

**LAPSE OF
TIME**

EBS/20/149

September 22, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Annual Update on SDR Trading Operations and the SDR Designation Plan
for the Period October 2020–September 2021**

Board Action:	Executive Directors' consideration on a lapse of time basis
Deadline to Request a Board Meeting, after which Proposed Decision Deemed Approved:	Tuesday, September 29, 2020 12:00 (noon)
Proposed Decision:	Page 14
Publication:	Not proposed, due to the confidentiality of the financial information contained.
Questions:	Ms. Manno, FIN (ext. 38175) Ms. Mburu, FIN (ext. 38443)



September 21, 2020

ANNUAL UPDATE ON SDR TRADING OPERATIONS AND THE SDR DESIGNATION PLAN FOR THE PERIOD OCTOBER 2020–SEPTEMBER 2021

EXECUTIVE SUMMARY

This paper provides an annual **update on the SDR trading operations** and proposes the **SDR designation plan** for the upcoming annual period October 2020–September 2021.

The Voluntary Trading Arrangements (VTAs) continue to be the main vehicle for members to buy and sell SDRs. The SDR market functions through transactions by agreement in which participants agree to buy or sell SDRs in exchange for freely usable currencies. Most of these transactions have been channeled through the VTAs, with some SDR acquisitions also arranged through the General Resources Account (GRA) of the IMF and a very small portion of transactions agreed directly between participants in the SDR Department.

The VTAs continue to have ample buying (SDR 72.5 billion) and selling (SDR 34.3 billion) capacities to meet the demand for sales and acquisitions of SDRs, respectively. During the year, the volume of SDR sales dropped to its lowest level in the last five years mainly due to the decrease in sales of SDRs associated with GRA lending. The volume of acquisitions of SDRs also declined due to the low interest environment, coupled with other Fund specific initiatives such as debt relief under the CCR Trust initiative, which has reduced members' need to acquire SDRs.

The proposed designation plan for October 2020 to September 2021 maintains the annual designation amount of SDR 3 billion. The designated amount should provide sufficient backstop in case the designation mechanism had to be activated. Approval of the plan requires a Board decision with a majority of votes cast.

Approved By
Andrew Tweedie

Prepared by the Finance Department (Maria Manno, Jane Mburu, Vendula Kurcova, Michael Vera, Anna Nakafeero, and Elodie Goirand under the guidance of Thomas Krueger), in consultation with the Legal Department.

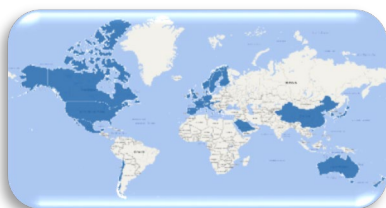
CONTENTS

STATUS OF VOLUNTARY TRADING ARRANGEMENTS	3
SDR TRADING OPERATIONS	5
A. SDR Sales Through VTAs	5
B. Acquisitions of SDRs Through VTAs and GRA	6
C. Other SDR Transactions	7
SDR HOLDINGS OF MEMBERS AND IN THE GRA	8
SDR DESIGNATION PLAN	10
BOXES	
1. Voluntary SDR Trading Arrangements	3
2. Designation Plan Mechanism	11
FIGURES	
1. Purchasing and Selling Capacity by Regional VTAs	4
2. SDR Sales and Acquisition Participation by Regional VTAs	5
3. SDR Sales and Acquisitions Through VTAs	7
4. SDR Holdings	9
5. Relative Positions of Participants with VTAs	9
TABLES	
1. VTAs: Trading Ranges Including Average Purchasing and Selling Capacity	4
2. Summary of SDR Sales Through VTAs	6
3. Summary of SDR Acquisitions Through VTAs	7
4. SDR Bilateral Trades	8
5. SDR Designation Plan Maximum Amounts	12
6. List of Participants Subject to the SDR Designation: Calculation of Designation Amounts	13
ANNEX	
I. Allocation of Transactions Across VTAs	15

STATUS OF VOLUNTARY TRADING ARRANGEMENTS

1. The SDR transactions by agreement continue to operate effectively through VTAs. The 32 VTAs continue to accommodate the majority of requests for transactions by agreement.¹ The expansion (in number and regional representation) that took place after the SDR allocations in 2009 has provided flexibility in meeting these requests without a need to resort to the designation mechanism (Box 1).²

Box 1. Voluntary SDR Trading Arrangements as of August 31, 2020



Asia and Pacific: Australia, China, Japan, Korea, and New Zealand

Europe: Austria, Belgium, Cyprus, Denmark, ECB, Finland, France, Germany, Greece, Ireland, Israel, Italy, Malta, The Netherlands, Norway, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom

