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June 20, 1983

To: Members of the Executive board

From: The Secretary

Subject: Review of Decisions Prescribing Certain Operations Using SDRs

There is attached for the information of the Executive Directors a paper reviewing four of the seven decisions prescribing operations in SDRs.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Review of Decisions Prescribing Certain Operations Using SDRs

Prepared by the Legal Department and
the Treasurer's Department

Approved by George P. Nicoletopoulos and David Williams

June 20, 1983

Article XIX, Section 2(c) of the Articles of Agreement authorizes the Fund to prescribe operations using SDRs that may be entered into by agreement between participants. Over a period between 1978 and 1980 the Executive Board adopted seven decisions prescribing permissible operations. The first four of these related to the use of SDRs in the settlement of financial obligations, in loans, in pledges, and as security of the performance of financial obligations. The remaining three dealt with the use of SDRs in swaps, forward operations, and donations. ^{1/}

Each of the first four decisions specifies that the Fund will review the decision prior to June 30 in each year, a provision that was not included in the three later decisions. In the year ending June 30, 1983 there has been no separate review of the first group of decisions. However, the general question of the scope and requirements of operations using SDRs was reviewed in the staff memorandum entitled "Possible Further Improvements in the Existing SDR" (SM/82/92, dated May 7, 1982 on pages 13 and 14), which was discussed by the Executive Board on June 7, 1982. On the basis of that discussion, a paper proposing a simplification of the present prescriptions is scheduled for Board discussion on September 7, 1983.

In these circumstances it is not proposed to schedule a further review of the four decisions mentioned above, prior to June 30, 1983. Instead it is proposed to regard the discussion scheduled for September 7, 1983 as satisfying the review requirement for the year ended June 30, 1983.

^{1/} The first four decisions are, respectively, No. 6000-(79/1)S (12/28/78); No. 6001-(79/1)S (12/28/78); No. 6053-(79/34)S (2/26/79); and No. 6054-(79/34)S (2/26/79). The text of all seven decisions is contained in Selected Decisions, Ninth Issue, pp. 249-259.