

**LAPSE OF
TIME**

EBS/20/193
Supplement 2

CONFIDENTIAL

January 4, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **2020 Borrowing Agreements—Status of Commitments and Sixth Set of Agreements—Further Supplementary Information and Proposed Decision**

Board Action: Executive Directors' **consideration** on a lapse of time basis

Deadline to Request Board meeting, after which Proposed Decision Deemed Approved: **Wednesday, January 6, 2021 5:30 p.m.**

Proposed Decision: Page 4

Publication: Not proposed for publication, due to the confidentiality of the financial information contained. However, staff proposes: (a) to publish a list of 2020 Borrowing Agreements in effect with the specific credit amount under each agreement, 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)
Mr. Pham, LEG (ext. 34479)



January 4, 2021

2020 BORROWING AGREEMENTS—STATUS OF COMMITMENTS AND SIXTH SET OF AGREEMENTS—FURTHER SUPPLEMENTARY INFORMATION AND PROPOSED DECISION

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 supplement to *2020 Borrowing Agreements—Status of Commitments and Sixth Set of Agreements (EBS/20/193)* proposes Executive Board approval of one additional 2020 Borrowing Agreement. The additional agreement is a note purchase agreement with the Reserve Bank of India (see Attachment I). This creditor has requested Board approval of its borrowing agreement as part of the sixth set of agreements submitted for Board approval, which also includes the agreements with Brunei Darussalam and with the Bank of Italy. This agreement represents about 2 percent of the total credit amounts targeted under the 2020 Borrowing Agreements, bringing the total number of creditors to 42 or 100 percent of the total targeted credit amounts. Once all 42 agreements are effective, the resource mobilization under the 2020 Borrowing Agreements will be completed.

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

- **Uniform key substantive provisions:** the key substantive provisions, identified in paragraph 11 of SM/20/72, are the same for this agreement.¹
- **Drafting variations not affecting key substantive provisions** that reflect creditor choices permitted under the framework for the 2020 Borrowing Agreements:²

¹ Staff streamlined the title of the provision on transitional arrangements for clarity and applied this edit to all agreements.

² The Reserve Bank of India is maintaining the same choices regarding flexible terms as under its 2016 Borrowing Agreement.

- ✓ The agreement with the Reserve Bank of India maintains the standard 10-year maximum maturity.³
- ✓ The agreement includes the general clause to cooperate with the Fund in the spirit of IMFC/G-20 commitments as needed and appropriate.⁴
- ✓ The maximum amount available under the agreement is expressed in currency rather than SDRs.
- ✓ Other drafting variations not affecting key substantive provisions include the standard variations for cases where the central bank is the creditor rather than the member.

3. Staff continues to work to secure as early as possible the effectiveness of this and the remaining 2020 Borrowing Agreements that are not yet in effect. Consistent with the approach taken under the 2016 Borrowing Agreements, under the proposed decision, the Managing Director is authorized to take such actions as are necessary to execute the agreement on behalf of the Fund. This agreement will become effective on the date it is duly signed by both parties.⁵ Regarding other 2020 Borrowing Agreements, most are now in effect (Table 1).⁶ For those 2020 Borrowing Agreements that are not yet effective, staff encourages creditors to complete as soon as possible any remaining domestic processes still needed for their 2020 Borrowing Agreements to become effective.

³ For this reason, the notes issued under the Reserve Bank of India's 2020 note purchase agreement are classified as "Series H" and not "Series G", as "Series G" notes are issued under note purchase agreements of the members opting for a 15-year maximum maturity (see for example the note purchase agreements with Bank of Thailand, Central Bank of the Republic of Turkey, and Central Reserve Bank of Peru).