Middle East & Central Asia: Saudi Arabia

Western Hemisphere: Canada, Chile, Mexico, and the United States

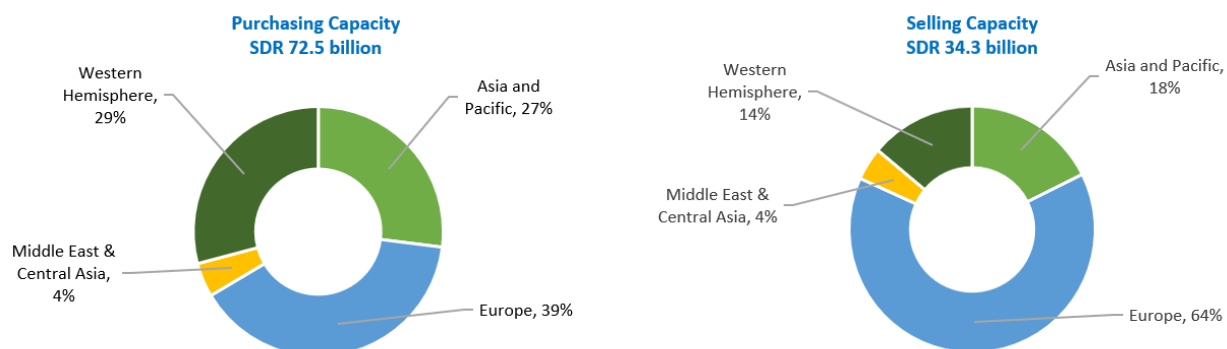
2. The SDR purchasing and selling capacities of VTAs remain ample. The capacities are determined by considering the minimum and maximum SDR amounts that a VTA participant is willing to hold and the SDR holdings of each VTA participant (Figure 1 and Table 1).³ The total purchasing capacity and selling capacity was SDR 72.5 billion and SDR 34.3 billion, respectively, at end-August 2020 (SDR 72.0 billion and SDR 34.4 billion at end-August 2019).⁴ The slight changes in the capacities were primarily attributed to changes in the SDR holdings of VTA members who have increased their lending in SDRs to the PRGT during the Covid-19 pandemic. Specifically, in the period from September 1, 2019 to August 31, 2020, out of the total SDR 6.7 billion provided by lenders for PRGT loans, SDR 2.8 billion was financed by eight VTA members in SDRs. The average VTA can absorb purchases of about SDR 2.3 billion while the average VTA has an SDR selling capacity of SDR 1.1 billion.

¹ A small portion of transactions by agreement is negotiated bilaterally between participants and therefore take place outside of the VTA market. Additionally, about 32 percent of the overall acquisition volume is arranged by the IMF directly (through the GRA) and not through transactions by agreement.

² Under the transactions with designation, a participant with a balance of payments need may obtain SDRs from another participant designated by the Fund in the event a voluntary or bilateral participant cannot be identified.

³ Note that amounts in tables may include small differences due to rounding.

⁴ The annual reporting period for SDR transactions for this paper is September 1, 2019 to August 31, 2020 while the cumulative period is from January 1, 2015 to August 31, 2020.

Figure 1. Purchasing and Selling Capacity by Regional VTAs as of August 31, 2020

Source: IMF staff calculations.

Table 1. VTAs: Trading Ranges Including Average Purchasing and Selling Capacity as of August 31, 2020
(in millions of SDRs, unless otherwise indicated)

Arrangements	Trading Range (In percent of Net Cumulative Allocations)	Number	Purchasing Capacity	Average Purchasing Capacity	Selling Capacity	Average Selling Capacity
Standard	50 – 150	9	11,970	1,330	11,805	1,312
Eurosystem 1/ 2/	65 – 135	16	21,932	1,371	12,115	757
Other	35 – 200	7	38,599	5,514	10,360	1,480
Total 3/		32	72,501	2,266	34,281	1,071

Source: IMF staff calculations.

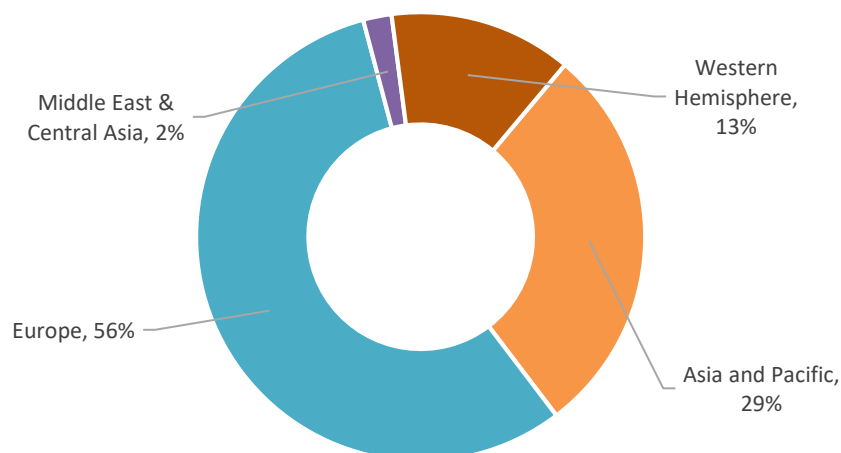
1/ Includes Euro area members. For three members, the highest maximum range is slightly below 135 percent. The trading range for the ECB, a prescribed holder of SDRs, is expressed in nominal terms and adds to the euro area trading capacity.

