

**LAPSE OF
TIME**

EBS/20/193

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December 21, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **2020 Borrowing Agreements—Status of Commitments and Sixth Set of Agreements**

Board Action:	Executive Directors' consideration on a lapse of time basis
Deadline to Request Board meeting, after which Proposed Decision Deemed Approved:	Wednesday, December 23, 2020 5:30 p.m.
Proposed Decision:	Page 5
Publication:	Not proposed for publication, due to the confidentiality of the financial information contained. However, staff proposes: (a) to publish the specific credit amount under each agreement included in this paper, and the text of each of these agreements in cases where the respective creditor consents to the publication of its agreement; and (b) to permit creditors to publish their individual agreements once they are approved by the Executive Board.
Questions:	Mr. Moore, FIN (ext. 39391) Ms. Jajko, FIN (ext. 36656) Ms. Yiadom, LEG (ext. 39635) Mr. Giddings, LEG (ext. 35564) Ms. Luca, LEG (ext. 38101)



December 21, 2020

2020 BORROWING AGREEMENTS—STATUS OF COMMITMENTS AND SIXTH SET OF AGREEMENTS

Approved By
**Andrew Tweedie and
Rhoda Weeks-Brown**

Prepared by the Finance and Legal Departments in consultation with the Strategy, Policy, and Review Department. The team comprised D. Moore (FIN) and I. Luca (LEG) (leads), W. Bunsoong, S. Cooney, C. De Luca, C. de Soyres, B. Jajko, B. Khan, T. Konuki (all FIN), H. Pham, A. Giddings, A. Yiadom (all LEG), under the guidance of T. Krueger (FIN) and B. Steinki (LEG).

1. This paper proposes Executive Board approval of a sixth set of agreements under the framework for the 2020 Borrowing Agreements. The sixth set includes the agreement with Brunei Darussalam (see Attachment I). This agreement represents about 0.1 percent of the total credit amounts targeted under the 2020 Borrowing Agreements from 42 creditors, bringing the total number of creditors to 40 or about 92 percent of the total targeted credit amounts.

2. The Executive Board has already approved five sets of 2020 Borrowing Agreements (Table 1):

- Following Board approval of the framework for the 2020 Borrowing Agreements in March 2020,¹ staff has engaged in discussions with creditors on individual agreements on the basis of the templates for 2020 loan and note purchase agreements set out in SM/20/72, encouraging creditors to conclude discussion expeditiously, taking into account relevant domestic procedures.
- On July 31, 2020, the Executive Board approved the first set of 2020 Borrowing Agreements, covering fourteen agreements² and representing over

¹ See *Maintaining Access to Bilateral Borrowing and Review of the Borrowing Guidelines* (SM/20/72, 03/18/20), and Sup. 1 (SM/20/72, Sup. 1, 03/26/2020).

² See *2020 Borrowing Agreements—Status of Discussions and First Set of Agreements* (EBS/20/132), and Sup. 1 (EBS/20/132, Sup. 1, 07/29/2020).

44 percent of the total targeted credit amounts. On September 23, 2020, the Executive Board approved the second set of six 2020 Borrowing Agreements³ representing over 7 percent of the total targeted credit amounts. The third set of four 2020 Borrowing Agreements⁴ representing over 15 percent of the total targeted credit amounts was approved by the Executive Board on October 13, 2020. The fourth set of nine 2020 Borrowing Agreements⁵ representing about 21 percent of the total targeted credit amounts was approved by the Executive Board on December 1, 2020⁶. The fifth set of six 2020 Borrowing Agreements⁷ representing almost 4 percent of the total targeted credit amounts was approved by the Executive Board on December 16, 2020. The aggregate maximum commitments from the 39 creditors under these five sets of agreements are equivalent to SDR 291.9 billion prior to the effectiveness of the increases in their relevant credit arrangements under the doubling of the New Arrangements to Borrow (NAB),⁸ and SDR 126.9 billion thereafter.

- So far, 27 out of the 39 creditors whose agreements were approved in the five sets have completed all necessary steps for their agreements to become effective on the targeted date of January 1, 2021. The aggregate maximum commitments from these 27 creditors are equivalent to SDR 225.0 billion prior to the effectiveness of the increases in their relevant credit arrangements under the doubling of the NAB, and SDR 96.2 billion thereafter.

