

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 83/37

3:20 p.m., February 24, 1983

J. de Larosière, Chairman  
W. B. Dale, Deputy Managing Director

Executive Directors

J. Anson  
  
B. de Maulde  
A. Donoso  
R. D. Erb  
M. Finaish  
  
T. Hirao  
R. K. Joyce  
  
G. Lovato  
R. N. Malhotra  
  
J. J. Polak  
A. R. G. Prowse  
G. Salehkhau  
  
J. Tvedt  
Zhang Z.

Alternate Executive Directors

M. K. Diallo, Temporary  
  
H. G. Schneider  
A. Le Lorier  
  
C. Dallara  
T. Alhaimus  
Jaafar A.  
  
M. Casey  
H. Arias, Temporary  
G. Grosche  
C. P. Caranicas  
A. S. Jayawardena  
J. E. Suraisry  
  
O. Kabbaj  
E. I. M. Mtei  
J. L. Feito

L. Van Houtven, Secretary  
J. A. Kay, Assistant

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Also Present

Asian Department: K. A. Al-Eyd. European Department: R. P. Hicks, K.-W. Riechel. External Relations Department: G. P. Newman. Legal Department: G. P. Nicoletopoulos, Director; J. G. Evans, Jr., Deputy General Counsel; Ph. Lachman. Research Department: W. C. Hood, Economic Counsellor and Director; A. D. Crockett, Deputy Director. Secretary's Department: J. W. Lang, Jr., Deputy Secretary; A. P. Bhagwat. Treasurer's Department: W. O. Habermeier, Counsellor and Treasurer; D. Williams, Deputy Treasurer; M. N. Bhuiyan, D. S. Cutler, J. R. Karlik, M. A. Tareen, T. M. Tran. Bureau of Language Services: M. S. Diamond, A. Lueje, R. Neuhauser. Finance and Development: J. M. Landell-Mills. Personal Assistant to the Managing Director: N. Carter. Advisors to Executive Directors: S. R. Abiad, A. A. Agah, E. A. Ajayi, C. J. Batliwalla, J. Delgadillo, I. R. Panday. Assistants to Executive Directors: E. M. Ainley, L. Barbone, J. Bulloch, M. Camara, L. E. J. Coene, I. Fridriksson, M. J. Kooymans, W. Moerke, V. K. S. Nair, Y. Okubo, J. G. Pedersen, E. Portas, G. W. K. Pickering, J. Reddy, J. Schuijjer, D. I. S. Shaw, H. Suzuki.

1. GENERAL ARRANGEMENTS TO BORROW (GAB) - REVISION

The Executive Directors considered a paper on the revision of the General Arrangements to Borrow (GAB) (SM/83/35, 2/17/83), together with a revised draft decision (SM/83/35, Sup. 1, 2/23/83).

Mr. Grosche, referring to paragraph 13--Transferability--of the revised text of the GAB (Attachment 1, page 7) recalled that on March 21, 1979 the Executive Board had adopted a decision on the transferability of claims under the GAB (Decision No. 6068-(79/47)). What changes would be needed in that decision to take account of participation by Switzerland? Second, in the same vein, in the second paragraph on page 6 of Attachment 3--Explanatory Memorandum--it was explained that the Swiss National Bank would undertake to lend any currency that was "freely usable" under the Articles, and that under Article VII, Section 1, the Fund would need the concurrence of the issuer of each freely usable currency. His authorities assumed that all five countries whose currencies were freely usable, would give their concurrence. Third, on page 7 of Attachment 3, he wished the second sentence to be the beginning of a new paragraph; it was desirable to make a distinction when introducing the idea of associated arrangements as described in paragraph 23 and different types of arrangements. In the second sentence, there was a reference to a lender extending to the Fund, for instance, a revolving line of credit similar to, though not necessarily completely identical with, the GAB credit arrangement. He would prefer to see the reference to any particular form of credit deleted; to retain it might impair the Fund's flexibility in drawing up future associated arrangements. If it was desired to retain the example, he hoped that some more flexible wording could be used.

The Treasurer explained, in reply to Mr. Grosche, that the staff was examining the question of the changes that might be needed in Decision No. 6068-(79/47) to accommodate the future participation of Switzerland. There appeared to be no immediate urgency in deciding that point.

