Article or under Article XV, Section 2(a), that the member desiring to purchase is ineligible to use the resources of the Fund.

9 (b) A member shall not be entitled without the permission of the Fund to use the Fund's resources to <sup>acquire currency to hold against</sup> ~~cover~~ forward exchange transactions.

#### Section 4. Waiver of conditions.

The Fund may in its discretion, and on terms which safeguard its interests, waive any of the conditions prescribed in Section 3(a) of this Article, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making <sup>a</sup> such waiver it shall take into consideration periodic or exceptional requirements <sup>of the requesting member.</sup> of members. The Fund shall also take into consideration a member's willingness to pledge as collateral security gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of waiver the pledge of such collateral security.

*but the 25% limitation shall apply only to the extent that the Fund's holdings of the member's currency have been brought above 75% of its quota, if they had been below that amount.*

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Section 5. Ineligibility to use the Fund's resources.

Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it shall present to the member a report setting forth the views of the Fund and prescribing a suitable time for reply. After presenting such a report to a member, the Fund may limit the use of its resources by the member. If no reply to the report is received from the member within the prescribed time, or if the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources <sup>may</sup> or, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

Section 6. Purchases of currencies from the Fund for gold.

(a) Any member desiring to obtain, directly or indirectly, the currency of another member for gold shall, provided that it can do so with equal advantage, acquire it by the sale of gold to the Fund.

(b) Nothing in this Section shall be deemed to preclude any member from selling in any market gold newly produced from mines located within its territories.

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Section 7. Other Acquisitions of gold and of convertible  
currency by the Fund.

(a) A member may repurchase from the Fund for gold any part of the Fund's holdings of its currency.

(b) If, at the end of any financial year of the Fund, its holdings of a member's currency are found to have increased during the year, the Fund shall, subject to (d) and (g) below, require the member to repurchase its currency from the Fund by drawing upon its monetary reserves up to the point at which, this adjustment having been made, the amount by which its reserves have decreased during the year is equal to the amount by which the Fund's holdings of its currency has increased during the year.

(c) If, after the adjustment described in (b) above has (if it is required) been made, a member's monetary reserves are found to have increased during the year, the Fund shall, subject to (d) and (g) below, require it to use one-half of the increase to repurchase its currency from the Fund.

In calculating, for purposes of this <sup>paragraph</sup> subsection, the increase in a member's monetary reserves during any year, no account shall be taken of any increase in those reserves which is due to currency previously inconvertible having become convertible during the year, or which is due to the member's contracting a long-term or medium-term loan during the year, or which has been transferred or set aside for payment of a loan during the subsequent year unless such obligations are otherwise deducted.

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(d) The adjustments described in (b) and (c) above shall not be undertaken unless (i) the member's monetary reserves exceed its quota and (ii) the Fund's holdings of its currency exceed <sup>Seventy-five percent</sup> ~~three-quarters~~ of its quota; and when undertaken they shall not be carried beyond the point at which the member's monetary reserves fall to the level of its quota nor beyond the point at which the Fund's holdings of its currency falls to the level of <sup>Seventy-five percent</sup> ~~three-quarters~~ of its quota.

(e) In determining the extent to which these repurchases of a member's currency from the Fund shall be made with each type of monetary reserve, that is with gold and with each several kind of convertible currency, the following rules shall, subject to (g) below, be applied.

- (i) The gross holdings of each type of reserve shall alone be taken into account, liabilities being ignored.
- (ii) The amount payable to the Fund under (b) above shall be distributed between each type of reserve in proportion to the member's holdings thereof at the end of the year.
- (iii) The amount payable to the Fund under (c) above shall be distributed between those types of reserves which have increased in proportion to the amount by which each of them has increased.

The Fund shall not acquire any non-member currency under this provision.

(f) If, at the end of the Fund's financial year, after the adjustments described in (b) and (c) above have (if they are required) been made, a member's holdings of another member's currency (or of gold acquired from that member) are found to have

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increased by reason of transactions with other members or their nationals, the Fund may require the member whose holdings of foreign currency (or gold) have thus increased to use the increase to purchase its own currency from the Fund; provided always that the Fund shall only so act with the consent of the member whose currency has been acquired (or from whom gold has been acquired) as a result of such transactions.

(g) None of the processes of adjustment described in (b) <sup>through</sup> to (f) above shall be carried to a point at which the Fund's holding<sup>s</sup> of a currency which it is acquiring exceeds its holdings of a currency with which it is parting, <sup>holdings of</sup> each ~~currency~~ holding being measured not as an absolute sum but as a proportion of the quota of the member concerned.

(h) In the case of members whose metropolitan territories have been occupied by the enemy or severely damaged by enemy action, the obligations of this Section shall not apply for five years after this Agreement comes into force to gold newly produced from mines located within the <sup>in</sup> territories <sup>of</sup> such members.

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Section 8. Charges

(a) Any member buying the currency of another member from the Fund in exchange for its own currency shall pay a service charge of three-fourths <sup>of one</sup> percent in addition to the parity price. The Fund in its discretion may increase this service charge to not more than one percent or reduce it to not less than one-half <sup>of one</sup> percent.

(b) The Fund may levy a reasonable handling charge on any member buying gold from the Fund or selling gold to the Fund.

(c) The Fund shall levy charges uniform for all members which shall be payable by any member on the average daily balances of its currency held by the Fund in excess of its quota. These charges shall be at the following rates:

(i) On amounts not more than twenty-five percent in excess of the quota: no charge for the first three months; one-half <sup>of one</sup> percent per annum for the next nine months; and thereafter an increase in the charge of one-half <sup>of one</sup> percent for each subsequent year.

(ii) On amounts more than twenty-five percent and not more than fifty percent in excess of the quota: an additional one-half <sup>of one</sup> percent for the first year; and an additional one-half <sup>of one</sup> percent for each subsequent year.

(iii) On each additional bracket of twenty-five percent in excess of the quota: an additional one-half <sup>of one</sup> percent for the first year; and an additional one-half <sup>of one</sup> percent for each subsequent year.

