

D

ALL CONTENTS

C-MPE

GUARDIAN

BOND

D - Security and Information

D-1 1. <sup>A</sup> Executive Directors, the Managing Director and the staff  
2 will have access to various types of confidential information  
3 and are obligated to exercise the greatest care not to disclose  
4 such information. All information obtained under condition that  
5 it be treated confidentially shall be made available only to  
6 such persons as may be designated by the Executive Board or  
7 the Managing Director.

D-2 8 It is the responsibility of the Managing Director to take  
9 such steps as may be necessary to insure that the staff complies  
10 fully with the provisions of this Section D.

D-3 11 It is essential that as much secrecy as possible be main-  
12 tained with respect to the establishment of initial par values of  
13 the currencies of members and with respect to impending or prop-  
14 posed changes in exchange rates. The following classes of  
15 information, referred to hereafter as "secret exchange matters",  
16 must be restricted to persons designated from time to time by  
17 the Executive Board:

18 (a) All matters pertaining to the level of  
19 initial par values to be established under  
20 Article XX, Section 4, and to the time when the  
21 par value of each currency will be established;

22 (b) Any proposal for a change in the par  
23 value of a member's currency, the name of the  
24 member proposing the change, the extent of the

25 proposed change, and the time when a proposed change  
26 may be effected;

27 (c) The views of any Executive Director, the  
28 Managing Director, or any member of the staff con-  
29 cerning the adequacy of the par value of any  
30 member's currency;

31 (d) All matters pertaining to uniform propor-  
32 tionate changes in the par values of the currencies  
33 of all members.

D-4 34 Persons authorized to attend executive sessions of the  
35 Executive Board shall discuss "secret exchange matters" only  
36 among themselves and the appropriate officials of governments  
37 appointing or electing them unless they are authorized in  
38 specific cases by the Executive Board in writing to discuss  
39 such information with other specified persons. Such authori-  
40 zation shall require the approval of three-fourths of the  
41 Executive Directors qualified to vote at the meeting in which  
42 the matter is considered, including the approval of the  
43 Executive Director representing the member whose exchange  
44 matters are under discussion.

D-5 45 Members of the staff shall not discuss "secret exchange  
46 matters" with other members of the staff or with any other  
47 person unless specific permission of the Executive Board has  
48 been obtained by the Managing Director.



D-6 49 Members of the staff shall be requested to work on problems  
50 relating to "secret exchange matters" only with the specific  
51 approval of the Executive Board in each instance. The  
52 Executive Board shall impose such conditions for the prep-  
53 aration and submission of this type of work as it deems  
54 advisable under the circumstances of each case.

D-7 55 Nothing in this Section D is intended to prevent the  
56 preparation and necessary circulation within the Fund of  
57 memoranda or reports dealing with the factual or analytical  
58 presentation of material pertaining to the economic or  
59 monetary situation in any country. Nor is it intended to  
60 prohibit the description or presentation of views held out-  
61 side the Fund regarding a particular level of exchange rates.

D-8 62 Each formal communication from a member of a confidential  
63 nature which deals with the establishment of the initial par  
64 value of its currency or a change in the par value, shall be  
65 addressed to the Chairman or Acting Chairman of the Executive  
66 Board, directly or through the Executive Director who repre-  
67 sents the member sending the communication. If any such  
68 communication is in writing, it shall be delivered personally  
69 by a representative of the member.

D-9 70 Nothing in the preceding paragraph shall preclude a  
71 member from discussing any of these matters informally with  
72 the Executive Board for the purpose of exchanging views, and  
73 the same provisions with respect to security shall govern such  
74 informal discussions as govern the formal communications.

D-10 75           When a member sends such a formal communication or  
76 initiates such informal discussions, it shall designate the  
77 person or persons to whom the Executive Board, through its  
78 representative or representatives, shall confine its  
79 discussions.

D-11 80           The provisions of this Section D shall be amplified and  
81 modified as experience brings to light more effective means  
82 of assuring security.