2/ Includes the purchasing and selling capacity of one VTA member with credit outstanding to the Fund.

3/ Almost all arrangements are two-way (buying/selling), with one participant having a buying only arrangement.

3. In allocating sale and acquisition requests across VTAs, staff uses informal modalities that aim at equitable burden sharing over time (Annex I). In the last 12-month period, 22 VTA members were used in SDR sales and acquisitions. Over the last five years, 30 VTAs handled requests for SDR transactions. From a geographical perspective, sales and acquisitions of SDRs have been allocated among market makers spanning all major regions and the use of VTAs has been broadly in line with the regional purchasing and selling capacity (Figure 2).

Figure 2. SDR Sales and Acquisition Participation by Regional VTAs
January 1, 2015–August 31, 2020 1/
 (in percent of total transaction count)



Source: IMF staff calculations.

1/ Excludes SDR trades arranged outside VTAs (bilateral trades and acquisitions of SDRs from the GRA).

SDR TRADING OPERATIONS

4. This section summarizes SDR trading operations during the period September 2019–August 2020, covering different trading modalities. Section A focuses on SDR sales through the VTAs, Section B covers SDR acquisitions through the VTAs and the GRA, and Section C provides updates on other SDR trading operations.

A. SDR Sales Through VTAs

5. The number and amount of SDR sales dropped significantly in comparison with the prior year (Table 2). In 2019–2020 there were 37 SDR sales transactions amounting to SDR 2.4 billion compared to 56 sales totaling SDR 4.6 billion during the previous year. The absolute decrease can largely be attributed to lower sales of SDRs related to GRA lending. Specifically, since the new target range for the IMF’s SDR holdings, was set and approved by the Executive Board last August, fewer borrowing members have received SDRs in GRA purchases.⁵ In both 2019 and 2020 about 85 percent of total sales of SDRs related to sales requested by borrowing members who received SDRs in GRA and PRGT loans and wished to sell them. Cumulatively, for the period since January 2015, SDR sales have totaled SDR 21.5 billion (272 transactions) by 33 participants and 4 prescribed holders (Table 2 and Figure 3).

⁵ For additional information regarding the GRA’s SDR holdings, refer to Review of the Target Range for the IMF’s SDR Holdings (EBS/19/77, 08/02/19).

Table 2. Summary of SDR Sales Through VTAs
January 1, 2015–August 31, 2020 1/ 2/
(in millions of SDRs, unless otherwise indicated)

	2015	2016	2017	2018	2019	Jan-Aug 2020	Total	Sep 2018- Aug 2019	Sep 2019- Aug 2020
Number of Sales Requests 3/	36	41	55	40	45	24	241	50	36
Number of Transactions 3/	41	49	61	47	49	25	272	56	37
<i>Of which in connection with (by Rlttd Oper Code):</i>									
in connection with GRA lending	3	18	21	23	19	1	85	23	5
in connection with PRGT lending	7	13	22	11	11	13	77	14	16
in connection with PRGT liquidity	11	7	7	6	12	5	48	11	8
others	20	11	11	7	7	6	62	8	8
Total amount of SDR sales	2,527	4,940	4,241	3,898	4,179	1,726	21,511	4,634	2,379
<i>Of which:</i>									
in connection with GRA lending	146	3,692	3,019	2,903	2,945	200	12,905	3,424	450
in connection with PRGT lending	247	377	617	348	633	1,310	3,532	487	1,575
in connection with PRGT liquidity	345	450	465	538	437	161	2,396	521	279
others	1,789	421	140	110	165	56	2,681	202	75

Source: IMF staff calculations.

1/ Periods run from January to December unless indicated otherwise.

2/ Sales from the GRA are treated as acquisitions by members and are reflected in Table 3.

3/ Sales requests involving multiple counterparties and/or currencies require more than one transaction per sale request.

B. Acquisitions of SDRs Through VTAs and GRA

6. On the demand side, acquisitions of SDRs, either through VTAs or the GRA, dropped significantly from the prior period. This reduction can be attributed to multiple reasons, including members acquiring SDRs for longer periods, the distribution of burden-sharing refunds under the Somalia arrears clearance initiative and debt relief under the CCRT initiative. These initiatives, coupled with the drop in the SDR interest rate (SDRi) following the COVID-19 pandemic, resulted in lower needs for SDR acquisitions.⁶ During the period, there were 84 (SDR 0.7 billion) and 16 (SDR 0.4 billion) acquisitions of SDRs via VTAs and GRA, respectively, in comparison to 113 and 36 transactions (SDR 0.9 billion and SDR 0.6 billion) in the prior period. Since January 2015, the Fund assisted 67 participants and 3 prescribed holders in over 500 transactions through the VTAs amounting to SDR 9.9 billion (Table 3 and Figure 3), and a total of 207 transactions (SDR 4.6 billion) have been handled through the GRA (Table 3).⁷

⁶ Since the SDRi is the basis for the calculation of GRA and SDR charges, the overall amount of these obligations that are payable in SDRs also dropped.