As to the description of the associated borrowing arrangement on page 7 of Attachment 3, the Treasurer commented that the example was only one among others that could have been chosen. The reason that the staff had mentioned a revolving line of credit was because it felt that the revolving nature of the credit was one of the essential characteristics of a commitment under the GAB. The other lines of credit that the Fund had negotiated were ad hoc arrangements. Under such arrangements, the Fund could borrow and repay; but it could not reborrow under the same line of credit after making repayment. It was also possible to conceive another type of arrangement under which a credit would be usable once only for financing one particular purchase by one given country. That was, however, not the Fund's preferred approach, and it was not the nature of the GAB.

The Director of the Legal Department recalled that the text in paragraph 23(a) spoke of a borrowing arrangement between the Fund and the member that was not a participant under which the member would undertake to make loans to the Fund on terms comparable to those made by participants.

That provision implied that any borrowing by the Fund would have to have a revolving character. While it would be possible to have another type of arrangement, it was doubtful whether such an arrangement could qualify for the benefits referred to in paragraph 23(a). It should be recalled that under an arrangement of the type referred to in that subparagraph of the revised GAB, the member would derive the financial benefits of GAB participation. It would not seem proper to allow the party to such an arrangement to qualify for the benefits of GAB participation if it did not accept a credit commitment that had a revolving feature similar to those of the commitments of the participants in the General Arrangements to Borrow. It would of course be possible to delete the reference in the memorandum to the revolving character of the lending, and to say only that the credit to the Fund would be similar to, though not necessarily completely identical with, the GAB arrangements. Even if that proposal were adopted, it would not mean that an arrangement that did not have the revolving characteristic of borrowing under the General Arrangements to Borrow would qualify for the purposes of paragraph 23(a).

Regarding paragraph 13--Transferability--the Director mentioned that the decision on transferability contained a number of qualifications. Among other things, it referred to a creditor position in the Fund, a point that would have to be looked into since Switzerland was a nonmember.

Finally, Mr. Grosche had assumed that all five countries whose currencies would be used by Switzerland in making loans to the Fund--the freely usable currencies--would have to concur in their use, the Director of the Legal Department recalled. While the Fund hoped that all five issuers would give their concurrence, the decision was silent on that point. In order to make the provision effective, it would be necessary to have at least one concurrence. Otherwise, it would be impossible for the Fund to obtain loans from Switzerland. Naturally, the expectation was that all five issuers would concur.

Mr. Prowse, referring to the explanatory memorandum in Attachment 3, remarked that where reference was made to nonparticipants, there was no reference to the status of a "parallel creditor" that might also be a nonparticipant and yet be in a position to have the General Arrangements activated for it for the same purposes and under the same conditions as a participant. While it had been agreed that there should be no reference to "parallel creditors" in the decision, he wondered whether there should not be some such mention in the first paragraph on page 2 of the memorandum and in the second and third full paragraphs on page 5.

The Director of the Legal Department remarked that, while Mr. Prowse had been using the term "parallel creditors," the Executive Board had decided to abandon that terminology. In paragraph 23 there was a reference to two or three different categories of nonparticipants with which the Fund could enter into borrowing arrangements that would involve some kind of parallel association with the participants in the General Arrangements. Paragraph 23 included provisions that would give certain nonparticipants the benefits referred to in that paragraph, without making them applicable

in all cases. It would be possible to expand the text of the memorandum to explain that, for certain nonparticipants with which the Fund might enter into the type of arrangement described in paragraph 23, the Fund, with the concurrence of the participants, might arrange for the nonparticipants to have only certain of the benefits that might be involved. However, to follow Mr. Prowse down that path would make it necessary to introduce a relatively large number of distinctions. While some distinctions were indeed made in paragraph 23 of the decision, to introduce them in the commentary as early as suggested by Mr. Prowse might be inconvenient.

Mr. Erb commented that he assumed that when the General Arrangements were activated, and a nonparticipant had entered into an association agreement in accordance with paragraph 23(a), the same procedures as those set out in the Baumgartner letter for participants would also apply to a nonparticipant lending under paragraph 23(a).

The Director of the Legal Department confirmed that if the Fund, with the concurrence of all participants, were to enter into an association arrangement under paragraph 23(a), it was to be assumed that there would be arrangements between the participant and the associated nonparticipant, under which the procedures for activation and decision making would be the same. Similarly, the consultation by the Fund, and in particular by the Managing Director, would be the same for the participants and for the associated nonparticipant.

