

May 31, 1968

**AMENDMENT TO THE ARTICLES OF AGREEMENT OF THE
INTERNATIONAL MONETARY FUND**

MULTILATERAL

**AMENDMENT TO THE ARTICLES OF AGREEMENT OF THE
INTERNATIONAL MONETARY FUND (IMF)**

Amendment approved by the Board of Governors of the Fund 31 May 1968, as proposed by the Executive Board; Entered into force for all members of the Fund, including the Philippines. 25 July 1969.

A

INTRODUCTORY ARTICLE

The Introductory Article shall read:

"(I) The International Monetary Fund is established and shall operate in accordance with the provisions of this Agreement as originally adopted, and as subsequently amended In order to institute a facility based on special drawing rights and to effect certain other changes.

"(ii) To enable the Fund to conduct its operations and transactions, the Fund shall maintain a General Account and a Special Drawing Account. Membership in the Fund shall give the right to participation in the Special Drawing Account.

"(iii) Operations and transactions authorized by this Agreement shall be conducted through the General Account except that operations and transactions involving special drawing rights shall be conducted Through the Special Drawing Account."

B

ARTICLE I

PURPOSES

1. Article I (v) shall read:

"(v) To give confidence to members by making the Funds resources temporarily available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity."

2. The last sentence of Article I shall read:

"The Fund shall be guided in all its policies and decisions by the purposes set forth in this Article."

C

ARTICLE III

QUOTAS AND SUBSCRIPTIONS

2. Section 2 shall read:

"Section 2. Adjustment of quotas

The Fund shall at intervals of not more than five years conduct a general review, and if it deems it appropriate propose an adjustment, of the quotas of the members. It may also, if it thinks fit, consider at any other time the adjustment of any particular quota at the request of the member concerned. An eighty-five percent majority of the total voting power shall be required for any change in quotas proposed as the result of a general review and a four-fifths majority of the total voting power shall be required for any other change in quotas. No quota shall be changed without the consent of the member concerned."

2 The following subsection (c) shall be added to Section 4. Payments When quotas are changed:

"(c) A majority of eighty-five percent of the total voting power shall be required for any decisions dealing with the payment, or made with the sole purpose of mitigating the effects of the payment, of increases in quotas proposed as the result of a general review of quotas."

D

ARTICLE IV

PAR VALUES OR CURRENCIES

1. Section 7 shall read:

"Section 7. Uniform changes in par values

Notwithstanding the provisions of Section 5(b) of this Article, the Fund by an eighty-five percent majority of the total voting power may make uniform proportionate changes in the par values of the currencies of all members. The par value of a member's currency shall, however, not be changed under this provision if, within seventy-two hours of the Fund's action, the member informs the Fund that it does not wish the par value of its currency to be changed by such action."

2. in Section 8. Maintenance of gold value of the Fund's assets, subsection shall read:

"(d) The provisions of this Section shall apply to a uniform proportionate change in the par values of the currencies of all members, unless at the time when such a change is made the Fund decides otherwise by an eighty-five percent majority or the total voting power."

E

ARTICLE V

TRANSACTIONS WITH THE FUND

1. in Section 3. Conditions governing use of the Fund's resources, sub action (a) (Hi) shall read:

"(iii) The proposed purchase would be a gold tranche purchase, or would not cause the Fund's holdings of the purchasing member's currency to increase by more than twenty-five percent of its quota during the period of twelve months ending on the date of the purchase or to exceed two hundred percent of its quota;

2. The following subsections (c) and (d) shall be added to Section 3:

"(c) A member's use of the resources of the Fund shall be in accordance with the purposes of the Fund. The Fund shall adopt policies on the use of its resources that will assist members to solve their balance of payments problems in a manner consistent with the purposes of the Fund and that will establish adequate safeguards for the temporary use of its resources."

"(d) A representation by a member under (a) above shall be examined by the Fund to determine whether the proposed purchase would be consistent with the provisions of this Agreement and with the policies adopted under them, with the exception that proposed gold tranche purchases shall not be subject to challenge."

