

**EXECUTIVE  
BOARD  
MEETING**

SM/20/72  
Correction 1

**CONFIDENTIAL**

March 26, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Maintaining Access to Bilateral Borrowing and Review of the Borrowing Guidelines**

Board Action: The attached corrections to SM/20/72 (3/18/20) have been provided by the staff:

**Typographical Errors** **Pages 26, 31, 35, 36, 37, 38, 39, 42, 43, 48**

Questions: Mr. Moore, FIN (ext. 39391)  
Mr. Pham, LEG (ext. 34479)  
Ms. Luca, LEG (ext. 38101)



decision of the Executive Board, taking into account the Fund's overall liquidity situation and actual and prospective borrowing requirements, and with the consent of [Member].

(b) The 2020 Borrowing Agreements may be activated only after the Managing Director has notified the Executive Board that the Forward Commitment Capacity of the Fund as defined in Decision No. 14906-(11/38), adopted April 20, 2011, taking into account all available uncommitted resources under the New Arrangements to Borrow (the "modified FCC"), is below SDR 100 billion (the "activation threshold"); provided, however, that the Managing Director shall not provide such notification unless (i) the New Arrangements to Borrow (the "NAB") ~~is~~ **are** activated as of the time of the notification, or there are no available uncommitted resources under the NAB as of that time, and (ii) the activation of the 2020 Borrowing Agreements has been approved by creditors representing at least 85 percent of the total credit amount committed under the 2020 Borrowing Agreements by creditors eligible to vote on such activation. For purposes of conducting a poll of eligible creditors, the Managing Director shall propose in writing the activation of the 2020 Borrowing Agreements and request the creditors' vote. A creditor shall not be eligible to vote on the activation if, at the time of the vote, its 2020 Borrowing Agreement is not effective, or the relevant member is not included in the Fund's Financial Transactions Plan for transfers of its currency. Nothing in this paragraph 2(b) shall preclude the Managing Director from approaching creditors before the modified FCC is below the activation threshold, if extraordinary circumstances so warrant in order to forestall or cope with an impairment of the international monetary system.

(c) If the 2020 Borrowing Agreements are activated pursuant to paragraph 2(b), they shall be automatically deactivated whenever the NAB is no longer activated, unless there are no available uncommitted resources under the NAB at that time. Separately, the 2020 Borrowing Agreements shall be deactivated if the Managing Director has notified the Executive Board that the modified FCC (excluding any amounts available under the Bilateral Borrowing Agreements) has risen above the activation threshold and: (i) the Executive Board determines that activation is no longer necessary; or (ii) six months have elapsed since the date of the Managing Director's notification and, within that period, the modified FCC (excluding any amounts available under the Bilateral Borrowing Agreements) has not fallen below the activation threshold. If, after the deactivation of the 2020 Borrowing Agreements under this paragraph 2(c), the modified FCC were to fall below the activation threshold, the provisions of paragraph 2(b) will apply.

(d) During any period after the activation of the 2020 Borrowing Agreements as provided under paragraph 2(b) and for as long as the 2020 Borrowing Agreements remain activated in accordance with paragraphs 2(b) and 2(c), the Fund may (i) use the resources available under this agreement to fund any outright purchases made from the GRA during the term of this agreement and (ii) approve, during the term of this agreement, commitments of GRA resources under Fund arrangements whose purchases could be funded by drawings under this agreement at any time during the period of such commitments, including after the expiration of the term of this agreement and during any period in which this agreement is no longer activated in accordance with paragraph 2(c) of this agreement; provided however that the commitments covered under this clause (ii) shall also include any commitment whose approval caused the activation threshold to be reached.

payments and reserve position is considered sufficiently strong in the opinion of the Fund that its currency is used in transfers under the Financial Transactions Plan, (ii) if the transferee is a member, or the central bank or other fiscal agency of a member, the reference to [Currency of Member] in paragraph 7 shall be deemed to refer to the currency of the relevant member, and in other cases it shall be deemed to refer to a freely usable currency determined by the Fund, (iii) payments related to the transferred claim shall be made to an account specified by the transferee, and (iv) references to business days ([capital of Member]) shall be deemed to refer to business days in the place where the transferee is situated.

(d) The price of a claim transferred pursuant to subparagraph (b) shall be as agreed between [Member] and the transferee.