The Executive Directors then took the following decision:

1. The Fund approves the amendments to Decision No. 1289-(62/1) on the General Arrangements to Borrow (GAB), as previously amended, and the increased amounts of participants' credit arrangements, incorporated in the revised text attached to the present Decision (Attachment).

2. The amendments to the GAB Decision and the increases in participants' credit arrangements under that Decision shall become effective when all ten participants have notified the Fund in writing, not later than December 31, 1983 or such later date as may be prescribed by the Executive Board, that they agree to these amendments and increases.

The Swiss National Bank may become a participant in accordance with the provisions of the GAB Decision when the amendments to that Decision have become effective in accordance with 2 above, provided that the Bank deposits its instrument of adherence not later than April 30, 1984 or such later date as may be prescribed by the Executive Board.

Decision No. 7337-(83/37), adopted  
February 24, 1983

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/83/36 (2/23/83) and EBM/83/37 (2/24/83).

2. ASSISTANT TO EXECUTIVE DIRECTOR

The Executive Board approves the appointment set forth in EBAP/83/53 (2/18/83).

Adopted February 23, 1983

3. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors as set forth in EBAP/83/54 (2/22/83), EBAP/83/55 (2/22/83), EBAP/83/56 (2/22/83), and EBAP/83/57 (2/22/83) is approved.

4. STAFF TRAVEL

Travel by the Managing Director as set forth in EBAP/83/59 (2/23/83) is approved.

APPROVED: August 3, 1983

LEO VAN HOUTVEN  
Secretary

GENERAL ARRANGEMENTS TO BORROW

Preamble

In order to enable the International Monetary Fund to fulfill more effectively its role in the international monetary system, the main industrial countries have agreed that they will, in a spirit of broad and willing cooperation, strengthen the Fund by general arrangements under which they will stand ready to make loans to the Fund up to specified amounts under Article VII, Section 1 of the Articles of Agreement when supplementary resources are needed to forestall or cope with an impairment of the international monetary system. In order to give effect to these intentions, the following terms and conditions are adopted under Article VII, Section 1 of the Articles of Agreement.

Paragraph 1. Definitions

As used in this Decision the term:

(i) "Articles" means the Articles of Agreement of the International Monetary Fund;

(ii) "credit arrangement" means an undertaking to lend to the Fund on the terms and conditions of this Decision;

(iii) "participant" means a participating member or a participating institution;

(iv) "participating institution" means an official institution of a member that has entered into a credit arrangement with the Fund with the consent of the member;

(v) "participating member" means a member of the Fund that has entered into a credit arrangement with the Fund;

(vi) "amount of a credit arrangement" means the maximum amount expressed in special drawing rights that a participant undertakes to lend to the Fund under a credit arrangement;

(vii) "call" means a notice by the Fund to a participant to make a transfer under its credit arrangement to the Fund's account;

(viii) "borrowed currency" means currency transferred to the Fund's account under a credit arrangement;

(ix) "drawer" means a member that purchases borrowed currency from the Fund in an exchange transaction or in an exchange transaction under a stand-by or extended arrangement;

(x) "indebtedness" of the Fund means the amount it is committed to repay under a credit arrangement.

#### Paragraph 2. Credit Arrangements

A member or institution that adheres to this Decision undertakes to lend its currency to the Fund on the terms and conditions of this Decision up to the amount in special drawing rights set forth in the Annex to this Decision or established in accordance with Paragraph 3(b).

#### Paragraph 3. Adherence

(a) Any member or institution specified in the Annex may adhere to this Decision in accordance with Paragraph 3(c).

(b) Any member or institution not specified in the Annex that wishes to become a participant may at any time, after consultation with the Fund, give notice of its willingness to adhere to this Decision, and, if the Fund shall so agree and no participant object, the member or institution may adhere in accordance with Paragraph 3(c). When giving notice of its willingness to adhere under this Paragraph 3(b) a member or institution shall specify the amount, expressed in terms of the special drawing right, of the credit arrangement which it is willing to enter into, provided that the amount shall not be less than the amount of the credit arrangement of the participant with the smallest credit arrangement.

(c) A member or institution shall adhere to this Decision by depositing with the Fund an instrument setting forth that it has adhered in accordance with its law and has taken all steps necessary to enable it to carry out the terms and conditions of this Decision. On the deposit of the instrument the member or institution shall be a participant as of the date of the deposit or of the effective date of this Decision, whichever shall be later.

