

MEMORANDUM

Subject: Rules and Regulations - Gold Transactions - Charges

The Revised Draft of the Rules and Regulations (August 13, 1946), omitted provisions dealing with transactions in gold, the prices to be paid for gold, and charges for gold transactions. The following additions to the Rules and Regulations are suggested to cover these matters:

1. Add to Section I the following four sections:

I-6 When the Fund has begun exchange transactions, it will supply a member with the currency of another member in exchange for gold upon the delivery of the gold to any gold depository of the Fund, and, at the request of a member, may, in its discretion, accept gold at other places. (AA V - 2)

I-7 At the request of a member, the Fund will quote a price in the currency of another member at which such currency will be supplied in exchange for gold. The price will not differ from parity by more than the cost to the Fund of shipping the gold to the member whose currency is to be supplied and acquiring the currency of that member in exchange for gold. (AA V - 8(b))

I-8 Gold delivered to the Fund for subscriptions, repurchases, charges, or in exchange for the currency of other members, shall be in the form of bars of approximately 400 troy ounces, .995 fine or better, bearing mint or assay marks showing the weight and fineness, or accompanied by a certificate provided by the member stating the weight and fineness of the bars. At the request of a member the Fund may decide to accept gold which does not comply with all of these requirements.

I-9 Gold shall be accepted subject to any necessary final determination by the Fund of its weight and fineness and adjustment for any difference between the actual gold content and that shown on the bar or in the accompanying certificate. The Fund may withhold any part of the amount due pending final determination. Final settlement for such gold transactions shall be made within a reasonable time after receipt of the gold.

2. Add the following to Section G:

G-6 The margin for gold transactions, subject to the provisions of Article IV, Section 2, shall be __%. (AA IV - 2)

Note: This margin is intended to be exclusive of charges that may be made for repatriation or expatriation of gold purchased or sold by a member.

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3. Add the following to Section K between the present K-5 and K-6:

Except as provided in K-3 and K-4, whenever gold is delivered to the Fund a handling charge may be levied sufficient to defray any necessary costs of weighing, assaying, melting or refining the gold delivered.

BEESWING MANIFOLD