83           (No provisions have been drafted relating to discussions  
84 initiated by representatives of members with individual  
85 Executive Directors or the Chairman on a personal and  
86 confidential basis.)

D-12 87           Unless specifically authorized by the Managing Director,  
88 or persons designated by him, no person on the staff shall request  
89 on behalf of the Fund that a member furnish any information to  
90 the Fund.           (AA VIII - 5)

D-13 91           The Managing Director shall, wherever possible, make  
92 arrangements, after consultation with the appropriate Executive  
93 Director, to obtain information collected by other agencies.

D-14 94           The Managing Director shall take such steps as he considers  
95 necessary, in addition to those specified in Section D, to provide  
96 for the security of confidential information.

D-15 97            Information in the possession of the Fund shall be published  
98    only with the approval of the Executive Board.

D-15 97            Information in the possession of the Fund shall be published  
98    only with the approval of the Executive Board.



D - Provisions for Security

D-1 1 Executive Directors, the Managing Director and the staff  
2 will have access to various types of confidential information  
3 and are obligated ~~[to exercise the greatest care]~~ not to disclose  
4 such information. All information obtained under condition that  
5 it be treated confidentially shall be made available only to such  
6 persons as may be designated by the Executive Board or the  
7 Managing Director.

D-2 8 It is the responsibility of the Managing Director to take  
9 such steps as may be necessary to insure that the staff complies  
10 fully with the provisions of this Section D.

D-3 11 It is essential that complete secrecy be maintained with  
12 respect to the establishment of initial par values of the curren-  
13 cies of members and with respect to impending or proposed changes  
14 in exchange rates. The following classes of information, referred  
15 to hereafter as "secret exchange matters", must be restricted to  
16 persons designated from time to time by the Executive Board:

17 (a) All matters pertaining to the level of  
18 initial par values to be established under  
19 Article XX, Section 4, and to the time when the  
20 par value of each currency will be established;

21 (b) Any proposal for a change in the par  
22 value of a member's currency, the name of the  
23 member proposing the change, the extent of the  
24 proposed change, and the time when a proposed change  
25 may be effected;



26 (c) The views of any Executive Director, the  
27 Managing Director, or any member of the staff con-  
28 cerning the adequacy of the par value of any member's  
29 currency;

30 (d) All matters pertaining to uniform propor-  
31 tionate changes in the par values of the currencies  
32 of all members.

D-4 33 Persons authorized to attend executive sessions of the  
34 Executive Board shall discuss "secret exchange matters" only  
35 among themselves unless they are authorized by the Executive  
36 Board <sup>in writing</sup> to discuss such information with other specified persons. <sup>no specific cases</sup>

D-5 37 Members of the staff shall not discuss "secret exchange  
38 matters" with other members of the staff or with any other person  
39 unless specific permission of the Executive Board has been obtained  
40 by the Managing Director.

D-6 41 Members of the staff shall be requested to work on problems  
42 relating to "secret exchange matters" only with the specific  
43 approval of the Executive Board in each instance. The Executive  
44 Board shall impose such conditions for the preparation and sub-  
45 mission of this type of work as it deems advisable under the  
46 circumstances of each case.

D-7 47 Nothing in this Section D is intended to prevent the prepar-  
48 ation and necessary circulation within the Fund of memoranda or  
49 reports dealing with the factual or analytical presentation of

50 material pertaining to the economic or monetary situation in  
51 any country. Nor is it intended to prohibit the description or  
52 presentation of views held outside the Fund regarding a particular  
53 level of exchange rates.

D-8 54       The provisions of this Section D shall be amplified and  
55 modified as experience brings to light more effective means  
56 of assuring security.



D - Provisions for Security

D-1 1 Executive Directors, (~~Alternates~~) the Managing Director  
2 and the staff will have access to various types of confiden-  
3 tial information and are obligated to exercise the greatest  
4 care not to disclose such information. All information ob-  
5 tained under condition that it be treated confidentially shall  
6 be made available only to such persons as may be designated  
7 by the Executive Board or the Managing Director.

