

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**IMMEDIATE
ATTENTION**

MASTER FILES

ROOM C-120

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EBD/85/263

October 22, 1985

To: Members of the Executive Board
From: The Secretary
Subject: Tonga - 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, October 25, 1985. 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) or Mrs. Al-Samarrie (ext. 7629) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads



INTERNATIONAL MONETARY FUND

Tonga - Designation of Depository

(Prepared by the Treasurer's Department)

(In consultation with the Asian and the Legal Departments)

Approved by David Williams

October 22, 1985

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."

Tonga has no central bank. In a statement dated September 10, 1985 the Government of Tonga proposes the Treasury as depository (Attachment I). In a cable dated September 24, 1985 the Ministry of Finance confirms that the Treasury is able to perform the necessary functions (Attachment II).

It is recommended that the Fund accept the Treasury of Tonga as the depository for its holdings of the currency of Tonga.

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

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

Attachments (2)

Kingdom of Tonga
Ministry of Finance
Vuna Road, Nuku'alofa
Tonga, South Pacific

INSTRUMENT FOR
DESIGNATION OF DEPOSITORY

The Minister of Finance hereby designates the Treasury as the depository for the International Monetary Fund's holdings of the currency of Tonga in accordance with Article XIII, Section 2(a) of the Articles of Agreement of the Fund.

/s/

J. C. Cocker
MINISTER OF FINANCE

Nuku'alofa, Tonga
10 September, 1985

Received in Fund on September 13, 1985

RCA SEP 24 2103

TLX NO. 257 - 25.9.85
MR J E ISMAEL, EXECUTIVE DIRECTOR, INTERFUND

PLEASE SUBMIT FOLLOWING PROPOSAL TO SECRETARY FOR CONSIDERATION BY
EXECUTIVE BOARD.

QUOTE

AS TONGA DOES NOT HAVE A CENTRAL BANK, THE GOVERNMENT OF TONGA, IN ACCORDANCE WITH ARTICLE XIII, SECTION 2(A) OF THE ARTICLES OF AGREEMENT OF THE FUND HAS PROPOSED THAT THE TREASURY OF TONGA BE DESIGNATED AS THE DEPOSITORY FOR THE FUND'S HOLDINGS OF THE CURRENCY OF TONGA. WE DO HEREBY CONFIRM THAT THE TREASURY 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 ANY PAYEE, NAMED BY THE FUND, IN THE TERRITORY OF TONGA;
- (III) IF THE GOVERNMENT OF TONGA ISSUES NONNEGOTIABLE, NONINTEREST-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 24 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.

UNQUOTE

THANKS AND KIND REGARDS

S.P. JONES, SECRETARY FOR FINANCE, MINISTRY OF FINANCE, TONGA

Received in Cable Room September 24, 1985