3. The sixth set of 2020 Borrowing Agreements put forward for Board approval in this paper includes one draft loan agreement with Brunei Darussalam. The maximum commitment from this creditor is equivalent to SDR 0.2 billion prior to the effectiveness of the doubling of the NAB, and SDR 0.1 billion thereafter (Table 1), in line with the expected commitment set out in Table 2 of the March 2020 Board paper (SM/20/72).

4. The agreement is consistent with the key substantive terms endorsed by the Executive Board. Drafting variations are limited to non-substantive provisions.

³ See *2020 Borrowing Agreements—Status of Commitments and Second Set of Agreements* (EBS/20/144, 9/17/2020).

⁴ See *2020 Borrowing Agreements—Status of Commitments and Third Set of Agreements* (EBS/20/155, 10/6/2020).

⁵ See *2020 Borrowing Agreements—Status of Commitments and Fourth Set of Agreements* (EBS/20/173, 11/23/2020).

⁶ A couple of typos in the Note Purchase Agreement with the People's Bank of China were corrected and the agreement will be signed with these typos removed (see Attachment II).

⁷ See *2020 Borrowing Agreements—Status of Commitments and Fifth Set of Agreements* (EBS/20/187, 12/14/2020), and Cor. 1 (EBS/20/187, Cor. 1, 12/16/2020).

⁸ The doubling of the NAB is targeted to take effect on January 1, 2021. For further information see *Update on the Reform of the New Arrangements to Borrow—Status of Consents and Effectiveness Conditions* (EBS/20/189, 12/16/2020). As of December 18, 32 NAB participants representing 92 percent of the total NAB credit arrangements (including Greece and Ireland which have not yet adhered to the NAB Decision) and 93 percent (excluding Greece and Ireland) have consented to the amendments to the NAB Decision and the changes in NAB credit arrangements.

- **Uniform key substantive provisions:** the key substantive provisions, identified in paragraph 11 of SM/20/72, are the same for this agreement.⁹
- **Drafting variations not affecting key substantive provisions** that reflect creditor choices permitted under the framework for the 2020 Borrowing Agreements:¹⁰
 - ✓ The agreement with Brunei Darussalam includes the option of a maximum maturity of up to 15 years (i.e., five years beyond the standard 10-year maximum maturity).
 - ✓ The maximum amount available under the agreement is expressed in currency rather than SDRs.

5. Staff is continuing to follow up with the remaining creditors to bring their 2020 Borrowing Agreements for Board approval as early as possible. Staff expects to bring the still-pending 2020 Borrowing Agreements with the Bank of Italy and the Reserve Bank of India to the Executive Board for approval as soon as possible subject to creditor consents.

6. Staff continues to work on securing the effectiveness of agreements by the target date of January 1, 2021, or as early as possible thereafter. Consistent with the approach taken under the 2016 Borrowing Agreements, under the proposed decision, the Managing Director would be authorized to take such actions as are necessary to execute the agreement on behalf of the Fund. If duly signed by both parties on or before January 1, 2021, the agreement will become effective on January 1, 2021. Staff encourages creditors to complete any remaining domestic processes still needed for their 2020 Borrowing Agreements to become effective on January 1, 2021 or as soon as possible thereafter, following the expiration of the 2016 Borrowing Agreements on December 31, 2020 (for the status of agreements where the approval processes were completed, see Table 1).

⁹ Staff streamlined the title of the provision on transitional arrangements for clarity and applied this edit to all agreements.

¹⁰ The creditor included in this sixth set of 2020 Borrowing Agreements has a 2016 Borrowing Agreement and is maintaining the same choices regarding flexible terms as under its 2016 Borrowing Agreement.

