

Article III

Quotas and Subscriptions

ADJUSTMENT OF QUOTAS

The first interval of five years, at the end of which the Fund shall review the quotas of the members in accordance with Article III, Section 2, began on the date when the Fund Agreement, in accordance with Article XX, Section 1,¹ entered into force; i.e., on December 27, 1945.

*Decision No. 408-2,
March 11, 1949*

REFORM OF QUOTA AND VOICE IN THE INTERNATIONAL MONETARY FUND

In accordance with Section 13 of the By-Laws, the following Resolution was submitted to the Governors on March 28, 2008 for a vote without meeting. Considering that the Resolution is also proposing adjustments in the quotas of members that have requested such adjustment and whose names are listed in Attachment I of the Resolution, the adoption of the Resolution requires positive responses from Governors having an eighty-five percent majority of the total voting power:

WHEREAS in response to the request of the Board of Governors set forth in Resolution 61-5, the Executive Board has submitted to the Board of Governors a report entitled “Reform of Quota and Voice in the International Monetary Fund: Report of the Executive Board to the Board of Governors,” hereinafter the “Report”; and

WHEREAS the Executive Board has recommended increases in the quotas of a number of Fund members, all of whom have requested that their quotas be increased; and

¹ Ed. Note: Corresponds to Article XXXI, Section 1 of the Articles of Agreement after the Second Amendment.

WHEREAS in response to the request of the Board of Governors set forth in Resolution 61-5, the Executive Board has proposed an amendment of the Articles of Agreement that (a) would have the effect of increasing the number of basic votes of members and establish a mechanism to ensure that the ratio of the sum of the basic votes of all members to the sum of the total voting power of all members remains constant and (b) would enable each Executive Director elected by a large number of members to appoint a second Alternate Executive Director; and

WHEREAS the Chairman of the Board of Governors has requested the Secretary of the Fund to bring the proposal of the Executive Board before the Board of Governors; and

WHEREAS the Report of the Executive Board setting forth its proposal has been submitted to the Board of Governors by the Secretary of the Fund; and

WHEREAS the Executive Board has requested the Board of Governors to vote on the following Resolution without meeting, pursuant to Section 13 of the By-Laws of the Fund:

NOW THEREFORE, the Board of Governors, noting the recommendation and the said Report of the Executive Board, hereby RESOLVES that:

A. Increase in Quotas of Members

1. The International Monetary Fund proposes that, subject to the provisions of this Resolution, the quotas of members of the Fund listed in Attachment I to this Resolution shall be increased to the amounts shown against their names in Attachment I.

2. A member's increase in quota shall not become effective unless the member in question has consented in writing to the increase and has paid to the Fund the full amount of such increase. Each member shall pay 25 percent of its increase either in special drawing rights or in the currencies of other members specified, with their concurrence, by the Fund, or in any combination of special drawing rights and such currencies. The balance of the increase shall be paid by each member in its own currency.

QUOTAS AND SUBSCRIPTIONS

3. Each member shall consent to the proposed increase of its quota no later than October 31, 2008; provided that the Executive Board may extend this period as it may determine, taking into account, in particular, the need of members to obtain domestic legislative approval.¹

4. Each member shall pay to the Fund the increase in its quota within 30 days of the later of (a) the date on which it notifies the Fund of its consent or (b) the date on which the requirement for the effectiveness of the increase in quota under paragraph 5 below has been met; provided that the Executive Board may extend the payment period as it may determine.

5. No increase in quota shall become effective before the entry into force of the proposed amendment of the Articles of Agreement approved by this Resolution.

B. Future Quota Reviews

To ensure that members' quota shares continue to reflect their relative positions in the world economy, the Executive Board is requested to recommend further realignments of members' quota shares in the context of future general quota reviews, beginning with the Fourteenth General Review of Quotas.

C. Amendment of the Articles of Agreement

...²

D. Members Entitled to Appoint Two Alternate Executive Directors

...

¹ Ed. Note: Pursuant to Board of Governors Resolution 66-2, effective December 15, 2010, Decision No. 15706-(14/112), December 16, 2014, extended the deadline to 6:00 p.m., Washington time, on June 30, 2015.

² Ed. Note: The Sixth Amendment of the Articles of Agreement to Enhance Voice and Participation in the IMF entered into force for all members on March 3, 2011, Decision No. 14860-(11/23). March 3, 2011.