3. in Section 7. Repurchase by a member of its currency held by the Fund. The first sentence of subsection (b) shall read:

"(b) At the end of each financial year of the Fund, a member shall repurchase from the Fund with each type of monetary reserve, as determined in accordance with Schedule B, part of the Fund's holdings of its currency under the following conditions:

(I) Each member shall use in repurchases of its own currency from the Fund an amount of its monetary reserves equal in value to the following changes that have occurred during the year: one-half of any increase in the Fund's holdings of the member's currency, plus one-half of any increase, or minus one-half of any decrease, in the member's monetary reserves, or, if the Fund's holdings of the member's currency have decreased, one-half of any increase in the member's monetary reserves minus one-half of the decrease in the Fund's holdings of the member's currency."

4. In Section 1, subsection (c) shall read:

"(c) None of the adjustments described in (b) above shall be carried to a point which

(i) the member's monetary reserves are below one hundred fifty percent of its quota, or

(ii) the Fund's holdings of its currency are below seventy-five percent of its quota, or

(iii) the Fund's holdings of any currency required to be used are above seventy-five percent of the quota of the member concerned, or

(iv) the amount repurchased exceeds twenty-five percent of the quotas of the member concerned."

5. The following subsection (d) shall be added to Section 7:

"(d) The Fund by an eighty-five percent majority of the total voting power may revise the percentages in (c)(i) and (iv) above and revise and supplement the rules in paragraph 1(c), (d), and (e) and paragraph 2(b) of Schedule B."

6. in Section 8. Charges, subsection (a) shall read:

"(a) Any member buying the currency of another member from the Fund in exchange for its own currency shall pay, in addition to the parity price, a service charge uniform for all members of not less than one-half percent and not more than one percent, as determined by the Fund, provided that the Fund in its discretion may levy a service charge of less than one-half percent on gold tranche purchases."

7. The following Section shall be added to Article V:

"Section 9. Remuneration

(a) The Fund shall pay remuneration, at a rate uniform for all members, on the amount by which seventy-five percent of a member's Quota exceeded the average of the Fund's holdings of the member's currency, provided that no account shall be taken of holdings in excess of seventy-five percent of quota. The rate shall be one and one-half percent per annum, but the Fund in its discretion may increase or reduce this rate, provided that a three-fourths majority of the total voting power shall be required for any increase above two percent per annum or reduction below one percent per annum.

(b) Remuneration shall be paid in gold or a member's own currency as determined by the Fund."

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ARTICLE VI

CAPITAL TRANSFERS

1. in Section 1. Use of Fund's resources for capital transfers, subsection (a) shall read:

"(a) A member may not use the Fund's resources to meet a large or sustained outflow of capital except as provided in Section 2 of this Article, and the Fund may request a member to exercise controls to prevent such use of the resources of the Fund. If, after receiving such a request, a member fails to exercise appropriate controls, the Fund may declare the member ineligible to use the resources of the Fund."

2, Section 2 shall read:

"Section 2. Special provisions for capital transfers

A member shall be entitled to make gold tranche purchases to meet capital transfers."

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ARTICLE XII

ORGANIZATION AND MANAGEMENT

1. In Section 2. Board of Governors, subsection (b)(ii) and (iii) shall read: * '*''

"(ii) Approve a revision of quotas, or to decide on the payment, or on the mitigation of the effects of payment, of increases in quotas proposed as the result of a general review of quotas."

"(iii) Approve a uniform change in the par values of the currencies of all members, or to decide when such a change is made that the provisions relating to the maintenance of gold value of the Fund's assets shall not apply."

2. The following shall be added to Section 2(b):

"(ix) Revise the provisions on repurchase or to revise and supplement the rules for the distribution of repurchases among types of reserves."

"(x) Make transfers to general reserve from any special reserve."

3. The title of Section 6 shall read:

"Reserves and distribution of net income"

4. In Section 6, subsection (b) shall read:

"(b) If any distribution is made of the net income of any year, there under Article V, Section 9, for that year an amount by which two percent per annum exceeded any remuneration that has been paid for that year. Any distribution of the net income of that year beyond that amount shall be made to all members in proportion to their quotas. Payments to each member shall be made in its own currency."

5. The following subsection (c) shall be added to Section 6:

"(c) The Fund may make transfers to general reserve from any Special reserve."

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ARTICLE XVIII

INTERPRETATION

Article XVIII (b) shall read:

"(b) In any case where the Executive Directors have given a Decision under (a) above, any member may require, within three months from the date of the decision, that the question be referred to the Board of