(e) <sup>referred to in (c) & (d) above</sup> These rates may be changed by a 3/4 majority of the total voting power.

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*After the charges shall rise in accordance with the provisions of (c) above until they reach 5%, & thereafter the Fund's holdings of a member's currency are such that*

~~(d) These rates may be varied by a three-fourths majority of the total votes. Whenever the charge applicable to any bracket for any period has reached the rate of four percent per annum, the Fund and the member shall consider means by which the Fund's holdings of the currency can be reduced. Failing agreement, the Fund may impose such charges as it deems appropriate.~~

*then*

(e) All charges shall be paid in gold. If, however, the member's monetary reserves are less than one-half of its quota, it shall pay in gold that proportion of the charges due which such reserves bear to one-half of its quota, and shall pay the balance in its own currency.

*only*

Article VI. Capital Transfers

Section 1. Use of the Fund's resources for capital transfers.

(a) A member may not make net use of the Fund's resources to meet a large or sustained outflow of capital, and the Fund may request a member to exercise controls to prevent such use of the resources of the Fund. If, after receiving such a request, a member fails to exercise appropriate controls, the Fund may declare the member ineligible to use the resources of the Fund.

(b) Nothing in this Section shall be deemed

- (i) to prevent the use of the resources of the Fund for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business, or
- (ii) to affect capital movements which are met out of a member's own resources of gold and foreign exchange, but members undertake that such capital movements will be in accord with the purposes of the Fund.

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Section 2. Special provisions for capital transfers.

If the Fund's holdings of the currency of a member have remained below seventy-five per cent of its quota for an immediately preceding period of not less than six months, such member, if it has not been declared ineligible to use the resources of the Fund under Article V, Section 5, or Article XV, Section 2(a), shall be entitled, notwithstanding the provisions of Section 1(a) of this Article, to buy the currency of another member from the Fund with its own currency for any purpose, including capital transfers. Purchases for capital transfers under this Section shall not, however, be permitted if they have the effect of raising the Fund's holdings of the currency of the member desiring to purchase above seventy-five per cent of its quota, or of reducing the Fund's holdings of the currency desired below seventy-five per cent of the quota of the member whose currency is desired.

Section 3. Controls of capital transfers.

Members may exercise such controls as are necessary to regulate international capital movements, but no member may exercise ~~such~~ such controls in a manner which will restrict payments for current transactions or which will unduly delay the transfers of funds in settlement of commitments, except as provided in Article VII, Section 3(b), and in Article XIV, Section 2.

Article VII. Scarce Currencies

Section 1. General scarcity of currency.

If the Fund finds that a general scarcity of a particular currency is developing, the Fund may so inform members and may issue a report setting forth the causes of the scarcity and containing recommendations designed to bring it to an end. A representative of the member whose currency is involved shall participate in the preparation of the report.

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Art. VII, Sec. 1

Section 2. Measures to <sup>replenish</sup> maintain Fund's holdings of scarce currencies.

The Fund may, if it deems such action appropriate to <sup>replenish its holdings</sup> ~~maintain necessary~~ balances of any member's currency, take either or both of the following steps:

(i) Propose to the member that on terms and conditions agreed between the Fund and the member, the latter <sup>it</sup> lend ~~such~~ currency to the Fund or, with the approval of the member, <sup>that</sup> the Fund borrow such currency from some other source either within or outside the territory <sup>of</sup> of the member, but no member shall be under any obligation to make such loans to the Fund or to approve the borrowing of its currency by the Fund from any other source.

*Special Committee*  
(ii) <sup>Require the member to sell its</sup> Buy ~~that~~ currency <sup>to the Fund for</sup> from the member with gold.

Section 3. Scarcity of the Fund's Holdings.

(a) If it becomes evident to the Fund that the demand for a member's currency seriously threatens the Fund's ability to supply that currency, the Fund, whether or not it has issued a report under Section 1 of this Article, shall formally declare such currency scarce and shall thenceforth apportion its existing and accruing supply of the scarce currency with due regard to the relative needs of members, the general international economic situation and any other pertinent considerations. The Fund shall also issue a report concerning its action.

(b) ~~Such~~ <sup>under (a) above</sup> formal declaration shall operate as an authorization to any member, after consultation with the Fund, temporarily to impose limitations on the freedom of exchange operations in the scarce currency. Subject to the provisions of Article IV, Section <sup>and 4</sup> 3, the member shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more restrictive.

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than is necessary to limit the demand for the scarce currency to the supply held by, or accruing to, the member in question; and they shall be relaxed and removed as rapidly as conditions permit.

(c) This authorization shall expire whenever the Fund formally declares the currency in question no longer scarce. *under (b) above* *to be*

Section 4. Administration of restrictions.

Any member imposing restrictions in respect of the currency of any other member pursuant to the provisions of Section 3(b) of this Article shall give sympathetic consideration to any representations by the other member regarding the administration of such restrictions.

Section 5. Effect of other international agreements on restrictions.

Members agree not to invoke the obligations of any engagements entered into with other members prior to this Agreement in such a manner as will prevent the operation of the provisions of this Article.

Article VIII. General Obligations of Members.

Section 1. Introduction.

In addition to the obligations assumed under other articles of this Agreement, each member undertakes the obligations set out in this Article.

Section 2. Restrictions on current payments. *Avoidance of*

(a) Subject to the provisions of Article VII, and Article ~~XIII~~, *XIV Section 2*, no member shall, without the approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions. *Section 3(b)*

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(b) Exchange contracts, which involve the currency of any member and are contrary to the exchange control regulations of that member maintained or imposed consistently with this Agreement, shall be unenforceable in the territories of any other member.

In addition, members may, by mutual accord, co-operate in measures for the purpose of making the respective exchange control regulations of either member more effective, provided that such measures and regulations are consistent with this Agreement.

Section 3. <sup>avoidance of</sup> Discriminatory Currency Practices.

No member shall engage in, or permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any discriminatory currency arrangements or multiple currency practices except ~~as authorized under this Agreement~~ <sup>as authorized under this Agreement</sup> or approved by the Fund. If such arrangements and practices are engaged in at the date <sup>when</sup> this Agreement enters into force the member concerned shall consult with the Fund as to their progressive removal unless they are

<sup>maintained or imposed under</sup> covered by Article XIV, Section 2, <sup>in which case the provisions of</sup> ~~Article XIV, Section 4~~ shall apply.