SELECTED DECISIONS AND SELECTED DOCUMENTS

Attachment I

Proposed Quotas
(In millions of SDRs)

Albania	60.0	Austria	2,113.9
Bahrain	176.4	Bhutan	8.5
Botswana	87.8	Brazil	4,250.5
Cape Verde	11.2	Chad	11.2
China	9,525.9	Costa Rica	187.1
Cyprus	158.2	Czech Republic	1,002.2
Denmark	1,891.4	Ecuador	347.8
Equatorial Guinea	52.3	Eritrea	18.3
Estonia	93.9	Germany	14,565.5
Greece	1,101.8	India	5,821.5
Ireland	1,257.6	Israel	1,061.1
Italy	7,882.3	Japan	15,628.5
Kazakhstan	427.8	Korea	3,366.4
Latvia	142.1	Lebanon	266.4
Lithuania	183.9	Luxembourg	418.7
Malaysia	1,773.9	Maldives	10.0
Mexico	3,625.7	Norway	1,883.7
Oman	237.0	Palau, Republic of	3.5
Philippines	1,019.3	Poland	1,688.4
Portugal	1,029.7	Qatar	302.6
San Marino	22.4	Seychelles	10.9
Singapore	1,408.0	Slovak Republic	427.5
Slovenia	275.0	Spain	4,023.4
Syrian Arab Republic	346.8	Thailand	1,440.5
Timor-Leste	10.8	Turkey	1,455.8
Turkmenistan	98.6	United Arab Emirates	752.5
United States	42,122.4	Vietnam	460.7

Attachment II

*Proposed Amendment of the Articles of Agreement
of the International Monetary Fund to Enhance Voice
and Participation in the International Monetary Fund*

...

*Resolution 63-2,
effective April 28, 2008*

QUOTAS AND SUBSCRIPTIONS

FOURTEENTH GENERAL REVIEW OF QUOTAS AND REFORM OF THE EXECUTIVE BOARD

In accordance with Section 13 of the By-Laws, the following Resolution was submitted to the Governors on November 10, 2010 for a vote without meeting:

RESOLVED:

WHEREAS the Executive Board has submitted to the Board of Governors a report entitled “Fourteenth General Review of Quotas and Reform of the Executive Board: Report of the Executive Board to the Board of Governors,” hereinafter the “Report”; and

WHEREAS the International Monetary and Financial Committee in its April 2009 Communiqué called on the Executive Board to bring forward the deadline for completion of the Fourteenth General Review of Quotas by two years, to January 2011; and

WHEREAS the Executive Board has recommended increases in the quotas of members of the Fund as a result of the Fourteenth General Review of Quotas; and

WHEREAS the Executive Board has recommended an amendment of the Articles of Agreement to establish an Executive Board consisting solely of elected Executive Directors; and

WHEREAS the Executive Board has recommended that, following the first regular election of Executive Directors after entry into force of the proposed amendment of the Articles of Agreement approved under Board of Governors Resolution No. 63-2, an Executive Director elected by 7 or more members should be entitled to appoint two Alternate Executive Directors; and

WHEREAS the Chairman of the Board of Governors has requested the Secretary of the Fund to bring the proposal of the Executive Board before the Board of Governors; and

WHEREAS the Report of the Executive Board setting forth its proposal has been submitted to the Board of Governors by the Secretary of the Fund; and

WHEREAS the Executive Board has requested the Board of Governors to vote on the following Resolution without meeting, pursuant to Section 13 of the By-Laws of the Fund:

NOW, THEREFORE, the Board of Governors, noting the recommendations and the said Report of the Executive Board, hereby RESOLVES that:

Increases in Quotas of Members

1. The International Monetary Fund proposes that, subject to the provisions of this Resolution, the quotas of members of the Fund shall be increased to the amounts shown against their names in Attachment I to this Resolution.

2. A member's increase in quota as proposed by this Resolution shall not become effective unless that member has consented in writing to the increase not later than the date prescribed by or under paragraph 4 below and has paid the increase in full within the period prescribed by or under paragraph 5 below, provided that no member with overdue repurchases, charges, or assessments to the General Resources Account may consent to or pay for the increase in its quota until it becomes current in respect of those obligations.