Table 1. 2020 Bilateral Borrowing Agreements ^{1/}
(As of December 18, 2020)

Member (Creditor)	Currency of commitment 2/	Amount 3/				Approval process completed 4/
		pre-NAB doubling		post-NAB doubling		
		Currency of commitment (in millions)	SDRs (in billions)	Currency of commitment (in millions)	SDRs (in billions)	
First Set of Agreements						
Australia	SDR	4,610	4.6	1,986	2.0	Y
Austria (Oesterreichische Nationalbank)	EUR	6,130	5.2	2,641	2.2	Y
Belgium (National Bank of Belgium)	EUR	9,990	8.5	4,304	3.7	Y
Chile (Central Bank of Chile)	SDR	960	1.0	269	0.3	Y
Denmark (Danmarks Nationalbank)	EUR	5,300	4.5	2,283	1.9	Y
France	EUR	31,400	26.7	13,527	11.5	Y
Japan	USD	60,000	41.6	25,847	17.9	Y
Korea	USD	15,000	10.4	6,462	4.5	Y
Mexico (Banco de Mexico)	USD	10,000	6.9	4,308	3.0	
New Zealand	USD	1,000	0.7	431	0.3	Y
Poland (Narodowy Bank Polski)	EUR	6,270	5.3	2,701	2.3	Y
Saudi Arabia	USD	15,000	10.4	6,462	4.5	Y
Switzerland (Swiss National Bank)	CHF	8,500	6.7	3,662	2.9	Y
United Kingdom	SDR	9,178.22	9.2	3,954	4.0	Y
Subtotal			141.5		60.8	
Second Set of Agreements						
Canada	SDR	8,200	8.2	3,532	3.5	Y
Estonia (Eesti Pank) 5/	EUR	380	0.3	164	0.1	Y
Peru (Central Reserve Bank of Peru)	SDR	1,100	1.1	474	0.5	Y
Russia (Central Bank of the Russian Federation)	USD	10,000	6.9	3,901	2.7	Y
Thailand (Bank of Thailand)	USD	4,000	2.8	1,723	1.2	Y
Turkey (Central Bank of the Republic of Turkey)	USD	5,000	3.5	2,154	1.5	Y
Subtotal			22.8		9.5	
Third Set of Agreements						
Germany (Deutsche Bundesbank)	EUR	41,500	35.2	17,878	15.2	Y
Lithuania (Bank of Lithuania) 5/	EUR	690	0.6	297	0.3	Y
Slovenia (Bank of Slovenia)	EUR	910	0.8	392	0.3	
Spain	EUR	14,860	12.6	6,401	5.4	
Subtotal			49.2		21.2	
Fourth Set of Agreements						
Brazil (Banco Central do Brasil)	USD	10,000	6.9	3,901	2.7	Y
China (People's Bank of China)	USD	43,000	29.8	21,219	14.7	
Luxembourg	EUR	2,060	1.7	887	0.8	
Malta (Central Bank of Malta)	EUR	260	0.2	112	0.1	
Netherlands (De Nederlandsche Bank NV)	EUR	13,610	11.6	5,863	5.0	Y
Norway (Norges Bank)	SDR	6,000	6.0	2,585	2.6	
Philippines (Bangko Sentral ng Pilipinas)	USD	1,000	0.7	431	0.3	
Singapore (Monetary Authority of Singapore)	USD	4,000	2.8	1,723	1.2	
Sweden (Sveriges Riksbank)	SDR	7,400	7.4	3,188	3.2	Y
Subtotal			67.1		30.5	
Fifth Set of Agreements						
Algeria (Bank of Algeria) 6/	USD	5,000	3.5	2,154	1.5	
Czech Republic (Czech National Bank)	EUR	1,500	1.3	646	0.5	
Finland (Bank of Finland)	EUR	3,760	3.2	1,620	1.4	Y
Malaysia (Bank Negara Malaysia)	USD	1,000	0.7	431	0.3	
Slovak Republic	EUR	1,560	1.3	672	0.6	Y
South Africa (South African Reserve Bank)	USD	2,000	1.4	862	0.6	Y
Subtotal			11.3		4.9	
Sixth Set of Agreements						
Brunei Darussalam	USD	300	0.2	129	0.1	
Subtotal			0.2		0.1	
Agreements Currently Under Negotiation						
Italy (Bank of Italy)	EUR	23,480	19.9	10,115	8.6	
India (Reserve Bank of India)	USD	10,000	6.9	3,901	2.7	
Subtotal			26.9		11.3	
Total 7/			319.0		138.3	
Number of creditors			42		42	27

1/ Amounts reflect SM/20/72. For agreements currently under negotiation, the amounts are subject to their domestic procedures.

2/ Assumed to be the same as each creditor's 2016 BBA, or EUR for Estonia and Lithuania.

3/ At December 18, 2020 exchange rates.

4/ Agreement will take effect on January 1, 2021.

