

A

THE BOND

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inserted and
"adopted by Executive Board"

Revised Draft
August 13, 1946

Revisions of Aug 5

A - Scope of Rules and Regulations

A-1

1 These Rules and Regulations supplement the ~~Articles of~~ ^{Fund.}
 2 Agreement and the By-Laws adopted by the Board of Governors.
 3 They are not intended to replace any provision of either the
 4 ~~Articles of Agreement~~ or the By-Laws. The Rules and Regulations
 5 ~~adopted by the Executive Directors (for subsequent review by the~~
 6 ~~Board of Governors)~~ attempt to provide such operating rules,
 7 procedures, regulations and interpretation as are necessary
 8 and desirable to carry out the purposes and powers contained in
 9 the ~~Articles of Agreement~~, as supplemented by the By-Laws. If
 10 any provision in the Rules and Regulations is found to be in
 11 conflict with any provision in the ~~Articles of Agreement~~ or in
 12 the By-Laws, the ~~Articles of Agreement~~ and By-Laws shall prevail
 13 and an appropriate amendment should be made to these Rules and
 14 Regulations.

A-2

15 Additions to, and changes of, the Rules and Regulations
 16 will be made as experience brings to light new problems or
 17 suggests modifications in procedures already adopted.

Agreed

Redraft to one ~~change~~
~~Managing Director~~
 every where
 instead of ~~change~~

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A-1 1 These Rules and Regulations (~~hereinafter stated~~) supple-
2 ment (~~(1)~~) the Articles of Agreement (~~accepted by the member~~
3 governments) and (~~(2)~~) the By-Laws (~~established~~) adopted by
4 the Board of Governors. (~~and~~) They are not intended to replace
5 any provision of (1a) either (~~of these two documents~~) the
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A - Scope of Rules and Regulations

1 A-1 The Rules and Regulations are designed to supplement the Articles
2 of Agreement and the By-Laws established by the Board of Governors.
3 They are not intended in any way to replace any provision in either
4 document. If they are found to be not in accord with either the
5 Articles of Agreement or the By-Laws fixed by the Board of Governors,
6 the Rules and Regulations should be modified accordingly. The function
7 of the Rules and Regulations is to describe in such detail as is deemed
8 necessary the procedure for carrying out the provisions set forth in
9 the Articles of Agreement and the By-Laws. The basic document (see
10 Articles of Agreement) necessarily dealt in the main with the establish-
11 ment of general principles, purposes and powers. These were supplemented
12 by the By-Laws. The Rules and Regulations established by the Executive
13 Directors (for subsequent approval by the Board of Governors) attempt
14 to provide such of the operating rules, procedure and regulations as
15 are necessary to carry out the purposes and powers contained in the
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Explanatory Note on the Rules and Regulations

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*Both the
Articles of Agreement
and By-Laws
should be made*

Report of
Drafting Committee on Rules and Regulations

A. Membership, Quotas

1
2 A-1 Any country may apply for membership in the Fund by filing
3 with the Fund an application setting forth all relevant facts. The
4 application shall then be placed before the Board and the Chairman
5 shall announce a reasonable time to be allowed for discussion and
6 preliminary investigation by the Executive Directors before a decision
7 is reached to proceed with the formal investigation. If this decision
8 is in the affirmative, then the Fund may discuss with the applicant
9 any matters relating to its application. The Executive Directors shall
10 then decide whether to submit an application for membership to the
11 Board of Governors for a telegraphic vote or hold the application
12 until the next meeting of the Board of Governors, (AA II-2; BL 21)

13 A-2 When submitting an application to the Board of Governors, the
14 Executive Directors shall recommend to the Board the amount of the
15 quota, the form of payment, the parity of the currency, conditions
16 regarding the removal of exchange restrictions, and such other
17 conditions as, in the judgment of the Executive Directors, the Board
18 of Governors may wish to prescribe.

1 A-3 When a country requests the Fund for an adjustment of its
2 quota (AA III-2), the Executive Directors, after consulting the
3 member, shall submit a written report on the request to the Board
4 of Governors at its next meeting. If the request is for an increase
5 in the quota, and the member is not obligated to pay 25 percent of
6 the increase in gold (AA III-4), the report shall contain a recom-
7 mendation on the amount to be paid in gold.