⁴ As under the 2016 Borrowing Agreements, with a view to securing longer maximum maturities of 2020 Borrowing Agreement claims in case of exceptional circumstances, creditors under the 2020 Borrowing Agreements are asked to indicate that they stand ready to cooperate with the Fund in the spirit of IMFC/G-20 commitments as needed and appropriate. This expression of support could be conveyed as part of the borrowing agreement itself or separately. In addition, or as an alternative, a creditor may agree to include in its 2020 Borrowing Agreement a clause allowing the Fund, subject to the creditor's consent, to extend the maximum maturity for up to another 5 years (beyond the standard 10-year maximum maturity) in exceptional circumstances. See paragraph 11, 11th bullet on page 13 of *Maintaining Access to Bilateral Borrowing and Review of the Borrowing Guidelines* (SM/20/72, 03/18/20).

⁵ On December 31, 2020, India provided its concurrence for Fund borrowing of Indian rupee from the Reserve Bank of India, as required for the effectiveness of the 2020 note purchase agreement with the Reserve Bank of India.

⁶ Post-NAB doubling amounts apply. The NAB reform became effective on January 1, 2021 with consents from 37 of 38 current NAB participants. Credit arrangements of current NAB participants now total SDR 361 billion. For further background see *Update on the Reform of New Arrangements to Borrow—Status of Consents and Effectiveness Conditions* (EBS/20/189, 12/17/2020).

Table 1. 2020 Bilateral Borrowing Agreements ^{1/}
(As of January 4, 2021)

| Member (Creditor) | Currency of commitment | Amount 2/ | | Agreement effective |
|---|---------------------------|--|-----------------------|------------------------|
| | | Currency of commitment (in millions) | SDRs (in billions) | |
| First Set of Agreements | | | | |
| Australia | SDR | 1,986 | 2.0 | Y |
| Austria (Oesterreichische Nationalbank) | EUR | 2,641 | 2.2 | Y |
| Belgium (National Bank of Belgium) | EUR | 4,304 | 3.6 | Y |
| Chile (Central Bank of Chile) | SDR | 269 | 0.3 | Y |
| Denmark (Danmarks Nationalbank) | EUR | 2,283 | 1.9 | Y |
| France | EUR | 13,527 | 11.4 | Y |
| Japan | USD | 25,847 | 17.9 | Y |
| Korea | USD | 6,462 | 4.5 | Y |
| Mexico (Banco de Mexico) | USD | 4,308 | 3.0 | Y |
| New Zealand | USD | 431 | 0.3 | Y |
| Poland (Narodowy Bank Polski) | EUR | 2,701 | 2.3 | Y |
| Saudi Arabia | USD | 6,462 | 4.5 | Y |
| Switzerland (Swiss National Bank) | CHF | 3,662 | 2.9 | Y |
| United Kingdom | SDR | 3,954 | 4.0 | Y |
| Subtotal | | | 60.8 | |
| Second Set of Agreements | | | | |
| Canada | SDR | 3,532 | 3.5 | Y |
| Estonia (Eesti Pank) | EUR | 164 | 0.1 | Y |
| Peru (Central Reserve Bank of Peru) | SDR | 474 | 0.5 | Y |
| Russia (Central Bank of the Russian Federation) | USD | 3,901 | 2.7 | Y |
| Thailand (Bank of Thailand) | USD | 1,723 | 1.2 | Y |
| Turkey (Central Bank of the Republic of Turkey) | USD | 2,154 | 1.5 | Y |
| Subtotal | | | 9.5 | |
| Third Set of Agreements | | | | |
| Germany (Deutsche Bundesbank) | EUR | 17,878 | 15.1 | Y |
| Lithuania (Bank of Lithuania) | EUR | 297 | 0.3 | Y |
| Slovenia (Bank of Slovenia) | EUR | 392 | 0.3 | Y |
| Spain | EUR | 6,401 | 5.4 | |
| Subtotal | | | 21.1 | |
| Fourth Set of Agreements | | | | |
| Brazil (Banco Central do Brasil) | USD | 3,901 | 2.7 | Y |
| China (People's Bank of China) | USD | 21,219 | 14.7 | Y |
| Luxembourg | EUR | 887 | 0.7 | |
| Malta (Central Bank of Malta) | EUR | 112 | 0.1 | |
| Netherlands (De Nederlandsche Bank NV) | EUR | 5,863 | 5.0 | Y |
| Norway (Norges Bank) | SDR | 2,585 | 2.6 | Y |
| Philippines (Bangko Sentral ng Pilipinas) | USD | 431 | 0.3 | |
| Singapore (Monetary Authority of Singapore) | USD | 1,723 | 1.2 | Y |
| Sweden (Sveriges Riksbank) | SDR | 3,188 | 3.2 | Y |
| Subtotal | | | 30.5 | |
| Fifth Set of Agreements | | | | |
| Algeria (Bank of Algeria) | USD | 2,154 | 1.5 | |
| Czech Republic (Czech National Bank) | EUR | 646 | 0.5 | Y |
| Finland (Bank of Finland) | EUR | 1,620 | 1.4 | Y |
| Malaysia (Bank Negara Malaysia) | USD | 431 | 0.3 | Y |
| Slovak Republic | EUR | 672 | 0.6 | Y |
| South Africa (South African Reserve Bank) | USD | 862 | 0.6 | Y |
| Subtotal | | | 4.9 | |
| Sixth Set of Agreements | | | | |
| Brunei Darussalam | USD | 129 | 0.1 | Y |
| Italy (Bank of Italy) | EUR | 10,115 | 8.5 | Y |
| India (Reserve Bank of India) | USD | 3,901 | 2.7 | |
| Subtotal | | | 11.3 | |
| Total 3/ | | | 138.1 | |
| Number of creditors | | | 42 | 36 |