3. No increase in quotas proposed by this Resolution shall become effective until:

(i) the Executive Board has determined that members having not less than 70 percent of the total of quotas on November 5, 2010 have consented in writing to the increases in their quotas;

(ii) the proposed amendment of the Articles of Agreement set out in Attachment II of this Resolution has entered into force; and

(iii) the proposed amendment of the Articles of Agreement approved under Board of Governors Resolution No. 63-2 has entered

QUOTAS AND SUBSCRIPTIONS

into force. Each member commits to use its best efforts to complete these steps no later than the Annual Meetings in 2012. The Executive Board is requested to monitor, on a quarterly basis, the progress made in the implementation of these steps.

4. Notices in accordance with paragraph 2 above shall be executed by a duly authorized official of the member and must be received in the Fund before 6:00 p.m., Washington time, December 31, 2011, provided that the Executive Board may extend this period as it may determine.¹

5. Each member shall pay to the Fund the increase in its quota within 30 days after the later of (a) the date on which it notifies the Fund of its consent, or (b) the date on which all of the conditions set forth in paragraph 3 above are met, provided that the Executive Board may extend the payment period as it may determine.

6. When deciding on an extension of the period for consent to or payment for the increase in quotas, the Executive Board shall give particular consideration to the situation of members that may still wish to consent to or pay for the increase in quota, including members with protracted arrears to the General Resources Account, consisting of overdue repurchases, charges, or assessments to the General Resources Account that, in its judgment, are cooperating with the Fund toward the settlement of these obligations.

7. For members that have not yet consented to their increases in quotas under the Eleventh General Review and under Board of Governors Resolution No. 63-2, the deadline for consent to such quota increases shall be the date determined by or under paragraph 4 above.

8. Each member shall pay 25 percent of its increase either in special drawing rights or in the currencies of other members specified, with their concurrence, by the Fund, or in any combination of special drawing rights and such currencies. The balance of the increase shall be paid by the member in its own currency.

¹ Ed. Note: Decision No. 15923-(16/1), 12/24/15, extended the deadline to 6:00 p.m., Washington time, on June 30, 2016.

Quota Formula and Fifteenth General Review of Quotas

9. The Executive Board is requested to complete a comprehensive review of the formula by January 2013.

10. The Executive Board is requested to bring forward the timetable for completion of the Fifteenth General Review of Quotas to January 2014. Any realignment is expected to result in increases in the quota shares of dynamic economies in line with their relative positions in the world economy, and hence likely in the share of emerging market and developing countries as a whole. Steps shall be taken to protect the voice and representation of the poorest members.

Review of NAB Credit Arrangements

11. In light of the proposed increases in quotas under the Fourteenth General Review, the Executive Board and participants in the New Arrangements to Borrow (NAB) are requested to undertake a review of NAB credit arrangements by November 2011, with a corresponding roll-back of the NAB, preserving relative shares, to become effective when the conditions set forth in paragraph 3 of this Resolution are met and the quota payments associated with the participation threshold in paragraph 3(i) of this Resolution have been made.

Proposed Amendment of the Articles of Agreement of the International Monetary Fund on the Reform of the Executive Board

12. The proposed amendment of the Articles of Agreement of the International Monetary Fund set forth in Attachment II to this Resolution (the “Proposed Amendment on the Reform of the Executive Board”) is approved.

13. The Secretary is directed to ask all members of the Fund, by circular letter or telegram, or other rapid means of communication, whether they accept, in accordance with the provisions of Article XXVIII of the Articles, the Proposed Amendment on the Reform of the Executive Board.

QUOTAS AND SUBSCRIPTIONS

14. The communication to be sent to all members in accordance with paragraph 13 of this Resolution shall specify that the Proposed Amendment on the Reform of the Executive Board shall enter into force for all members on the date on which the Fund certifies, by a normal communication addressed to all members, that three-fifths of the members, having eighty-five percent of the total voting power, have accepted the Proposed Amendment on the reform of the Executive Board.

Additional Alternate Executive Directors

15. Following the first regular election of Executive Directors after the entry into force of the amendment of the Articles of Agreement approved under Board of Governors Resolution No. 63-2, an Executive Director elected by seven or more members shall be entitled to appoint two Alternate Executive Directors.

16. As a condition for appointing two Alternate Executive Directors, an Executive Director is required to designate by notification to the Secretary of the Fund: (i) the Alternate who shall act for the Executive Director when he is not present and both Alternates are present; and (ii) the Alternate who shall exercise the powers of the Executive Director pursuant to Article XII, Section 3(f). By notification to the Secretary of the Fund, an Executive Director may change these designations at any time.