Section 4. Convertibility of foreign held balances.

(a) Each member shall buy balances of its currency held by another member if the latter, in requesting the purchase, represents

- (i) that the balances to be bought have been <sup>recently</sup> ~~currently~~ acquired, or
- (ii) that their conversion is needed for making <sup>current</sup> ~~current~~ payments <sup>which</sup> ~~are consistent with the provisions of this Agreement.~~ <sup>are consistent with the provisions of this Agreement.</sup>

The buying member shall have the option to pay either in the currency of the member making the request or in gold.

(b) This obligation <sup>in (a) above shall</sup> ~~does not~~ apply:

- (i) When the <sup>convertibility of the balances has been restricted</sup> ~~purchase is requested for a capital transfer (unless~~ <sup>consistent with Article VII, Section 3, or Article VIII, Section 2;</sup> ~~following within the class referred to in (a)(ii) above); or~~
- (ii) When the balances ~~to be bought~~ have accumulated as a result of transactions effected before the removal by a member of restrictions maintained or imposed under Article XIV, Section 2; <sup>or</sup>

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- (iii) When the balances ~~to be bought~~ have been acquired contrary to the exchange regulations of the member which is asked to buy them; or
- (iv) When the currency of the member requesting the purchase has been declared scarce under Article VII, Section 3; <sup>(a)</sup> or
- (v) When the member requested to make the purchase ~~is~~ not entitled ~~for any reason~~ to buy currencies of other members from the Fund with its own currency.

Section 5. Furnishing of information.

(a) The Fund may require members to furnish it with such information as it deems necessary for its operations, <sup>including</sup> The minimum ~~information~~ necessary for the effective discharge of the Fund's duties <sup>national</sup> ~~includes~~ data concerning the following <sup>on matters:</sup>:

- (i) Official holdings at home and abroad, of (1) gold, (2) foreign exchange.
- (ii) Holdings at home and abroad by banking and financial agencies, other than official agencies, of (1) gold, (2) foreign exchange.
- (iii) Production of gold.
- (iv) Gold exports and imports according to countries of destination and origin.
- (v) Total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin.
- (vi) International balance of payments, including (1) trade in goods and services, (2) gold transactions, (3) known capital transactions, and (4) other items. 7
- (vii) International investment position, i.e., investments within the territories of the member owned abroad and investments abroad owned by <sup>persons</sup> ~~residents~~ of its territories, so far as it is possible to furnish this information.

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*under Article V,  
Section 5, or  
Article VII,  
Section 2 (a),  
has been declared  
ineligible to use  
resources of the Fund*

(viii) National income.

(ix) Price indices, i.e., indices of commodity prices in wholesale and retail markets and of export and import prices.

(x) Buying and selling rates for foreign currencies.

(xi) Exchange controls, i.e., a comprehensive statement of exchange controls in effect at the time of assuming membership in the Fund and details of subsequent changes as they occur.

(xii) Where official clearing arrangements exist, details of amounts awaiting clearance in respect of commercial and financial transactions, and of the time lag for each group.

(b) In requesting information the Fund shall take into consideration the varying ability of members to furnish the data requested. Members shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are disclosed. Members undertake, however, to furnish the desired information in as detailed and accurate a manner as is practicable, and, so far as possible, to avoid mere estimates.

(c) The Fund may arrange to obtain further information by agreement with members. It shall act as a center for the collection and exchange of information on monetary and financial problems, thus facilitating the preparation of studies designed to assist members in developing policies which further the purposes of the Fund.

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Art. VIII,  
Sec. 5, (cont.)

Section 6. Consultation between members regarding existing international agreements.

Where under this Agreement a member is authorized in the special or temporary circumstances specified in the Agreement to maintain or establish restrictions on exchange transactions, and there are other engagements between members entered into prior to this Agreement which conflict with the application of such restrictions, the parties to such engagements will consult with one another with a view to making such mutually acceptable adjustments as may be necessary. The provisions of this Article shall be without prejudice to the operation of Article VII, Section 5.

Article IX. Status, Immunities and Privileges of the Fund

Section 1. Purposes of Article.

To enable the Fund to fulfill the functions with which it is entrusted, the attributions, immunities and privileges set forth in this Article shall be accorded to the Fund in the territories of each member.

Section 2. Status of the Fund.

The Fund shall possess full juridical personality, and, in particular, the power:

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

Section 3. Immunity from judicial process.

The Fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except to the extent that it waives its immunity for the purpose of any proceedings or by the terms of any contract.

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Section 4. Immunity from other action.

Property and assets of the Fund, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

Section 5. Immunity of archives.

The archives of the Fund shall be inviolable.

Section 6. Freedom of assets from Restrictions.

To the extent necessary to carry out the operations provided for in this Agreement, all property and assets of the Fund shall be free from restrictions, regulations, controls and moratoria of any nature.

Section 7. Privilege for communications.

The official communications of the Fund shall be accorded by members the same treatment as the official communications of other members.

Section 8. Immunities and privileges of officers and employees.

All ~~Governors, Executive Directors, Alternates~~, officers and employees of the Fund

- (i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Fund waives this immunity;
- (ii) not being local nationals, shall be granted the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;
- (iii) shall be granted the same treatment in respect of travelling facilities as is granted by members to representatives, officials and employees of comparable rank of other members.

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Section 9. Immunities from Taxation.

(a) The Fund, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Fund shall also be immune from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Fund to Executive Directors, Alternates, officers or employees of the Fund who are not local citizens, local subjects, or other local nationals.

(c) No taxation of any kind shall be levied on any obligation or security issued by the Fund, including any dividend or interest thereon, by whomsoever held

(i) which discriminates against such obligation or security solely because of its origin; or

(ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Fund.

Section 10. Application of Article.

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Fund of the detailed action which it has taken.

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Article X. Relations with Other International Organizations.