⁷ Under the current Board decisions, the GRA can only sell SDRs to members with insufficient SDR holdings to cover the payments of GRA charges and fees due to the IMF within 30 days.

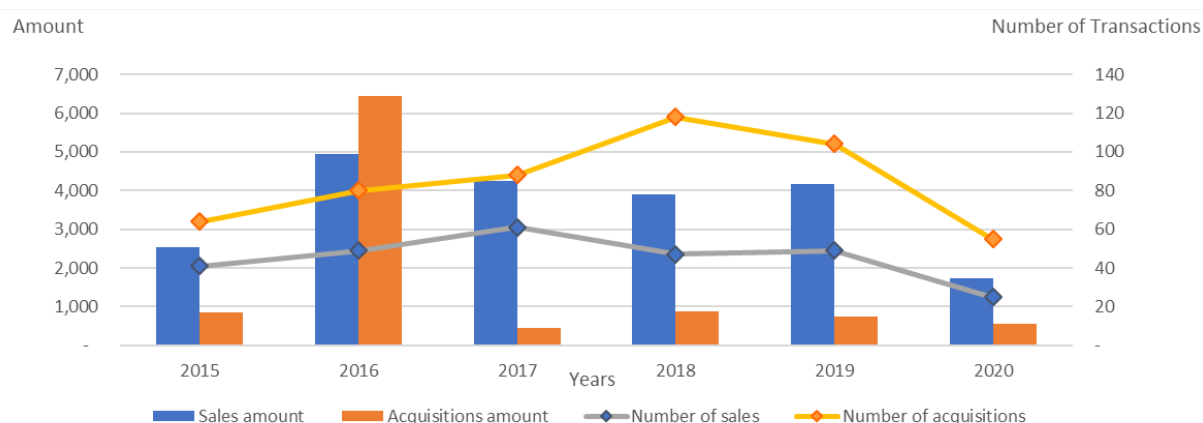
Table 3. Summary of SDR Acquisitions Through VTAs
January 1, 2015–August 31, 2020 1/
(in millions of SDRs)

	2015	2016	2017	2018	2019	Jan-Aug 2020	Total	Sep 2018–Aug 2019	Sep 2019–Aug 2020
Number of Requests through VTAs	61	75	86	116	104	55	497	112	84
Number of Transactions through VTAs	64	80	88	118	104	55	509	113	84
Amount of acquisitions through VTAs	838	6,435	448	891	740	567	9,919	916	741
<i>Memorandum Item:</i>									
<i>Acquisitions of SDRs from GRA</i>									
Number of Requests	25	23	25	31	27	12	143	29	16
Number of Transactions	40	45	38	41	31	12	207	36	16
Amount	1,599	886	768	482	599	246	4,580	594	366
Total Number of Transactions	104	125	126	159	135	67	716	149	100
Total Amount	2,437	7,321	1,216	1,373	1,339	813	14,499	1,510	1,107

Source: IMF staff calculations.

1/ Periods run from January to December unless indicated otherwise.

Figure 3. SDR Sales and Acquisitions Through VTAs
January 1, 2015–August 31, 2020 1/
(in millions of SDRs and number of transactions)



Source: IMF staff calculations.

1/ Periods run from January to December unless indicated otherwise.

C. Other SDR Transactions

7. In the past year, transactions conducted bilaterally between participants or prescribed holders were slightly lower in number, yet almost double the amount, in comparison to the previous period. There were 29 bilateral transactions (SDR 0.04 billion) arranged directly between participants/prescribed holders compared with 31 (SDR 0.02 billion) in the prior year. These transactions primarily relate to the settlement of financial obligations between counterparties or between participants and their regional central banks. Cumulatively since 2015, 249 bilateral transactions have been conducted in the amount of SDR 3.3 billion (Table 4). Most of these

transactions are standard, requiring minimal Fund involvement. Other bilateral transactions are more complex and require additional guidance from staff to ensure smooth execution.

Table 4. SDR Bilateral Trades
January 1, 2015–August 31, 2020 1/
 (in millions of SDRs)

	2015	2016	2017	2018	2019	Jan-Aug 2020	Total	Sep 2018- Aug 2019	Sep 2019- Aug 2020
Number of Transactions	82	48	34	34	30	21	249	31	29
Amount	2,010	942	49	271	26	21	3,319	23	36

Source: IMF staff calculations.

