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SM/95/201
Supplement 4

December 29, 1995

To: Members of the Executive Board
From: The Acting Secretary
Subject: Valuation of the SDR - Amendment to Rule 0-1

There is attached a report listing the currency amounts in the revised Rule 0-1 which deals with the valuation of the SDR. The currency amounts have been calculated in accordance with Executive Board Decision No. 6631-(80/145) G/S, Executive Board Decision No. 11073-(95/92) G/S, and the guidelines set out in Executive Board Decision No. 8160-(85/186) G/S. It is not intended to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests before 1:00 p.m. today, December 29, 1995. In the absence of such a request, the amendment to Rule 0-1 set forth in the attached report will be deemed approved by the Executive Board.

Ms. N. Wagner (ext. 37808) or Mr. Rajpal (ext. 37806) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Valuation of the SDR--Amendment to Rule 0-1

Prepared by Treasurer's Department

(In consultation with the Legal Department)

Approved by David Williams

December 29, 1995

In accordance with paragraphs 3 and 4 of the Executive Board Decision No. 6631-(80/145) G/S, adopted September 17, 1980, Executive Board Decision No. 11073-(95/92) G/S, adopted September 25, 1995, and the guidelines set forth in Executive Board Decision No. 8160-(85/186) G/S, adopted December 23, 1985, the amounts of each currency to be included in the SDR valuation basket, effective January 1, 1996, have been determined (see Table 1).

The SDR valuation under the revised basket, shown in Table 1, column (6), as the sum of the U.S. dollar equivalents, is the same as the valuation today, December 29, 1995, under the existing Rule 0-1. Moreover, on the basis of the average exchange rates for the October-December period, the shares of the currencies in the value of the SDR, which are shown in column (8), fall within the half-percentage point tolerance limit applied to the agreed weights, shown in column (1), determined under paragraph 3c of the 1980 Decision and in accordance with the 1995 Decision.

Accordingly, Rule 0-1, which specifies the amounts of the currencies in the SDR valuation basket, shall read as follows, effective January 1, 1996:

Rule 0-1. The value of the SDR shall be the sum of the values of the following amounts of the following currencies:

U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

Table 1. Calculation of Amounts of Currency Units to be Listed in Amended Rule O-1, Effective January 1, 1996

Currencies	Percentage Weights <u>1/</u> (1)	Base Period Average	Transition Date	Currency Amounts		U.S. Dollar	Memoranda: <u>4/</u>	
		Exchange Rates	Exchange Rates	Unrounded <u>2/</u>	Rounded <u>3/</u>	Equivalents on	U.S. Dollar	Percentage
		(Oct. 1-Dec. 29, 1995)	(Dec. 29, 1995)	(4)	(5)	December 29, 1995	Equivalents	Shares
		(In U.S. dollars per unit)				(3) x (5)	(2) x (5)	(8)
		(2)	(3)			(6)	(7)	
U.S. dollar	39	1.0	1.0	0.582100	0.582	0.58200	0.58200	39.0
Deutsche mark	21	0.702756552	0.698567936	0.446013	0.446	0.31156	0.31343	21.0
Japanese yen	18	0.009859044	0.009706853	27.250264	27.2	0.26403	0.26817	18.0
French franc	11	0.202944470	0.204369418	0.809000	0.813	0.16615	0.16499	11.1
Pound sterling	11	1.561523	1.5500	0.105142	0.105	0.16275	0.16396	11.0
Total						1.48649 <u>5/</u>	1.49255 <u>6/</u>	

1/ As agreed by the Executive Board.

2/ See Step A, Appendix III, SM/95/201 (8/14/95).

3/ Calculated according to the 1985 guidelines (Appendix III, SM/95/201).

4/ Calculations based on the average exchange rates in October-December 1995.

5/ U.S. dollar value of the SDR on December 29, 1995, expressed in six significant figures.

6/ SDR valuation based on the average exchange rates in October-December 1995.