

DOCUMENT OF INTERNATIONAL MONETARY FUND
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AGENDA**

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EBD/92/198

September 3, 1992

To: Members of the Executive Board

From: The Secretary

Subject: Republic of San Marino - Report of the
Committee on Membership

Attached is the report by the Chairman of the Committee on Membership for the Republic of San Marino, recommending the approval of a draft membership Resolution for the Republic of San Marino for submission to the Board of Governors for a vote at the 1992 Annual Meeting.

This matter is being placed on the agenda of the Executive Board meeting to be held on Friday, September 4, 1992.

Att: (1)

Other Distribution:
Department Heads

September 2, 1992

To: The Chairman of the Executive Board

From: Mr. Fridriksson, Chairman, Committee on Membership - Republic of San Marino

Subject: Republic of San Marino - Report on Membership

At EBM/92/104 (8/7/92), the Executive Board decided to proceed with the formal investigation of the application for membership in the Fund made by the Government of the Republic of San Marino on May 29, 1992 (EBD/92/111, 5/29/92) and appointed this Committee to study the application and to report to the Executive Board.

The Committee, after considering the size and characteristics of the economy of the Republic of San Marino in relation to those of existing members and taking into account the existing structure of Fund quotas, concluded that an initial quota of SDR 6.5 million would be appropriate for the Republic of San Marino. The Committee further agreed that the Republic of San Marino should be given the option to consent to an increase in its quota to SDR 10 million, in accordance with the provisions of the Board of Governors' Resolution No. 45-2 on the Ninth General Review of Quotas. This increase would take effect in accordance with the terms of that Resolution, and the Republic of San Marino would pay for the increase in accordance with Article III, Section 3 of the Articles. The increase in the quota was calculated by the staff using the uniform method of distribution and the rounding procedures agreed for the Ninth General Review.^{1/}

The Committee considers that the Republic of San Marino should be permitted to pay its initial subscription within six months after accepting membership in the Fund. The Committee further recommends that the Republic of San Marino should pay an amount equivalent to 22.7 percent of its initial quota in SDRs or in currencies of other members acceptable to the Fund. Such payment would be in accordance with Article II, Section 2 of the

^{1/} Once the Third Amendment of the Articles of Agreement enters into force, the final requirement prescribed under paragraph 3 of Board of Governors' Resolution No. 45-2 regarding the general effectiveness of quota increases under the Ninth General Review will have been satisfied. Accordingly, to address the possibility of the Third Amendment entering into force prior to the date on which the Board of Governors votes on San Marino's Membership Resolution at the 1992 Annual Meeting, the attached draft decision of the Executive Board provides that, in that event, the Membership Resolution will propose a quota of SDR 10 million, of which 23.5 percent will be paid in reserve assets.

Articles and the guidelines adopted by the Executive Board in Executive Board Decision No. 6266-(79/156), adopted September 10, 1979, for the payment of reserve assets in connection with the initial quota payment. The balance of the subscription shall be paid in the currency of the Republic of San Marino.

The authorities of the Republic of San Marino have indicated that the proposed terms and conditions for the membership of the Republic of San Marino are acceptable to them.

Executive Board Decision No. 1720- (64/32), adopted June 12, 1964, provides that, as a matter of general procedure, and provided that circumstances of an exceptional nature do not dictate otherwise, matters that require action by the Board of Governors and that arise in a period closely preceding an annual meeting shall be placed on the meeting's agenda rather than be handled by mail or cable vote, unless all steps preliminary to referral to the Board of Governors have been completed at least three months in advance of the meeting. Accordingly, the Committee recommends that the attached draft decision be adopted by the Executive Board, and that the draft report and the draft Resolution appended thereto be submitted to the Board of Governors for a vote at the 1992 Annual Meeting.

DRAFT DECISION

MEMBERSHIP FOR THE REPUBLIC OF SAN MARINO

The Executive Board adopts the Report to the Board of Governors on Membership for the Republic of San Marino in the Fund and approves the Resolution appended thereto as Attachment I for submission to the Board of Governors for a vote during the 1992 Annual Meeting; provided that, in the event the requirements set forth in paragraph 3 of Board of Governors' Resolution No. 45-2 on the Ninth General Review of Quotas have been met prior to the date on which the Board of Governors votes on the proposed Resolution, the text of the proposed Resolution shall be the text appended thereto as Attachment II.