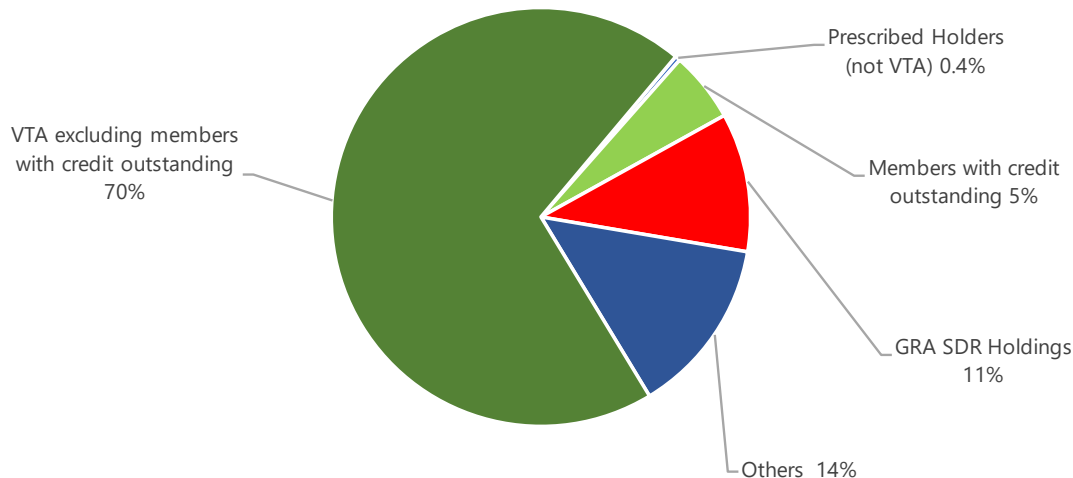
1/ Periods run from January to December unless indicated otherwise.

SDR HOLDINGS OF MEMBERS AND IN THE GRA

8. The bulk of SDR holdings remains with the membership, with VTA members accounting for a large share of these holdings (Figure 4 and 5). Overall, 89 percent of total SDR holdings are held by participants and prescribed holders and aggregate holdings of VTA members were approximately 70 percent of total SDR holdings at end-August 2020 (unchanged from end-August 2019). VTA members' total SDR holdings vis-à-vis their SDR allocations were at about 99 percent (vs. about 100 percent at end-August 2019). This slight reduction reflects a net amount of about SDR 0.5 billion and is mostly related to the already mentioned increase in the PRGT loan financing by VTA members in SDRs (somewhat offset by sales of SDRs). The GRA's holdings of SDRs at end-August were about SDR 21.9 billion, and thus close to the mid-point of the Board-endorsed target range of SDR 10-30 billion (see EBS 19/77). This represents about 11 percent of total SDR holdings and was broadly unchanged from a year earlier.

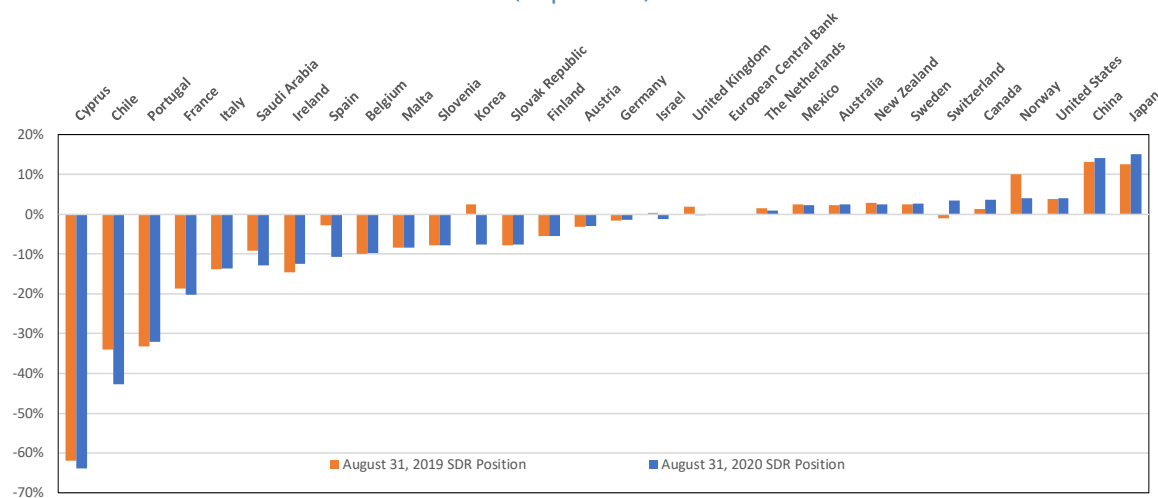
9. Members with low SDR holdings continue to periodically acquire SDRs to meet upcoming obligations to the Fund. At end-August 2020, there were 31 members that had SDR holdings of less than 5 percent of their net cumulative SDR allocations versus 32 members a year earlier. The net cumulative allocations of these members account for about 5 percent of total allocations. Staff continues to proactively engage with these members to acquire larger SDR amounts, which would then cover obligations due to the Fund for a longer period.

Figure 4. SDR Holdings as of August 31, 2020
(in percent of total SDR Holdings)



Source: IMF staff calculations.

