

**LAPSE OF
TIME**

EBD/16/22

May 11, 2016

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of Nauru—Representative Rate for the Australian Dollar as the Currency of the Republic of Nauru**

Board Action:	Executive Directors' consideration on a lapse of time basis
Deadline to Request a Board Meeting, after which Proposed Decision Deemed Approved:	Wednesday, May 18, 2016 12:00 (noon)
Proposed Decision:	Page 2
Publication:	Not proposed, owing to market sensitivity
Questions:	Mr. Cooney, FIN (ext. 35564) Ms. Davidovic, FIN (ext. 38566)



May 9, 2016

REPUBLIC OF NAURU—REPRESENTATIVE RATE FOR THE AUSTRALIAN DOLLAR AS THE CURRENCY OF THE REPUBLIC OF NAURU

Approved By
Andrew Tweedie

Prepared by the Finance Department in consultation with the Asia and Pacific, Legal, and Monetary and Capital Markets Departments.

1. The Republic of Nauru (“Nauru”) became a member of the Fund on April 12, 2016. As a new member Nauru will need to establish procedures with the Fund for determining a representative exchange rate for its currency, in accordance with Rule O-2(b)(i) of the Fund’s Rules and Regulations, as proposed in this paper for Board consideration.
2. Pursuant to its national legislation, Nauru does not issue a currency of its own but uses the Australian dollar as legal means of payment which, for the purposes of the Articles of Agreement of the Fund, is deemed to be the currency of Nauru.¹
3. Staff has consulted with the authorities of Nauru which have proposed that the representative exchange rate for the currency of Nauru be the same as that of the Australian dollar (Attachment).

¹ See *Republic of Nauru—Report of the Committee on Membership* (EBD/15/51, 09/10/15).

Proposed Decision

The following draft decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

The Fund finds, after consultation with the authorities of the Republic of Nauru,

that the representative exchange rate for the currency of the Republic of Nauru

is the same as that for the Australian dollar.

ATTACHMENT

Hon David Adeang, MP.
Minister Assisting the President
Minister for Finance
Minister for Justice & Border Control
Minister for Nauru Air Corporation
Minister for Eigigu Holdings Corporation



Government Offices
Yaren District
REPUBLIC OF NAURU
Central Pacific
Ph: +674 5573177 Ext: 208
Website: www.naurugov.nr

Member for Ubenide

REPUBLIC OF NAURU

April 12 2016

Christine Lagarde
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Madame Lagarde:

Reference: Consultation for determining a representative rate for the currency of Nauru.

1. The currency of Nauru is the Australian dollar. At present the rates of exchange with the U.S. dollar are 0.7558 buying and 0.7560 selling in spot exchange transactions in the international exchange market.
2. This is to propose that the Fund find the Australian dollar exchange rate quoted by the Reserve Bank of Australia to be the representative rate for the currency of Nauru under Rule O-2(b) of the Fund's Rules and Regulations, and
3. We will inform the Fund of any change in the representative rate for the currency described above.

Very truly yours,

Hon. David Adeang MP
Minister of Finance
Republic of Nauru