The Fund shall cooperate within the terms of this Agreement with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any of the provisions of this Agreement may be effected only after amendment to this Agreement under Article XVII.

Article XI. Relations with Non-member Countries

Section 1. Undertakings regarding relations with non-member countries.

Each member undertakes:

- (i) Not to engage in, nor to permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any transactions with a non-member country or with persons in a non-member's territories which would be contrary to the provisions of this Agreement or the purposes of the Fund;
- (ii) Not to cooperate with a non-member country or with persons in a non-member's territories in practices which would be contrary to the provisions of this Agreement or the purposes of the Fund; and
- (iii) To cooperate with the Fund with a view to the application in its territories of appropriate measures to prevent transactions with non-member countries or with persons in a non-member's territories which would be contrary to the provisions of this Agreement or the purposes of the Fund.

Section 2. Restrictions on transactions with non-member countries.

Nothing in this Agreement shall affect the right of any member to impose restrictions on transactions with non-member countries or with persons in their territories unless the Fund finds that such restrictions prejudice the interests of members and are contrary to the purposes of the Fund.

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Article XII. Organization and Management

Section 1. Structure of the Fund.

The Fund shall have a Board of Governors, Executive Directors, a managing director and a staff.

Section 2. Board of Governors.

(a) All powers of the Fund shall be vested in the Board of Governors, consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and alternate shall serve for five years, subject to the pleasure of the member appointing them, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select <sup>one of the</sup> ~~a~~ governors ~~for the~~ <sup>1</sup> managing director as chairman.

(b) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

- (i) Admit new members and determine the conditions of their admission.
- (ii) Approve a revision of quotas.
- (iii) Approve a uniform change in the par values of the currencies of all member countries.
- (iv) Make arrangements to cooperate with other international organizations, except informal arrangements of a temporary or administrative character.
- (v) Determine the distribution of the net income of the Fund.
- (vi) Require a member to withdraw.
- (vii) Decide to liquidate the Fund.
- (viii) Decide appeals from interpretations of this Agreement given by the Executive Directors.

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(c) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called by the Executive Directors. Meetings of the Board shall be called by the Directors whenever requested by five members or by members having one <sup>fourth</sup> ~~quarter~~ <sup>of the</sup> ~~aggregate~~ votes.

(d) A quorum for any meeting of the Board of Governors shall be a majority of the Governors representing not less than two-thirds of the voting power of all the governors.

(e) Each governor shall be entitled to cast the number of votes allotted under Section 5 of this <sup>A</sup> article to the member appointing him.

(f) The Board of Governors may by regulation establish a procedure whereby the Directors, when they deem such action to be in the best interests of the Fund, may obtain a vote of the governors on a specific question without calling a meeting of the Board.

(g) The Board of Governors, and the Executive Directors to the extent authorized, <sup>by whom</sup> may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Fund.

(h) Governors and alternates shall serve as such without compensation from the Fund, but the Fund shall pay them reasonable expenses incurred in attending any meetings.

(i) 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.

Section 3. Executive Directors.

(a) 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.

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(b) There shall be not less than twelve and not more than fourteen directors of whom

- (i) five shall be appointed by the five members having the largest quotas;
- (ii) not more than two shall be appointed when the provisions of (c) below apply;
- (iii) five shall be elected by the members <sup>which are</sup> not entitled to appoint directors, <sup>under (b)(i) above</sup> other than the American Republic; and
- (iv) two shall be elected by the <sup>all of the</sup> American Republics, <sup>which are not</sup> exclusive of any entitled to appoint a director.

Persons chosen as directors need not be governors.

(c) If, at the second <sup>regular</sup> election of directors and thereafter, the members entitled to appoint directors under (b)(i) above do not include the two members the holdings of whose currencies by the Fund have been, on the average over the preceding two years, reduced below their quotas by the largest absolute amounts in terms of gold as a common denominator, either or both such members, as the case may be, shall be entitled to appoint a director.

(d) Elections of elective directors shall be conducted at intervals of two years in accordance with the provisions of Schedule B, <sup>amended version</sup> supplemented by such regulations as the Fund deems appropriate.

(e) Every Executive Director shall 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 may not vote.

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Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the members who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(g) 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.

(h) A quorum for any meeting of the Directors shall be a majority of the directors representing not less than one-half of the voting power of all the directors.

(i) A Director appointed by one of the members with the five largest quotas shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him. Each elected director shall be entitled to cast the number of votes which counted towards his election. When the provisions of Section (b) of this Article are applicable, the votes which a director would otherwise be entitled to cast shall be increased or decreased correspondingly. All the votes which a director is entitled to cast shall be cast as a unit.

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(j) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under subsection (b) above may 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.

(k) The Executive Directors may appoint such committees as they deem advisable. Membership of committees need not be limited to governors or directors or their alternates.

Section 4. Managing Director and staff.

(a) 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. The managing director shall cease to hold office when the Executive Directors so decide.

(b) 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. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the staff of the Fund.

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(c) The managing director and the staff of the Fund, in the discharge of their functions, owe their duty entirely to the Fund and to no other authority. Each member of the Fund shall respect the international character of this duty and shall refrain from all attempts to influence any of the staff in the discharge of his functions.

(d) In appointing the staff the managing director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

Section 5. Voting.

(a) Each member shall have two hundred fifty votes plus one additional vote for each part of its quota equivalent to one hundred thousand United States dollars, of the weight and fineness in effect on July 1, 1944.

(b) Whenever a vote is required under Article V, Sections 4 or 5, each member shall have the number of votes to which it is entitled under (a) above, adjusted:

(i) by the addition of one vote for the equivalent of each four hundred thousand United States dollars of the weight and fineness in effect on July 1, 1944 of net sales out of its currency subscription up to the date when the vote is taken, or

(ii) by the subtraction of one vote for the equivalent of each four hundred thousand such United States dollars of its net purchases up to that date of the currencies of other members countries.

(c) Except as otherwise specifically provided all decisions of the Fund shall be made by a majority of the votes cast.

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Section 6. Distribution of net income.

(a) The Board of Governors shall determine annually what part of the Fund's net income shall be placed to reserve and what part, if any, shall be distributed.