D-2 8 It is the responsibility of the Managing Director to  
9 take such steps as may be necessary to insure that the staff  
10 complies fully with the provisions of this Section D.

D-3 11 It is essential that complete secrecy be maintained with  
12 respect to the establishment of initial par values of the cur-  
13 rencies of members and with respect to impending or proposed  
14 changes in exchange rates. The following classes of informa-  
15 tion, referred to hereafter as "secret exchange matters", must  
16 be restricted to persons designated from time to time by the  
17 Executive Board:

18 (a) All matters pertaining to the level of  
19 initial par values to be established under  
20 Article XX, Section 4, and to the time when the  
21 par value of each currency will be established;

22 (b) Any proposal for a change in the par  
23 value of a member's currency, the name of the mem-  
24 ber proposing the change, the extent of the proposed  
25 change, and the time when a proposed change may be  
26 effected;



27 (c) The views of any Executive Director, (or  
28 ~~Alternate,~~) the Managing Director, or any member  
29 of the staff concerning the adequacy of the par  
30 value of any member's currency;

31 (d) All matters pertaining to uniform propor-  
32 tionate changes in the par values of the currencies  
33 of all members.

D-4 34 Persons authorized to attend executive sessions of the  
35 Executive Board shall discuss "secret exchange matters" only  
36 among themselves unless they are authorized by the Executive  
37 Board to discuss such information with other specified persons.

D-5 38 Members of the staff shall not discuss "secret exchange  
39 matters" with other members of the staff or with any other  
40 person unless specific permission of the Executive Board  
41 has been obtained by the Managing Director.

D-6 42 Members of the staff shall be requested to work on  
43 problems relating to "secret exchange matters" only with  
44 the specific approval of the Executive Board in each instance.  
45 The Executive Board shall impose such conditions for the  
46 preparation and submission of this type of work as it deems  
47 advisable under the circumstances of each case.

D-7 48 Nothing in this Section D is intended to prevent the  
49 preparation and necessary circulation within the Fund of  
50 memoranda or reports dealing with the factual or analytical  
51 presentation of material pertaining to the economic or  
52 monetary situation in any country. Nor is it intended to  
53 prohibit the description or presentation of views held  
54 outside the Fund regarding a particular level of exchange rates.



D-8

55       The provisions of this Section D shall be amplified  
56 and modified as experience brings to light more effective  
57 means of assuring security.

## I

Make the following changes in D - Provisions for Security:

- (a) In D-1, line 3, delete the words "to exercise the greatest care".
- (b) In D-4, line 35, after the word "unless", add a comma and the words "in specific cases,", and in line 36 after the word "Board", add the words "in writing".

## II

The following sections are to be added to D - Provisions for Security:

- (1) Each formal communication from a member of a confidential nature which deals with the establishment of the initial par value of its currency or a change in the par value, shall be addressed to the Chairman or Acting Chairman of the Executive Board, directly or through the Executive Director who represents the member sending the communication. If any such communication is in writing, it shall be delivered personally by a representative of the member.
- (2) Nothing in the preceding paragraph shall preclude a member from discussing any of these matters informally with the Executive Board or with its Chairman for the purpose of exchanging views, and the same provisions with respect to security shall govern such informal discussions.
- (3) When a member sends such a formal communication or initiates such informal discussions, it shall designate the person or persons to whom the Executive Board, through its representative or representatives, shall confine its discussions.



- (4) Except with the Agreement of the member concerned, no disclosure whatever outside the Fund shall be made of information relating to proposals for the establishment of par values or changes in par values, to opinions of members of the Executive Board with respect to such par values or changes, or to opinions of any persons on the staff with respect to the appropriateness of the par value of any currency.

### III

No provisions have been drafted on problems relating to discussions by individual Executive Directors with representatives of members of the Fund.