Figure 5. Relative Positions of Participants with VTAs 1/ 2/ 3/ as of August 31, 2020
(in percent)



Source: IMF staff calculations.

1/ SDR holdings positions are shown as the difference between holdings and net cumulative allocations (NCA) in percent of NCA.

2/ Changes in SDR holdings may be affected by transactions other than trades under the voluntary arrangements.

3/ VTA members with credit outstanding to the Fund are not being asked to participate in SDR trades unless those members request to do so.

SDR DESIGNATION PLAN

10. The SDR designation plan for the upcoming annual period October 2020–

September 2021 is expected to remain precautionary. As discussed above, the current SDR voluntary market under the VTAs appears to have sufficient capacity to absorb the upcoming SDR trading volume, as has been the case since September 1987. The designation mechanism seeks to assure the conversion of SDRs into freely usable currencies by participants, subject to a balance of payments need, and to promote, over time, balanced SDR holdings among designated participants in accordance with Article XIX, Section 5, and Decision No. 11976-(99/59)/S.⁸ As in the past, the plan includes the amounts by which designations would be made until the next decision takes effect.

11. Consistent with the approach taken since 2010, staff proposes a designation amount of SDR 3 billion for the period October 2020–September 2021.

In view of the ample absorptive capacity of the VTAs currently in place and the volume of SDR sales, the total designation amount continues to reflect staff's judgment of the amount required to provide a meaningful backstop in the event that the VTAs are not sufficient to meet SDR sales requests.⁹ The proposed designation plan allocates both the total designation amount for a 2-year period (SDR 6 billion) and the annual amount to participants with the lowest initial excess holding ratios, in accordance with the burden-sharing methodology described in Box 2.¹⁰ In the unlikely event that the SDR designation plan is activated and staff proposes an amendment to the plan, the Executive Board may be requested to approve it at short notice.

12. The SDR designation plan includes participants whose external position is considered sufficiently strong, in line with the latest list of members in the Fund's Financial Transactions Plan (FTP).¹¹ In the latest staff paper on the FTP, 51 participants were considered sufficiently strong to participate in the FTP and, accordingly, these members are also considered for inclusion in the designation plan.¹²

13. The proposed annual SDR designation plan distributes SDR 3 billion among 18 participants for the upcoming designation period (Table 5 and Table 6). No designation amounts have been assigned to the other FTP participants because their excess holding ratios are

⁸ The rules for designation in the SDR Department are discussed in Revision of Designation Rules and Designation Plan for the Quarterly Period June–August 1999 (EBS/99/81, 05/20/99).

⁹ This amount is unchanged from the amount designated under the last designation plan for the period October 2019–September 2020 (EBS/19/82, 9/19/19).

¹⁰ In the Review of the Rules of Designation and the Method of Calculating Designation Amounts (SM/79/183), the designation amount was set for a two-year period to allow enough time for harmonization of excess ratios.

¹¹ Article XIX, Section 5, a), i).

¹² See Financial Transactions Plan for the Period August 2020–January 2021 (EBS/20/131, 7/22/20).

above the projected common ratio (-5.45 percent) used in calculating the plan.¹³ Amounts are assigned to members with the aim of harmonizing over time “excess holdings ratios”, which are a member’s SDR holdings net of its cumulative allocation in percent quota.

Box 2. Designation Plan Mechanism

Article XIX of the Fund’s Articles of Agreement provides for a designation mechanism under which participants whose balance of payments and reserve positions are deemed sufficiently strong are obliged, when designated by the Fund, to provide freely usable currencies in exchange for SDRs up to specified amounts. The designation mechanism ensures that, in case of balance of payments need, participants can use SDRs to obtain freely usable currencies at short notice.

Each designation plan identifies participants subject to designation and sets maximum limits on the amounts of SDRs they can be designated to receive during the next period. Since 1970, the designation plan was made quarterly. Effective October 1, 2015, the designation plan will be decided by the Executive Board on an annual basis. In practice, the list of participants subject to designation is the same as the list of members considered sufficiently strong for inclusion in the FTP at the time of the review. The amounts of designation for individual participants are determined so as to promote over time a balanced distribution of the excess SDR holdings above allocations in relation to quotas. Each participant’s designation is calculated so that the participants subject to designation would, if called upon to accept the amounts designated to them, achieve a common lowest excess holdings ratio. The excess holdings ratio is calculated as the difference between the member’s SDR holdings and its net cumulative allocation as a percent of its quota.

A participant’s obligation to provide currency against SDRs in designation is subject to a ceiling that limits its SDR holdings to 300 percent of its net cumulative allocation (acceptance limit), unless the participant and the Fund agree to a higher limit. The annual amounts of designation for individual participants are taken as one-half of the calculated amounts of designation for the next two years. If a designation had to be made during the plan period, staff would give priority in designation to participants that have lower excess holdings ratios in comparison with other participants. If a participant’s currency is no longer used for transfers under the Financial Transactions Plan during a Designation Plan period, the participant would also not be selected for a transaction by designation. If a new participant is added to the Financial Transactions Plan, it would not be called upon in a transaction by designation until it has been included in the next Designation Plan.