1/ Amounts reflect SM/20/72.

2/ At December 23, 2020 exchange rates. Post-NAB doubling amounts apply. The NAB reform became effective on January 1, 2021.

3/ Equivalent to USD 199 billion.

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 note purchase agreement with the Reserve Bank of India on the terms and conditions set forth in the proposed borrowing agreement set out in the Attachment I of EBS/20/193, Supplement 2, 1/4/21 (together, 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. Note Purchase Agreement Between the Reserve Bank of India and the International Monetary Fund

This Note Purchase Agreement (this “Agreement”) is entered into between the Reserve Bank of India (the “RBI”) 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, the RBI 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 H Notes attached as Annex 1 to this Agreement (the “Notes”). Notes in a cumulative, SDR-denominated, principal amount up to the equivalent of US\$10,000 million (“Principal”) shall be issued under this Agreement; provided however that, upon the effectiveness of the increase in India’s credit arrangement 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. 16645-(20/5), adopted January 16, 2020 (the “NAB Reform”), the Principal will be automatically reduced to an SDR-denominated amount up to the equivalent of US\$3,901 million (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 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 the RBI.

(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 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 H 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 the RBI 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. The RBI shall not be included in the periodic plan, and no Notes shall be issued for purchase under this Agreement, if India 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 the RBI was included in the periodic plan but, at the time of the issuance of these Notes, India's currency is not being used in transfers under the Financial Transactions Plan because of India's balance of payments and reserve position. Where India 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 the RBI notifies the Fund that it does not wish to have such issuance for these purposes.

(b) The Fund shall give the RBI at least five business days' (Mumbai) 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' (Mumbai) notice, notification of intent to issue Notes for purchase would be made at least three business days (Mumbai) in advance of the value date, and the RBI 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 H 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 the RBI, the purchase price of each Note shall be paid by the RBI on the value date specified in the Fund's notice under paragraph 3, by transfer of the SDR equivalent amount of Indian rupee to the account of the Fund with the designated depository of India; provided that for Notes purchased in accordance with paragraph 2(e), the RBI 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 RBI 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 RBI, 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 Mumbai such date shall be the last preceding business day of the Fund that is also a business day in Mumbai.

(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), 9(c), and 9(e) on Fund issuance of Notes for purchase under this Agreement, the U.S. 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 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 issuance. If this exchange rate determination date is not a business day in Mumbai, such date shall be the last preceding business day of the Fund that is also a business day in Mumbai.

6. Transferability.

The RBI 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 H Notes.