D - Provisions for Security

D-1 1 Executive Directors, ~~alternates,~~ the Managing Director and  
2 the staff will have access to various types of confidential  
3 information and are obligated to exercise the greatest care not  
4 to disclose such information. All information obtained under  
5 condition that it be treated confidentially shall be made  
6 available only to such persons as may be designated by the Executive  
7 Board or the Managing Director.

D-2 8 It is the responsibility of the Managing Director to take  
9 such steps as may be necessary to insure that the staff complies  
10 fully with the provisions of this Section D.

D-3 11 It is essential that complete secrecy be maintained with  
12 respect to the establishment of initial par values of the cur-  
13 rencies of members and with respect to impending or proposed  
14 changes in exchange rates. The following classes of information,  
15 referred to hereafter as "secret exchange matters", must be  
16 restricted to persons designated from time to time by the  
17 Executive Board:

18 (a) All matters pertaining to the level of  
19 initial par values to be established under  
20 Article XX, Section 4, and to the time when the  
21 par value of each currency will be established;

22 (b) ~~The name of a member proposing~~ Any  
23 proposal for a change in the par value of ~~its~~  
24 a member's currency, the name of the member

25 proposing the change, the extent of the proposed change,  
26 and the time when a proposed change may be effected;

27 (c) The views of any Executive Director, ~~or Alternate,~~  
28 the Managing Director, or any member of the staff con-  
29 cerning the adequacy of the par value of any member's  
30 currency;

31 (d) All matters pertaining to uniform proportionate  
32 changes in the par values of the currencies of all members.

D-4 33 Persons authorized to attend executive sessions of  
34 the <sup>Executive</sup> Board shall discuss "secret exchange matters" only  
35 among themselves unless they are authorized by the <sup>Executive</sup> Board  
36 to discuss such information with other specified persons.

D-5 37 Members of the staff shall not discuss "secret exchange  
38 matters" with other members of the staff or with any other  
39 person unless specific permission of the <sup>Executive</sup> Board has been  
40 obtained by the Managing Director.

D-6 41 Members of the staff shall be requested to work on  
42 problems relating to "secret exchange matters" only with  
43 the specific approval of the <sup>Executive</sup> Board in each instance. The <sup>Executive</sup>  
44 Board shall impose such conditions for the preparation and  
45 submission of this type of work as it deems advisable under  
46 the circumstances of each case.

D-7 47 Nothing in this Section D is intended to prevent the  
48 preparation and necessary circulation within the Fund of  
49 memoranda or reports dealing with the factual or analytical  
50 presentation of material pertaining to the economic or



51 monetary situation in any country. Nor is it intended to  
52 ~~prevent~~ prohibit the description or presentation of views  
53 held outside the Fund regarding a particular level of ex-  
54 change rates.

D-8 55           The provisions of this Section D shall be amplified  
56 and modified as experience brings to light more effective  
57 means of assuring security.

D - Provisions for Security

D-1 1 Executive Directors, Alternates, the Managing Director and  
2 the staff will have access to various types of confidential  
3 information and are obligated to exercise the greatest care not  
4 to disclose such information. All information obtained under  
5 condition that it be treated confidentially shall be made  
6 available only to such persons as may be designated by the  
7 Board or the Managing Director.

D-2 8 It is the responsibility of the Managing Director to take  
9 such steps as may be necessary to insure that the staff complies  
10 fully with the provisions of this Section D.

D-3 11 It is essential that complete secrecy be maintained with  
12 respect to the establishment of initial par values of the cur-  
13 rencies of members and with respect to impending or proposed  
14 changes in exchange rates. The following classes of information,  
15 referred to hereafter as "secret exchange matters", must be  
16 restricted to persons designated from time to time by the  
17 Executive Board:

18 (a) All matters pertaining to the level of  
19 initial par values to be established under  
20 Article XX, Section 4, and to the time when the  
21 par value of each currency will be established;

22 (b) ~~The name of a member proposing~~ Any  
23 proposal for a change in the par value of ~~its~~  
24 a member's currency, the name of the member



25 proposing the change, the extent of the proposed change,  
26 and the time when a proposed change may be effected;

27 (c) The views of any Executive Director or Alternate,  
28 the Managing Director, or any member of the staff con-  
29 cerning the adequacy of the par value of any member's  
30 currency;

31 (d) All matters pertaining to uniform proportionate  
32 changes in the par values of the currencies of all members.