Size and Composition of the Executive Board

17. The Board of Governors takes note of: (i) the commitment to reduce, as a means of achieving greater representation of emerging market and developing countries, the number of Executive Directors representing advanced European countries by two no later than the first regular election of Executive Directors after the conditions set forth in paragraph 3 of this Resolution are met, and (ii) the commitment of the Fund's membership to maintain an Executive Board consisting of 24 Executive Directors, and to review the composition of the Executive Board every eight years following the date the conditions set forth in paragraph 3 of this Resolution are met.

SELECTED DECISIONS AND SELECTED DOCUMENTS

Attachment I

Proposed Quotas
(In millions of SDRs)

Afghanistan, Islamic State of	323.8	Albania	139.3
Algeria	1,959.3	Angola	740.1
Antigua and Barbuda	20.0	Argentina	3,187.3
Armenia	128.8	Australia	6,572.4
Austria	3,932.0	Azerbaijan	391.7
Bahamas, The	182.4	Bahrain	395.0
Bangladesh	1,066.6	Barbados	94.5
Belarus	681.5	Belgium	6,410.7
Belize	26.7	Benin	123.8
Bhutan	20.4	Bolivia	240.1
Bosnia and Herzegovina	265.2	Botswana	197.2
Brazil	11,042.0	Brunei Darussalam	301.3
Bulgaria	896.3	Burkina Faso	120.4
Burundi	154.0	Cambodia	175.0
Cameroon	276.0	Canada	11,023.9
Cape Verde	23.7	Central African Rep.	111.4
Chad	140.2	Chile	1,744.3
China	30,482.9	Colombia	2,044.5
Comoros	17.8	Congo, Democratic Republic of the	1,066.0
Congo, Republic of	162.0	Costa Rica	369.4
Côte d'Ivoire	650.4	Croatia	717.4
Cyprus	303.8	Czech Republic	2,180.2
Denmark	3,439.4	Djibouti	31.8
Dominica	11.5	Dominican Republic	477.4
Ecuador	697.7	Egypt	2,037.1
El Salvador	287.2	Equatorial Guinea	157.5
Eritrea	36.6	Estonia	243.6
Ethiopia	300.7	Fiji, The Republic of	98.4
Finland	2,410.6	France	20,155.1
Gabon	216.0	Gambia, The	62.2
Georgia	210.4	Germany	26,634.4
Ghana	738.0	Greece	2,428.9
Grenada	16.4	Guatemala	428.6
Guinea	214.2	Guinea-Bissau	28.4
Guyana	181.8	Haiti	163.8
Honduras	249.8	Hungary	1,940.0

QUOTAS AND SUBSCRIPTIONS

Iceland	321.8	India	13,114.4
Indonesia	4,648.4	Iran, Islamic Republic of	3,567.1
Iraq	1,663.8	Ireland	3,449.9
Israel	1,920.9	Italy	15,070.0
Jamaica	382.9	Japan	30,820.5
Jordan	343.1	Kazakhstan	1,158.4
Kenya	542.8	Kiribati	11.2
Korea	8,582.7	Kosovo	82.6
Kuwait	1,933.5	Kyrgyz Republic	177.6
Lao People's Democratic Republic	105.8	Latvia	332.3
Lebanon	633.5	Lesotho	69.8
Liberia	258.4	Libya	1,573.2
Lithuania	441.6	Luxembourg	1,321.8
Macedonia, Former Yugoslav Republic of	140.3	Madagascar	244.4
Malawi	138.8	Malaysia	3,633.8
Maldives	21.2	Mali	186.6
Malta	168.3	Marshall Islands	4.9
Mauritania	128.8	Mauritius	142.2
Mexico	8,912.7	Micronesia, Federal States of	7.2
Moldova	172.5	Mongolia	72.3
Montenegro	60.5	Morocco	894.4
Mozambique	227.2	Myanmar	516.8
Namibia	191.1	Nepal	156.9
Netherlands	8,736.5	New Zealand	1,252.1
Nicaragua	260.0	Niger	131.6
Nigeria	2,454.5	Norway	3,754.7
Oman	544.4	Pakistan	2,031.0
Palau, Republic of	4.9	Panama	376.8
Papua New Guinea	263.2	Paraguay	201.4
Peru	1,334.5	Philippines	2,042.9
Poland	4,095.4	Portugal	2,060.1
Qatar	735.1	Romania	1,811.4
Russia	12,903.7	Rwanda	160.2
Samoa	16.2	San Marino	49.2
São Tomé and Príncipe	14.8	Saudi Arabia	9,992.6
Senegal	323.6	Serbia	654.8
Seychelles	22.9	Sierra Leone	207.4
Singapore	3,891.9	Slovak Republic	1,001.0
Slovenia	586.5	Solomon Islands	20.8

