

## SECTION 7.—REPURCHASE BY A MEMBER OF ITS CURRENCY HELD BY THE FUND

(a) A member may repurchase from the Fund, and the Fund shall sell for gold, any part of the Fund's holdings of its currency in excess of its quota.

(b) At the end of each financial year of the Fund a member shall repurchase from the Fund with gold or convertible currencies, 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 one-half of any increase that has occurred during the year in the Fund's holdings of its currency plus one-half of any increase, or minus one-half of any decrease, that has occurred during the year in the member's monetary reserves. This rule shall not apply when a member's monetary reserves have decreased during the year by more than the Fund's holdings of its currency have increased:

(ii) If after the repurchase described in (i) above (if required) has been made a member's holdings of another member's currency (or of gold acquired from that member) are found to have increased by reason of transactions in terms of that currency with other members or persons in their territories, the member whose holdings of such currency (or gold) have thus increased shall use the increase to repurchase its own currency from the Fund.

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

- (i) The member's monetary reserves are below its quota; or
- (ii) The Fund's holdings of its currency are below 75 per cent. of its quota; or
- (iii) The Fund's holdings of any currency required to be used are above 75 per cent. of the quota of the member concerned.

## SECTION 8.—CHARGES

(a) Any member buying the currency of another member from the Fund in exchange for its own currency shall pay a service charge uniform for all members of  $\frac{3}{4}$  per cent. in addition to the parity price. The Fund in its discretion may increase this service charge to not more than 1 per cent. or reduce it to not less than  $\frac{1}{2}$  per cent.

(b) The Fund may levy a reasonable handling charge on any member buying gold from the Fund or selling gold to the Fund.

(c) The Fund shall levy charges uniform for all members which shall be payable by any member on the average daily balances of its currency held by the Fund in excess of its quota. These charges shall be at the following rates:—

- (i) *On Amounts not more than 25 per Cent. in Excess of the Quota.*—No charge for the first three months;  $\frac{1}{2}$  per cent. per annum for the next nine months; and thereafter an increase in the charge of  $\frac{1}{2}$  per cent. for each subsequent year:
- (ii) *On Amounts more than 25 per Cent. and not more than 50 per Cent. in Excess of the Quota.*—An additional  $\frac{1}{2}$  per cent. for the first year; and an additional  $\frac{1}{2}$  per cent. for each subsequent year:
- (iii) *On each Additional Bracket of 25 per Cent. in Excess of the Quota.*—An additional  $\frac{1}{2}$  per cent. for the first year; and an additional  $\frac{1}{2}$  per cent. for each subsequent year.

(d) Whenever the Fund's holdings of a member's currency are such that the charge applicable to any bracket for any period has reached the rate of 4 per cent. per annum, the Fund and the member shall consider means by which the Fund's holdings of the currency can be reduced. Thereafter, the charges shall rise in accordance with the provisions of (c) above until they reach 5 per cent., and, failing agreement, the Fund may then impose such charges as it deems appropriate.

(e) The rates referred to in (c) and (d) above may be changed by a three-fourths majority of the total voting-power.

(f) All charges shall be paid in gold. If, however, the member's monetary reserves are less than one-half of its quota, it shall pay in gold only that proportion of the charges due which such reserves bear to one-half of its quota, and shall pay the balance in its own currency.

## ARTICLE VI.—CAPITAL TRANSFERS

## SECTION 1.—USE OF THE FUND'S RESOURCES FOR CAPITAL TRANSFERS

(a) A member may not make net use of the Fund's resources to meet a large or sustained outflow of capital, 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.

(b) Nothing in this Section shall be deemed—

- (i) To prevent the use of the resources of the Fund for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking, or other business; or
- (ii) To affect capital movements which are met out of a member's own resources of gold and foreign exchange, but members undertake that such capital movements will be in accordance with the purposes of the Fund.