D-4 33 Persons authorized to attend executive sessions of  
34 the Board shall discuss "secret exchange matters" only  
35 among themselves unless they are authorized by the Board  
36 to discuss such information with other specified persons.

D-5 37 Members of the staff shall not discuss "secret exchange  
38 matters" with other members of the staff or with any other  
39 person unless specific permission of the Board has been  
40 obtained by the Managing Director.

D-6 41 Members of the staff shall be requested to work on  
42 problems relating to "secret exchange matters" only with  
43 the specific approval of the Board in each instance. The  
44 Board shall impose such conditions for the preparation and  
45 submission of this type of work as it deems advisable under  
46 the circumstances of each case.

D-7 47 Nothing in this Section D is intended to prevent the  
48 preparation and necessary circulation within the Fund of  
49 memoranda or reports dealing with the factual or analytical  
50 presentation of material pertaining to the economic or

51 monetary situation in any country. Nor is it intended to  
52 ~~prevent~~ prohibit the description or presentation of views  
53 held outside the Fund regarding a particular level of ex-  
54 change rates.

D-8 55 The provisions of this Section D shall be amplified  
56 and modified as experience brings to light more effective  
57 means of assuring security.



D - Provisions for Security

D-1 1 Executive Directors, Alternates, the Managing Director  
2 and the staff will have access to various types of confidential  
3 information and are obligated to exercise the greatest care not  
4 to disclose such information. All information obtained under  
5 condition that it be treated confidentially shall be made  
6 available only to such persons as may be designated by the  
7 Board or the Managing Director.

D-2 8 It is the responsibility of the Managing Director to take  
9 such steps as may be necessary to insure that the staff complies  
10 fully with the provisions of this Section D.

D-3 11 It is essential that complete secrecy be maintained with  
12 respect to the establishment of initial par values of the cur-  
13 rencies of members and with respect to impending or proposed  
14 changes in exchange rates. The following classes of information,  
15 referred to hereafter as "secret exchange matters", must be  
16 restricted to persons designated from time to time by the  
17 Executive Board:

18 (a) All matters pertaining to the level of  
19 initial par values to be established under  
20 Article XX, Section 4, and to the time when the  
21 par value of each currency will be established;

22 (b) The name of a member proposing a change  
23 in the par value of its currency, the extent of  
24 the proposed change, and the time when a proposed  
25 change may be effected;

26 (c) The views of any Executive Director or  
27 Alternate, the Managing Director, or any member  
28 of the staff concerning the adequacy of the par  
29 value of any member's currency.

D-4 30 Persons authorized to attend executive sessions of  
31 the Board shall discuss "secret exchange matters" only  
32 among themselves unless they are authorized by the Board  
33 to discuss such information with other specified persons.

D-5 34 Members of the staff shall not discuss "secret exchange  
35 matters" with other members of the staff or with any other  
36 person unless specific permission of the Board has been  
37 obtained by the Managing Director.

D-6 38 Members of the staff shall be requested to work on  
39 problems relating to "secret exchange matters" only with  
40 the specific approval of the Board in each instance. The  
41 Board shall impose such conditions for the preparation and  
42 submission of this type of work as it deems advisable under  
43 the circumstances of each case.

D-7 44 Nothing in this Section D is intended to prevent the  
45 preparation and necessary circulation within the Fund of  
46 memoranda or reports dealing with the factual or analytical  
47 presentation of material pertaining to the economic or  
48 monetary situation in any country. Nor is it intended to  
49 prevent the description or presentation of views held out-  
50 side the Fund regarding a particular level of exchange rates.

D-8 51 The provisions of this Section D shall be amplified and  
52 modified as experience brings to light more effective means  
53 of assuring security.



