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ATTENTION**

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0401

EBD/91/2

January 3, 1991

To: Members of the Executive Board

From: The Secretary

Subject: Kingdom of the Netherlands - Netherlands -
Representative Rate for the Guilder

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Wednesday, January 9, 1991. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Decarli (ext. 7627) or Mr. Zavoico (ext. 7626) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

10701 DNBAM NL
14/12/1990
NO 65

ATTN. TREASURER
RE.: YOUR TELEX NO. OCRA 7895 GRA NO. 114
DATED DECEMBER 12TH, 1990

1.
WE PROPOSE THE FOLLOWING DEFINITION OF THE REPRESENTATIVE EXCHANGE RATE FOR THE NETHERLANDS GUILDER AGAINST THE U.S. DOLLAR AS FROM JANUARY 2ND, 1991 (THE DEFINITION IS SLIGHTLY AMENDED COMPARED TO YOUR SUGGESTED DRAFT TEXT):
QUOTE

THE REPRESENTATIVE EXCHANGE RATE FOR THE NETHERLANDS GUILDER UNDER RULE 0-2 PARAGRAPH B (I) AGAINST THE U.S. DOLLAR IS THE MIDPOINT BETWEEN THE PREVAILING SPOT BUYING AND SELLING RATES FOR THE U.S. DOLLAR IN THE FOREIGN EXCHANGE MARKET, AS DETERMINED AND PUBLISHED BY THE NEDERLANDSCHE BANK.
UNQUOTE

2.
THE INFORMATIVE EXCHANGE RATE IS DETERMINED DAILY BY THE NEDERLANDSCHE BANK AT 2.15 P.M. AMSTERDAM TIME BY OBSERVING THE BUYING AND SELLING RATES QUOTED BY BANKS THAT ARE ACTIVE IN THE U.S. DOLLAR-NETHERLANDS GUILDER EXCHANGE MARKET. ON THE BASIS OF THESE OBSERVATIONS THE NEDERLANDSCHE BANK DETERMINES A MID RATE THAT IT CONSIDERS TO BE REPRESENTATIVE AT THAT POINT IN TIME. THIS RATE, TOGETHER WITH INFORMATIVE EXCHANGE RATES FOR OTHER MAJOR CURRENCIES VIS-A-VIS THE GUILDER (WHICH WILL BE BASED ON INFORMATION RECEIVED FROM OTHER CENTRAL BANKS DURING A DAILY TELEPHONE CONFERENCE AT 2.15 P.M.), WILL BE PUBLISHED DAILY BY THE NEDERLANDSCHE BANK.

3.
THE RATES CONCERNED ARE INFORMATIVE IN NATURE AND ARE INTENDED TO PROVIDE A POINT OF REFERENCE TO THE PUBLIC THEY MAY ALSO BE USED FOR STATISTICAL PURPOSES. THE NEDERLANDSCHE BANK INTENDS TO SETTLE MOST OF THE TRANSACTIONS WITH ITS OWN CLIENTS ON THE BASIS OF THESE INFORMATIVE RATES. THE RATES, HOWEVER, ARE NOT IN ANY WAY BINDING IN TRANSACTIONS BETWEEN THE COMMERCIAL BANKS AND THEIR CLIENTS.

4.
THE INFORMATIVE EXCHANGE RATE OF THE U.S. DOLLAR AGAINST THE NETHERLANDS GUILDER THAT WE WILL SEND TO YOU ON A DAILY BASIS, IS THE SAME AS THE RATE USED BY THE COMMISSION OF THE EUROPEAN COMMUNITIES WHEN CALCULATING THE DAILY CURRENCY EQUIVALENT OF THE ECU.

DE NEDERLANDSCHE BANK, AMSTERDAM

Received in Cable Room: December 14, 1990

INTERNATIONAL MONETARY FUND

Kingdom of the Netherlands - Representative Rate for the Guilder

Prepared by the Treasurer's Department

(In consultation with the European,
Exchange and Trade Relations and Legal Departments)

Approved by Günter Wittich

January 2, 1991

The representative exchange rate for the Netherlands guilder, established in March 1970, amended in May 1971, is based on the rate established in the Amsterdam exchange market at the official fixing session held at 1:30 p.m. each day.

The authorities of the Netherlands have informed the Fund that effective January 2, 1991, the Nederlandse Vereniging van Banken (Netherlands Association of Banks) will abolish the official fixing session, which will render the current definition of the representative exchange rate for the guilder obsolete. It is proposed that the informative exchange rate for the U.S. dollar/guilder replace the official fixing rate as the representative exchange rate for the Netherlands guilder against the U.S. dollar.

The informative exchange rate for the U.S. dollar/guilder will be determined by the Nederlandsche Bank at 2:15 p.m. (Amsterdam time) each day on the basis of the prevailing buying and selling rates quoted by banks that are active in the U.S. dollar/guilder exchange market. On the basis of these observations, the Nederlandsche Bank will determine a mid-rate in that market, and will publish this rate daily.

In light of the foregoing, the following draft decision is proposed for adoption by the Executive Board:

The Fund finds, after consultation with the authorities of the Netherlands, that the representative exchange rate for the Netherlands guilder under Rule 0-2(b)(i) against the U.S. dollar is the midpoint between the prevailing spot buying and selling rates for the U.S. dollar in the foreign exchange market, as determined and published by the Nederlandsche Bank.

Attachment