(b) If any part is distributed, two per cent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the average amount by which <sup>Second year</sup> 75 per cent of its quota exceeded the Fund's holdings of its currency during that year. The balance shall be paid to all members in proportion to their quotas. Payments to each member shall be made in its own currency.

Section 7. Publication of reports.

(a) The Fund shall publish an annual report containing an audited statement of its accounts, and shall issue, at intervals of three months or less, a summary statement of its transactions and its holdings of gold and currencies of members.

(b) The Fund may publish such other reports as it deems desirable for carrying out its purposes.

Section 8. Communication of views to members.

The Fund shall at all times have the right to communicate its views informally to any member on any matter arising under this Agreement. The Fund may, by a <sup>of the total of the votes</sup> two-thirds majority, publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members. If the member is not entitled to appoint an Executive Director, it shall be entitled to representation in accordance with the provisions of Section 3 (j) of this Article. The Fund shall not publish a report involving changes in the fundamental structure of the economic organization of members.

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ARTICLE XIII OFFICES AND DEPOSITORIES.

Section 1. Location of offices

/Text not yet available/

Section 2. Depositories.

(a) Each member country shall designate its central bank as a depository for all the Fund's holdings of its currency, or if it has no central bank it shall designate such other institution as may be acceptable to the Fund.

(b) The Fund may hold other assets, including gold, in the depositories designated by the five members having the largest quotas and in such other designated depositories as the Fund may select. Initially, at least one-half of the holdings of the Fund shall be held in the depository designated by the member in whose territories the Fund has its principal office and at least forty percent of the holdings shall be held in the depositories designated by the remaining four members referred to above. However, all transfers of gold by the Fund shall be made with due regard to the costs of transport and expected requirements of the Fund. In an emergency the Executive Directors may transfer all or any part of the Fund's holdings of gold to any place where they can be adequately protected.

Section 3. Guarantee of the Fund's assets.

Each member guarantees all assets of the Fund against loss resulting from failure or default on the part of the depository designated by it.

ARTICLE XIV TRANSITIONAL PERIOD

Section 1. Introduction.

The Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war.

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Section 2. Exchange Restrictions.

In the post-war transitional period members may, notwithstanding the provisions of any other Articles of this Agreement, maintain and adapt to changing circumstances (and, in the case of members whose territories have been occupied by the enemy, introduce where necessary) restrictions on payments and transfers for current international transactions. Members shall, however, have continuous regard in their foreign exchange policies to the purposes of the Fund; and, as soon as conditions permit, they shall take all possible measures to develop such commercial and financial arrangements with other members as will facilitate international payments and the maintenance of exchange stability. In particular, members shall withdraw restrictions maintained or imposed under this Section when they are satisfied that they could, in the absence of such restrictions, settle their balance of payments in a manner which would not unduly encumber their access to the resources of the Fund.

Section 3. Notification to the Fund.

Each member shall notify the Fund before it becomes eligible to buy currency from the Fund under Article XX, Section 4, whether or not it intends to avail itself of the transitional arrangements in Section 2 of this Article, and whether it is prepared to accept the obligations of Article VIII, Sections 2, 3, and 4. A member availing itself of the transitional arrangements may notify the Fund at any subsequent date that it accepts the above mentioned obligations.

Section 4. Action of the Fund relating to restrictions.

Not later than three years after the date on which the Fund begins operations and in each year thereafter the Fund shall report on the restrictions still in force under Section 2 of this Article. Five years after the date on which the Fund begins operations,

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and in each year thereafter, any member still retaining any restrictions inconsistent with Article VIII, Sections 2, 3, or 4, shall consult the Fund as to their further retention. The Fund may, if it deems such action necessary in exceptional circumstances, make representations to any member that conditions are favorable for the withdrawal of particular restrictions, or for the general abandonment of such restrictions as are inconsistent with the provisions of any other Articles of this Agreement. The member shall be given a suitable time to reply to such representations. If the Fund finds that the member persists in maintaining restrictions which are inconsistent with the purposes of the Fund, the member shall be subject to Article XV, Section 2.

Section 5. Nature of transitional period.

In its relations with member countries, the Fund shall recognize that the post-war transitional period will be one of change and adjustment and in making decisions on requests occasioned thereby which are presented by any member it shall give the member the benefit of any reasonable doubt.

ARTICLE XV - WITHDRAWAL FROM MEMBERSHIP

Section 1. Right of members to withdraw

Any member may withdraw from the Fund at any time by serving written notice on the Fund at its principal office. Withdrawal shall become effective on the date such notice is received.

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Section 2. Compulsory withdrawal

(a) If a member fails to fulfill any of its obligations under this Agreement, the Fund may declare the member ineligible to use the resources of the Fund. Nothing in this Section shall be deemed to <sup>limit</sup> affect the provisions of Article IV, Section 6, Article V, Section 5, or Article VI, Section 1.

(b) If, after the expiration of a reasonable period the member persists in its failure to fulfill any of its obligations under this Agreement, or a difference between a member and the Fund under Article IV, Section 6, continues, that member may be required to withdraw from membership in the Fund by a decision of the Board of Governors carried by a majority of the governors representing a majority of the <sup>total</sup> aggregate voting power.

(c) Regulations shall be adopted to insure that before action is taken against any member under (a) or (b) above, the member shall be informed in reasonable time of the complaint against it and given an adequate opportunity for stating its case, both orally and in writing.

Section 3. Settlement of accounts with members withdrawing

When a member withdraws from the Fund, normal transactions of the Fund in its currency shall cease and settlement of all accounts between it and the Fund shall be made with reasonable despatch by agreement between it and the Fund. If agreement is not reached promptly, the provisions of Schedule <sup>approved limits</sup> C shall apply to the settlement of accounts.

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ARTICLE XVI - LIQUIDATION OF THE FUND. *Emergency Provisions*

*Section 1. Temporary Suspension*  
*See Liquidation*  
(a) The Fund may not be liquidated except by decision of the Board of Governors. In an emergency, if the Executive Directors decide that liquidation of the Fund may be necessary, they may temporarily suspend all transactions, pending decision by the Board.

