

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

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EBD/86/186

July 8, 1986

To: Members of the Executive Board
From: The Secretary
Subject: Kiribati - 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 Friday, July 11, 1986. 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. Dhruba Gupta (ext. 7627) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Kiribati - Designation of Depository

(Prepared by the Treasurer's Department)

(In consultation with the Asian and the Legal Departments)

Approved by David Williams

July 7, 1986

Article XIII, Section 2(a) of the Articles of Agreement provides that "Each member 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."

Kiribati has no central bank. In the International Organization Act, 1985 (Law No. 10 of 1985) dated February 25, 1986 The Bank of Kiribati Ltd., is designated as depository. In a cable dated June 25, 1986 the Ministry of Finance confirms that The Bank of Kiribati, Ltd., is able to perform the necessary functions (see attachment).

It is recommended that the Fund accept The Bank of Kiribati, Ltd., as the depository for its holdings of the currency of Kiribati.

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

The Fund accepts the Bank of Kiribati Ltd., as the depository, under Article XIII, Section 2(a), for all the Fund's holdings of the currency of Kiribati.

Attachment

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TO: TREASURER'S DEPARTMENT
 440730 ITS UI
 USA

COPIED TO: BANK OF KIRIBATI, TARAWA
 ATTORNEY GENERAL, BAIRIKI

NO. 531 OF 25/6/86 F. 76/26

REYRTEL 19 JUNE

AS KIRIBATI DOES NOT HAVE A CENTRAL BANK, THE GOVERNMENT OF KIRIBATI HEREBY PROPOSES TO DESIGNATE THE BANK OF KIRIBATI LTD. AS THE DEPOSITORY FOR THE INTERNATIONAL MONETARY FUND'S HOLDINGS OF THE CURRENCY OF KIRIBATI IN ACCORDANCE WITH ARTICLE XIII, SECTION 2(A) OF THE ARTICLES OF AGREEMENT OF THE FUND. WE DO HEREBY CONFIRM THAT THE BANK OF KIRIBATI LTD. 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 PAYEE, NAMED BY THE FUND, IN THE TERRITORY OF KIRIBATI.
- (III) IF THE GOVERNMENT OF KIRIBATI ISSUES NON-NEGOTIABLE, NON-INTEREST-BEARING NOTES UNDER ARTICLE III, SECTION 4 OF THE FUND AGREEMENT, TO HOLD SUCH SECURITIES FOR SAFE CUSTODY ON BEHALF OF THE FUND.
- (IV) TO ARRANGE FOR THE ISSUANCE OF SUCH NOTES AND FOR THEIR ENCASHMENT WITHIN 14 HOURS AFTER ANY PAYMENT BY THE FUND WHICH DRAWS THE BALANCE OF THE FUND'S HOLDINGS 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.

REGARDS,
POLLARD
MINFIN TARAWA

Received in Cable Room June 24, 1986