



# IMF POLICY PAPER

## RENEWAL OF AND MODIFICATIONS TO THE NEW ARRANGEMENTS TO BORROW

September 2024

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- The **Staff Report**, prepared by IMF staff and completed on June 28, 2024, for the Executive Board's consideration on a lapse-of-time basis on July 19, 2024.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

Electronic copies of IMF Policy Papers  
are available to the public from  
<http://www.imf.org/external/pp/ppindex.aspx>

**International Monetary Fund**  
**Washington, D.C.**



June 27, 2024

## RENEWAL OF AND MODIFICATIONS TO THE NEW ARRANGEMENTS TO BORROW

Approved By  
**Bernard Lauwers**  
**(FIN)** and **Rhoda**  
**Weeks-Brown**  
**(LEG)**

Prepared by the Finance and Legal Departments in consultation with the Strategy, Policy, and Review Department. The team was led by Lucy Liu, David Moore (both FIN) and Chanda DeLong (LEG), under the guidance of Zuzana Murgasova (FIN) and Bernhard Steinki (LEG); it comprised Chiara Ferrero and Andrew Swiston (both FIN) and Jonathan Swanepoel and Stephanie Fontana-Raina (both LEG). Maria Paz Recalde Canete (FIN) provided administrative assistance.

## INTRODUCTION

**1. The Fund’s decision on the New Arrangements to Borrow (the “NAB Decision”) is subject to renewals not later than 12 months before the end of each NAB period.** The NAB Decision was last renewed and modified in January 2020. The current NAB period became effective on January 1, 2021 and is set to expire on December 31, 2025. Pursuant to paragraph 19(b) of the NAB Decision, the Executive Board is to take a decision on the renewal no later than twelve months before the end of the current NAB period, i.e., by December 31, 2024. Once a decision on renewal is taken, the new NAB period would become effective on January 1, 2026. In considering a renewal of the NAB Decision, the Fund and NAB participants are to review the functioning of the NAB Decision and, in particular, the experience with the procedures for activation and the impact of the Sixteenth General Review of Quotas (Sixteenth Review) on the overall size of quotas. Modifications of the NAB Decision may also be made at the time of renewal.<sup>1</sup>

**2. This paper presents, for Executive Board approval, a proposal for the renewal of the NAB Decision for five years until end-2030, along with proposals for targeted modifications to the NAB Decision.** At the meeting of NAB participants on June 4, 2024, participants discussed and supported both the proposed renewal of the NAB Decision for another five years and the proposed modifications to the NAB Decision.

---

<sup>1</sup> See paragraph 19(a) of the NAB Decision. The Executive Board may approve renewal and modification of the NAB by a majority of the votes cast, except for a number of provisions relating to changes in amounts of credit arrangements (Paragraph 4(b)) and the right to withdraw adherence (Paragraphs 15(b) and 16) that can only be amended with the consent of all participants, including at a renewal. Subsequently, any participant may advise the Fund not less than six months before the end of the current NAB period, i.e., by June 30, 2025, that it will withdraw its adherence to the NAB Decision pursuant to Paragraph 19(b) of the decision. In the absence of such a notice, a participant shall be deemed to continue to adhere to the decision as renewed.

**3. The paper is organized as follows.** The next section reviews experience with the functioning of the NAB Decision, including the experience with the procedures for activation and the impact of the Sixteenth Review on the overall size of quotas. The subsequent section discusses the proposal to renew the NAB Decision for another five-year period and the modifications to the NAB Decision proposed by staff. The final section includes staff’s recommendation for the Executive Board for the approval of the proposed renewal and modifications, and describes relevant procedural steps applicable to NAB participants.

## REVIEW OF NAB FUNCTIONING AND IMPACT OF SIXTEENTH REVIEW

**4. The NAB has not been activated during the current NAB period.** The most recent activation of the NAB was terminated on February 25, 2016. There are no outstanding commitments (resources available but undrawn under active Fund programs) financed by NAB resources, and outstanding NAB claims and interest from the earlier activations were fully repaid by early May 2024. Since the start of the current NAB period in 2021, the Fund has maintained sufficient liquidity from quota resources, with the Fund’s main measure of liquidity—the Forward Commitment Capacity (FCC)—remaining below pre-pandemic levels but well above SDR 100 billion.<sup>2</sup> Accordingly, no proposal for NAB activation has been made during the current NAB period. Nevertheless, the NAB has continued to serve as the main backstop to quota resources, if necessary to be called upon in case of an increase in demand for Fund resources. Given that the NAB has not been activated during the current NAB period, and in light of the finding following the activations through 2016<sup>3</sup> that the procedures for activation had functioned well, staff ***does not propose any modifications to the NAB activation procedures or other aspects of the functioning of the NAB.***