7. Settlement of Questions.

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

8. Cooperation with the Fund.

The RBI 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 RBI'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 H 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 herein shall be considered claims under the 2016 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 RBI's 2016 Borrowing Agreement or this Agreement are outstanding when the increase in India's NAB credit arrangement becomes effective, the RBI shall be deemed to request, on behalf of India, 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 India'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 India's NAB credit arrangement and this Agreement enter into effect at the same time, the repayment of the RBI's outstanding claims under the RBI's 2016 Borrowing Agreement shall be funded first with calls under India's NAB credit arrangement before Notes are issued for purchase under this Agreement pursuant to paragraph 9(a) above. Notwithstanding paragraph 3(c) above, repayments of claims resulting from Notes issued

under this Agreement in accordance with this paragraph 9(b) shall restore *pro tanto* the amount of Notes that can be issued under this Agreement.

(c) If following the repayment of outstanding claims under the RBI's 2016 Borrowing Agreement and this Agreement as provided in paragraph 9(b) above, the RBI'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 under the RBI's 2016 Borrowing Agreement and this Agreement in excess of the Rolled Back Principal; provided that claims with shorter remaining maximum maturities shall be repaid before those with longer remaining maximum maturities.

(d) After the entry into force of this Agreement, the Fund may no longer issue any Notes under the RBI's 2016 Borrowing Agreement.

(e) No Note shall be issued under this Agreement that would cause the cumulative principal amount of Notes issued under both this Agreement and the 2016 Borrowing Agreement between the RBI and the Fund to (i) exceed the Principal prior to the effectiveness of the increase in India's NAB credit arrangement, or (ii) exceed the Rolled Back Principal upon and after the effectiveness of the increase in India's NAB credit arrangement, as calculated pursuant to paragraph 5(d); provided that Notes issued in an amount beyond the Rolled Back Principal under (ii) herein are authorized, if within the same day of the issuance, any resulting claim that would exceed the Rolled Back Principal is repaid with a special call under India's NAB credit arrangement, and the RBI hereby requests, on behalf of India, that the Managing Director make such calls to fund the repayment in accordance with paragraph 23 of the Fund's Decision No. 11428-(97/6), adopted January 27, 1997 on the NAB, as amended.

10. 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 the date on which India provides the concurrence that is required under Article VII, Section 1(i) of the Fund's Articles of Agreement for Fund borrowing of Indian rupee from the RBI, or on January 1, 2021, whichever is later.

For the Reserve Bank of India:

[Name]

[Title]

Date

For the International Monetary Fund:

Kristalina Georgieva
Managing Director

Date

ANNEX 1. General Terms and Conditions for International Monetary Fund Series H Notes

1. Definitions. These are the General Terms and Conditions for International Monetary Fund Series H 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 H 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 H 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.

(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 amount will be the next business day in that place. In such cases, interest will accrue up to the payment date.

(c) The Fund may at its option make an early payment in part or in full of the principal amount of any Note prior to its maturity date, after consultation with the relevant Permitted Holder,

provided that the Fund notifies Permitted Holder at least five business days (Fund) before any such payment by a rapid authenticated means of communication (e.g., SWIFT).

(d) The Fund will cancel a Note upon payment of the principal amount of the Note and all accrued interest. If the Fund makes early payment of less than the principal amount of a Note, the Fund will cancel the Note and issue a new Note for the remainder of the amount, with the same maturity date as the cancelled Note. If the maturity date of a Note is extended with respect to less than the principal amount of the Note, the Fund will cancel the Note and issue a new Note for the remainder of the amount, with the extended maturity date.

(e) Any Note to be cancelled by the Fund that is not already in the custody of the Fund shall be surrendered by the Permitted Holder to the Fund for cancellation.

5. Rate of Interest.

(a) Each Note bears interest at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of the Fund's Articles of Agreement; however, 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 each Note will be equivalent to the interest rate paid by the Fund on such other comparable borrowing.

(b) The amount of interest payable on each Note is calculated on the basis of the principal amount of the Note (including the principal amount of any Note issued in substitution of a Note cancelled pursuant to paragraph 4(d)). Interest accrues daily and is to be paid promptly by the Fund after each July 31, October 31, January 31, and April 30.