D - Provisions for Security

D-1 1        Executive Directors, Alternates, the Managing Director  
2        and the staff will have access to various types of confidential  
3        information and are obligated to exercise the utmost discretion  
4        in regard to the disclosure of such information to persons not  
5        officially connected with the Fund.

D-2 6        It is the responsibility of the Managing Director to take  
7        such steps as may be necessary to insure that the staff complies  
8        fully with the provisions of this Section D.

D-3 9        It is essential that complete secrecy be maintained with  
10       respect to the establishment of initial par values of the currencies  
11       of members and with respect to impending changes in exchange  
12       rates. The following classes of information, referred to here-  
13       after as "rate of exchange information", must be restricted to  
14       the smallest possible number of persons:

15                (a) All matters pertaining to the level of initial  
16                par values to be established under Article XX, Section h,  
17                and to the time when the par value of each currency will  
18                be established;

19                (b) The name of a member proposing a change in the  
20                par value of its currency, the amount of the proposed  
21                change, and the time when a proposed change may be  
22                effected;

23                (c) The views of any Executive Director or Alternate,  
24                the Managing Director, or any member of the staff concern-  
25                ing the adequacy of the par value of any member's  
26                currency.



D-4 27 Persons authorized to attend executive sessions of the  
28 Board shall discuss exchange rate information only among them-  
29 selves unless they are authorized by the Board to discuss such  
30 information with other persons.

D-5 31 Members of the staff shall not discuss exchange rate  
32 information with other members of the staff or with any other  
33 person unless the written permission of the Board has been  
34 obtained by the Managing Director.

D-6 35 Members of the staff shall be requested to work on problems  
36 relating to exchange rate information only with the specific  
37 approval of the Board in each instance. The Board shall impose  
38 such conditions for the preparation and submission of this type  
39 of work as it deems advisable under the circumstances of each  
40 case.

D-7 41 Nothing in this Section D is intended to prevent the prepara-  
42 tion and necessary circulation within the Fund of memoranda or  
43 reports dealing with the factual or analytical presentation of  
44 material pertaining to the economic or monetary situation in any  
45 country, or the description or presentation of views held outside  
46 the Fund regarding a particular level of exchange rates.

D-8 47 The provisions of this Section D shall be amplified and  
48 modified as experience brings to light more effective means of  
49 assuring security.



*Subrule*  
B - Provisions for Secrecy

*Blank*

D-1 1 The Board, upon the request of any member, may declare that a  
2 "confidential exchange period" exists. Once declared the  
3 period shall continue until the Board declares otherwise.  
4 During the period so designated paragraphs D-2 to D-9 which  
5 follow shall apply.

D-2 6 All Fund discussions dealing with the establishment of, or  
7 agreement upon, <sup>specific</sup> initial currency parties, or with changes  
8 in exchange rates of any member's currency shall be held in  
9 executive sessions.

D-3 10 ~~No~~ <sup>Persons authorized to attend</sup> ~~all~~ <sup>not</sup> ~~eligible member or~~ such sessions shall discuss <sup>except among</sup> ~~with any~~ <sup>members</sup>  
11 ~~person other than an eligible member,~~ without permission  
12 of the Board, levels of exchange rates of these currencies  
13 specifically enumerated by the Board at executive session.

D-4 14 No member of the staff shall discuss the subject of rates  
15 of the currencies enumerated in D-3 above with <sup>any</sup> ~~any~~ official  
16 of any government or Central Bank, or foreign exchange  
17 dealers, or any other category of persons the Managing  
18 Director may indicate, without written permission of the  
19 Board requested via the Managing Director.

D-5 20 Without specific approval by the Board in each instance, no  
21 request by the Board or by any other official of the Fund  
22 shall be made of the Fund staff, nor shall any memoranda be  
23 prepared by the Fund staff, or be submitted by the Fund  
24 staff to any member of the Board or staff recommending any  
25 specific rate of exchange of any of the currencies enumerated  
26 in paragraph D-3 above. When specific request by the Board



27 is made to the staff for such a memorandum or report or  
28 when permission of the Board is granted to the staff to have  
29 such memorandum or report prepared, specific conditions of  
30 preparation and submission of the report shall be imposed  
31 for purposes of security.

