

DOCUMENT OF INTERNATIONAL MONETARY FUND
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ATTENTION**

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EBD/92/239

October 7, 1992

To: Members of the Executive Board

From: The Secretary

Subject: Republic of Lithuania - Change in Representative Rate
for the Talona

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 Friday, October 9, 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.

Mr. Moustapha (ext. 37637) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Change in Representative Rate for the Currency
of the Republic of Lithuania

Prepared by the Treasurer's Department

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

Approved by David Williams

October 7, 1992

The representative rate for the Russian ruble (as currency of the Republic of Lithuania) against the U.S. dollar under Rule 0-2 (b)(i), was established as the midpoint between buying and selling rates for the Russian ruble against the U.S. dollar in the interbank market, as ascertained by the Central Bank of Russia (Executive Board Decision No. 10130-(92/115) G/S, adopted September 10, 1992).

Since October 1, 1992, the Russian ruble is no longer legal tender in the Republic of Lithuania, and the coupon (talona) which has been circulating alongside the Russian ruble is the sole legal tender. The Fund staff has consulted with the Bank of Lithuania on the determination of a representative rate for the talona for spot delivery in the foreign exchange market (Attachment). As a result of these consultations, it is proposed that the Fund find that the representative rate of the talona against the U.S. dollar is the midpoint between buying and selling rates for the U.S. dollar in the foreign exchange market, as determined by the Bank of Lithuania.

It is understood that the Bank of Lithuania will immediately inform the Fund of any change in the exchange arrangements which may affect the determination of the representative rate.

In view of the foregoing, the following draft decision is proposed for adoption by the Executive Board.

The Fund finds, after consultation with the Lithuanian authorities, that the representative exchange rate for the talona under Rule 0-2 (b)(i), against the U.S. dollar is the midpoint between spot buying and selling rates for the U.S. dollar in the foreign exchange market, as determined by the Bank of Lithuania.

Attachment

VILNIUS 7/10 1645

TO: INTERNATIONAL MONETARY FUND, WASHINGTON, D.C.

FROM: BANK OF LITHUANIA

ATT: TREASURER'S DEPARTMENT

DEAR SIRs,

THIS IS TO PROPOSE THAT THE FUND FIND THE REPRESENTATIVE EXCHANGE RATE FOR THE TALONA, UNDER RULE 0-2(B)(1) AGAINST THE U.S. DOLLAR TO BE THE MIDPOINT BETWEEN SPOT BUYING AND SELLING RATES FOR THE U.S. DOLLAR IN THE FOREIGN EXCHANGE MARKET AS DETERMINED BY THE BANK OF LITHUANIA.

THE BANK OF LITHUANIA WILL REPORT TO THE FUND THE REPRESENTATIVE RATE FOR THE TALONA AT LEAST ONCE A MONTH AT THE END OF EACH MONTH, AND WILL ADVISE THE FUND IMMEDIATELY OF ANY CHANGE IN EXCHANGE ARRANGEMENTS THAT MAY AFFECT THE DETERMINATION OF THE REPRESENTATIVE EXCHANGE RATE. ON 01.10., 1992 THE MARKET RATE OF THE TALONA WAS EQUAL TO TALONAS 250 PER U.S. DOLLAR.

TRULY YOURS,

EDMUNDAS ZUKAUSKAS

DEPUTY GOVERNOR

BANK OF LITHUANIA

Received in Cable Room October 7, 1992