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July 12, 1972

To: Members of the Committee on Rules for
1972 Regular Election of Executive Directors

From: The Committee Secretary

Subject: Draft Report on the 1972 Regular Election of Executive
Directors

The attached draft Committee Report and draft Report of the Executive Directors to the Board of Governors on the 1972 Regular Election will be placed on the agenda of a Committee meeting to be held in Committee Room 1175 at 10:30 a.m. on Tuesday, July 18, 1972.

Att: (1)

Other Distribution:
Members of the Executive Board

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To: Members of the Executive Board

From: Robert Bryce, Chairman
Committee on Rules for 1972 Regular Election of
Executive Directors

Subject: Report on the 1972 Regular Election of Executive Directors

As directed by the Executive Board (EBM/72/46, 5/17/72), the Committee on Rules for the 1972 Regular Election of Executive Directors has considered the forthcoming election of Executive Directors.

Subject to the determination that as of July 31, 1972 no Fund member will be entitled to appoint an Executive Director under Article XII, Section 3(c), the Committee submits for the approval of the Executive Directors and referral to the Board of Governors for a vote without meeting pursuant to Section 13 of the By-Laws, the attached draft Report on the 1972 Regular Election, together with draft Election Rules and a draft Proposed Resolution of the Board of Governors. The Committee further recommends that the Executive Directors waive the requirement that Governors shall not vote on any motion presented by the Executive Directors until seven days after dispatch of the motion.

Att: (1)

August , 1972

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Report of the Executive Directors
to the Board of Governors

1972 Regular Election of Executive Directors

1. Pursuant to Resolution No. 25-5 of the Board of Governors, a Regular Election of Executive Directors shall take place at the 1972 Annual Meeting.
2. Executive Directors have taken note that at the 1972 Regular Election no member not already entitled to appoint a director will be entitled to appoint a director pursuant to Article XII, Section 3(c). The Executive Directors have given detailed consideration to the problems of the size and structure of the Executive Board, bearing in mind the recurrent need to prepare for the biennial elections of Executive Directors, and are reporting separately to the Board of Governors thereon. They have also reviewed developments in membership since the 1964 Regular Election, when the Board of Governors made provision leading to an Executive Board of 20 directors, and have concluded that the changes in Fund membership since that time do not warrant changing the size of the Executive Board at this time.
3. The Executive Directors, therefore, recommend that rules be adopted by the Board of Governors with respect to the 1972 Regular Election that provide for the election of 12 directors under Article XII, Section 3(b)(iii) and for the election of 3 directors under Article XII, Section 3(b)(iv) and which are otherwise similar to the rules adopted for the 1970 Regular Election.

4. The draft rules recommended by the Executive Directors are attached (Annex A). They provide that the maximum and minimum percentages of eligible votes required in the election under Article XII, Section 3(b)(iii), should be 13 per cent and 5 1/2 per cent, respectively, and in the election under Article XII, Section 3(b)(iv), that these figures should be 38 per cent and 28 per cent, respectively.
5. It is also proposed in these draft rules that the effective date for the 1972 Regular Election be November 1, 1972 and that the subsequent Regular Election of Executive Directors take place at the Annual Meeting of the Board of Governors in 1974.
6. A draft Resolution of the Board of Governors attached at Annex B, to approve the above recommendations, is proposed for adoption.
7. For the convenience of members that participate in the elections, the Executive Directors suggest that the election be scheduled to take place during the Tuesday morning session of the 1972 Annual Meeting in order to give the Governors time to take the election grouping into account in making arrangements for the [ad hoc Committee of the Board of Governors on Reform of the International Monetary System and Related Issues.]

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Proposed Rules for the Conduct of the 1972 Regular
Election of Executive Directors of the Fund

1. Definitions: In these Rules, 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 of the Board or a Vice Chairman acting as Chairman.
 - (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 1972 Regular Election of Executive Directors.
2. Date of Election: The election shall be held during the 1972 Annual Meeting at a time to be fixed by the Board.
3. Basic Rules--Schedule C: Subject to the adjustments set forth herein, the provisions of Schedule C of the Articles shall apply to the conduct of the election.
4. Executive Directors to be Elected Under Article XII, Section 3(b)(iii):
 - (a) Twelve Executive Directors shall be elected under Article XII, Section 3(b)(iii).
 - (b) In view of the number of Executive Directors to be elected under Article XII, Section 3(b)(iii):
 - (i) 5 1/2 per cent shall be substituted for "nineteen per cent" in paragraphs 2 and 5 of Schedule C.
 - (ii) 13 per cent shall be substituted for "twenty per cent" in paragraphs 3, 4, and 5 of Schedule C.
 - (iii) "Twelve directors" shall be substituted for "five directors" and "twelve persons" shall be substituted for "five persons" in paragraph 2 of Schedule C.
5. Executive Directors to be Elected Under Article XII, Section 3(b)(iv): Three Executive Directors shall be elected under Article XII, Section 3(b)(iv), and