D-8 32 This provision shall not be construed as limiting the  
33 preparation and necessary circulation of memoranda or  
34 reports dealing with the factual or analytical presenta-  
35 tion of material pertaining to the economic or monetary  
36 situation in any country, nor to the description or  
37 presentation of views held outside the Fund regarding  
38 a particular level of exchange rates, nor to the dis-  
39 cussion of suitability of the parity of any currency  
40 not included in the enumeration referred to in D-3 above.

D-7 41 It will be the direct responsibility of the Managing  
42 Director to issue such rules of conduct for his staff  
43 as will carry out the letter and the spirit of this  
44 security provision.

D-8 45 The Board shall in its discussion of particular rates  
46 postpone as long as feasible definitive agreement on  
47 definitive rates within the time tentatively agreed upon  
48 by the Board within which a definitive decision shall be  
49 reached.

D-3 50 These provisions shall be amplified and modified as  
51 experience brings to light better ways of assuring  
52 security.



Draft No. 1  
June 17, 1946

D - Provisions for Security

D. Exchange Controls

D-1 Within one month after members agree with the Fund on the initial parities of their currencies, each member shall communicate to the Fund a full statement of the controls on payments and transfers which it proposes to continue in effect after the Fund begins its operations.

D-2 The member shall state which controls are necessary to regulate international capital movements, which controls it will soon be prepared to remove, and which controls are part of its post-war transitional arrangements.

D-3 The Fund shall take no action on controls which it finds are necessary to regulate international capital movements, provided such controls are exercised in a manner which will not restrict payments for current transactions or unduly delay transfers of funds in settlement of such commitments.

D-4 If in the opinion of the Fund the controls are restrictive of transfers and payments for current transactions, the Fund shall consult with the member on the need for the controls. The Fund shall then inform the member of its decision in a written report and give the member an opportunity to modify the controls.

D-5 If the member fails to remedy the defect, the action of the member shall be regarded as a failure to fulfill its obligations under the Fund Agreement.

D-6 Whenever a member introduces new controls for the purpose of regulating international capital movements, it shall inform the Fund promptly of the new controls. The Fund shall consider the new controls and it shall inform the member if it regards any of them as likely to restrict payments for current transactions or unduly delay transfers of funds in settlement of such commitments.



D-7 In such a case, the Executive Directors shall meet with a representative of the member to consider the matter. If the Fund finds that the controls are in fact restrictive of current transactions and payments, it shall inform the member in a written report and give the member an opportunity to modify the controls.

D-8 If the member fails to remedy the defect, the action of the member shall be regarded as a failure to fulfill its obligations under the Fund Agreement.

D-9 The Fund shall consult promptly with members on controls of current transactions then in effect which are not necessary for the post-war transitional arrangements. The Fund shall agree with each member on the progressive removal of such controls.

D-10 If the Fund and the member cannot agree, the Fund shall submit to the member a written report specifying which controls should be removed or modified and stating its reasons. The member shall be required to remove or modify such controls as are specified by the Fund within six months after the Fund has begun exchange operations.

D-11 If the member fails to remove or modify the specified controls, the action of the member shall be regarded as a failure to fulfill its obligations under the Fund Agreement.

D-12 Members that maintain exchange controls as part of their post-war transitional arrangements shall consult with the Fund from time to time as to the need for the continuation of such arrangements.

D-13 Members shall inform the Fund of any adaptation of such controls and shall consult with the Fund as to the need for them. Members whose territories have been occupied by the enemy shall inform the Fund of new controls imposed as part of the post-war transitional arrangements.

D-14 After the Fund has been in operation three years, the Fund shall survey all controls still in force under the transitional arrangements and it shall publish a report on the need for the continuation of such arrangements. Each member then availing itself of the transitional arrangements shall be given a opportunity to present its views to the Executive Directors before the report is published.

