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**IMMEDIATE
ATTENTION**

EBD/93/41

March 11, 1993

To: Members of the Executive Board

From: The Secretary

Subject: Czech Republic - Representative Rate for the Czech Koruna

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 the close of business on Monday, March 15, 1993. 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.

Ms. Voulgaris (ext. 37629) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads



INTERNATIONAL MONETARY FUND

Representative Rate for the Currency of the Czech Republic

Prepared by the Treasurer's Department

(In consultation with the European I, Legal, and
Monetary and Exchange Affairs Departments)

Approved by David Williams

March 10, 1993

The Czech Republic and the Slovak Republic succeeded to the membership of the Czech and Slovak Federal Republic in the Fund as of January 1, 1993. The quota of the Czech Republic is equivalent to SDR 589.6 million.

The currency of the Czech Republic is the Czech koruna, which replaced the Czechoslovak koruna as of February 4, 1993, following the dissolution of the currency union with the Slovak Republic. For transactions in convertible currencies, except those with the Slovak Republic, exchange rates of the Czech koruna are determined by the Czech National Bank on the basis of a basket of five currencies. The exchange rate of the Czech koruna in terms of the U.S. dollar is quoted daily by the Czech National Bank.

The authorities of the Czech Republic have proposed the representative exchange rate of the Czech koruna to be the midpoint between spot buying and selling rates for the U.S. dollar as determined and quoted by the Czech National Bank (Attachment). It is understood that the Czech National Bank will communicate to the Fund the value of the representative exchange rate for the Czech koruna on a regular basis, at least at the end of each month, and will promptly inform the Fund of any changes in exchange arrangements affecting the determination of the representative exchange rate. On February 8, 1993, the buying and selling rates reported by the Czech National Bank were Czech koruny 29.161 and Czech koruny 29.455, respectively, per U.S. dollar.

Accordingly, the following draft decision is proposed for adoption by the Executive Board:

The Fund finds, after consultation with the authorities of the Czech Republic, that the representative exchange rate for the Czech koruna under Rule 0-2(b)(i) is the midpoint between spot buying and selling rates for the U.S. dollar as determined and quoted by the Czech National Bank.

Letter of Proposal for Representative Rate Pursuant to Rule 0-2

Prague, February

Sir,

I have the honor to notify you of the reference consultation procedure for determining a representative rate for the currency of the Czech Republic in accordance with Rule 0-2 (b) of the Rules and Regulations of the Fund.

1. The currency of the Czech Republic is the "koruna česká" (hereinafter referred to as the "koruna", its abbreviation being Kč). On February 8th, 1993, the rates of exchange of the koruna against the U.S. dollar were 29.161 Kč buying and 29.455 Kč selling per 1 U.S. dollar in spot exchange transactions. These rates for the U.S. dollar are quoted daily by the Czech National Bank.

2. This is to propose that the Fund find the mid-point between the buying and selling rates for the U.S. dollar, as quoted by the Czech National Bank, to be the representative rate for the koruna under Rule 0-2 (b) of the Rules and Regulations of the Fund.

3. We will inform the Fund of any change in the representative rate for the koruna described above.

Very truly yours

Mr. Michael Camdessus
Managing Director
International Monetary Fund
Washington, D.C. 20431

Received in Fund on March 4, 1993