5/ New creditors that do not participate in the 2016 BBAs.

6/ Completion of domestic processes is required prior to signing.

7/ Equivalent to USD 461 billion pre-NAB doubling and USD 200 billion post-NAB doubling.

Proposed Decision

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

1. The Fund deems it appropriate, in accordance with Article VII, Section 1(i) of the Articles of Agreement, to replenish its holdings of currencies in the General Resources Account by borrowing under the loan agreement with Brunei Darussalam on the terms and conditions set forth in the proposed borrowing agreement set out in the Attachment I of EBS/20/193, 12/21/20 (the "Agreement").
2. The Executive Board approves the Agreement and authorizes the Managing Director to take such actions as are necessary to execute the Agreement on behalf of the Fund.
3. The Managing Director is authorized, following the execution of the Agreement, to make such determinations and take such actions as are necessary to implement the Agreement, including but not limited to the making of drawings and the extension of the maturity of drawings thereunder, and the determination of the media for payments in light of the Fund's operational needs. Such determinations and actions shall be consistent with the policies and guidelines on borrowing and the use of borrowed resources that are adopted by the Executive Board.
4. The Executive Board shall be informed of developments related to the implementation of the Agreement in reports to be furnished by the Managing Director throughout the term of the Agreement, in the context of the approval of a new Financial Transactions Plan and use of borrowed resources plan, with reports to be furnished more frequently in the event of significant developments related to the Agreement. Such reports shall cover all aspects of the implementation of the Agreement, including, as applicable, drawings made, disposition of amounts borrowed, and repayment of drawings.

Attachment I. Loan Agreement Between Brunei Darussalam and the International Monetary Fund

1. Purposes and Amounts.

(a) To enhance the resources available on a temporary basis to the International Monetary Fund (the "Fund") for crisis prevention and resolution through bilateral borrowing, the Government of Brunei Darussalam ("Brunei Darussalam") agrees to lend to the Fund an SDR-denominated amount up to the equivalent of US\$300 million (the "Loan Amount"); provided however that, upon the effectiveness of the reform of the Fund's New Arrangements to Borrow (the "NAB") approved by the Fund under Decision No. 16645-(20/5), adopted January 16, 2020 (the "NAB Reform"), the Loan Amount will be automatically reduced to an SDR-denominated amount up to the equivalent of US\$129 million (the "Rolled Back Loan Amount").

(b) This agreement is based on Article VII, Section 1(i) of the Fund's Articles of Agreement, which authorizes the Fund to borrow from Fund members or other sources if it deems such action appropriate to replenish its holdings of any member's currency in the General Resources Account ("GRA"). This agreement must be considered in light of the Guidelines for Borrowing by the Fund, which make clear that quota subscriptions are and should remain the basic source of Fund financing, and that the role of borrowing is to provide a temporary supplement to quota resources.

(c) 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 the "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 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 Brunei Darussalam.

(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 NAB (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 NAB is 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.

(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 8. Drawings may be made 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) Drawing under this agreement shall be made 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 Drawings.

(a) Prior to the beginning of each plan period for the use of bilateral borrowed resources, the Fund shall provide Brunei Darussalam with its best estimates of the amounts that it expects it will draw under this agreement during the forthcoming period, and shall provide revised estimates during each period where this is warranted. Brunei Darussalam shall not be included in the periodic plan, and no drawings shall be made under this agreement, if Brunei Darussalam 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 drawings shall be made under this agreement if Brunei Darussalam was included in the periodic plan but, at the time of drawing, Brunei Darussalam's currency is not being used in transfers under the Financial Transactions Plan because of Brunei Darussalam's balance of payments and reserve position. Where Brunei Darussalam 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, drawings may be made under this agreement to fund purchases made and commitments approved during the activation period unless and for so long as Brunei Darussalam notifies the Fund that it does not wish to be drawn upon for these purposes.

(b) The Fund shall give Brunei Darussalam at least five business days' (Bandar Seri Begawan) notice of its intention to draw, 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' (Bandar Seri Begawan) notice, notification of intent to draw would be made at least three business days (Bandar Seri Begawan) in advance of the value date, and Brunei Darussalam would make best efforts to meet such a call.

4. Evidence of Indebtedness.

(a) The outstanding drawings under this agreement will be included in the statements of Brunei Darussalam's position in the Fund that are published monthly by the Fund.