6. Transferability of Notes.

(a) A Permitted Holder has the right to transfer at any time all or part of any Note to any Eligible Holder. If requested, the Fund will use its best efforts to arrange such transfers to one or more Eligible Holders identified by the Fund or by the transferor Permitted Holder.

(b) Transfers by a Permitted Holder of all or part of any Note to an official entity other than an Eligible Holder shall require the prior written consent of the Fund, and may only take place on such additional terms and conditions as the Fund may approve.

(c) In no event shall any Permitted Holder have the right to sell, assign, dispose of or otherwise transfer any Note or any part of any Note, directly or indirectly, to any entity that is not (i) an Eligible Holder, or (ii) an official entity in respect of which the Fund has consented in writing to the transfer pursuant to subparagraph (b).

(d) Derivative transactions in respect of any Note, and transfers of participation interests in any Note, are prohibited.

(e) The transferee of a Note transferred pursuant to this paragraph 6 shall, as a condition of the transfer, assume in full the obligations of a Permitted Holder pursuant to paragraph 4(a) regarding extensions of the maturity of the Note. More generally, any Note or part thereof transferred pursuant to this paragraph 6 shall be held by the transferee on the same terms and conditions as the Note was held by the transferor, except as provided in paragraph 7 with respect to the right to early payment at the request of a Permitted Holder.

(f) The price of a Note transferred pursuant to this paragraph 6 will be as agreed between the transferor and the transferee.

(g) Transfers made pursuant to subparagraph (a) that are in accordance with the terms and conditions of this paragraph 6 will be effected by a duly authenticated notice of transfer from the transferor to the Fund stating the name of the transferee and the Note being transferred, the transferee's eligibility for a transfer pursuant to subparagraph (a), and the value date of the transfer.

(h) For all transfers under this paragraph 6, the Fund will cancel the Note that has been transferred in whole or in part and, if the Note is a registered Note, the transferor shall, as a condition for the transfer, surrender for cancellation any such registered Note that is not already in the custody of the Fund. Upon cancellation of the relevant Note, the Fund will issue a new Note in the name of the transferee for the principal amount transferred and, where appropriate, a new Note in the name of the transferor for any part of the principal amount retained by it. The issue date of each new Note will be the issue date of the cancelled Note, and the new Notes will have the same maturity date (including any maturity date resulting from extensions of a previous maturity date) that is applicable to the cancelled Note pursuant to paragraph 4. The form and delivery of each new Note will be as specified in paragraph 3.

(i) If all or part of a Note is transferred during a quarterly period as described in paragraph 5(b), the Fund will pay interest to the transferee on the principal amount of the Note for the whole of that period.

7. Early Payment by the Fund at Request of Certain Permitted Holders.

(a) The rights provided in subparagraph (b) shall apply only to Permitted Holders of Notes that are either (i) Eligible Purchasers in respect of such Notes, or (ii) transferees of such Notes pursuant to paragraphs 6(a) or 6(b) for which the following conditions are met: (A) the transferee is a member of the Fund, or the central bank or fiscal agency of a member of the Fund, and (B) at the time of transfer, the balance of payments and reserve position of the member or Relevant Member, as the case may be, was considered sufficiently strong in the opinion of the Fund that its currency was being used in transfers under the Financial Transactions Plan.

(b) A Permitted Holder described in subparagraph (a) shall obtain early payment at face value of all or a portion of the principal of Notes as described in subparagraph (a) that are held by such Permitted Holder, if (i) the Permitted Holder represents that its balance of payments and reserve position (the balance of payments and reserve position of the Relevant Member if the Permitted Holder is the central bank or fiscal agency of a member) justifies early payment, and (ii) the Fund, having given this representation the overwhelming benefit of any doubt, determines that there is a need for early payment as requested by the Permitted Holder in light of the balance of payments and reserve position of the Permitted Holder or the Relevant Member, as the case may be.