#### Paragraph 4. Entry into Force

This Decision shall become effective when it has been adhered to by at least seven of the members or institutions included in the Annex with credit arrangements amounting in all to not less than the equivalent of five and one-half billion United States dollars of the weight and fineness in effect on July 1, 1944.



Paragraph 5. Changes in Amounts of Credit Arrangements

The amounts of participants' credit arrangements may be reviewed from time to time in the light of developing circumstances and changed with the agreement of the Fund and all participants.

Paragraph 6. Initial Procedure

When a participating member or a member whose institution is a participant approaches the Fund on an exchange transaction or stand-by or extended arrangement and the Managing Director, after consultation, considers that the exchange transaction or stand-by or extended arrangement is necessary in order to forestall or cope with an impairment of the international monetary system, and that the Fund's resources need to be supplemented for this purpose, he shall initiate the procedure for making calls under Paragraph 7.

Paragraph 7. Calls

(a) The Managing Director shall make a proposal for calls for an exchange transaction or for future calls for exchange transactions under a stand-by or extended arrangement only after consultation with Executive Directors and participants. A proposal shall become effective only if it is accepted by participants and the proposal is then approved by the Executive Board. Each participant shall notify the Fund of the acceptance of a proposal involving a call under its credit arrangement.

(b) The currencies and amounts to be called under one or more of the credit arrangements shall be based on the present and prospective balance of payments and reserve position of participating members or members whose institutions are participants and on the Fund's holdings of currencies.

(c) Unless otherwise provided in a proposal for future calls approved under Paragraph 7(a), purchases of borrowed currency under a stand-by or extended arrangement shall be made in the currencies of participants in proportion to the amounts in the proposal.

(d) If a participant on which calls may be made pursuant to Paragraph 7(a) for a drawer's purchases under a stand-by or extended arrangement gives notice to the Fund that in the participant's opinion, based on the present and prospective balance of payments and reserve position, calls should no longer be made on the participant or that calls should be for a smaller amount, the Managing Director may propose to other participants that substitute amounts be made available under their credit arrangements, and this proposal shall be subject to the procedure of Paragraph 7(a). The proposal as originally approved under Paragraph 7(a) shall remain effective unless and until a proposal for substitute amounts is approved in accordance with Paragraph 7(a).

(e) When the Fund makes a call pursuant to this Paragraph 7, the participant shall promptly make the transfer in accordance with the call.

#### Paragraph 8. Evidence of Indebtedness

(a) The Fund shall issue to a participant, on its request, non-negotiable instruments evidencing the Fund's indebtedness to the participant. The form of the instruments shall be agreed between the Fund and the participant.

(b) Upon repayment of the amount of any instrument issued under Paragraph 8(a) and all accrued interest, the instrument shall be returned to the Fund for cancellation. If less than the amount of any such instrument is repaid, the instrument shall be returned to the Fund and a new instrument for the remainder of the amount shall be substituted with the same maturity date as in the old instrument.

#### Paragraph 9. Interest

(a) The Fund shall pay interest on its indebtedness at a rate equal to the combined market interest rate computed by the Fund from time to time for the purpose of determining the rate at which it pays interest on holdings of special drawing rights. A change in the method of calculating the combined market interest rate shall apply only if the Fund and at least two thirds of the participants having three fifths of the total amount of the credit arrangements so agree; provided that if a participant so requests at the time this agreement is reached, the change shall not apply to the Fund's indebtedness to that participant outstanding at the date the change becomes effective.

(b) Interest shall accrue daily and shall be paid as soon as possible after each July 31, October 31, January 31, and April 30.

(c) Interest due to a participant shall be paid, as determined by the Fund, in special drawing rights, or in the participant's currency, or in other currencies that are actually convertible.

#### Paragraph 10. Use of Borrowed Currency

The Fund's policies and practices under Article V, Sections 3 and 7 on the use of its general resources and stand-by and extended arrangements, including those relating to the period of use, shall apply to purchases of currency borrowed by the Fund. Nothing in this Decision shall affect the authority of the Fund with respect to requests for the use of its resources by individual members, and access to these resources by members shall be determined by the Fund's policies and practices, and shall not depend on whether the Fund can borrow under this Decision.