SELECTED DECISIONS AND SELECTED DOCUMENTS

Somalia	163.4	South Africa	3,051.2
Spain	9,535.5	Sri Lanka	578.8
St. Kitts and Nevis	12.5	St. Lucia	21.4
St. Vincent and the Grenadines	11.7	Sudan	630.2
Suriname	128.9	Swaziland	78.5
Sweden	4,430.0	Switzerland	5,771.1
Syrian Arab Republic	1,109.8	Tajikistan	174.0
Tanzania	397.8	Thailand	3,211.9
Timor-Leste	25.6	Togo	146.8
Tonga	13.8	Trinidad and Tobago	469.8
Tunisia	545.2	Turkey	4,658.6
Turkmenistan	238.6	Tuvalu	2.5
Uganda	361.0	Ukraine	2,011.8
United Arab Emirates	2,311.2	United Kingdom	20,155.1
United States	82,994.2	Uruguay	429.1
Uzbekistan	551.2	Vanuatu	23.8
Venezuela, R.B. de	3,722.7	Vietnam	1,153.1
Yemen, Republic of	487.0	Zambia	978.2
Zimbabwe	706.8		

Attachment II

*Proposed Amendment of the Articles of Agreement of
the International Monetary Fund on the Reform of the
Executive Board*

The Governments on whose behalf the present Agreement is signed agree as follows:

1. The text of Article XII, Section 3(b) shall be amended to read as follows:

“(b) Subject to (c) below, the Executive Board shall consist of twenty Executive Directors elected by the members, with the Managing Director as chairman.”

2. The text of Article XII, Section 3(c) shall be amended to read as follows:

“(c) For the purpose of each regular election of Executive Directors, the Board of Governors, by an eighty-five percent majority

of the total voting power, may increase or decrease the number of Executive Directors specified in (b) above.”

3. The text of Article XII, Section 3(d) shall be amended to read as follows:

“(d) Elections of Executive Directors shall be conducted at intervals of two years in accordance with regulations which shall be adopted by the Board of Governors. Such regulations shall include a limit on the total number of votes that more than one member may cast for the same candidate.”

4. The text of Article XII, Section 3(f) shall be amended to read as follows:

“(f) Executive Directors shall continue in office until their successors are elected. If the office of an Executive Director becomes vacant more than ninety days before the end of his term, another Executive Director shall be elected for the remainder of the term by the members that elected the former Executive Director. A majority of the votes cast shall be required for election. While the office remains vacant, the Alternate of the former Executive Director shall exercise his powers, except that of appointing an Alternate.”

5. The text of Article XII, Section 3(i) shall be amended to read as follows:

“(i) (i) Each Executive Director shall be entitled to cast the number of votes which counted towards his election.

(ii) When the provisions of Section 5(b) of this Article are applicable, the votes which an Executive Director would otherwise be entitled to cast shall be increased or decreased correspondingly. All the votes which an Executive Director is entitled to cast shall be cast as a unit.

(iii) When the suspension of the voting rights of a member is terminated under Article XXVI, Section 2(b), the member may agree with all the members that have elected an Executive Director that

the number of votes allotted to that member shall be cast by such Executive Director, provided that, if no regular election of Executive Directors has been conducted during the period of the suspension, the Executive Director in whose election the member had participated prior to the suspension, or his successor elected in accordance with paragraph 3(c)(i) of Schedule L or with (f) above, shall be entitled to cast the number of votes allotted to the member. The member shall be deemed to have participated in the election of the Executive Director entitled to cast the number of votes allotted to the member.”

6. The text of Article XII, Section 3(j) shall be amended to read as follows:

“(j) The Board of Governors shall adopt regulations under which a member may send a representative to attend any meeting of the Executive Board when a request made by, or a matter particularly affecting, that member is under consideration.”

7. The text of Article XII, Section 8 shall be amended to read as follows:

“The Fund shall at all times have the right to communicate its views informally to any member on any matter arising under this Agreement. The Fund may, by a seventy percent majority of the total voting power, decide to publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members. The relevant member shall be entitled to representation in accordance with Section 3(j) of this Article. The Fund shall not publish a report involving changes in the fundamental structure of the economic organization of members.”