Staff would propose to amend the designation amount in the interim between the annual designation periods if the total maximum designation amount is insufficient to meet a request to convert SDRs or if other developments so warrant. In such a case, staff would propose for Board approval an upward revision of the total designation amount, as appropriate, and propose to the Executive Board a revised Designation Plan. In such circumstance, the list of participants potentially subject to designation would be based on the FTP participants at that time.

¹³ The projected common excess holdings ratio is found by successively raising the holdings of the participants with the lowest ratios until the assumed designation amount of SDR 6 billion for the two-year period is fully distributed. The common ratio that results in a total designation amount of SDR 6 billion for the two-year period is negative 5.45 percent. No participant’s SDR holdings exceed its acceptance limit (i.e., 300 percent of participant’s net cumulative SDR allocation).

Table 5. SDR Designation Plan Maximum Amounts
October 2020–September 2021
(in millions of SDRs)

Participants	Maximum Designation Amounts 1/	Participants	Maximum Designation Amounts 1/
Algeria	96	Malaysia	162
Belgium	37	Oman	25
Chile	127	Peru	13
Colombia	3	Poland	394
Czech Republic	102	Russian Federation	56
Estonia	12	Saudi Arabia	160
France	475	Trinidad and Tobago	27
India	1,107	United Arab Emirates	145
Italy	32	Uruguay	27
Total (18)			3,000

Source: IMF staff projections.

1/ Consistent with Table 6 (see Column G).

**Table 6. List of Participants Subject to the SDR Designation:
Calculation of Designation Amounts October 2020–September 2021**
(in millions of SDRs, unless otherwise indicated)

	Quotas	SDR Holdings 1/	SDR Holdings in Excess of NCA	Excess Holdings Ratios (Percent) D = C / A	Designation Over Two Years		Designation Over Next Period	
					Maximum Designation Amounts 2/	Projected Excess Holdings Ratios (Percent) F = (C + E) / A	Maximum Designation Amounts	Projected Excess Holdings Ratios (Percent) H = (C + G) / A
	A	B	C	D = C / A	E	F = (C + E) / A	G	H = (C + G) / A
Algeria	1,959.9	899.3	-298.9	-15.3	192	-5.45	96.00	-10.35
Australia	6,572.4	3,158.2	75.0	1.1	0	1.14	0	1.14
Austria	3,932.0	1,687.0	-49.3	-1.3	0	-1.25	0	-1.25
Belgium	6,410.7	3,900.5	-422.8	-6.6	74	-5.45	37	-6.02
Botswana	197.2	59.3	1.9	1.0	0	0.96	0	0.96
Brazil	11,042.0	2,939.1	52.1	0.5	0	0.47	0	0.47
Brunei Darussalam	301.3	217.6	14.1	4.7	0	4.67	0	4.67
Canada	11,023.9	6,204.2	216.1	2.0	0	1.96	0	1.96
Chile	1,744.3	468.5	-348.3	-20.0	253	-5.45	127	-12.71
China	30,482.9	7,978.5	988.8	3.2	0	3.24	0	3.24
Colombia	2,044.5	620.4	-117.9	-5.8	7	-5.45	3	-5.61
Czech Republic	2,180.2	457.5	-322.7	-14.8	204	-5.45	102	-10.12
Denmark	3,439.4	1,381.3	-150.1	-4.4	0	-4.37	0	-4.37
Estonia	243.6	24.6	-37.3	-15.3	24	-5.45	12	-10.39
Finland	2,410.6	1,125.4	-64.1	-2.7	0	-2.66	0	-2.66
France	20,155.1	8,087.3	-2,046.9	-10.2	949	-5.45	475	-7.80
Germany	26,634.4	11,888.8	-170.4	-0.6	0	-0.64	0	-0.64
India	13,114.4	1,048.5	-2,929.8	-22.3	2,217	-5.45	1,107	-13.89
Israel	1,920.9	873.0	-10.4	-0.5	0	-0.54	0	-0.54
Italy	15,070.0	5,692.3	-883.9	-5.9	63	-5.45	32	-5.66
Japan	30,820.5	14,129.5	1,844.6	6.0	0	5.98	0	5.98
Korea	8,582.7	2,257.8	-146.7	-1.7	0	-1.71	0	-1.71
Kuwait	1,933.5	1,335.8	20.3	1.0	0	1.05	0	1.05
Lithuania	441.6	137.6	0.4	0.1	0	0.09	0	0.09
Luxembourg	1,321.8	250.5	3.9	0.3	0	0.29	0	0.29
Malaysia	3,633.8	824.1	-522.0	-14.4	324	-5.45	162	-9.91
Malta	168.3	87.5	-7.9	-4.7	0	-4.70	0	-4.70
Mauritius	142.2	90.2	-6.7	-4.7	0	-4.68	0	-4.68
Mexico	8,912.7	2,919.0	67.8	0.8	0	0.76	0	0.76
The Netherlands	8,736.5	4,887.0	50.4	0.6	0	0.58	0	0.58
New Zealand	1,252.1	869.6	15.9	1.3	0	1.27	0	1.27
Norway	3,754.7	1,626.8	63.7	1.7	0	1.70	0	1.70
Oman	544.4	98.8	-80.1	-14.7	50	-5.45	25	-10.08
Peru	1,334.5	511.8	-98.1	-7.4	25	-5.45	13	-6.40
Philippines	2,042.9	855.9	17.9	0.9	0	0.88	0	0.88
Poland	4,095.4	293.0	-1,011.6	-24.7	789	-5.45	394	-15.07
Qatar	735.1	275.3	23.9	3.3	0	3.25	0	3.25
Russian Federation	12,903.7	4,856.4	-815.4	-6.3	113	-5.45	56	-5.88
Saudi Arabia	9,992.6	5,818.6	-863.9	-8.6	320	-5.45	160	-7.05
Singapore	3,891.9	767.8	23.6	0.6	0	0.61	0	0.61
Slovak Republic	1,001.0	314.8	-25.7	-2.6	0	-2.56	0	-2.56
Slovenia	586.5	199.0	-16.9	-2.9	0	-2.87	0	-2.87
Spain	9,535.5	2,525.1	-302.5	-3.2	0	-3.17	0	-3.17
Sweden	4,430.0	2,309.2	60.3	1.4	0	1.36	0	1.36
Switzerland	5,771.1	3,404.7	116.6	2.0	0	2.02	0	2.02
Thailand	3,211.9	990.0	19.8	0.6	0	0.62	0	0.62
Trinidad and Tobago	469.8	242.0	-79.1	-16.8	54	-5.45	27	-11.14
United Arab Emirates	2,311.2	153.1	-415.3	-18.0	289	-5.45	145	-11.71
United Kingdom	20,155.1	10,111.3	-22.9	-0.1	0	-0.11	0	-0.11
United States	82,994.2	36,753.4	1,437.7	1.7	0	1.73	0	1.73
Uruguay	429.1	216.5	-76.8	-17.9	53	-5.45	27	-11.67
TOTAL	397,016.0	158,823.4	-7,229.8		6,000		3,000	