8 A-4 At least one year prior to the time when a review of quotas
9 must be undertaken by the Fund (AA III-2), the Executive Directors
10 shall appoint a committee to study the problem and to prepare a
11 written report to be submitted to the Board of Governors.

12 A-5 Gold depositories of the Fund shall be established in New York,
13 London, Shanghai, Paris, etc. The earmarked gold accounts of the
14 Fund shall be held with the depositories, each acting as fiscal
15 agent for the member in whose territory the depository is located.

16 A member may pay its gold subscription to the Fund at one or more of
17 the specified gold depositories. [Where the ^{amount of} gold ^{transferred by} payment of the member
18 exceeds the required gold payment, the Fund will reimburse the member
19 for the excess in any member's currency at parity without charge.]

*See what
Bob thinks
about it*

1 A-6 A member shall pay its currency subscription to the Fund at the
2 designated depository. The member, or its designated fiscal agency
3 with the approval of the member, is authorized to substitute its own
4 non-negotiable, non-interest bearing notes payable to the Fund on
5 demand for that part of the currency subscription which exceeds _____
6 percent of the member's quota, and the depository shall hold such
7 notes for the account of the Fund. (AA III-5)

. Paragraph suggested for inclusion in A-6, Page 3;
Drafted by Mr. Bulhoes

. . . . The member is authorized to substitute non-negotiable non-interest bearing notes payable to the Fund on demand for currency, provided the depository shall obtain the member's currency requested by the Fund, according to the following notices:

24 hours if the amount requested by the Fund is less than 10 percent of the member's quota;

one week if the amount requested is more than 10 percent but not exceeding 20 percent;

one month if the amount requested exceed 20 percent.

(These periods shall correspond to the periods that will be used by the Board to set the transfer.)

*Examine U.N. Doc. 137
- new matters
By-laws of I.M.F. Res. 30-1 B/B
1/10
Boque*

INTERNATIONAL MONETARY FUND

NOTES TO BE USED AS BASIS
FOR DRAFTING AND DISCUSSION
OF REGULATIONS AND RULES

Separate section

A. Membership, Quotas, and Relations with International Organizations.

A-1 Any country may apply for membership in the Fund by filing with the Fund an application setting forth all relevant facts. [The Fund shall inform the Economic and Social Council of the United Nations of each application for membership and shall inquire of the Council whether there is any objection to the extension of membership to the applicant.]

A-2 The Fund may discuss with the applicant any matters relating to its application. The Executive Directors shall then decide whether to submit an application for membership to the Board of Governors for a telegraphic vote or hold the application until the next meeting of the Board of Governors.

A-3 When submitting an application to the Board of Governors, the Executive Directors shall inform them of the response of the Economic and Social Council, and shall recommend to the Board the amount of the quota, the form of payment, the parity of the currency, conditions regarding the removal of exchange restrictions, and such other conditions as, in the opinion of the Executive Directors, the Board of Governors may wish to prescribe.

A-4 Any country may request the Fund for an adjustment of its quota. After consulting the member, the Executive Directors shall submit a written report on the request to the Board of Governors at its next meeting. If the request is for an increase in the quota, and the member is not obligated to pay 25 percent of the increase in gold, the

report shall contain a recommendation on the amount to be paid in gold.

A-5 At least one year prior to the time when a review of quotas must be undertaken by the Fund, the Executive Directors shall appoint a committee to study the problem and to prepare a written report to be submitted to the Board of Governors.

Part of A-6
A-6 A member may pay its gold subscription to the Fund at any gold depository. Where the gold payment of the member exceeds the required gold payment, the Fund will reimburse the member for the excess in any member's currency at parity without charge.

A-7 A member shall pay its currency subscription to the Fund at the designated depository. The depository is authorized to permit a member to substitute non-negotiable non-interest bearing notes payable to the Fund on demand for that part of the currency subscription which exceeds 15 percent of the member's quota and the depository shall hold such notes for the account of the Fund. A member may arrange with the Fund for any further substitution of such notes for currency.

A-8 The Fund will instruct depositories on the procedure for accepting, holding and receiving payment for such notes.

draft
A-9 The International Bank for Reconstruction and Development is authorized by the Board of Governors to be represented at the meetings of the Executive Directors, and the representative of the Bank may participate in such meetings, but shall have no vote.

draft
A-10 The Executive Directors are authorized by the Board of Governors to designate an official to represent the Fund at the meetings of the Executive Directors of the Bank when invited to do so by the Bank.