(e) [Member] shall notify the Fund promptly of the claim that is being transferred pursuant to subparagraph (b), the name of the transferee, the amount of the claim that is being transferred, the agreed price for transfer of the claim, and the value date of the transfer.

(f) A transfer notified to the Fund under subparagraph (e) shall be reflected in the Fund's records if it is in accordance with the terms and conditions of this paragraph 9. The transfer shall be effective as of the value date agreed between [Member] and the transferee.

(g) If all or part of a claim is transferred during a quarterly period as described in paragraph 6(b), the Fund shall pay interest to the transferee on the amount of the claim transferred for the whole of that period.

(h) If requested, the Fund shall assist in seeking to arrange transfers.

#### 10. Effective Exchange Rate.

~~(a)~~—Unless otherwise agreed between [Member] and the Fund, all drawings, exchanges, and payments of principal and interest under this agreement shall be made at the exchange rates for the relevant currencies in terms of the SDR established pursuant to Article XIX, Section 7(a) of the Fund's Articles of Agreement and the rules and regulations of the Fund thereunder for the second business day of the Fund before the value date of the transfer, exchange or payment. If this exchange rate determination date is not a business day in [capital of Member], such date shall be the last preceding business day of the Fund that is also a business day in [capital of Member].

#### 11. Changes in Method of Valuation of SDR.

If the Fund changes the method of valuing the SDR, all transfers, exchanges and payments of principal and interest made two or more business days of the Fund after the effective date of the change shall be made on the basis of the new method of valuation.

## Annex II. Template for 2020 Note Purchase Agreement

### Note Purchase Agreement between [Member] and the International Monetary Fund<sup>1</sup>

This Note Purchase Agreement (this “Agreement”) is entered into between [Member] and the International Monetary Fund (the “Fund”).

#### 1. Purposes and Amounts.

(a) To enhance the resources available on a temporary basis to the Fund for crisis prevention and resolution through bilateral borrowing, [Member] agrees to purchase from the Fund promissory notes, which shall be issued in accordance with the terms of this Agreement and the General Terms and Conditions for International Monetary Fund Series ~~E-F~~ Notes attached as Annex 1 to this Agreement (the “Notes”). Notes in a [total][cumulative] principal amount up to the equivalent of SDR [amount] billion (“Principal”) shall be issued under this Agreement; provided however that, upon the effectiveness of the increase in the credit arrangement of [Member] under the Fund’s New Arrangements to Borrow (the “NAB”) as part of the reform of the NAB approved by the Fund under Decision No. xx-(20/xx), adopted January 16, 2020 (the “NAB Reform”), the Principal will be automatically reduced to the equivalent of SDR [amount] billion (the “Rolled Back Principal”).

(b) This Agreement and other bilateral borrowing agreements that the Fund has entered into or amended pursuant to the borrowing framework approved by the Fund in [March 2020] shall be referred to each as a “2020 Borrowing Agreement” and collectively as the “2020 Borrowing Agreements”. Each bilateral borrowing agreement that the Fund entered into pursuant to the borrowing framework approved by the Fund in August 2016 shall be referred to as a “2016 Borrowing Agreement” and collectively as the “2016 Borrowing Agreements.” The 2020 Borrowing Agreements and the 2016 Borrowing Agreements shall be collectively referred to as “Bilateral Borrowing Agreements”.

#### 2. Term of the Agreement and Use.

(a) The term of this Agreement shall end on December 31, 2023; provided that the Fund may extend the term of this Agreement for one further year through December 31, 2024 by a

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<sup>1</sup> Language in square brackets in the template indicates that it should be personalized to each creditor. This template is designed for a 2020 BBA creditor that participates in the 2016 BBAs and the NAB; and it would need to be adjusted for new 2020 BBA creditors or 2016/2020 BBA creditors that are not NAB participants.

decision of the Executive Board, taking into account the Fund's overall liquidity situation and actual and prospective borrowing requirements, and with the consent of [Member].