(b) If the Board of Governors decide to liquidate the Fund, the Fund shall forthwith cease to engage in any activities except those incidental to the orderly collection and liquidation of its assets and the settlement of its liabilities, and all obligations of members under this Agreement shall cease except those set out in this Article, Schedule C, paragraph 7, and Article XVIII, paragraph (c).

(c) Liquidation shall be effected in accordance with the provisions of Schedule C. *amended here to*

ARTICLE XVII - AMENDMENTS. *inserted*

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board by a majority of the *total of the* aggregate votes, the Fund shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the *total of the* aggregate votes, have accepted the proposed amendment, the Fund shall certify the fact by a formal communication addressed to all members. *to be amended to read*

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying (i) the right to withdraw from the Fund;

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(ii) the provision that no change in a member's quota shall be made without its consent; (iii) the provision that no change may be made in the par value of a member's currency except on the initiative of that member.

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

ARTICLE XVIII - INTERPRETATION

(a) Any question of interpretation of the provisions of this agreement arising between any member and the Fund or between any members of the Fund shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an Executive Director it shall be entitled to representation in accordance with Article XII, Section 3 (j).

(b) In any case where the Executive Directors have given a decision under paragraph (a) above, any member may require that the question be submitted to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board, the Fund may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Fund and a country which has ceased to be a member, or between the Fund and any member during liquidation of the Fund, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Fund, another by the country involved and an umpire who,

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unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Fund. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE XIX - EXPLANATION OF TERMS

In interpreting the provisions of this Agreement the Fund and its members shall be guided by the following:

(a) A member's "monetary reserves" means its net official holdings of gold, of convertible currencies of other members, and of the currencies of such non-members as the Fund may determine.

(b) The "official holdings" of a member means holdings of a member and of its Central Bank and other official institutions, and also any holdings of other banks within its jurisdiction which, in the particular case, the Fund, after consultation with the member, deems to be official holdings on the ground that they are substantially in excess of working balances. ~~Text to be supplied to take care of state trading companies.~~

(c) A member's holdings of "convertible currencies" means its holdings of the currencies of other members which are not availing themselves of the transitional arrangements under Article XIII, together with its holdings of the currencies of such non-members as the Fund may from time to time specify. The term "currency" for this purpose includes without limitation coins, paper money, bank balances, bank acceptances, and government obligations issued with a maturity not exceeding twelve months.

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(d) A member's "monetary reserves" (that is, its "net official holdings of gold and convertible currencies") shall be calculated by deducting its liabilities which are the counterpart of other countries' <sup>only official institutions - not excess balances of banks</sup> official holdings of convertible currencies (whether such countries be members or non-members specified under (3) above), from the sum of its own official holdings of gold and its own official holdings of convertible currencies.

(e) The Fund's holdings of the currency of a member shall include any securities accepted by the Fund under Article III, <sup>Section 5</sup>

(f) The Fund, after consultation with a member which is availing itself of the transitional arrangements under Article XIV, may deem holdings of the currency of that member which carry specified rights of conversion into another currency or into gold, to be holdings of convertible currency for the purpose of the calculation of monetary reserves.

(g) For the purpose of calculating initial gold subscriptions under Article III, Sections 3 and 4, a member's "net official holdings of gold and United States dollars" shall consist of its official holdings of gold and United States currency, after deducting official holdings by other countries of its currency carrying specified rights of conversion into gold or United States currency.

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8. "Current transactions" shall be deemed to include, but without limitation:

- (i) payments due for goods currently imported or exported;
- (ii) payments due for shipping, insurance, banking and similar services, and payments for personal services;
- (iii) payments arising from travel and tourist expenditures;
- (iv) payments due for royalties on motion pictures, copyrights, patents and similar rights;
- (v) payments due as interest on loans, dividends on securities, and income from other property or business;
- (vi) payments due as taxes, fees and similar obligations to a government, its political sub-divisions, or its agencies;
- (vii) payments due on maturing obligations for the above where the obligations were incurred within one year and
- (viii) Reasonable amortization and depreciation.

#### Article XX

##### Final Provisions

##### Section 1. Entry into Force.

This Agreement shall enter into force when it has been signed on behalf of governments having sixty-five percent of the total of the quotas set forth in Schedule A, but in no event before May 1, 1945.

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Section 2. Signature.

(a) Each government signing this agreement shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Fund as from the date of its signature except that no government shall become a member before May 1, 1945 or before governments having sixty-five percent of the total of the quotas set forth in Schedule A have signed this Agreement and deposited the instrument referred to in (a) above.

(c) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance with Article II, Section 2, of all signatures of this Agreement.

(d) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one-twentieth of one percent of its total subscription in gold or United States dollars for the purpose of meeting administrative expenses of the Fund. The Government of the United States of America shall hold such funds in a special deposit

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account and shall transmit them to the Board of Governors of the Fund when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(e) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(f) After December 31, 1945, this Agreement shall be open for signature on behalf of the government of any country whose membership has been approved in accordance with Article II, Section 2.

(g) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate.

Section 3. Inauguration of the Fund.

(a) As soon as this Agreement comes into force under Section 1 of this Article, each member shall appoint a governor and the member having the largest quota shall call the first meeting of the Board of Governors.

(b) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries for which the largest quotas are set forth in

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Schedule A shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule B and shall remain in office until the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(c) The Board of Governors may delegate to the provisional executive directors any of the powers delegable to regular executive directors.

Section 4. Initial Determination of Par Values.

*Sec III, 30, 3d*  
(a) When the Fund is of the opinion that it <sup>will</sup> ~~will~~ be prepared to begin exchange transactions, it shall so notify the members and shall request each member to communicate within thirty days the par value of its currency based on the rates of exchange prevailing on the sixtieth day before the entry into force of this Agreement. No member shall be required to make such a communication <sup>whose metropolitan territory has been occupied by the enemy</sup> ~~while its metropolitan territory is a theater of major hostilities or for such further period as the Fund may determine.~~ <sup>that</sup> ~~that~~ <sup>thereafter</sup> ~~that~~ When such a member communicates the par value of its currency the provisions of (d) below shall apply.

