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**IMMEDIATE
ATTENTION**

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0401

EBD/91/237

August 2, 1991

To: Members of the Executive Board

From: The Secretary

Subject: Rules and Regulations Amended Since the 1990 Annual Meeting

Attached for the Executive Board's consideration is a draft letter to the Chairman of the Board of Governors submitting for review by the Governors the texts of amendments to the Rules and Regulations adopted since the 1990 Annual Meeting. A proposed resolution for the Board of Governors is attached as Annex II.

It is not proposed to bring this matter to the agenda for discussion unless an Executive Director so requests by the close of business on Thursday, August 8, 1991. In the absence of such a request, the letter and draft resolution will be deemed approved for review by the Governors, and it will be so recorded in the minutes of the next meeting thereafter.

Att: (1)

Other Distribution:
Department Heads

DRAFT

Dear Mr. Chairman:

In accordance with Section 16 of the By-Laws, the attached amendments of the Rules and Regulations adopted since the 1990 regular meeting (Annex I) are submitted for review by the Board of Governors. A draft resolution for approval by Governors appears in Annex II.

Following the Executive Board's review of the Fund's liquidity position and financing needs and modalities for financing enlarged access, Rule I-6(4), which deals with the determination of the rate of charge on holdings as a result of purchases in the credit tranches or under certain facilities, was amended on September 17, 1990 to incorporate purchases financed with ordinary resources substituted for borrowed resources under the Policy on Enlarged Access, and on December 5, 1990 to incorporate a reference to the amendment of Executive Board Decision No. 8955-(88/126).

The Executive Board decided in 1980 that the list and amounts of the currencies that determine the value of the SDR be revised with effect on January 1, 1986, and on the first day of each subsequent period of five years, unless it decided otherwise. The value of the SDR is based on the currencies of the five Fund members whose exports of goods and services have the largest value in the five-year period ending twelve months before the effective date of the valuation. With effect from January 1, 1991, the Executive Board determined that these currencies are the U.S. dollar, the Deutsche mark, the Japanese yen, the French franc and the Pound sterling, with percentage weights in the valuation of 40, 21, 17, 11 and 11, respectively. The units of these five currencies in the valuation basket were calculated on December 31, 1990, effective January 1, 1991 on the basis of the new weight for each currency and the average exchange rates for each of the currencies in the basket for the period October-December 1990 in such a manner as to ensure that the value of the SDR in terms of these currencies was the same on December 31, 1990, under both the previous and the revised valuation baskets. The amount of each currency was rounded to three significant digits. The revised currency amounts used to determine the value of the SDR were incorporated in an amended Rule O-1.

With respect to the revision of the financial instruments included in the SDR interest rate basket, the Executive Board decided on October 5, 1990 to amend Rule T-1(c) with effect from January 1, 1991. The changes concern the use of the interest rate on three-month certificates of deposit for the Japanese yen component, in place of the interest rate on the two-month private bills; and also the use of the interest rate on three-month Treasury bills for the French franc component, in place of the interest rate on three-month interbank deposits.

The Executive Board has made no other changes in the Rules and Regulations since the last Annual Meeting.

Very truly yours,

Michel Camdessus
Managing Director
and
Chairman of the Executive Board

Chairman of the Board of Governors
1991 Annual Meeting
International Monetary Fund

RULES AND REGULATIONS AMENDED SINCE
THE 1990 ANNUAL MEETING

1. Rule I-6(4). Text as amended September 17, 1990 and December 5, 1990.

(4) The rate of charge on holdings acquired as a result of a purchase (i) in the credit tranches, or (ii) under the Extended Fund Facility (Executive Board Decision No. 4377-(74/114), as amended), or (iii) under the Facility for the Compensatory Financing of Export Fluctuations (Executive Board Decision No. 4912-(75/207), as amended), or (iv) under the Facility for the Problem of Stabilization of Prices of Primary Products (Executive Board Decision No. 2772-(69/47), as amended), or (v) under the Facility for Compensatory Financing of Fluctuations in the Cost of Cereal Imports (Executive Board Decision No. 6860-(81/81), as amended), or (vi) under the Compensatory and Contingency Financing Facility (Executive Board Decision No. 8955-(88/126), as amended), or (vii) of resources substituted for borrowed resources under the Policy on Enlarged Access (Executive Board Decision No. 6783-(81/40), as amended) pursuant to Executive Board Decision No. 9546-(90/145) adopted September 17, 1990, shall be determined in accordance with (a), (b), and (c) below.

2. Rule O-1. Text as amended December 31, 1990, effective January 1, 1991.

The value of the SDR shall be the sum of the values of the following amounts of the following currencies:

U.S. dollar	0.572
Deutsche mark	0.453
Japanese yen	31.8
French franc	0.800
Pound sterling	0.0812

3. Rule T-1(c). Text amended October 5, 1990, effective January 1, 1991.

(c) The combined market interest rate shall be the sum, rounded to the two nearest decimal places, of the products that result from multiplying each yield or rate listed below, expressed as an equivalent annual bond yield, for the preceding Friday by the value in terms of the SDR on that Friday of the amount of the corresponding currency specified in Rule O-1, as determined pursuant to Rule O-2(b). If a

yield or rate is not available for a particular Friday, the calculation shall be made on the basis of the latest available yield or rate.

U.S. dollar	Market yield for three-month U.S. Treasury bills
Deutsche mark	Three-month interbank deposit rate in Germany
French franc	Three-month rate for Treasury bills
Japanese yen	Three-month rate on certificates of deposit
Pound sterling	Market yield for three-month U.K. Treasury bills

DRAFT RESOLUTION

Amendments of the Rules and Regulations

RESOLVED:

That the Board of Governors of the Fund hereby notifies the Executive Board that it has reviewed the amendments of Rules I-6(4), O-1 and T-1(c), which have been made since the 1990 Annual Meeting, and has no changes to suggest.