Paragraph 11. Repayment by the Fund

(a) Subject to the other provisions of this Paragraph 11, the Fund, five years after a transfer by a participant, shall repay the participant an amount equivalent to the transfer calculated in accordance with Paragraph 12. If the drawer for whose purchase participants make transfers is committed to repurchase at a fixed date earlier than five years after its purchase, the Fund shall repay the participants at that date. Repayment under this Paragraph 11(a) or under Paragraph 11(c) shall be, as determined by the Fund, in the participant's currency whenever feasible, or in special drawing rights, or, after consultation with the participant, in other currencies that are actually convertible. Repayments to a participant under Paragraph 11(b) and (e) shall be credited against transfers by the participant for a drawer's purchases in the order in which repayment must be made under this Paragraph 11(a).

(b) Before the date prescribed in Paragraph 11(a), the Fund, after consultation with a participant, may make repayment to the participant in part or in full. The Fund shall have the option to make repayment under this Paragraph 11(b) in the participant's currency, or in special drawing rights in an amount that does not increase the participant's holdings of special drawing rights above the limit under Article XIX, Section 4, of the Articles of Agreement unless the participant agrees to accept special drawing rights above that limit in such repayment, or, with the agreement of the participant, in other currencies that are actually convertible.

(c) Whenever a reduction in the Fund's holdings of a drawer's currency is attributed to a purchase of borrowed currency, the Fund shall promptly repay an equivalent amount. If the Fund is indebted to a participant as a result of transfers to finance a reserve tranche purchase by a drawer and the Fund's holdings of the drawer's currency that are not subject to repurchase are reduced as a result of net sales of that currency during a quarterly period covered by an operational budget, the Fund shall repay at the beginning of the next quarterly period an amount equivalent to that reduction, up to the amount of the indebtedness to the participant.

(d) Repayment under Paragraph 11(c) shall be made in proportion to the Fund's indebtedness to the participants that made transfers in respect of which repayment is being made.

(e) Before the date prescribed in Paragraph 11(a) a participant may give notice representing that there is a balance of payments need for repayment of part or all of the Fund's indebtedness and requesting such repayment. The Fund shall give the overwhelming benefit of any doubt to the participant's representation. Repayment shall be made after consultation with the participant in the currencies of other members that are actually convertible, or made in special drawing rights, as determined by the Fund. If the Fund's holdings of currencies in which repayment should be made are not wholly adequate, individual participants shall be requested,

and will be expected, to provide the necessary balance under their credit arrangements. If, notwithstanding the expectation that the participants will provide the necessary balance, they fail to do so, repayment shall be made to the extent necessary in the currency of the drawer for whose purchases the participant requesting repayment made transfers. For all of the purposes of this Paragraph 11 transfers under this Paragraph 11(e) shall be deemed to have been made at the same time and for the same purchases as the transfers by the participant obtaining repayment under this Paragraph 11(e).

(f) All repayments to a participant in a currency other than its own shall be guided, to the maximum extent practicable, by the present and prospective balance of payments and reserve position of the members whose currencies are to be used in repayment.

(g) The Fund shall at no time reduce its holdings of a drawer's currency below an amount equal to the Fund's indebtedness to the participants resulting from transfers for the drawer's purchases.

(h) When any repayment is made to a participant, the amount that can be called for under its credit arrangement in accordance with this Decision shall be restored pro tanto.

(i) The Fund shall be deemed to have discharged its obligations to a participating institution to make repayment in accordance with the provisions of this Paragraph or to pay interest in accordance with the provisions of Paragraph 9 if the Fund transfers an equivalent amount in special drawing rights to the member in which the institution is established.

#### Paragraph 12. Rates of Exchange

(a) The value of any transfer shall be calculated as of the date of the dispatch of the instructions for the transfer. The calculation shall be made in terms of the special drawing right in accordance with Article XIX, Section 7(a) of the Articles, and the Fund shall be obliged to repay an equivalent value.

(b) For all of the purposes of this Decision, the value of a currency in terms of the special drawing right shall be calculated by the Fund in accordance with Rule 0-2 of the Fund's Rules and Regulations.

#### Paragraph 13. Transferability

A participant may not transfer all or part of its claim to repayment under a credit arrangement except with the prior consent of the Fund and on such terms and conditions as the Fund may approve.

Paragraph 14. Notices

Notice to or by a participating member under this Decision shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency of the participating member designated in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund. Notice to or by a participating institution shall be in writing or by rapid means of communication and shall be given to or by the participating institution.