(b) The 2020 Borrowing Agreements may be activated only after the Managing Director has notified the Executive Board that the Forward Commitment Capacity of the Fund as defined in Decision No. 14906-(11/38), adopted April 20, 2011, taking into account all available uncommitted resources under the New Arrangements to Borrow (the "modified FCC"), is below SDR 100 billion (the "activation threshold"); provided, however, that the Managing Director shall not provide such notification unless: (i) the New Arrangements to Borrow ("NAB") ~~is~~ are activated as of the time of the notification, or there are no available uncommitted resources under the NAB as of that time, and (ii) the activation of the 2020 Borrowing Agreements has been approved by creditors representing at least 85 percent of the total credit amount committed under the 2020 Borrowing Agreements by creditors eligible to vote on such activation. For purposes of conducting a poll of eligible creditors, the Managing Director shall propose in writing the activation of the 2020 Borrowing Agreements and request the creditors' vote. A creditor shall not be eligible to vote on the activation if, at the time of the vote, its 2020 Borrowing Agreement is not effective, or the relevant member is not included in the Fund's Financial Transactions Plan for transfers of its currency. Nothing in this paragraph 2(b) shall preclude the Managing Director from approaching creditors before the modified FCC is below the activation threshold, if extraordinary circumstances so warrant in order to forestall or cope with an impairment of the international monetary system.

(c) If the 2020 Borrowing Agreements are activated pursuant to paragraph 2(b), they shall be automatically deactivated whenever the NAB is no longer activated, unless there are no available uncommitted resources under the NAB at that time. Separately, the 2020 Borrowing Agreements shall be deactivated if the Managing Director has notified the Executive Board that the modified FCC (excluding any amounts available under the Bilateral Borrowing Agreements) has risen above the activation threshold and: (i) the Executive Board determines that activation is no longer necessary; or (ii) six months have elapsed since the date of the Managing Director's notification and, within that period, the modified FCC (excluding any amounts available under the Bilateral Borrowing Agreements) has not fallen below the activation threshold. If, after the deactivation of the 2020 Borrowing Agreements under this paragraph 2(c), the modified FCC were to fall below the activation threshold, the provisions of paragraph 2(b) will apply.

(d) During any period after the activation of the 2020 Borrowing Agreements as provided under paragraph 2(b) and for as long as the 2020 Borrowing Agreements remain activated in accordance with paragraphs 2(b) and 2(c), the Fund may (i) use the resources available under this Agreement to fund any outright purchases made from the General Resources Account ("GRA") during the term of this Agreement and (ii) approve, during the term of this Agreement, commitments of GRA resources under Fund arrangements whose purchases could be funded by issuing Notes for purchase under this Agreement at any time during the period of such commitments, including after the expiration of the term of this Agreement and during any period in which this Agreement is no longer activated in accordance with paragraph 2(c); provided however

that the commitments covered under this clause (ii) shall also include any commitment whose approval caused the activation threshold to be reached.

(e) Following an activation specified in paragraph 2(b), the resources available under this Agreement may also be used by the Fund to fund the early repayment of claims under other 2020 Borrowing Agreements if the relevant creditors under those other agreements request the early repayment of their claims in the circumstances specified in paragraph 7 of the General Terms and Conditions for International Monetary Fund Series E-F Notes. Notes for purchase may be issued under this Agreement to fund such early repayment of other creditors' claims for as long as claims under the 2020 Borrowing Agreements remain outstanding, including after the expiration of the term of this Agreement or during any period in which this Agreement is no longer activated in accordance with paragraph 2(c).

(f) Notes for purchase under this Agreement shall be issued with the goal of achieving over time broadly balanced positions among creditors under all Bilateral Borrowing Agreements relative to their commitments under these agreements.

### 3. Estimates, Notices and Limits on Issuance of Notes.

(a) Prior to the beginning of each plan period for the use of bilateral borrowed resources, the Fund shall provide [Member] with its best estimates of the amounts of the Notes that it expects it will issue for purchase under this Agreement during the forthcoming period, and shall provide revised estimates during each period where this is warranted. [Member] shall not be included in the periodic plan, and no Notes shall be issued for purchase under this Agreement, if [Member] is not included and is not being proposed by the Managing Director to be included in the list of countries in the Financial Transactions Plan for transfers of its currency. Moreover, no Notes shall be issued for purchase under this Agreement if [Member] was included in the periodic plan but, at the time of the issuance of these Notes, [Member's] currency is not being used in transfers under the Financial Transactions Plan because of [Member's] balance of payments and reserve position. Where [Member] was not included in the Financial Transactions Plan at the time of the vote on the activation of the 2020 Borrowing Agreements and is subsequently included in the Financial Transactions Plan, Notes may be issued for purchase under this Agreement to fund purchases made and commitments approved during the activation period unless and for so long as [Member] notifies the Fund that it does not wish to have such issuance for these purposes.