D-15 After the Fund has been in operation five years the Fund shall consult with each member then availing itself of the transitional arrangements regarding the continuation of the controls still in effect. The Fund shall then inform the member in a written report which controls in its opinion are unnecessary and should be removed or modified and stating its reasons.

D-16 When a member finds that its balance of payments position will require it to impose controls on payments and transfers in connection with current transactions, it shall inform the Fund of the restrictions it believes necessary in a written report setting forth the full facts and requesting the Fund's approval.

D-17 The Executive Directors shall set a date for a meeting to consider the request and the member shall be represented at the meeting. Within 30 days of the date of the request the Fund shall inform the member in a written report whether it approves or disapproves and the reasons for its decision. A member that imposes such restrictions without the approval of the Fund shall be regarded as failing to fulfill its obligations under the Fund Agreement.

D-18 The Fund shall inform all members of the exchange controls maintained by every other member which are consistent with the Fund Agreement. The exchange controls so reported to members shall be the basis for determining whether any exchange contract is unenforceable under the terms of the Fund Agreement.



- D-19 A member shall inform the Fund of any agreement with other countries for the purpose of making its exchange controls more effective. The Fund shall inform the member whether any provision in such an agreement, in the opinion of the Fund, is inconsistent with the Fund Agreement.
- D-20 If the Fund is of the opinion that a provision is inconsistent with the Fund Agreement, the member shall be given an opportunity to present its views to the Executive Directors. The Fund shall then inform the member of its decision in a written report stating the reasons for its decision.
- D-21 A member that continues any agreement which the Fund has found inconsistent with the Fund Agreement shall be regarded as failing to fulfill its obligations under the Fund Agreement.
- D-22 Within one month after members agree with the Fund on the initial parities of their currencies, each member shall inform the Fund of any currency, payments or clearing agreements it has with any other country. The member shall indicate which agreements it regards as consistent with the Fund Agreement, which are intended for a limited period, and which are part of its post-war transitional arrangements.
- D-23 The Fund shall deal with existing currency, payments and clearing agreements in the same general manner as it deals with existing exchange controls.
- D-24 A member that proposes to enter into a currency agreement that is inconsistent with the provisions of the Fund Agreement shall request the approval of the Fund in a report setting forth the need for the agreement.
- D-25 The Executive Directors shall meet with a representative of the member to consider the request. The Fund shall then inform the member of its decision in a written report stating its reasons.

D-26 If a member enters into such an agreement without the approval of the Fund it shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

D-27 A member shall inform the Fund of any new currency, payments or clearing agreements it enters into and of the termination of any such agreements. The Fund shall keep all members informed of the agreements in force.

D-28 The Fund may inform a member at any time that a currency agreement is inconsistent with the provisions of the Fund Agreement and it may require the member to terminate or modify the agreement to the extent that it is in conflict with the Fund Agreement. The member shall be given an opportunity to present its views to the Executive Directors and the member shall be informed of the decision of the Fund in a written report stating the reasons for the decision.

D-29 A member that does not terminate or modify a currency agreement as requested by the Fund shall be regarded as having failed to fulfill its obligations under the Fund Agreement.

D-30 When the Fund declares a currency scarce, it shall arrange to consult promptly with members on the temporary limitations they propose to impose on exchange transactions in the scarce currency. The Fund shall inform the member whose currency has been declared scarce of the limitations imposed by each member. The Fund shall offer its good offices if the member wishes to make representations on the administration of the limitations so imposed.

D-31 If the Fund finds that any member maintains limitations on exchange transactions in a scarce currency which are more restrictive than is necessary in view of the supply held by the member and accruing to it, the Fund shall consult with the member on the relaxation of the unnecessary limitations.



D-32 The Fund shall inform the member in a written report of the extent to which, in its opinion, the limitations should be relaxed and the reasons for its opinion.

D-33 If a member fails to relax the limitations to the extent requested by the Fund, the member shall be regarded as having failed to fulfill its obligations under the Fund Agreement.