(b) The par value communicated by a member whose metropolitan territory has not been occupied by the enemy shall be the par value of that member's currency for the purposes of this Agreement unless, within ninety days after the request referred to in (a) above has been received, (i) the member

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notifies the Fund that it regards the par value as unsatisfactory, or (ii) the Fund notifies the member that in its opinion the par value cannot be maintained without causing recourse to the Fund on the part of that member or others on a scale prejudicial to the Fund and to members. When notification is given under (i) or (ii) above, the Fund and the member shall, within a period determined by the Fund in the light of all relevant circumstances, agree upon a suitable par value for that currency. If the Fund and the member do not agree within the period so determined, the member shall be deemed to have withdrawn from the Fund on the day when the period expires.

(c) When the par value of a member's currency has been established under (b) above, either by the expiration of ninety days without notification, or by agreement after notification, the member may buy from the Fund with its currency the currency of other members to the full extent permitted in this Agreement, provided that the Fund has begun exchange transactions in the currencies of members.

(d) In the case of a member whose metropolitan territory has been occupied by the enemy, the provisions of (b) above shall apply, subject to the following modifications:

(i) The period of ninety days shall be extended so as to end on a date to be fixed by agreement between the Fund and the member.

(ii) Within the extended period <sup>the member may if the Fund has begun exchange transactions</sup> ~~the member may buy~~ from the Fund with its currency the currency of other members at the par value communicated under (a) above but only under such conditions and in such amounts as may be prescribed by the Fund.

(iii) <sup>at any time before the date fixed under (i) above, the par value communicated under (a) above may be changed by</sup>  
(c) If a member whose metropolitan territory has been occupied by the enemy adopts a new monetary unit before the date to be fixed under (d)(i) above, the par value fixed by that member for the new unit shall be communicated to the Fund and the provisions of (d) above shall apply.

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(f) A member communicating to the Fund a par value for the currency of its metropolitan territory shall simultaneously communicate a value, in terms of that currency, for each separate currency, where such exists, in the territories in respect of which it has accepted this Agreement under Article XX, Section 2(g). On the basis of the par value so communicated, the Fund shall compute the par value of each separate currency. A communication or notification to the Fund under (a), (b) or (d) above regarding the par value of a currency, shall also be deemed, unless the contrary is stated, to be a communication or notification regarding the par value of all the separate currencies referred to above. Any member may, however, make a communication or notification relating to the metropolitan or any of the separate currencies alone, and, if the member does so, the provisions of the preceding paragraphs shall apply to each of these currencies separately.

(g) The Fund shall begin exchange transactions at such date as it may determine after members having sixty-five percent of the total of the quotas set forth in Schedule A have become eligible, in accordance with the preceding paragraphs of this Section, to <sup>buy</sup> purchase the currencies of other members, but in no event until after major hostilities in Europe have ceased.

(h) The Fund may postpone exchange transactions with any member if its circumstances are such that, in the opinion of the Fund, they would lead to use of the resources of the Fund in a manner contrary to the purposes of this Agreement or prejudicial to the Fund or other members.

(i) The par values of the currencies of governments which indicate their desire to become members after the date fixed in Article XX, Section 2(e), shall be determined in accordance with the provisions of Article II, Section 2.

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SCHEDULE H

QUOTAS

(In millions of United States dollars)

Australia	200
Belgium	225
Bolivia	10
Brazil	150
Canada	300
Chile	50
China	550
Colombia	50
Costa Rica	5
Cuba	50
Czechoslovakia	125
Denmark*	*
Dominican Republic	5
Ecuador	5
Egypt	45
El Salvador	2.5
Ethiopia	6
France	450
Greece	40
Guatemala	5
Haiti	5
Honduras	2.5
Iceland	1
India	400
Iran	25
Iraq	8
Liberia	.5
Luxembourg	10
Mexico	90
Netherlands	275
New Zealand	50
Nicaragua	2
Norway	50
Panama	.5
Paraguay	2
Peru	25
Philippine Commonwealth	15
Poland	125
Union of South Africa	100
Union of Soviet Socialist Republics	1200
United Kingdom	1300
United States	2750
Uruguay	15
Venezuela	15
Yugoslavia	60

\*The quota of Denmark shall be determined by the Fund after the Danish Government has declared its readiness to sign this Agreement but before signature takes place.

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SCHEDULE B

Election of Executive Directors

1. Election of the elective executive directors shall be by ballot of the governors eligible to vote under Article XII, Section 3 (b) (iii) and (iv).

2. In balloting for the five directors to be elected under Article XII, Section 3 (b) (iii), each of the governors eligible to vote shall cast for one person all of the votes to which he is entitled under Article XII, Section 5 (a). The five persons receiving the greatest number of votes shall be directors, provided that no person who receives less than nineteen percent of the total eligible votes shall be considered elected.

3. When five persons are not elected in the first ballot, a second ballot shall be held in which the person who received ~~the~~ lowest number of votes shall be ineligible for election and in which there shall vote only (a) those governors who voted in the first ballot for a person not elected, and (b) those governors all or part of whose votes for a person elected are deemed under <sup>4 below</sup> the following paragraph to have raised the votes cast for that person above twenty percent of the total eligible votes.

4. 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 twenty percent of the total eligible votes the twenty percent shall be deemed to include, first, 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 twenty percent is reached.

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5. Any governor whose votes are partly not in excess and partly in excess of twenty percent shall be eligible to vote in the second ballot only to the extent of the votes in excess.

6. If in the second ballot, five persons are not elected, further ballots shall be held on the same principles until five persons have been elected, provided that after four persons are elected, the fifth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

7. The directors to be elected by the American Republics under Article XII, Section 3 (b) (iv) shall be elected as follows:

(a) Each of the directors shall be elected separately.

(b) In the election of the first director, each governor representing an American Republic eligible to participate in the election shall cast for one person all the votes to which he is entitled. The person receiving the largest number of votes shall be elected provided that he has received not less than forty-five percent of the total votes.

