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December 27, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Official Sterling Balances

The Secretary has received the following memorandum dated December 21, 1984 from Mr. Wicks:

My authorities have asked me to draw to the Fund's attention the Chancellor of the Exchequer's announcement, to the House of Commons on Tuesday, December 18, about the official sterling balances.

Since 1977, official holders of sterling have been asked to restrict their balances to working levels only. In his announcement to the House of Commons the Chancellor said that he had concluded that it was no longer appropriate to continue with a restriction which applies to one class of sterling holder only. He went on to say that the change did not imply any desire to influence the level of official sterling balances, which would be determined by the market. The Bank of England have telexed all the more important holders of sterling to draw their attention to this announcement and to emphasize that the United Kingdom authorities are certainly not trying to revive sterling's reserve role.

I should be grateful if you would draw this information to the attention of the Executive Board.

Other Distribution:
Department Heads