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**IMMEDIATE
ATTENTION**

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0401

EBD/91/68

March 8, 1991

To: Members of the Executive Board

From: The Secretary

Subject: Belgium - Change in the Representative Exchange Rate for the
Belgian Franc

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 Wednesday, March 13, 1991. In the absence of such a request, the draft decision that appears on pages 1 and 2 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Zavoico (ext. 7626) or Ms. Voulgaris (ext. 7629) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Change in the Representative Exchange Rate for the Belgian Franc

Prepared by the Treasurer's Department

(In consultation with the European,
Exchange and Trade Relations and Legal Departments)

Approved by David Williams

March 8, 1991

The representative exchange rate for the Belgian franc was established in February 1970, against the U.S. dollar, as the official quotation established in the Brussels Exchange market at daily fixing sessions. 1/

The Belgian authorities have informed the Fund that official fixing sessions in the Brussels exchange market were discontinued, effective January 1, 1991, pursuant to the provisions of the law of December 4, 1990 on financial operations and financial markets. In light of this development and in accordance with Rule 0-2(c), the Fund staff have consulted with the Belgian authorities regarding the procedure to establish a representative exchange rate for the Belgian franc which reflects current market practices. As a result of these consultations, it is proposed that the representative exchange rate for the Belgian franc be determined on the basis of spot buying and selling rates for the U.S. dollar quoted at 11:30 a.m. (Brussels time) by banks that are active in the U.S. dollar/Belgian franc exchange market. On the basis of these rates, the National Bank of Belgium will determine a middle rate in that market and will communicate this rate to the Fund daily for use in Fund transactions and operations and in the valuation of the Fund's holdings of Belgian francs. It is understood that the National Bank of Belgium will promptly inform the Fund of any changes affecting the determination of the representative exchange rate.

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

The Fund finds, after consultation with the authorities of Belgium, that the representative exchange rate for the Belgian franc under Rule 0-2(b)(i) against the U.S. dollar is the midpoint between

1/ Executive Board Decision No. 2960-(70/8) S, adopted February 2, 1970.

spot buying and selling rates for the U.S. dollar in the Brussels foreign exchange market, as ascertained by the National Bank of Belgium. The National Bank of Belgium will determine this rate daily by observing the buying and selling rates for the U.S. dollar quoted at 11:30 a.m. (Brussels time) by banks that are active in the U.S. dollar/Belgian franc exchange market.

Attachment

11.02.91 AM
INTERFUND WASHINGTON
FOR THE ATTENTION OF THE TREASURY DEPARTMENT
COPY TO MR. J. DE GROOTE, EXECUTIVE DIRECTOR

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WE REFER TO YOUR TELEXES GRA NO. 16 DATED JANUARY 15, 1991 AND GRA NO. 37
DATED FEBRUARY 7, 1991 RELATING TO THE NEW DEFINITION OF THE REPRESENTATIVE
EXCHANGE RATE FOR THE BELGIAN FRANC UNDER RULE 0-2 B(I) STOP

PRIMO
AS THE REPRESENTATIVE EXCHANGE RATE FOR THE BELGIAN FRANC UNDER RULE 0-2
B(I) AGAINST THE US DOLLAR WE PROPOSE THE MIDPOINT BETWEEN SPOT BUYING AND
SELLING RATES FOR THE US DOLLAR IN THE BRUSSELS FOREIGN EXCHANGE MARKET, AS
ASCERTAINED BY THE NATIONAL BANK OF BELGIUM STOP IT IS DETERMINED DAILY BY
THE NATIONAL BANK OF BELGIUM BY OBSERVING THE BUYING AND SELLING RATES AT
11.30 AM. BRUSSELS TIME QUOTED BY BANKS THAT ARE ACTIVE IN THE US DOLLAR
BELGIUM FRANCS EXCHANGE MARKET AND USED IN THE CENTRAL BANK CONCERTATION
PROCEDURE STOP

SECUNDO
FOR PURPOSES OTHER THAN THOSE UNDER RULE 0.2.B(I) -E.G. STATISTICS- THE
NATIONAL BANK OF BELGIUM PROPOSES AN INDICATIVE EXCHANGE RATE WHICH IS
DETERMINED DAILY BY THE NATIONAL BANK OF BELGIUM AT 2.15 P.M. BRUSSELS TIME
BY OBSERVING THE BUYING AND SELLING RATES QUOTED BY BANKS THAT ARE ACTIVE IN
THE US DOLLAR BELGIAN FRANC EXCHANGE MARKET STOP

ON BASIS OF THESE OBSERVATIONS THE NATIONAL BANK OF BELGIUM DETERMINES A MID
RATE THAT IT CONSIDERS TO BE INDICATIVE AT THAT POINT IN TIME STOP

THIS RATE TOGETHER WITH INDICATIVE EXCHANGE RATES FOR OTHER MAJOR CURRENCIES
VIS-A-VIS THE BELGIAN FRANC (WHICH WILL BE BASED ON INFORMATION RECEIVED
FROM OTHER CENTRAL BANKS DURING A DAILY TELEPHONE CONFERENCE AT 2.15 PM), IS
ALREADY PUBLISHED DAILY BY THE NATIONAL BANK OF BELGIUM SINCE THE ABOLITION
OF THE OFFICIAL FIXING SESSION STOP

THESE INDICATIVE EXCHANGE RATES, HOWEVER, ARE NOT IN ANY WAY BINDING IN
TRANSACTIONS BETWEEN THE NATIONAL BANK OF BELGIUM, THE COMMERCIAL BANKS AND
THEIR CLIENTS STOP

TERTIO
THE REPRESENTATIVE AND INDICATIVE EXCHANGE RATES OF THE US DOLLAR AGAINST
THE BELGIAN FRANC WOULD BE SEND TO YOU ON A DAILY BASIS FULLSTOP

BEST REGARDS.
G. NOPPEN, ADVISOR TO THE FOREIGN DEPARTMENT -
NATIONAL BANK OF BELGIUM - BRUSSELS.

Received in cable room: February 11, 1991

