

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

EBS/84/91  
Supplement 2

CONFIDENTIAL

June 7, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Review of the Fund's Income Position for the  
Financial Years 1984 and 1985 - Decisions  
and Understanding

The following text is the Secretary's understanding of the decisions taken by the Executive Board at EBM/84/85 on June 1, 1984:

- I. The net income for the financial year that ended on April 30, 1984 shall be placed to the Special Reserve.
- II. Pursuant to Rule I-6(4), it is decided that effective May 1, 1984:
  - (a) The rate of charge on the Fund's holdings of currency acquired as a result of the purchases referred to in that Rule shall be 7 percent per annum; and
  - (b) for the purposes specified in Rule I-6(4)(d), SDR 20 million of net income in excess of the target amount for the financial year that ended on April 30, 1984 shall be deemed as income for the financial year ending on April 30, 1985.
- III. Pursuant to Rule T-1(d), the Executive Board has reviewed the rate of interest on holdings of SDRs.

The Executive Board also reached the following understanding, regarding the midterm review of the Fund's income position, which will be recorded in the minutes of EBM/84/85:

If at the midterm review the net income for FY 1985 is estimated to be substantially in excess of the target, management will make its judgment, in light of this and other relevant factors, on an appropriate reduction in the rate of charge for the balance of the year, and the Executive Board will consider the proposal.