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EBD/86/199
Correction 1

July 16, 1986

To: Members of the Executive Board

From: The Secretary

Subject: Report of the Committee on Rules for the 1986 Regular
Election of Executive Directors

The following corrections have been made in EBD/86/199 (7/15/86):

Page 1, para. 3, lines 1 and 2: for "Thursday, October 2, 1986...of two days"
read "Wednesday, October 1, 1986....of a day"

Page 10, para. No. 2, lines 2 and 3: for "Thursday, October 2, 1986."
read "Wednesday, October 1, 1986."

Corrected pages are attached.

Att: (2)

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July 15, 1986

To: Members of the Executive Board

From: Jacques de Groote, Chairman
Committee on Rules for the 1986 Regular
Election of Executive Directors

Subject: Report on 1986 Regular Election of Executive Directors

As directed by the Executive Board (EBM/86/181, 6/27/86), the Committee for the 1986 Regular Election of Executive Directors met on July 15, 1986, and considered the forthcoming election.

In connection with the appointment of an Executive Director under Article XII, Section 3(c), the Executive Board has been informed in EBD/86/192 (7/8/86), of the calculations made under Article XII, Section 3(c). These were made in accordance with certain conventions, one of which is set out in Executive Board Decision No. 597-4 of July 28, 1950, as follows:

"The phrase 'the preceding two years' as used in Art. XII, Sec. 3(c), shall be deemed to be the two-year period ending on the July 31 preceding the dates of regular biennial elections of Executive Directors. However, this decision shall be reconsidered if such regular elections are held in other months than September."

The 1986 Regular Election is scheduled to take place on Wednesday, October 1, 1986. The Committee believes that the difference of a day from the holding of the Regular Election in September is not sufficiently large to warrant a change in the convention of ending the two-year period on July 31. Calculations made on the basis of members' positions during the period August 1, 1984 through June 30, 1986 indicate that Saudi Arabia and the United States are the two members that fill the requirements of Article XII, Section 3(c) and that no possible changes during the month of July can affect this result. Accordingly, as set out in Annex I, Saudi Arabia has confirmed that it will appoint an Executive Director, 1/ and the Managing Director has notified all members of Saudi Arabia's entitlement and intention to appoint an Executive Director. In accordance with Article XII, Section 3(b), with this appointment under Section 3(c), the number of elective Executive Directors will be automatically reduced

1/ With the notification from Saudi Arabia no action is required under Section 18(b) of the By-Laws, which states:

"The Executive Board shall prescribe a period within which a member that may appoint an Executive Director in accordance with Article XII, Section 3(c) shall notify the Managing Director whether it will appoint an Executive Director...."

to 14 unless the Board of Governors decides, by an eighty-five percent majority of the total voting power, that this reduction would hinder the effective discharge of the functions of the Executive Board or threaten to upset a desirable balance in the Executive Board.

On the question of the number of Executive Directors to be elected, the Committee took note of the sentiments of the Board of Governors expressed in Board of Governors' Resolution No. 36-3 that in the present circumstances there should continue to be 16 elected Executive Directors.

Annex II is the draft of a report of the Executive Board to the Board of Governors on the 1986 Regular Election of Executive Directors. It states the reason for continuing to provide for 16 elected Executive Directors. Also attached to the report is a proposed resolution of the Board of Governors adopting the Regulations and setting the next regular election for 1988 (Attachment II to Annex II). As noted above, an affirmative vote of an eighty-five percent majority of the total voting power is required for the adoption of the proposed Resolution, because the number of Executive Directors to be elected will be other than 14.

An early submission of the proposed resolution to the Board of Governors will give members timely reassurance of the rules for the election. In order to submit the proposed resolution to the Board of Governors for a vote without meeting under Section 13 of the By-Laws, the following decision is recommended for adoption by the Executive Board:

1986 Regular Election of Executive Directors

1. The Board of Governors is requested to vote without meeting pursuant to Section 13 of the By-Laws of the Fund upon the draft Resolution, entitled 1986 Regular Election of Executive Directors, set forth in Attachment II to Annex II to EBD/86/199.
2. The Secretary is directed to send the Report of the Executive Board to the Board of Governors on the 1986 Regular Election of Executive Directors, in Annex II, and the draft Resolution entitled 1986 Regular Election of Executive Directors to each member of the Fund by mail or other rapid means of communication on or before July 25, 1986.

recommendation set out in paragraph 5 above relating to the timing of the subsequent Regular Election is set forth in Attachment II, and is proposed for adoption by a vote without meeting in accordance with Section 13 of the By-Laws. The recommendation that the number of elected Executive Directors be 16 requires that the draft Resolution be adopted by an eighty-five percent majority of the total voting power, as specified in Article XII, Section 3(b).

Attachments (2)

REGULATIONS FOR THE CONDUCT OF THE 1986 REGULAR ELECTION OF
EXECUTIVE DIRECTORS

1. Definitions: In these Regulations, unless the context shall otherwise require:
 - (a) "Articles" means the Articles of Agreement of the Fund.
 - (b) "Board" means the Board of Governors of the Fund.
 - (c) "Chairman" means the Chairman or a Vice Chairman acting as Chairman of the Board.
 - (d) "Governor" includes the Alternate Governor or any temporary Alternate Governor when acting for the Governor.
 - (e) "Secretary" means the Secretary or any acting Secretary of the Fund.
 - (f) "Election" means the 1986 Regular Election of Executive Directors.
 - (g) "Eligible votes" means the total number of votes that can be cast in the election.
2. Date of Election: The election shall be held during a plenary session of the 1986 Annual Meeting to be held Wednesday, October 1, 1986.
3. Eligibility: The Governors eligible to vote in the election shall be all of the Governors except those of the members that:
 - (a) are entitled to appoint an Executive Director pursuant to Article XII, Section 3(b)(i);
 - (b) have notified the Managing Director, in accordance with the procedure established by the Executive Board, of their intention to appoint an Executive Director pursuant to Article XII, Section 3(c).
4. Schedule E: Subject to the supplementary regulations set forth herein, the provisions of Schedule E of the Articles shall apply to the conduct of the election.
5. Number of Executive Directors to be Elected: Sixteen Executive Directors shall be elected. "Sixteen persons" shall be substituted for "fifteen persons" in paragraphs 2, 3 and 6, and "fifteen persons" shall be substituted for "fourteen persons", and