REPORT BY THE EXECUTIVE BOARD

MEMBERSHIP FOR THE REPUBLIC OF SAN MARINO

The Republic of San Marino applied on May 29, 1992 for admission to membership in the International Monetary Fund in accordance with Article II, Section 2 of the Articles of Agreement of the Fund. Pursuant to Section 21 of the By-Laws, the Executive Board has consulted with the representative of the Republic of San Marino and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors may wish to prescribe for admitting the Republic of San Marino to membership in the Fund.

The Executive Board has therefore approved the Resolution appended as Attachment I for submission to the Board of Governors for vote at the 1992 Annual Meeting. As provided in the Executive Board's decision, in the event the requirements set forth in paragraph 3 of Board of Governors' Resolution No. 45-2 on the Ninth General Review of Quotas have been met prior to the date on which the Board of Governors votes on the proposed Resolution, the text of the Resolution shall be the text appended as Attachment II.

INTERNATIONAL MONETARY FUND

DRAFT RESOLUTION

MEMBERSHIP FOR THE REPUBLIC OF SAN MARINO

WHEREAS, the Republic of San Marino on May 29, 1992 requested admission to membership in the International Monetary Fund in accordance with Article II, Section 2 of the Articles of Agreement of the Fund;

WHEREAS, pursuant to Section 21 of the By-Laws of the Fund, the Executive Board has consulted with the representative of the Republic of San Marino and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors may wish to prescribe for admitting the Republic of San Marino to membership in the Fund;

NOW, THEREFORE, the Board of Governors, having considered the recommendations of the Executive Board, hereby resolves that the terms and conditions upon which the Republic of San Marino shall be admitted to membership in the Fund shall be as follows:

1. Definitions: As used in this Resolution:
 - (a) The term "Fund" means the International Monetary Fund;
 - (b) The term "Articles" means the Articles of Agreement of the Fund, as amended; and
 - (c) The term "SDRs" means special drawing rights of the Fund.
2. Quota: The quota of the Republic of San Marino shall be SDR 6.5 million.
3. Payment of Subscription: The subscription of the Republic of San Marino shall be equal to its quota. The Republic of San Marino shall pay 22.7 percent of its subscription in SDRs or in the currencies of other members selected by the Managing Director from those currencies that the Fund would receive in accordance with the operational budget in effect at the time of payment. The balance of the subscription shall be paid in the currency of the Republic of San Marino.
4. Timing of Payment of Subscription: The Republic of San Marino shall pay its subscription within six months after accepting membership in the Fund.

5. Increase in Quota Equivalent to an Increase Under the Ninth General Review: The quota of the Republic of San Marino shall be increased to SDR 10 million, to which the Republic of San Marino may consent in accordance with the provisions of the Resolution of the Board of Governors No. 45-2 on the Ninth General Review of Quotas. This increase shall take effect in accordance with the terms of that Resolution, and the Republic of San Marino shall pay the increase in accordance with Article III, Section 3 of the Articles.

6. Exchange Transactions with the Fund and Remuneration: The Republic of San Marino may not engage in transactions under Article V, Section 3, or receive remuneration under Article V, Section 9, until its subscription has been paid in full.

7. Exchange Arrangements: Within 30 days after accepting membership in the Fund, the Republic of San Marino shall notify the Fund of the exchange arrangements it intends to apply in fulfillment of its obligations under Article IV, Section 1 of the Articles.

8. Representation and Information: Before accepting membership in the Fund, the Republic of San Marino shall represent to the Fund that it has taken all action necessary to sign and deposit the Instrument of Acceptance and sign the Articles as contemplated by paragraphs 9(a) and 9(b) of this Resolution, and the Republic of San Marino shall furnish to the Fund such information in respect of such action as the Fund may request.

9. Effective Date of Membership: After the Fund shall have informed the Government of the United States of America that the Republic of San Marino has complied with the conditions set forth in paragraph 8 of this Resolution, the Republic of San Marino shall become a member of the Fund on the date when the Republic of San Marino shall have complied with the following requirements:

- (a) the Republic of San Marino shall deposit with the Government of the United States of America an instrument stating that it accepts in accordance with its law the Articles and all the terms and conditions prescribed in this Resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this Resolution; and
- (b) the Republic of San Marino shall sign the original copy of the Articles held in the Archives of the Government of the United States of America.