- (a) The minimum percentage of the eligible votes required for election under this subparagraph shall be 28 per cent.
- (b) The maximum percentage of eligible votes for any one nominee for the purposes of paragraph 13 below shall be 38 per cent.

6. Nominations:

- (a) Any person nominated by one or more Governors entitled to vote in the election shall be eligible for election as Executive Director.
- (b) Each nomination shall be made on a Nomination Form furnished by the Secretary, signed by the Governor or Governors making the nomination and deposited with the Secretary.
- (c) A Governor may nominate only one person.
- (d) Nominations may be made until 12 o'clock noon on the day before the day on which the election is scheduled to be held. The Secretary shall post and distribute a list of the persons nominated.

7. Supervision of the Election: The Chairman shall appoint such tellers and other assistants and take such other action as he deems necessary for the conduct of the election.

8. Ballots: One ballot form shall be furnished, before a ballot is taken, to each Governor entitled to vote. On any particular ballot only ballot forms distributed for that ballot shall be counted.

9. Balloting--Order: The first ballot shall be simultaneous balloting of all the Governors entitled to participate in the election of Executive Directors under Article XII, Section 3(b)(iii), and all of the American Republics entitled to participate in the election of Executive Directors under Article XII, Section 3(b)(iv). The balloting for the Executive Directors elected under Article XII, Section 3(b)(iii), shall then be concluded before any further ballots are taken for the Executive Directors to be elected by the American Republics.

10. Balloting--General: Each ballot shall be taken as follows:

- (a) There shall be a call of members whose Governors are entitled to vote and each ballot, signed by the Governor, shall be deposited in the ballot box.
- (b) When a ballot shall have been completed, the Chairman shall cause the ballots to be counted and shall announce the names of the persons elected before the end of the session at which the election is held. If a succeeding ballot is necessary, the Chairman shall announce the names of the nominees to be voted on and the members whose Governors are entitled to vote.

- (c) If the tellers shall be of the opinion that any particular ballot form is not properly executed, they shall, if possible, afford the Governor concerned an opportunity to correct it before tallying the results; and such ballot form, if so corrected, shall be deemed valid.

11. Balloting and Election of Executive Directors Under Article XII, Section 3(b)(iii):

- (a) When on any ballot the number of nominees shall not exceed the number of Executive Directors to be elected, each nominee shall be deemed to be elected by the number of votes received by him on such ballot; provided, however, that if on such ballot the votes of any Governor shall be deemed under paragraph 4 of Schedule C to have raised the votes cast for any nominee above 13 per cent of the eligible votes, no nominee shall be deemed to have been elected who shall not have received on such ballot a minimum of 5 1/2 per cent of the eligible votes and a succeeding ballot shall be taken for which any nominee not elected shall be eligible.
- (b) If, as a result of the first ballot, the number of Executive Directors to be elected in accordance with paragraph 4 above shall not have been elected, a second and, if necessary, further ballots shall be taken. The Governors entitled to vote on such succeeding ballots shall be only (i) those Governors who voted on the preceding ballot for any nominee not elected, and (ii) those Governors whose votes for a nominee elected on the preceding ballot are deemed under paragraph 4 of Schedule C to have raised the votes cast for such nominee above 13 per cent of the eligible votes.
- (c) The votes of a Governor shall not be deemed under paragraph 4 of Schedule C to have raised the total votes for a nominee above 13 per cent of the eligible votes if without the votes of such Governors such total would be more than 5 1/2 per cent but not more than 13 per cent of the eligible votes.
- (d) If on any ballot two or more Governors having an equal number of votes shall have voted for the same nominee and the votes of one or more, but not all of such Governors could be deemed under paragraph 4 of Schedule C to have raised the total votes received by such nominee above 13 per cent of the eligible votes, the Chairman shall determine by lot the Governor or Governors, as the case may be, who shall be entitled to vote on the next ballot.
- (e) If a Governor shall abstain from voting on any ballot taken under Article XII, Section 3(b)(iii), he shall not be entitled to vote on any subsequent ballot and his votes shall not be counted within the meaning of Article XII, Section 3(i), toward the election of any Executive Director. If at the time of any ballot a member shall not have a duly appointed Governor, such member shall be deemed to have abstained from voting on that ballot.