8. The text of Article XXI(a)(ii) shall be amended to read as follows:

“(a) (ii) For decisions by the Executive Board on matters pertaining exclusively to the Special Drawing Rights Department only Executive Directors elected by at least one member that is a participant

QUOTAS AND SUBSCRIPTIONS

shall be entitled to vote. Each of these Executive Directors shall be entitled to cast the number of votes allotted to the members that are participants whose votes counted towards his election. Only the presence of Executive Directors elected by members that are participants and the votes allotted to members that are participants shall be counted for the purpose of determining whether a quorum exists or whether a decision is made by the required majority.”

9. The text of Article XXIX(a) shall be amended to read as follows:

“(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Fund or between any members of the Fund shall be submitted to the Executive Board for its decision. If the question particularly affects any member, it shall be entitled to representation in accordance with Article XII, Section 3(j).”

10. The text of paragraph 1(a) of Schedule D shall be amended to read as follows:

“(a) Each member or group of members that has the number of votes allotted to it or them cast by an Executive Director shall appoint to the Council one Councillor, who shall be a Governor, Minister in the government of a member, or person of comparable rank, and may appoint not more than seven Associates. The Board of Governors may change, by an eighty-five percent majority of the total voting power, the number of Associates who may be appointed. A Councillor or Associate shall serve until a new appointment is made or until the next regular election of Executive Directors, whichever shall occur sooner.”

11. The text of paragraph 5(e) of Schedule D shall be deleted.

12. Paragraph 5(f) of Schedule D shall be renumbered 5(e) of Schedule D and the text of the new paragraph 5(e) shall be amended to read as follows:

“(e) When an Executive Director is entitled to cast the number of votes allotted to a member pursuant to Article XII, Section 3(i)(iii), the Councillor appointed by the group whose members elected such

Executive Director shall be entitled to vote and cast the number of votes allotted to such member. The member shall be deemed to have participated in the appointment of the Councillor entitled to vote and cast the number of votes allotted to the member.”

13. The text of Schedule E shall be amended to read as follows:

“Transitional Provisions with Respect to Executive Directors

1. Upon the entry into force of this Schedule:

(a) Each Executive Director who was appointed pursuant to former Article XII, Sections 3(b)(i) or 3(c), and was in office immediately prior to the entry into force of this Schedule, shall be deemed to have been elected by the member who appointed him; and

(b) Each Executive Director who cast the number of votes of a member pursuant to former Article XII, Section 3(i)(ii) immediately prior to the entry into force of this Schedule, shall be deemed to have been elected by such a member.”

14. The text of paragraph 1(b) of Schedule L shall be amended to read as follows:

“(b) appoint a Governor or Alternate Governor, appoint or participate in the appointment of a Councillor or Alternate Councillor, or elect or participate in the election of an Executive Director.”

15. The text of the chapeau of paragraph 3(c) of Schedule L shall be amended to read as follows:

“(c) The Executive Director elected by the member, or in whose election the member has participated, shall cease to hold office, unless such Executive Director was entitled to cast the number of votes allotted to other members whose voting rights have not been suspended. In the latter case:”

*Resolution 66-2,
effective December 15, 2010*

QUOTAS AND SUBSCRIPTIONS

GOLD AND CURRENCY SUBSCRIBED TO THE FUND AND ACCOUNTING BY MEMBERS FOR TRANSACTIONS WITH THE FUND

The following principles should be observed by members in reflecting their participation in the Fund in their accounts:

1. Gold and currency subscribed to the Fund are clearly within its unrestricted ownership. They do not belong in any way to the subscriber.

2. Although the accounting practices of a member are primarily its own concern, each member should prepare its accounts in such a way that misconceptions as to the ownership of the gold and currency subscribed to the Fund would be avoided. ...

*Decision No. 170-3,
May 20, 1947*

GUIDELINES ON PAYMENT OF RESERVE ASSETS IN CONNECTION WITH SUBSCRIPTIONS

The Executive Board approves the draft “Guidelines for Determining the Amount of Reserve Assets to Be Paid in Connection with Subscriptions” set forth [below].

