

J

GUARDIAN BOND
C-100
PACIFIC COAST BOND

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155 (APHS 2124)

J. Exchange Controls, Currency Practices and Agreements

complaints

- J-1 If a member presents a formal complaint to the Executive Board that another member is not complying with its obligations concerning exchange controls, discriminatory currency arrangements, or multiple currency practices, the complaint shall ^{give} specify the obligation violated, the acts constituting such violation and all facts pertinent to an examination of ~~the complaint~~ by the Fund. (AA VIII-2 and 3)
- J-2 Upon receipt of a ~~formal~~ complaint from a member, the Executive Board shall make arrangements promptly for consultation with the ^{directly involved} member ~~against which the complaint is made.~~
- J-3 All requests by a member ^{under Article VIII, Sections 2 & 3,} that the Fund approve the imposition of restrictions on the making of payments and transfers for current international transactions, or the use of discriminatory currency arrangements or multiple currency practices, shall be submitted to the Executive Board in writing, with a statement of the reasons for making the request. (AA VIII-2 and 3)
- J-4 The Executive Board shall decide each request for approval ^{expeditiously.} ~~within 30 days of its receipt, if the member wishes it to be acted upon promptly.~~
- J-5 A request by the Fund that a member exercise controls to prevent net use of the Fund's resources to meet a large or sustained outflow of capital shall be accompanied by a report setting forth the reasons ^{by the Fund} for the request. The member shall consult with the Executive Board ^{on their institution} ~~from time to time as to the administration of such controls and the continued need for them.~~ ^{and subsequent removal.} (AA VI-1)

J - Exchange Controls, Currency
Practices and Agreements

J-1

1 The Fund shall keep all exchange controls under review
2 and shall consult with members in accordance with the ~~Articles~~ ^{Fund}
3 ~~of Agreement~~ with a view to ^{the} their progressive removal. ~~of the~~ ^{of exchange restrictions}
4 (AA XIV - 2) ~~contracts of members in accordance with the~~ ^{Fund Agreements.}

J-2

5 If a member complains to the Executive Board that another
6 member is not complying with its obligations concerning exchange
7 controls, discriminatory currency arrangements, or multiple
8 currency practices, the complaint shall give all facts pertinent
9 to an examination. (AA VIII - 2 and 3)

J-3

10 Upon receipt of a complaint from a member, the Executive
11 Board shall make arrangements promptly for consultation with
12 the members directly involved.

J-4

13 All requests by a member under Article VIII, Sections 2
14 and 3, that the Fund approve the imposition of restrictions on
15 the making of payments and transfers for current international
16 transactions, or the use of discriminatory currency arrangements
17 or multiple currency practices, shall be submitted to the
18 Executive Board in writing, with a statement of the reasons for
19 making the request. (AA VIII - 2 and 3)

J-5

20 The Executive Board shall decide each request for approval
21 expeditiously.

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24 ~~sustained outflow of capital shall be accompanied by a report by~~
25 ~~the Fund setting forth the reasons for the request. The member~~
26 ~~shall consult with the Executive Board on their institution,~~
27 ~~administration and subsequent removal. (AA VI - 1))~~

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8 to an examination. (A.A. VIII - 2 and 3)
- J-3 9 Upon receipt of a complaint from a member, the Executive
10 Board shall make arrangements promptly for consultation with
11 the members directly involved.
- J-4 12 All requests by a member under Article VIII, Sections 2 and
13 3, that the Fund approve the imposition of restrictions on the
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J. Exchange Controls

17th June, 1946

submit to
J 1. Any member desiring to maintain restrictions on payments and transfers for current international transactions under Article XIV must ~~so inform the Fund within one month of the beginning of operations by~~ *at the time of the notification* ~~the Fund or of becoming a member (whichever is the later), together~~ with a description of the principles and practice of such restrictions, *along with the reasons for their maintenance*

J 2. All members shall inform the Fund of any legislative, executive or administrative provisions under which payments and transfers for international transactions will be subject to scrutiny, stating whether such exchange controls will restrict capital or current transactions, and if so to what extent. This information shall be kept up-to-date.

~~J 3. Since the Fund is concerned only with the practical consequences of any system of exchange control, it shall not object to the form in which any system is expressed, nor shall it specify under Article VI Section 1(a) the form of control which it expects a member to enforce. It shall however be available to advise members who desire guidance as to the practice of other members and the efficacy of their methods.~~

~~J 4. If the operation of any system of exchange control appears to the Fund to result in unnecessary restrictions on current payments and transfers, or otherwise to be contrary to the obligations of members~~

17th June, 1946

under the Articles, the Fund shall seek an explanation from the member.

If the explanation is not satisfactory after opportunities of full exchange of views have been afforded, the Fund may rule that the member is failing to fulfil its obligations and may restrict the use of the Fund's resources by that member.

J 5. The Fund shall keep all exchange controls under review and shall consult with members in accordance with the Articles ^{of Agreement} with a view to their progressive removal.

J 6. If a member states that its balance of payments position will require it to impose restrictions on payments and transfers for current international transactions it shall so inform the Fund with details of its proposed form of control and the policy proposed to be pursued by it. The Fund shall treat this proposal as a matter of urgency and shall indicate its views, either provisionally or in detail, within 72 hours. If the Fund and the member disagree the member shall be regarded as failing to fulfil its obligations under the Articles.

J 7. The exchange control provisions of members shall be deemed to be consistent with the Articles for the purposes of Article VIII

Section 2(b) unless the Fund has informed members to the contrary.

J-
add

In the event of legal proceedings in the territories of a member involving the question of the enforceability of a contract under exchange control legislation, whether of that member or another, the Fund shall on request furnish to the member in whose territories the action proceeds a certificate stating whether the exchange control legislation concerned has been ruled by the Fund to be inconsistent with the Articles, and members shall be entitled to produce such a certificate in their courts.

Scarce currencies

J 8. When the Fund declares a currency scarce, it shall consult promptly with members as to the steps they propose to take to limit their expenditures in that currency to the available supply, and shall inform the member whose currency has been declared scarce of the limitations imposed by other members. The Fund shall offer its good offices if the member wishes to make representations on the administration of the limitations so imposed. If the limitations imposed by any member exceed the needs of the situation in the view of the Fund, it may so inform the member. If the Fund and the member disagree and the member persists in imposing excessive limitations it shall be regarded as failing to fulfil its obligations under the Articles.