(c) If no person is elected on the first ballot, further ballots shall be held, in each of which the person receiving the lowest number of votes shall be eliminated, until one person receives a number of votes sufficient for election under (b).

(d) Governors whose votes contributed to the election of the first director shall take no part in the election of the second director.

(e) Persons who did not succeed in the first election shall not be ineligible for election as the second director.

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(f) A majority of the votes participating shall be required for election of the second director. If at the first ballot no person receives a majority, further ballots shall be held in each of which the person receiving the lowest number of votes shall be eliminated, until some person obtains a majority.

(g) The second director shall be deemed to have been elected by all the votes eligible to participate in his election.

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Schedule C

Settlement of Accounts with Members Withdrawing

1. The Fund shall be obligated to pay to the member withdrawing an amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund from it ~~in its currency~~, including charges accruing after the date of its withdrawal; but no payment shall be made until six months after the date of withdrawal. Payments shall be made in the currency of the withdrawing member.
2. If the Fund's holdings of the currency of the withdrawing member are not sufficient to pay the net amounts due from the Fund, the balance shall be paid in gold, or in such other manner as may be agreed. If the Fund and the withdrawing member do not reach agreement within six months of the date of withdrawal, the currency in question held by the Fund shall be paid forthwith to the withdrawing member. Any balance due shall be paid in ten half-yearly installments during the ensuing five years. Each such installment shall be paid at the option of the Fund, either in the currency of the withdrawing member acquired after its withdrawal or by the delivery of gold.

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3. If the Fund fails to meet any installment which is due in accordance with the preceding paragraphs, the withdrawing member shall be entitled to require the Fund to pay the installment in any currency held by the Fund with the exception of any currency which has been declared scarce under Article VII, Section 3.
4. If the Fund's holdings of the currency of a withdrawing member exceed the amount due to it, and if agreement on the method of settling accounts is not reached within six months of the date of withdrawal, the former member shall be obligated to redeem such excess currency in gold or, at its option, in the currencies of members which at the time of redemption are convertible under Article VIII, Section 4. Redemption shall be made at the parity existing at the time of withdrawal from the Fund. The withdrawing member shall complete redemption within five years of the date of withdrawal, or within such longer period as may be fixed by the Fund, but shall not be required to redeem in any half-yearly period more than one-tenth of the Fund's excess holdings of its currency at the date of withdrawal plus further acquisitions of the currency during such half-yearly period. If the withdrawing member does not fulfil this obligation, the Fund may in an orderly manner liquidate in any market the amount of currency which should have been redeemed.
5. Any member desiring to obtain the currency of a member which has withdrawn shall acquire it by purchase from the Fund, to the extent that such member has access to the resources of the Fund and that such currency is available under paragraph 4 above.

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6. The withdrawing member guarantees the unrestricted use at all times of the currency disposed of under paragraphs 4 and 5 above for the purchase of goods or for payment of sums due to it or to persons within its territories. It shall compensate the Fund for any loss resulting from the difference between the par value of its currency on the date of withdrawal and the value realized by the Fund on disposal under ~~paragraphs 4~~ and 5 above.
7. In the event of the Fund going into liquidation under Article XVI within six months of the date on which the member withdraws, the account between the Fund and that government shall be settled in accordance with Article XVI.

#### SCHEDULE D

##### Administration of Liquidation

1. The liabilities of the Fund other than the repayment of subscriptions shall have priority in the distribution of the assets of the Fund. In meeting each such liability the Fund shall use its assets in the following order:-
  - (a) the currency in which the liability is payable.
  - (b) gold.
  - (c) all other currencies in proportion, so far as may be practicable, to the quotas of the members.
2. After the discharge of the Fund's liabilities in accordance with paragraph 1 above, the balance of the Fund's assets shall be distributed and apportioned as follows:
  - (a) The Fund shall distribute its holdings of gold among the members whose currencies are held by the Fund in amounts less than their quotas. The distribution to each member shall be in proportion to the amount by which its quota exceeds the Fund's holdings of its currency.

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- (b) The Fund shall distribute to each member one-half the Fund's holdings of its currency but such distribution shall not exceed fifty percent of its quota.
- (c) The Fund shall apportion the remainder of its holdings of each currency among all the members in proportion to the amounts due to each member after the distributions under (a) and (b) above.

3. Each member shall redeem the holdings of its currency apportioned to other members under 2(c) above, and shall agree with the Fund within three months after a decision to liquidate upon an orderly procedure for such redemption.

4. If a member has not reached agreement with the Fund within the three-month period referred to in 3 above, the currencies of other members apportioned to it shall be used by the Fund to redeem the currency of that member apportioned to other members. Each currency apportioned to a member which has not reached agreement shall be used, so far as possible, to redeem its currency apportioned to the members which have made agreements with the Fund under (3) above.

5. If a member has reached agreement with the Fund in accordance with (3) above, the Fund shall use the currencies of other members apportioned to that member under 2(c) above to redeem the currency of that member apportioned to other members which have made agreements with the Fund under (3) above. Each amount so redeemed shall be redeemed in the currency of the member to which it was apportioned.

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(6) After carrying out the preceding paragraphs, the Fund shall pay to each member the currencies held for its account.

(7) Each member whose currency has been distributed to other members under (6) above shall redeem such currency in gold or, at its option, in the currency of the member requesting redemption, or in such other manner as may be agreed between them. If the members involved do not otherwise agree, the member obligated to redeem shall complete redemption within five years of the date of distribution, but shall not be required to redeem in any half-yearly period more than one-tenth of the amount distributed to each other member. If the member does not fulfill this obligation, the amount of currency which should have been redeemed may be liquidated in an orderly manner in any market.

(8) Each member ~~obligated to redeem its currency under~~ <sup>which has been distributed to</sup> ~~paragraph (3) above~~ <sup>other members under (6) above</sup> guarantees the unrestricted use of such currency at all times for the purchase of goods or for payment of sums due to it or to persons in its territories. Each member so obligated agrees to compensate other members for any loss resulting from the difference between the par value of its currency on the date of the decision to liquidate the Fund and the value realized by such members on disposal of its currency.

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