(c) After consultation with the Permitted Holder, the Fund may make payments pursuant to this paragraph 7 in SDRs or a freely usable currency as determined by the Fund or, with the agreement of the Permitted Holder, in the currencies of other members that are included in the Fund's periodic Financial Transactions Plan for transfers.

8. Media and Modalities of Payments on the Notes.

(a) Except as otherwise provided in paragraph 7, payments by the Fund of the principal amount of Notes shall be made to a Permitted Holder, as determined by the Fund, in (i) the currency borrowed whenever feasible, if the Permitted Holder is the original purchaser, (ii) the currency of the Permitted Holder, if the Permitted Holder is a member of the Fund, (iii) the currency of the Relevant Member, if the Permitted Holder is the central bank or fiscal agency of a member of the Fund, or is a prescribed SDR holder that is an official institution of a member, (iv) special drawing rights, if the Permitted Holder is covered by clauses (ii) or (iii) or is otherwise a prescribed SDR holder (provided that it does not increase the member's holdings of special drawing rights above the limit under Article XIX, Section 4 of the Fund's Articles of Agreement unless the member agrees to accept special drawing rights above that limit in such payment, in the case of a Permitted Holder covered by clause (ii)), (v) any freely usable currency determined by the Fund in the case of any Permitted Holder, or (vi) other currencies that are included in the Fund's periodic Financial Transactions Plan for transfers, with the agreement of the Permitted Holder.

(b) Payments by the Fund of interest on the Notes will normally be made in SDRs if the Permitted Holder is a member of the Fund or a central bank or fiscal agency of such a member, or a prescribed SDR holder; provided that in the case of a member of the Fund or a central bank or fiscal agency of such a member, the Fund and the Permitted Holder may agree that interest payments will be made in the currency of the Relevant Member. Payments of interest to other Permitted Holders will be made in a freely usable currency as determined by the Fund.

(c) All payments made by the Fund to a Permitted Holder in currency will be made by crediting the amount due to an account specified in advance by the Permitted Holder for purposes of receiving such payments, or, in the case of a Permitted Holder that is a Fund member, by debiting the Fund's account with the designated depository of that member, as determined by the Fund. Payments in SDRs will be made by crediting the SDR Department account of the Permitted Holder or of the Relevant Member as the case may be.

9. Effective Exchange Rate for Payments.

Unless otherwise agreed between a Permitted Holder and the Fund, all payments in currency of principal and interest under these General Terms and Conditions will 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 payment. If this exchange rate determination date is not a business day in the Permitted Holder's principal location, then such date will be the last preceding business day of the Fund that is also a business day in the Permitted Holder's principal location.

10. Changes in Method of Valuation of SDR.

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

11. Non-Subordination of Claims.

The Fund will not take any action that would have the effect of making a Permitted Holder's claim on the Fund resulting from any Note 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.

12. Settlement of Questions.

Any question arising under any Note shall be settled by mutual agreement between the relevant Permitted Holder and the Fund.

ANNEX 2. Form of Registered Series H 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 H Notes" issued in accordance with the General Terms and Conditions for International Monetary Fund Series H 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.

ANY DERIVATIVE TRANSACTIONS IN RESPECT OF THIS NOTE, AND TRANSFERS OF PARTICIPATION INTERESTS IN THIS NOTE, ARE PROHIBITED.

Interest shall accrue daily on the principal amount of this Note 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, then the interest rate payable on this Note shall be equivalent to the interest rate paid by the Fund on such other comparable borrowing. Interest shall be paid promptly after each July 31, October 31, January 31, and April 30. Payments of interest shall normally be made in SDRs if the registered holder is a member of the Fund, or a central bank or fiscal agency of a member of the Fund, or a prescribed holder of SDRs, provided that the Fund and such registered holder may agree that interest payments will be made in the currency of the Relevant Member, or in a freely usable currency as determined by the Fund in the case of other registered holders. Payments in SDRs shall be made by crediting the SDR Department account of the registered holder, or of the member for which the registered holder serves as central bank or fiscal agency in the case of registered holders that are the central bank or fiscal agency of a member of the Fund.

[Signatures]