**5. Since the start of the current NAB period, Greece and Ireland became NAB participants.** Greece and Ireland adhered to the NAB Decision on September 20, 2022 and March 21, 2023, respectively. This raised the number of NAB participants to 40 and brought the total size of the NAB to SDR 364.4 billion (Table 1). Staff has not received an official indication of interest from any potential new participant to join the NAB, and thus ***does not propose any additions to the current list of NAB participants.***<sup>4</sup>

<sup>2</sup> The NAB can be activated when “the Fund’s resources available for the purpose of providing financing to members from the General Resources Account need to be supplemented in order to forestall or cope with an impairment of the international monetary system” (Paragraph 5(a) of the NAB Decision). Moreover, as a practical matter, the Managing Director will not generally propose an activation of the NAB unless the Forward Commitment Capacity (FCC) excluding borrowed resources is expected to drop below SDR 100 billion.

<sup>3</sup> See [New Arrangements to Borrow \(NAB\)—Proposed Renewal of and Modifications to the NAB Decision](#).

<sup>4</sup> Under paragraph 3(b) of the NAB Decision, any Fund member (or an institution of any Fund member) may apply to become a participant at any time. Any such member or institution that wishes to become a participant must, after consultation with the Fund, give notice of its willingness to adhere to the NAB Decision, including the amount of the credit arrangement which it is willing to enter into. If the Executive Board of the Fund and participants representing

(continued)

**6. On December 15, 2023, the Board of Governors (BoG) concluded the Sixteenth Review and approved an increase of quotas by 50 percent.** BoG Resolution No. 79-1 also provides guidance on the size of the Fund’s lending capacity and the mix of resources. Specifically, it envisages maintaining the Fund’s current lending capacity through a combination of the approved increase in quota resources and reduced reliance on borrowed resources.<sup>5</sup>

**7. When the Sixteenth Review quota increases become effective, the Fund will reduce its reliance on borrowed resources through a reduction or “rollback” in the size of the NAB as well as the expiration of bilateral borrowing.** A proposed rollback of NAB credit arrangements was approved by the Executive Board on January 30, 2024 and is currently under consideration by NAB participants, whose consents are needed by November 15, 2024.<sup>6</sup> Table 1 shows the current credit arrangement amount for each participant, and the amount proposed for each participant under the rollback. The increase in quotas, together with the rollback of the NAB and the expiration of bilateral borrowing agreements (BBAs), would maintain the Fund’s lending capacity.<sup>7</sup> The general effectiveness of the quota increases under the Sixteenth Review and the NAB rollback would be synchronized overall and for each member.<sup>8</sup>

**8. The proposed renewal of the NAB is separate from, and not conditional upon, approval of the proposed NAB rollback.** The impact of the quota increases on the Fund’s lending capacity would be offset by the NAB rollback and expiration of BBAs, regardless of whether they become effective during the current or the proposed new NAB period.

## PROPOSED RENEWAL AND MODIFICATIONS

**9. Given the NAB’s important role as a standing backstop for quota resources, there is a compelling case for renewing the NAB Decision for a further five-year period through December 2030.** Amidst ongoing structural shifts in the global economy, diminished policy buffers

---

85 percent of total credit agreements agree, the new participant may adhere. Formal adherence under paragraph 3(c) of the Decision then requires the member or institution to deposit an instrument of adherence with the Fund.

<sup>5</sup> The BoG Resolution establishes two general effectiveness conditions for quota increases: (i) the receipt of written consents from members currently having not less than 85 percent of total quotas to the increases in their quotas and (ii) the receipt of the required consents from the NAB participants to allow for the effectiveness of a reduction (“rollback”) in credit arrangements under the NAB, which, along with the pending expiration of the Bilateral Borrowing Agreements (BBAs), is designed to maintain the Fund’s lending capacity.

<sup>6</sup> See [Rollback of Credit Arrangements in the New Arrangements to Borrow](#). BoG Resolution No. 79-1 sets a deadline for members to approve the quota increases by November 15, 2024, and the Executive Board set the same deadline for NAB participants to provide consents to the NAB rollback.

<sup>7</sup> The terms of the Fund’s 42 bilateral borrowing agreements (BBAs) are set to expire at end-2024. The Executive Board approved a proposal on March 25, 2024 to amend the BBAs to extend their terms, subject to BBA creditor consents, in order to allow them to serve as transitional arrangements until the quota increases under the Sixteenth Review become effective. To give effect to the proposal, staff has circulated draft amendment agreements to all 42 BBA creditors which will be executed following the creditors’ agreement to the provisions.