(b) The Fund shall give [Member] at least five business days' ([capital of Member]) notice of its intention to issue Notes for purchase, and shall provide payment instructions at least two business days (Fund) prior to the value date of the transaction by a rapid authenticated means of communication (e.g., SWIFT), provided that in exceptional circumstances where it is not possible to provide at least five business days' ([capital of Member]) notice, notification of intent to issue Notes for purchase would be made at least three business days [(capital of Member)] in advance of the value date, and [Member] would make best efforts to meet such a call.

(c) Payment by the Fund of the principal amount of a Note shall [not] restore *pro tanto* the amount of Notes that may be issued under this Agreement. The extension of the maturity of a Note, or of any part thereof, in accordance with paragraph 4(a) of the General Terms and Conditions for International Monetary Fund Series ~~E-F~~ Notes shall not reduce the amount of Notes that may be issued under this Agreement.

4. Denomination and Price.

Notes shall be denominated in the special drawing right (SDR). Notes shall be issued in multiples of SDR 10 million. The purchase price for each Note shall be 100 percent of the principal amount thereof.

5. Payments for Purchases, Exchanges of Currencies and SDR Valuation.

(a) Unless otherwise agreed between the Fund and [Member], the purchase price of each Note shall be paid by [Member] on the value date specified in the Fund's notice under paragraph 3, by transfer of the SDR equivalent amount of [Currency of Member] to the account of the Fund with the designated depository of [Member]; provided that for Notes purchased in accordance with paragraph 2(e), [Member] shall ensure that balances used in the purchase that are not balances of a freely usable currency can be exchanged for a freely usable currency of its choice, and, with respect to balances used in the purchase that are balances of a freely usable currency, [Member] shall collaborate with the Fund and other members to enable such balances to be exchanged for another freely usable currency.

(b) The obligations of [Member] under Article V, Section 3(e) and Article V, Section 7(j) of the Fund's Articles of Agreement concerning exchanges of its currency purchased or to be used in repurchases from the Fund shall apply, respectively, to purchase and repurchase transactions in the GRA involving its currency used in the purchase of Notes and to be used in payments of Principal under this Agreement.

(c) Unless otherwise agreed between the Fund and [Member], all purchases of Notes and exchanges of currency pursuant to this Agreement shall be made at the exchange rate for the relevant currency in terms of the SDR established pursuant to Article XIX, Section 7(a) of the Fund's Articles of Agreement and the rules and regulations of the Fund thereunder for the second business day of the Fund before the value date of the purchase or exchange. If this exchange rate determination date is not a business day in [capital of Member] such date shall be the last preceding business day of the Fund that is also a business day in [capital of Member].

(d) If the Fund changes the method of valuing the SDR, all purchases and exchanges of currency made two or more business days of the Fund after the effective date of the change shall be made on the basis of the new method of valuation.

6. Transferability.

[Member] may not transfer any of its rights or obligations under this Agreement except with the prior written consent of the Fund; provided however that transfers of Notes may be effected pursuant to, and subject in any event to the transfer restrictions and other limitations on transfers of the Notes set forth in, the General Terms and Conditions for International Monetary Fund Series E-F Notes.

7. Settlement of Questions.

Any question arising under this Agreement shall be settled by mutual agreement between [Member] and the Fund.

8. [Cooperation with the Fund.

[Member] stands ready to cooperate with the Fund in the spirit of IMFC/G-20 commitments as needed and appropriate.]