Paragraph 15. Amendment

This Decision may be amended during the period prescribed in Paragraph 19(a) only by a decision of the Fund and with the concurrence of all participants. Such concurrence shall not be necessary for the modification of the Decision on its renewal pursuant to Paragraph 19(b).

Paragraph 16. Withdrawal of Adherence

A participant may withdraw its adherence to this Decision in accordance with Paragraph 19(b) but may not withdraw within the period prescribed in Paragraph 19(a) except with the agreement of the Fund and all participants.

Paragraph 17. Withdrawal from Membership

If a participating member or a member whose institution is a participant withdraws from membership in the Fund, the participant's credit arrangement shall cease at the same time as the withdrawal takes effect. The Fund's indebtedness under the credit arrangement shall be treated as an amount due from the Fund for the purpose of Article XXVI, Section 3, and Schedule J of the Articles.

Paragraph 18. Suspension of Exchange Transactions and Liquidation

(a) The right of the Fund to make calls under Paragraph 7 and the obligation to make repayments under Paragraph 11 shall be suspended during any suspension of exchange transactions under Article XXVII of the Articles.

(b) In the event of liquidation of the Fund, credit arrangements shall cease and the Fund's indebtedness shall constitute liabilities under Schedule K of the Articles. For the purpose of Paragraph 1(a) of Schedule K, the currency in which the liability of the Fund shall be payable shall be first the participant's currency and then the currency of the drawer for whose purchases transfers were made by the participants.

Paragraph 19. Period and Renewal

(a) This Decision shall continue in existence for four years from its effective date. A new period of five years shall begin on the effective date of Decision No. 7337-(83/37), adopted February 24, 1983. References in Paragraph 19(b) to the period prescribed in Paragraph 19(a) shall refer to this new period and to any subsequent renewal periods that may be decided pursuant to Paragraph 19(b). When considering a renewal of this Decision for the period following the five-year period referred to in this Paragraph 19(a), the Fund and the participants shall review the functioning of this Decision, including the provisions of Paragraph 21.

(b) This Decision may be renewed for such period or periods and with such modifications, subject to Paragraph 5, as the Fund may decide. The Fund shall adopt a decision on renewal and modification, if any, not later than twelve months before the end of the period prescribed in Paragraph 19(a). Any participant may advise the Fund not less than six months before the end of the period prescribed in Paragraph 19(a) that it will withdraw its adherence to the Decision as renewed. In the absence of such notice, a participant shall be deemed to continue to adhere to the Decision as renewed. Withdrawal of adherence in accordance with this Paragraph 19(b) by a participant, whether or not included in the Annex, shall not preclude its subsequent adherence in accordance with Paragraph 3(b).

(c) If this Decision is terminated or not renewed, Paragraphs 8 through 14, 17 and 18(b) shall nevertheless continue to apply in connection with any indebtedness of the Fund under credit arrangements in existence at the date of the termination or expiration of the Decision until repayment is completed. If a participant withdraws its adherence to this Decision in accordance with Paragraph 16 or Paragraph 19(b), it shall cease to be a participant under the Decision, but Paragraphs 8 through 14, 17 and 18(b) of the Decision as of the date of the withdrawal shall nevertheless continue to apply to any indebtedness of the Fund under the former credit arrangement until repayment has been completed.

Paragraph 20. Interpretation

Any question of interpretation raised in connection with this Decision which does not fall within the purview of Article XXIX of the Articles shall be settled to the mutual satisfaction of the Fund, the participant raising the question, and all other participants. For the purpose of this Paragraph 20 participants shall be deemed to include those former participants to which Paragraphs 8 through 14, 17 and 18(b) continue to apply pursuant to Paragraph 19(c) to the extent that any such former participant is affected by a question of interpretation that is raised.

Paragraph 21. Use of Credit Arrangements for Nonparticipants

(a) The Fund may make calls in accordance with Paragraphs 6 and 7 for exchange transactions requested by members that are not participants

if the exchange transactions are (i) transactions in the upper credit tranches, (ii) transactions under stand-by arrangements extending beyond the first credit tranche, (iii) transactions under extended arrangements, or (iv) transactions in the first credit tranche in conjunction with a stand-by or an extended arrangement. All the provisions of this Decision relating to calls shall apply, except as otherwise provided in Paragraph 21(b).