Source: IMF staff projections.

1/ SDR holdings reflect SDR transactions known to be completed by end-September 2020 (including SDR sales and acquisitions, and PRGT drawings in SDRs).

2/ / The amounts shown are derived through an iterative process, which raises the lowest excess holdings ratio in column D to the common lowest ratio shown in column F (-5.45 percent).

Proposed Decision

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

The Executive Board approves the SDR designation plan for the period

October 1, 2020–September 30, 2021 as set out in EBS/20/149.

Annex I. Allocation of Transactions Across VTAs

Staff uses informal modalities for allocating SDR sale and acquisition requests across VTAs, aimed at promoting an equitable burden sharing over time. These modalities consider two main factors: the SDR holdings vis-à-vis SDR allocation ratio and the deviation from the midpoint of the trading range in each VTA. The holdings ratio measures the extent by which holdings are below or above allocations and has parallels with the allocations under the designation mechanism. The deviation from the midpoint of the trading range compares current SDR holdings of a VTA member vis-à-vis the midpoint trading range implied in the VTA.¹ Using these principles, staff determines a ranking of potential counterparties for each transaction. In addition to this ranking, other considerations come into play, such as prior and overall usage, amounts, currencies, size and counterparty limits, timing issues, holidays, and the need to split large transactions among multiple VTAs.

Table A1.1. SDR Sales and Acquisitions VTA Participation including Purchasing and Selling Capacity by Region (January 1, 2015–August 31, 2020) 1/

Sales of SDRs						
Region	Number of Market Makers Available	Number of Market Makers Used	Number of Sales	Amount of SDR Sales	Percent of Sales	Percent by Purchasing Capacity
Asia and Pacific	5	5	61	6,826	32%	27%
Europe	22	18	146	9,825	46%	39%
Middle East & Central Asia	1	1	14	982	5%	4%
Western Hemisphere	4	4	51	3,879	18%	29%
Total	32	28	272	21,512	100%	100%
Acquisitions of SDRs						
Region	Number of Market Makers Available	Number of Market Makers Used	Number of Acquisitions	Amount of SDR Acquisitions	Percent of Acquisitions	Percent by Selling Capacity
Asia and Pacific	5	5	162	2,478	25%	18%
Europe	22	17	293	6,837	69%	64%
Middle East & Central Asia	1	1	2	201	2%	4%
Western Hemisphere	4	2	52	403	4%	14%
Total	32	25	509	9,919	100%	100%

1/ VTA members (if any) with terminated VTA during the reported period are not included in the Table. Source: IMF staff calculations.

¹ Each VTA has a trading range with the minimum and maximum generally set as percentages of SDR allocations. SDR holdings of VTA participants can not go beyond these set minimum and maximum limits.