(b) At the request of Brunei Darussalam, the Fund shall issue to Brunei Darussalam non-negotiable instruments evidencing the Fund's indebtedness to Brunei Darussalam arising under this agreement. Upon repayment of the amount of any instrument issued under this subparagraph and all accrued interest, the instrument shall be returned to the Fund for cancellation. If less than the amount of such instrument is repaid, the instrument shall be returned to the Fund and a new instrument for the remainder of the amount shall be substituted with the same maturity date as the old instrument.

5. Maturity.

(a) Except as otherwise provided in this paragraph 5 and in paragraph 8, each drawing under this agreement shall have a maturity date of three months from the drawing date. The Fund may in its sole discretion elect to extend the maturity date of any drawing 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 for all drawings then outstanding unless, at least five business days (Fund) before a maturity date, the Fund notifies Brunei Darussalam by a rapid authenticated means of communication (e.g., SWIFT) that the Fund does not elect to extend the maturity date of a particular drawing or portion thereof; provided however (i) that the maturity date of any drawing to fund purchases from the GRA shall not be extended to a date that is later than the tenth anniversary of the date of such drawing, and (ii) that the maturity date for any drawings to fund early repayments of other creditors' claims in accordance with paragraph 2(e) 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 drawing 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 Brunei Darussalam, may extend the maximum maturity for drawings under this agreement up to an additional five years.

(b) The Fund shall repay the principal amount of each drawing or relevant part thereof on the maturity date applicable to that drawing or part thereof pursuant to subparagraph (a).

(c) After consultation with Brunei Darussalam, the Fund may make an early repayment in part or in full of the principal amount of any drawing prior to its maturity date in accordance with subparagraph (a), provided that the Fund notifies Brunei Darussalam at least five business days (Fund) before any such repayment by a rapid authenticated means of communication (e.g., SWIFT).

(d) Repayments of drawings shall not restore *pro tanto* the amount that can be drawn under this agreement. The extension of the maturity of a drawing or of any part thereof pursuant to subparagraph (a) shall not reduce the amount that can be drawn under this agreement.

(e) If a maturity date for a drawing is not a business day in the place where payment is to be made, then the payment date for the principal amount of such drawing will be the next business day in that place. In such cases, interest will accrue up to the payment date.

6. Rate of Interest.

(a) Each drawing shall bear interest at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of the Fund's Articles of Agreement; provided however that, if the Fund pays an interest rate higher than the SDR interest rate on outstanding balances from any other borrowing on comparable terms that has been effected pursuant to Article VII, Section 1(i) of the Fund's Articles of Agreement, and for as long as the payment of such higher interest rate remains in

effect, the interest rate payable on drawings under this agreement shall be equivalent to the interest rate paid by the Fund on such other comparable borrowing.

(b) The amount of interest payable on each drawing shall be calculated on the basis of the outstanding amount of the drawing. Interest shall accrue daily and shall be paid promptly by the Fund after each July 31, October 31, January 31, and April 30.

7. Denomination, Media and Modalities of Drawings and Payments.

(a) The amount of each drawing and corresponding repayment under this agreement shall be denominated in SDRs.

(b) Unless otherwise agreed between the Fund and Brunei Darussalam, the amount of each drawing shall be paid by Brunei Darussalam, on the value date specified in the Fund's notice under paragraph 3, by transfer of the SDR equivalent amount of Brunei dollar to the account of the Fund at the designated depository of Brunei Darussalam; provided that for drawings in accordance with paragraph 2(e), Brunei Darussalam shall ensure that balances drawn by the Fund 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 drawn by the Fund that are balances of a freely usable currency, shall collaborate with the Fund and other members to enable such balances to be exchanged for another freely usable currency.

(c) The obligations of Brunei Darussalam 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 drawings and to be used in repayments of principal under this agreement.

(d) Except as otherwise provided in paragraph 8, repayment of principal shall be made, as determined by the Fund, in the currency borrowed whenever feasible, in Brunei dollar, in special drawing rights (provided that it does not increase Brunei Darussalam's holdings of special drawing rights above the limit under Article XIX, Section 4 of the Fund's Articles of Agreement unless Brunei Darussalam agrees to accept special drawing rights above that limit in such repayment), in freely usable currencies, or with the agreement of Brunei Darussalam in other currencies that are included in the Fund's Financial Transactions Plan for transfers.

