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ATTENTION**

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EBD/92/169

July 30, 1992

To: Members of the Executive Board

From: The Secretary

Subject: Republic of the Marshall Islands - Designation of Depository

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 noon on Tuesday, August 4, 1992. 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

The Republic of the Marshall Islands - Designation of Depository

Prepared by the Treasurer's Department

(In consultation with the Legal and  
Southeast Asia and Pacific Departments)

Approved by David Williams

July 29, 1992

Article XIII, Section 2(a) of the Articles of Agreement provides that "Each member country shall designate its central bank as a depository for all the Fund's holdings of its currency, or if it has no central bank it shall designate such other institution as may be acceptable to the Fund."

The Republic of the Marshall Islands has no central bank. In accordance with the Resolution of the Nitijela, dated March 26, 1992, the Cabinet of the Republic of the Marshall Islands, pursuant to Decision No. 046(92), designated the Bank of Hawaii, Majuro Branch, as the depository of the Fund's holdings of the currency of the Republic of the Marshall Islands. The Minister of Finance confirmed in a letter to the Fund dated July 10, 1992 that the Bank of Hawaii, Majuro Branch, is able to perform the necessary functions of a depository (see attachment).

It is recommended that the Fund accept the Bank of Hawaii, Majuro Branch, as the depository for its holdings of the currency of the Republic of the Marshall Islands.

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

The Fund accepts the Bank of Hawaii, Majuro Branch, as the  
depository, under Article XIII, Section 2(a), for all the Fund's  
holdings of the currency of the Republic of the Marshall Islands.

Attachment

Office of the Cabinet  
REPUBLIC OF THE MARSHALL ISLANDS  
P.O. Box 2  
Majuro, RMI 9690  
July 10, 1992

Mr. Edgardo Decarli  
Chief  
Operations Division  
for General Resources  
International Monetary Fund  
Washington, D.C. 20431

Dear Mr. Decarli:

As the Republic of the Marshall Islands does not have a Central Bank, the Government of the Marshall Islands hereby propose to designate the Bank of Hawaii, Majuro Branch, as the depository for the International Monetary Fund's holdings of the currency of the Marshall Islands in accordance with Article XIII, Section 2(A), of the Articles of Agreement of the Fund. We do hereby confirm that the Bank of Hawaii, Majuro Branch, can readily perform the functions of a depository on behalf of the Fund, which include the following:

- (I) To hold currency for the Fund,
- (II) To pay currency on demand and without delay to any payee, named by the Fund, in the territory of the Marshall Islands,
- (III) To hold for safe custody on behalf of the Fund, the nonnegotiable, noninterest-bearing notes issued by the Government in place of currency in accordance with the provisions of Article III, Section 4 of the Fund Agreement,
- (IV) To arrange for the issuance of such notes and for their encashment within 24 hours after any payment by the Fund which draws the balance of the Fund's holdings of a member's currency in the No. 1 account below the minimum amount required.

We request that this proposal be submitted to the Fund's executive board for consideration.

With best regards,

Yours sincerely,

/s/

Ruben R. Zackhras  
Minister of Finance

Received in Fund July 15, 1992