9. Transitional arrangements in case of an activation of the 2016 or 2020 Borrowing Agreements prior to the effectiveness of the NAB Reform

(a) Regardless of whether this Agreement is activated or not, the Fund: (i) subject to paragraph 9(b) below, shall issue Notes for purchase under this Agreement to repay any outstanding claims under [Member]'s 2016 Borrowing Agreement, and (ii) may issue Notes for purchase under this Agreement to fund purchases under commitments approved by the Fund during an activation of the 2016 Borrowing Agreements or to fund early repayment of claims under other 2016 Borrowing Agreements in case the creditor represents a balance of payments need; provided that, notwithstanding paragraph 4(a) of the General Terms and Conditions for International Monetary Fund Series E-F Notes annexed to this Agreement, the maximum maturity date of the claim from the repayment herein shall be the residual maximum maturity date of the claim that is repaid with Notes issued under this Agreement; and provided further that any Notes issued under this Agreement that result from the repayment under herein shall be considered claims under the 2016 Bilateral Borrowing Agreements for purposes of funding the early repayment of these Notes in case of balance of payments need in accordance with the 2016 Borrowing Agreements, and for purposes of special calls under paragraph 23 of the Fund's Decision No. xx-(20/xx), adopted January 16, 2020.

(b) To the extent that claims under [Member]'s 2016 Borrowing Agreement or this Agreement are outstanding when the increase in the NAB credit arrangement of [Member's] becomes effective, [Member] shall be deemed to request, in accordance with paragraph 23 of the Fund's Decision No. 11428-(97/6), adopted January 27, 1997 on the NAB, as amended, that the Managing Director make calls under the NAB credit arrangement of [Member] up to the maximum available amount, taking into account the Fund's need for maintaining prudential balances, to fund the repayment of such claims; provided that if the increase in the NAB credit arrangement of

**ANNEX 1. General Terms and Conditions for International Monetary Fund  
Series E-F Notes**

1. Definitions. These are the General Terms and Conditions for International Monetary Fund Series E-F Notes that are referred to in the Applicable Note Purchase Agreement, as defined below, and in the Notes described therein and herein. The following definitions apply for purposes of these General Terms and Conditions:

- (a) “Applicable Note Purchase Agreement” for any Note means the Note Purchase Agreement between the Fund and the original Eligible Purchaser to whom the Fund (i) had issued the Note, or (ii) had issued any Note in cancellation of which the Note (or one or more Notes previously cancelled in exchange for the Note) had been issued.
- (b) “Borrowing Guidelines” means the Guidelines for Borrowing by the Fund.
- (c) “Eligible Purchaser” means (i) a member of the Fund, and (ii) the central bank of a member of the Fund.
- (d) “Eligible Holder” means (i) an Eligible Purchaser, (ii) a fiscal agency designated by a member of the Fund for purposes of Article V, Section 1 of the Fund’s Articles of Agreement (hereinafter referred to as the “fiscal agency of a member”), and (iii) an official entity that has been prescribed as a holder of special drawing rights (SDRs) pursuant to Article XVII, Section 3 of the Fund’s Articles of Agreement (hereinafter referred to as a “prescribed SDR holder”).
- (e) “Notes” mean the promissory notes (International Monetary Fund Series E-F Notes) that are subject to these General Terms and Conditions.
- (f) “Permitted Holder” means (i) an Eligible Holder, and (ii) any other official entity in respect of whom the Fund has consented in writing to a transfer of Notes pursuant to subparagraph 6(b) of these General Terms and Conditions.
- (g) “Relevant Member” means, in the case of a Permitted Holder that is the central bank or fiscal agency or other official institution of a member of the Fund, that member of the Fund.

2. Eligible Purchasers and Permitted Holders of Notes.

The Fund will issue Notes solely to Eligible Purchasers. Each Eligible Purchaser will enter into a Note Purchase Agreement with the Fund governing the terms of its purchases of Notes from the Fund. Permitted Holders shall be the only authorized holders of the Notes.

### 3. Form, Delivery and Custody of Notes.

(a) Notes will only be issued in book entry form. The Fund will establish and maintain in its records a book entry account in the name of each Permitted Holder recording pertinent details of all Notes issued, including the number, issue date, principal amount, series, and maturity date. As of the value date of each purchase or transfer of a Note, the Fund will make an appropriate entry in its records regarding details of the Note purchased or transferred. The making of such an entry in the records of the Fund shall constitute a taking of delivery of the Note by the purchaser or transferee.

(b) Upon the request of a Permitted Holder, the Fund will issue to the Permitted Holder a registered Series E-F Note substantially in the form set out in Annex 2, including without limitation the legend regarding restrictions on transfer of Notes. Each such registered Note will bear as its issue date the value date of the purchase of the Note and shall be issued in the name of the relevant Permitted Holder. Unless otherwise agreed between a Permitted Holder and the Fund, the Fund will keep registered Notes in custody for the Permitted Holder, and acceptance of custody by the Fund shall constitute delivery of Notes to the Permitted Holder.