(e) Payments by the Fund of interest under this agreement shall normally be made in SDRs; provided that the Fund and Brunei Darussalam may agree that interest payments will be made in Brunei dollar.

(f) All payments made by the Fund in Brunei dollar shall be made to an account specified by Brunei Darussalam or by debiting the Fund's account with the designated depository of Brunei Darussalam, as determined by the Fund. Payments in SDRs shall be made by crediting Brunei Darussalam's account in the Special Drawing Rights Department. Payments in any other currency shall be made to an account specified by Brunei Darussalam.

8. Early Repayment at Request of Brunei Darussalam.

At the request of Brunei Darussalam, Brunei Darussalam shall obtain early repayment at face value of all or a portion of the drawings outstanding under this agreement, if (i) Brunei Darussalam represents that its balance of payments and reserve position justifies such repayment, and (ii) the Fund, having given this representation the overwhelming benefit of any doubt, determines that there is a need for the early repayment as requested by Brunei Darussalam in light of its balance of payments and reserve position. After consultation with Brunei Darussalam, the Fund may make repayments pursuant to this paragraph 8 in SDRs or a freely usable currency as determined by the Fund or, with the agreement of Brunei Darussalam, in the currencies of other members that are included in the Fund's Financial Transactions Plan for transfers.

9. Transferability.

(a) Except as provided in subparagraphs (b) through (h), Brunei Darussalam may not transfer its obligations under this agreement or any of its claims on the Fund resulting from outstanding drawings under this agreement, except with the prior consent of the Fund and on such terms or conditions as the Fund may approve.

(b) Brunei Darussalam shall have the right to transfer at any time all or part of any claim on the Fund resulting from outstanding drawings under this agreement to any member of the Fund, to the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Fund's Articles of Agreement ("other fiscal agency"), or to any official entity that has been prescribed as a holder of SDRs pursuant to Article XVII, Section 3 of the Fund's Articles of Agreement.

(c) The transferee of a claim transferred pursuant to subparagraph (b) shall, as a condition of the transfer, assume the liability of Brunei Darussalam pursuant to paragraph 5(a) regarding the extension of the maturity of drawings related to the transferred claim and regarding the extension of the maximum maturity of drawings under this agreement in exceptional circumstances. More generally, any claim transferred pursuant to subparagraph (b), shall be held by the transferee on the same terms and conditions as the claim was held by Brunei Darussalam, except that (i) the transferee shall acquire the right to request early repayment under paragraph 8 only if it is a member, or the central bank or other fiscal agency of a member, and at the time of transfer the member's balance of 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 Brunei dollar 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 (Bandar Seri Begawan) 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 Brunei Darussalam and the transferee.

(e) Brunei Darussalam 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 Brunei Darussalam 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 Brunei Darussalam 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 Bandar Seri Begawan, such date shall be the last preceding business day of the Fund that is also a business day in Bandar Seri Begawan.

(b) For purposes of applying the limit on drawings as specified in paragraphs 1(a), 14(b) and 14(d), the U.S. dollar value of each SDR-denominated drawing shall be determined and permanently fixed on the value date of the drawing based on the U.S. dollar/SDR exchange rate 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 drawing. If this exchange rate determination date is not a business day in Bandar Seri Begawan, such date shall be the last preceding business day of the Fund that is also a business day in Bandar Seri Begawan.

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.

12. Non-Subordination of Claims.

The Fund agrees that it will not take any action that would have the effect of making Brunei Darussalam's claims on the Fund resulting from outstanding drawings under this agreement

subordinate in any way to claims on the Fund resulting from any other borrowing effected pursuant to Article VII, Section 1(i) of the Fund's Articles of Agreement.

13. Settlement of Questions.

Any question arising under this agreement shall be settled by mutual agreement between Brunei Darussalam and the Fund.

14. Transitional Arrangements.

(a) Regardless of whether this agreement is activated or not, the Fund: (i) shall make drawings under this agreement to repay any outstanding claims under Brunei Darussalam's 2016 Borrowing Agreement, and (ii) may make drawings 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 5(a) of 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 drawings under this agreement; and provided further that any claims under this agreement that result from the repayment herein shall be considered claims under the 2016 Bilateral Borrowing Agreements for purposes of funding the early repayment of these claims in case of balance of payments need in accordance with the 2016 Borrowing Agreements.