<sup>8</sup> Relatedly, for BBAs following amendments under the framework approved by the Executive Board: the BBAs would be closed for any new drawings when the Sixteenth Review effectiveness conditions are met, and any outstanding BBA claims would be repaid to each BBA creditor once the relevant member completes its quota payment.

and lower medium-term growth prospects, the membership continues to face elevated risks of large and potentially systemic economic and financial crises. Against this backdrop of high uncertainty and financial vulnerabilities, renewal of the NAB is a key element in providing confidence in the Fund's capacity to meet its members' potential resource needs, as an integral element of the plan to maintain the Fund's overall lending capacity. The renewal of the NAB is also consistent with the Board of Governors' Resolution on the Sixteenth Review, which envisages maintaining the Fund's lending capacity. Once the Sixteenth Review quota increases are effective, the NAB will take on additional significance in the Fund's resource mix as the sole backstop to quota resources, in view of the expiration of the BBAs. The proposed five-year renewal period for the NAB Decision is consistent with past practice and critical in assuring that supplemental resources would be available for extended periods should the need arise. Should such a proposal for renewal be approved by the Executive Board, the next NAB period would expire on December 31, 2030.

**10. Staff also proposes limited modifications to the NAB Decision.** Staff proposes a simplified procedure that would allow a member to replace its official institution, or vice versa, as a participant in the NAB. Staff also proposes technical updates to obsolete provisions in the current NAB Decision, as follows below:

- One participant, Mexico, has expressed interest in having *Banco de México* replace Mexico as participant in the NAB, as this change would better reflect Mexico's domestic institutional arrangements. The NAB Decision currently provides for two separate procedures: (i) withdrawal, either during the renewal of a NAB period in accordance with Paragraph 19(b) which requires no consent by the Fund or other participants, or during a NAB period in accordance with Paragraph 16 which requires consent of the Fund and all other participants, and (ii) adherence under Paragraph 3(b) and (c) which requires agreement of the Fund and participants representing 85 percent of total credit arrangements. These two procedures are not designed to address the specific nature of the request by Mexico, where *Banco de México* would replace and assume all rights and obligations of Mexico, including if the replacement were to occur when there are outstanding drawings under the NAB. Staff therefore proposes an amendment to the NAB Decision to add a new and simplified replacement procedure that would allow changes in NAB participation in response to Mexico's request and other similar, narrowly prescribed cases.<sup>9</sup> In particular this procedure would only apply to a request by a participating member to be replaced by an official institution of that member (typically its central bank), or a request by a participating institution to be replaced by the relevant member or another official institution of

---

<sup>9</sup> It is proposed that a new paragraph 3(d) be added to the NAB Decision, stating that: "A member that has adhered to this decision may request that it be replaced by an official institution of that member, and a member's official institution that has adhered to this decision may request that it be replaced by the member itself or by another official institution of the same member. No change in a participant's credit arrangement may be effected pursuant to this paragraph 3(d) except in accordance with paragraph 4(b). If the requested replacement is approved by the Fund, following consultations with participants, the new participant shall deposit with the Fund an instrument setting forth that it has taken all steps necessary in accordance with the law of the relevant member to step into the credit arrangement of the replaced participant and is able to carry out the terms and conditions of this decision. On the deposit of the instrument, the new participant shall replace, and assume all rights and obligations of, the prior participant as of the date of the deposit, and Annex I shall be updated accordingly."

that member. Further, the requested replacement may not affect the overall size, the relative shares/voting power, or the liquidity of the NAB. Furthermore, the replacement institution would step fully into the financial position of the incumbent, keeping its NAB credit arrangement amount unchanged, and if the NAB had been activated, drawings could be made on the replacement institution. Any replacement under this procedure would need to be approved by the Executive Board after consultation with NAB participants. If this proposal is approved by the Board, the new procedure would enter into effect at the beginning of the new NAB period (i.e., January 1, 2026). Once the new procedure is in effect, Mexico can request to be replaced as a participant by *Banco de México*, following the procedures described in footnote 11.