10. Period of Acceptance of Membership: The Republic of San Marino may accept membership in the Fund pursuant to this Resolution not later than six months after the effective date of this Resolution, which date shall be the date of its adoption by the Board of Governors; provided, however, that if the circumstances of the Republic of San Marino are deemed by the Executive Board to warrant an extension of the period during which the Republic of San Marino may accept membership pursuant to the Resolution, the Executive Board may extend such period until such later date as it may determine.

INTERNATIONAL MONETARY FUND

DRAFT RESOLUTION

MEMBERSHIP FOR THE REPUBLIC OF SAN MARINO

WHEREAS, the Republic of San Marino on May 29, 1992 requested admission to membership in the International Monetary Fund in accordance with Article II, Section 2 of the Articles of Agreement of the Fund;

WHEREAS, pursuant to Section 21 of the By-Laws of the Fund, the Executive Board has consulted with the representative of the Republic of San Marino and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors may wish to prescribe for admitting the Republic of San Marino to membership in the Fund;

NOW, THEREFORE, the Board of Governors, having considered the recommendations of the Executive Board, hereby resolves that the terms and conditions upon which the Republic of San Marino shall be admitted to membership in the Fund shall be as follows:

1. Definitions: As used in this Resolution:
 - (a) The term "Fund" means the International Monetary Fund;
 - (b) The term "Articles" means the Articles of Agreement of the Fund, as amended; and
 - (c) The term "SDRs" means special drawing rights of the Fund.
2. Quota: The quota of the Republic of San Marino shall be SDR 10 million.
3. Payment of Subscription: The subscription of the Republic of San Marino shall be equal to its quota. The Republic of San Marino shall pay 23.5 percent of its subscription in SDRs or in the currencies of other members selected by the Managing Director from those currencies that the Fund would receive in accordance with the operational budget in effect at the time of payment. The balance of the subscription shall be paid in the currency of the Republic of San Marino.
4. Timing of Payment of Subscription: The Republic of San Marino shall pay its subscription within six months after accepting membership in the Fund.
5. Exchange Transactions with the Fund and Remuneration: The Republic of San Marino may not engage in transactions under Article V, Section 3, or receive remuneration under Article V, Section 9, until its subscription has been paid in full.

6. Exchange Arrangements: Within 30 days after accepting membership in the Fund, the Republic of San Marino shall notify the Fund of the exchange arrangements it intends to apply in fulfillment of its obligations under Article IV, Section 1 of the Articles.

7. Representation and Information: Before accepting membership in the Fund, the Republic of San Marino shall represent to the Fund that it has taken all action necessary to sign and deposit the Instrument of Acceptance and sign the Articles as contemplated by paragraphs 8(a) and 8(b) of this Resolution, and the Republic of San Marino shall furnish to the Fund such information in respect of such action as the Fund may request.

8. Effective Date of Membership: After the Fund shall have informed the Government of the United States of America that the Republic of San Marino has complied with the conditions set forth in paragraph 7 of this Resolution, the Republic of San Marino shall become a member of the Fund on the date when the Republic of San Marino shall have complied with the following requirements:

- (a) the Republic of San Marino shall deposit with the Government of the United States of America an instrument stating that it accepts in accordance with its law the Articles and all the terms and conditions prescribed in this Resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this Resolution; and
- (b) the Republic of San Marino shall sign the original copy of the Articles held in the Archives of the Government of the United States of America.

9. Period of Acceptance of Membership: The Republic of San Marino may accept membership in the Fund pursuant to this Resolution not later than six months after the effective date of this Resolution, which date shall be the date of its adoption by the Board of Governors; provided, however, that if the circumstances of the Republic of San Marino are deemed by the Executive Board to warrant an extension of the period during which the Republic of San Marino may accept membership pursuant to the Resolution, the Executive Board may extend such period until such later date as it may determine.

DRAFT

[Date]

Dear Mr. Chairman:

Pursuant to Section 6(b) of the By-Laws, at the direction of the Executive Board, I am submitting for inclusion on the Agenda of the 1992 Annual Meeting a proposed Resolution on the admission of the Republic of San Marino to membership in the Fund, which the Executive Board has approved for submission to the Board of Governors for a vote during the 1992 Annual Meeting.

Very truly yours,

Michel Camdessus
Managing Director
and
Chairman of the Executive Board

Chairman of the Board of Governors
1992 Annual Meeting
International Monetary Fund