### 4. Maturity.

(a) Except as otherwise provided in this paragraph 4 and in paragraph 7(b)(ii), each Note shall have a maturity date that is three months from its issue date. The Fund may in its sole discretion elect to extend the maturity date of any Note or of any portion thereof by additional periods of three months after the initial maturity date, which extension the Fund shall automatically be deemed to have elected with respect to the maturity dates then in effect for all Notes unless, at least five business days (Fund) before a maturity date, the Fund notifies a Permitted Holder by a rapid authenticated means of communication (e.g., SWIFT) that the Fund does not elect to extend the maturity date of the particular Note or portion thereof; provided however (i) that the maturity date of any Note purchased to fund GRA purchases shall not be extended to a date that is later than the tenth anniversary of the date of such Note, and (ii) that the maturity date for any Notes purchased to fund the early repayment of other creditors' claims in accordance with paragraph 2(e) of the Applicable Note Purchase Agreement shall be a single common maturity date that is the longest remaining maximum maturity of any claim for which such early repayment has been requested or the tenth anniversary of the date of the relevant Notes being issued to fund early repayment, whichever is earlier. [Notwithstanding the maturity deadlines in the preceding sentence, following an Executive Board determination that exceptional circumstances exist as a result of a shortage of Fund resources in relation to Fund obligations falling due, the Fund, with the agreement of the Permitted Holder, may extend the maximum maturity for Notes purchased up to an additional five years.]

(b) The Fund shall pay the principal amount of each Note on the maturity date that is applicable to that Note in accordance with subparagraph (a). If a maturity date for a Note is not a business day in the place where payment is to be made, then the payment date for such principal

**ANNEX 2. Form of Registered Series E-F Note**

Number \_\_\_\_\_

SDR \_\_\_\_\_

INTERNATIONAL MONETARY FUND

REGISTERED NOTE

Issue Date: \_\_\_\_\_

Maturity Date: [to include description of automatic extensions of maturity and extension option in exceptional circumstances]

The INTERNATIONAL MONETARY FUND (“the Fund”), for value received, hereby promises to pay to \_\_\_\_\_, being the registered holder of this note, an amount equivalent to

\_\_\_\_\_ Special Drawing Rights (SDR \_\_\_\_\_)

on the maturity date specified above and to pay interest thereon as set forth below.

This Note is one of a series of “Series E-F Notes” issued in accordance with the General Terms and Conditions for International Monetary Fund Series E-F Notes (the “General Terms and Conditions”) and the Applicable Note Purchase Agreement as such term is defined in the General Terms and Conditions. Each holder of this Note is deemed to have agreed to the General Terms and Conditions and relevant terms of the Applicable Note Purchase Agreement, including without limitation the maturity date (including the terms on which it may be extended at the sole option of the Fund from time to time), the interest rate, the terms and conditions of early payment at the request of the Fund or the holder hereof, and the terms and conditions of transfer of this Note or any part thereof.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY JURISDICTION.

IN NO EVENT SHALL ANY HOLDER OF THIS NOTE SELL, ASSIGN, DISPOSE OF OR OTHERWISE TRANSFER THIS NOTE, DIRECTLY OR INDIRECTLY, TO ANY ENTITY THAT IS NOT (I) A MEMBER OF THE FUND OR THE CENTRAL BANK OF A MEMBER OF THE FUND, (II) A FISCAL AGENCY DESIGNATED BY A MEMBER OF THE FUND FOR PURPOSES OF ARTICLE V, SECTION 1 OF THE FUND’S ARTICLES OF AGREEMENT, (III) AN OFFICIAL ENTITY THAT HAS BEEN PRESCRIBED AS A HOLDER OF SPECIAL DRAWING RIGHTS PURSUANT TO ARTICLE XVII, SECTION 3 OF THE FUND’S ARTICLES OF AGREEMENT, OR (IV) ANY OTHER OFFICIAL ENTITY IN RESPECT OF WHICH THE FUND HAS CONSENTED IN WRITING TO A TRANSFER PURSUANT TO PARAGRAPH 6(B) OF THE GENERAL TERMS AND CONDITIONS.