(b) If, following the entry into effect of the NAB Reform, Brunei Darussalam's outstanding claims under Brunei Darussalam's 2016 Borrowing Agreement and this agreement are in excess of the Rolled Back Loan Amount as calculated pursuant to paragraph 10(b), the Fund shall repay any outstanding claims under Brunei Darussalam's 2016 Borrowing Agreement and this agreement in excess of the Rolled Back Loan Amount; provided that claims with shorter remaining maximum maturities shall be repaid before those with longer remaining maximum maturities.

(c) After the entry into force of this agreement, the Fund may make no further drawing under Brunei Darussalam's 2016 Borrowing Agreement.

(d) No drawing under this agreement shall be made that would cause the cumulative amount drawn under both this agreement and the 2016 Borrowing Agreement between Brunei Darussalam and the Fund, at the time of such drawing, to (i) exceed the Loan Amount prior to the effectiveness of the NAB Reform, or (ii) exceed the Rolled Back Loan Amount upon and after the effectiveness of the NAB Reform, as calculated pursuant to paragraph 10(b).

15. Final Provisions.

(a) This agreement may be executed in duplicate counterparts, each of which shall be deemed an original and both of which together shall constitute but one and the same instrument.

(b) This agreement shall become effective on the date last signed below or on January 1, 2021, whichever is later.

For the Government of Brunei Darussalam:

[Name]

[Title]

Date

For the International Monetary Fund:

Kristalina Georgieva
Managing Director

Date

Attachment II. Corrections to the Note Purchase Agreement Between the People's Bank of China and the International Monetary Fund

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

(a) Unless otherwise agreed between the Fund and the People's Bank of China, the purchase price of each Note shall be paid by the People's Bank of China on the value date specified in the Fund's notice under paragraph 3, by transfer of the SDR equivalent amount of Chinese Renminbi to the account of the Fund with the designated depository of China; provided that for Notes purchased in accordance with paragraph 2(e), the People's Bank of China 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, the People's Bank of China shall collaborate with the Fund and other members to enable such balances to be exchanged for another freely usable currency.

(b) Unless otherwise agreed between the Fund and the People's Bank of China, 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 Beijing such date shall be the last preceding business day of the Fund that is also a business day in Beijing.

(c) 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.

(d) For purposes of applying the limit specified in paragraphs 1(a), ~~2(g), 9(c)~~ and 9(e) on Fund issuance of Notes for purchase under this Agreement, the US dollar value of each SDR-denominated Note issued by the Fund shall be determined and permanently fixed on the value date of the issuance based on the US dollar/SDR exchange rate 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 issuance. If this exchange rate determination date is not a business day in Beijing, such date shall be the last preceding business day of the Fund that is also a business day in Beijing.

6. Transferability.

The People's Bank of China 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 G Notes.

7. Settlement of Questions.

Any question arising under this Agreement shall be settled by mutual agreement between the People's Bank of China and the Fund.

8. Cooperation with the Fund.

The People's Bank of China stands ready to cooperate with the Fund in the spirit of IMFC/G-20 commitments as needed and appropriate.

9. Transitional Arrangements.

(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 the People's Bank of China'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 G 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. 16645-(20/5), adopted January 16, 2020.

(b) To the extent that claims under the People's Bank of China's 2016 Borrowing Agreement or this Agreement are outstanding when the increase in China's NAB credit arrangement becomes effective, the People's Bank of China shall be deemed to request, on behalf of China, 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 China's NAB credit arrangement 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 China's NAB credit arrangement and this Agreement enter into effect at the same time, the repayment of the People's Bank of China's outstanding claims under the People's Bank of China's 2016 Borrowing Agreement shall be funded first with calls under China's NAB credit arrangement before Notes are issued for purchase under this Agreement pursuant to paragraph 9(a) above.

(c) If following the repayment of outstanding claims under the People's Bank of China's 2016 Borrowing Agreement and this Agreement as provided in paragraph 9(b) above, the People's Bank of China's outstanding claims under these agreements remain in excess of the Rolled Back Principal, ~~as~~ calculated pursuant to paragraph 5(d), the Fund shall repay any outstanding claims