*Decision No. 6266-(79/156),
September 10, 1979*

Guidelines for Determining the Amount of Reserve Assets to Be Paid in Connection with Subscriptions

The following are proposed for adoption by the Executive Board as guidelines for Committees of the Executive Board when considering the amount of a subscription that should be paid in reserve assets:

1. These guidelines shall be taken into account by a Committee of the Executive Board established to consider an application for membership in the Fund or to consider a request for an increase in quota that is made outside the framework of a general review of quotas. In applying the guidelines, a Committee shall pay due

regard to present and prospective economic and financial circumstances of the country concerned.

2. In view of the requirement of Article II, Section 2, that the terms for membership, including the terms for subscriptions, shall be based on principles consistent with those applied to other countries that are already members, new members will be expected to pay a part of their initial subscription in reserve assets. The payment of reserve assets in connection with the initial subscription of a new member is largely a matter of exchanging one form of reserves for another.

3. The amount of the subscription to be paid in reserve assets shall be determined in the light of all the payments of reserve assets made by existing members and the country's external reserve position at the time of membership.

4. A reasonable approximation of the amount of the subscription that has been paid in reserve assets in the past is the average of all reserve assets actually paid in terms of the quotas of all members, rather than the proportions paid in the past by individual members. In making the calculation of the reserve assets to be paid, account will be taken of the repurchases made in the past by members, including those made in accordance with Schedule B of the amended Articles, and of sales of the currencies of members made to reduce to that level the amounts of the member's currency paid in excess of 75 percent of quota by a member that had joined the Fund before the date of the Second Amendment.

Taking into account the asset payments made by all members in connection with the Sixth General Review of Quotas and adding them to the sum of asset payments taken as the equivalent of 25 percent of total quotas as of the date of the Second Amendment, the reserve asset payments made by all members average 20 percent of present quotas. In the event that all eligible members consent to the full increases in their quotas approved under the Seventh General Review of Quotas and taking into account that 25 percent of any increase in quotas is to be paid in SDRs (or acceptable currency

QUOTAS AND SUBSCRIPTIONS

for nonparticipants), the reserve asset payment made by eligible members will average 21.7 percent of total quotas.

Consequently, for the period prior to the coming into effect of the quotas approved under the Seventh General Review of Quotas, the reserve asset payment for a country applying for membership can normally be expected to be of the order of 20 percent of its initial quota; after the Seventh General Review is completed, the reserve asset payment for a country applying for membership would rise to the order of 21.7 percent of its initial quota.

5. Normally, countries joining the Fund would be expected to make a payment of reserve assets in the amount, in terms of quota, calculated along the lines outlined in paragraph 3 above. However, consideration may be given, at the request of a prospective new member, for a payment of reserve assets smaller than the average size of such payments in terms of all quotas. In exceptional circumstances, and in light of the actual and prospective balance of payments and gross reserve position of the prospective member (including its ability to acquire or mobilize external financial assets and also any allocations of SDRs that might be in prospect) at the time its application is being considered, the size of the reserve asset payment may be reduced, provided that it is not less than the equivalent of 10 percent of the member's gross reserves or 10 percent of initial quota, whichever was the higher.

6. In determining the amount of the reserve asset payment, account should also be taken of the effect the size of such payment would have on the remuneration that might be payable to the new member. This factor would ameliorate a higher reserve asset payment in terms of quota because the acquisition of a remunerated reserve tranche position would tend to ease the loss of interest income involved in the payment of a reserve asset. However, there may be circumstances where the new member has a reserve level somewhat below the average level of all members or when other features of its external financial position would seem to call for some mitigation of the payment. In such circumstances, the norm for remuneration could be applied for the new member rather than the average of reserve asset payments made in the past noted in paragraph 3 above.

SELECTED DECISIONS AND SELECTED DOCUMENTS

As the norm for remuneration is likely to rise over time, the applicability of this approach would need to be kept under review and would be subject to the minimum payment in paragraph 5 above.

7. As regards the amount of reserve asset payments to be made in connection with ad hoc increases in quotas which occur outside a general review of quotas, and to the extent that such increases are effectively a “catching up” of the quota increases already granted to other members in past general reviews, the amount of the reserve assets to be paid shall be based on the amount of reserve assets required as a result of such past general reviews. For other ad hoc increases, if any, the amount of the reserve asset payment shall be equivalent to 25 percent of the increase in quota.

8. As regards the media of payment, payments of reserve assets shall be made in SDRs to the maximum extent practicable or in a currency that is acceptable to the Fund and which is included in the operational budget as a currency that could be sold on a net basis for the foreseeable future.