12. Votes Cast for Nominee Not Elected Under Article XII, Section 3(b)(iii):

Any member whose Governor has voted on the last ballot for a nominee not elected under Article XII, Section 3(b)(iii) may, before the effective date of the election, designate an Executive Director, who was elected under that provision, and he shall be deemed after the effective date of the election to have received that member's votes in the election.

13. Election of Executive Directors Under Article XII, Section 3(b)(iv):
These Rules supplement paragraph 7 of Schedule C.

- (a) Each Governor eligible to participate in the election shall cast for one person all the votes to which he is entitled.
- (b) The three nominees receiving the greatest number of votes shall be elected, provided that no nominee shall be elected who receives less than 28 per cent of the eligible votes. The person elected with the least number of votes cast for the three elected nominees shall be deemed to have been elected by all the votes cast for him, all the votes not cast in the ballot through abstention from voting and all those cast for such other nominee or nominees as were not elected.
- (c) When on any ballot two or more Executive Directors remain to be elected and there are the same number of nominees, each nominee shall be elected by the number of votes received by him; provided, that if the votes of any Governor shall be deemed to have raised the votes cast for any nominee above 38 per cent of the eligible votes, no nominee shall be elected on that ballot who shall not have received 28 per cent of the eligible votes and a succeeding ballot shall be taken for which any nominee not elected on the preceding ballot shall be eligible.

14. Succeeding Ballots for Election of Executive Directors Under Article XII, Section 3(b)(iv):

- (a) If, as a result of the first ballot, the number of Executive Directors to be elected in accordance with paragraph 5 above shall not have been elected, a second and, if necessary, further ballots shall be taken. The Governors entitled to vote on such succeeding ballots shall be only (i) those Governors who voted on the preceding ballot for any nominee not elected or who abstained from voting on the preceding ballot and (ii) those Governors whose votes for a nominee elected on the preceding ballot are deemed to have raised the votes cast for such nominee above 38 per cent of the eligible votes. In determining whether the votes cast by a Governor are to be deemed to have raised the total of any nominee above 38 per cent of the eligible votes, the 38 per cent shall be deemed to include,

first, the votes of the Governor casting the largest number of votes for such nominee, then the votes of the Governor casting the next largest number of votes and so on until 38 per cent is reached.

- (b) The votes of a Governor under subparagraph (a) above shall not be deemed to have raised the total votes for a nominee above 38 per cent of the eligible votes if without the votes of such Governor such total would be more than 28 per cent but not more than 38 per cent of the eligible votes.
 - (c) If on any ballot two or more Governors having an equal number of votes shall have voted for the same nominee and the votes of one or more, but not all of such Governors, could be deemed under subparagraph (a) above to have raised the total votes received by such nominee above 38 per cent of the eligible votes the Chairman shall determine by lot the Governor or Governors, as the case may be, who shall be entitled to vote on the next ballot.
15. Elimination of Nominees: If on any ballot two or more nominees shall receive the lowest number of votes, no nominee shall be dropped from the next succeeding ballot, but if the same situation is repeated on such succeeding ballot, the Chairman shall eliminate by lot one of the nominees from the following ballot.
 16. Announcement of Result: After the last ballot the Chairman shall cause to be distributed a statement setting forth the result of the election.
 17. Effective Date of Election of Executive Directors: The effective date of election shall be November 1, 1972. Incumbent elected Executive Directors shall serve through the day preceding such date.
 18. General: Any question arising in connection with the conduct of the election shall be resolved by the tellers, subject to appeal, at the request of any Governor, to the Chairman and from him to the Board. Whenever possible, any such question shall be put without identifying the members or Governors concerned.

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PROPOSED RESOLUTION

1972 REGULAR ELECTION OF EXECUTIVE DIRECTORS

RESOLVED:

(a) That the proposed Rules for the Conduct of the 1972 Regular Election of Executive Directors are hereby adopted; and

(b) That a Regular Election of Executive Directors shall take place at the Annual Meeting of the Board of Governors in 1974.