(b) The Managing Director may initiate the procedure for making calls under Paragraph 7 in connection with requests referred to in Paragraph 21(a) if, after consultation, he considers that the Fund faces an inadequacy of resources to meet actual and expected requests for financing that reflect the existence of an exceptional situation associated with balance of payments problems of members of a character or aggregate size that could threaten the stability of the international monetary system. In making proposals for calls pursuant to Paragraph 21(a) and (b), the Managing Director shall pay due regard to potential calls pursuant to other provisions of this Decision.

Paragraph 22. Participation of the Swiss National Bank

(a) Notwithstanding any other provision of this Decision, the Swiss National Bank (hereinafter called the Bank) may become a participant by adhering to this Decision in accordance with Paragraph 3(c) and accepting, by its adherence, a credit arrangement in an amount equivalent to one thousand and twenty million special drawing rights. Upon adherence, the Bank shall be deemed to be a participating institution, and all the provisions of this Decision relating to participating institutions shall apply in respect of the Bank, subject to, and as supplemented by, Paragraph 22(b), (c), (d), (e), and (f).

(b) Under its credit arrangement, the Bank undertakes to lend any currency, specified by the Managing Director after consultation with the Bank at the time of a call, that the Fund has determined to be a freely usable currency pursuant to Article XXX(f) of the Articles.

(c) In relation to the Bank, the references to the balance of payments and reserve position in Paragraph 7(b) and (d), and Paragraph 11(e), shall be understood to refer to the position of the Swiss Confederation.

(d) In relation to the Bank, the references to a participant's currency in Paragraph 9(c), Paragraph 11(a) and (b), and Paragraph 18(b) shall be understood to refer to any currency, specified by the Managing Director after consultation with the Bank at the time of payment by the Fund, that the Fund has determined to be a freely usable currency pursuant to Article XXX(f) of the Articles.

(e) Payment of special drawing rights to the Bank pursuant to Paragraph 9(c) and Paragraph 11 shall be made only while the Bank is a prescribed holder pursuant to Article XVII of the Articles.

(f) The Bank shall accept as binding a decision of the Fund on any question of interpretation raised in connection with this Decision which falls within the purview of Article XXIX of the Articles, to the same extent as that decision is binding on other participants.

Paragraph 23. Associated Borrowing Arrangements

(a) A borrowing arrangement between the Fund and a member that is not a participant, or an official institution of such a member, under which the member or the official institution undertakes to make loans to the Fund for the same purposes as, and on terms comparable to, those made by participants under this Decision, may, with the concurrence of all participants, authorize the Fund to make calls on participants in accordance with Paragraphs 6 and 7 for exchange transactions with that member, or to make requests under Paragraph 11(e) in connection with an early repayment of a claim under the borrowing arrangement, or both. For the purposes of this Decision such calls or requests shall be treated as if they were calls or requests in respect of a participant.

(b) Nothing in this Decision shall preclude the Fund from entering into any other types of borrowing arrangements, including an arrangement between the Fund and a lender, involving an association with participants, that does not contain the authorizations referred to in Paragraph 23(a).



ANNEX

Participants and Amounts of Credit Arrangements

I. Prior to the Effective Date of Decision No. 7337-(83/37):

Participant			Amount in Units of Participant's Currency
1.	United States of America	US\$	2,000,000,000
2.	Deutsche Bundesbank	DM	4,000,000,000
3.	United Kingdom	£	357,142,857
4.	France	F	2,715,381,428
5.	Italy	Lit	343,750,000,000
6.	Japan	Yen	340,000,000,000
7.	Canada	Can\$	216,216,000
8.	Netherlands	f.	724,000,000
9.	Belgium	BF	7,500,000,000
10.	Sveriges Riksbank	SKr	517,320,000

II. From the Effective Date of Decision No. 7337-(83/37):

Participant		Amount in Special Drawing Rights
1.	United States of America	4,250,000,000
2.	Deutsche Bundesbank	2,380,000,000
3.	Japan	2,125,000,000
4.	France	1,700,000,000
5.	United Kingdom	1,700,000,000
6.	Italy	1,105,000,000
7.	Canada	892,500,000
8.	Netherlands	850,000,000
9.	Belgium	595,000,000
10.	Sveriges Riksbank	382,500,000
11.	Swiss National Bank*	1,020,000,000
		<u>17,000,000,000</u>

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\* With effect from the date on which the Swiss National Bank adheres to this Decision in accordance with Paragraph 22.