- In view of the conclusion of the Sixteenth Review, the reference in Paragraph 19(a) to the impact of the Sixteenth Review on the overall size of quotas, in the context of considering a renewal of the NAB decision, should be updated. Staff proposes replacing the reference in 19(a)(ii) to “the impact of the Sixteenth Review on the overall size of quotas” with a general reference to “the impact of any changes in the overall size of quotas” to eliminate the need for changes to this clause during any subsequent NAB renewals.
- Staff proposes that Paragraph 21, which refers to the relationship of the NAB with BBAs, be updated to refer to 2026–2030 instead of 2021–2025.<sup>10</sup>
- Staff proposes to delete Paragraph 23, which discusses transitional arrangements related to the 2020 NAB reform.

## CONCLUSION

**11. Staff recommends that the Executive Board approve the proposed renewal of, and modifications to, the NAB Decision.** If approved, the renewal of the NAB Decision with the modifications will take effect on January 1, 2026. Pursuant to paragraph 19(b) of the NAB Decision, any participant may advise the Fund no less than six months before the end of the period (i.e., June 30, 2025) that it will withdraw its adherence to the NAB Decision as renewed. In the absence of such notice, a participant shall be deemed to continue to adhere to the NAB Decision as renewed.

<sup>10</sup> For more information on this provision, see paragraph 13 of [Proposed Decisions to Modify the New Arrangements to Borrow and to Extend the Deadline for a Review of the Borrowing Guidelines](#).

**Table 1. Participants and Amounts of Credit Arrangements**  
(in millions of SDRs)

|                              | <b>Current</b>    | <b>Proposed 1/</b> |
|------------------------------|-------------------|--------------------|
| Australia                    | 4,440.90          | 3,717.61           |
| Austria                      | 3,636.98          | 3,044.62           |
| Banco Central de Chile       | 1,381.94          | 1,156.86           |
| Banco de Portugal            | 1,567.00          | 1,311.78           |
| Bangko Sentral ng Pilipinas  | 680.00            | 569.25             |
| Bank of Israel               | 680.00            | 569.25             |
| Belgium                      | 7,988.66          | 6,687.54           |
| Brazil                       | 8,881.82          | 7,435.23           |
| Canada                       | 7,747.42          | 6,485.59           |
| China                        | 31,720.76         | 26,554.36          |
| Cyprus                       | 680.00            | 569.25             |
| Danmarks Nationalbank        | 3,259.52          | 2,728.64           |
| Deutsche Bundesbank          | 25,780.04         | 21,581.22          |
| Finland                      | 2,267.76          | 1,898.41           |
| France                       | 18,958.32         | 15,870.56          |
| Greece                       | 1,681.20          | 1,407.38           |
| Hong Kong Monetary Authority | 680.00            | 569.25             |
| India                        | 8,881.82          | 7,435.23           |
| Ireland                      | 1,915.94          | 1,603.89           |
| Italy                        | 13,797.04         | 11,549.90          |
| Japan                        | 67,017.00         | 56,101.87          |
| Korea                        | 6,689.64          | 5,600.09           |
| Kuwait                       | 341.29            | 341.29             |
| Luxembourg                   | 986.24            | 825.61             |
| Malaysia                     | 680.00            | 569.25             |
| Mexico                       | 5,075.32          | 4,248.70           |
| National Bank of Poland      | 2,570.80          | 2,152.09           |
| Netherlands                  | 9,189.60          | 7,692.88           |
| New Zealand                  | 680.00            | 569.25             |
| Norway                       | 3,933.38          | 3,292.75           |
| Russian Federation           | 8,881.82          | 5,392.47           |
| Saudi Arabia                 | 11,305.48         | 9,464.14           |
| Singapore                    | 1,297.10          | 1,085.84           |
| South Africa                 | 680.00            | 569.25             |
| Spain                        | 6,810.28          | 5,701.08           |
| Sveriges Riksbank            | 4,511.36          | 3,776.59           |
| Swiss National Bank          | 11,081.32         | 9,276.49           |
| Thailand                     | 680.00            | 569.25             |
| United Kingdom               | 18,958.32         | 15,870.56          |
| United States                | 56,404.94         | 47,218.20          |
| <b>Total</b>                 | <b>364,401.01</b> | <b>303,063.47</b>  |

1/ See [Rollback of Credit Arrangements in the New Arrangements to Borrow](#). In line with the Board of Governors' Resolution on the Sixteenth Review, a proposed rollback of NAB credit arrangements was approved by the Executive Board on January 30, 2024, with a deadline of November 15, 2024, for NAB participants to provide consents to the rollback.

## Appendix I. Redlines over the NAB Decision

### NEW ARRANGEMENTS TO BORROW

#### *Preamble*

In order to enable the International Monetary Fund (the "Fund") to fulfill more effectively its role in the international monetary system, a number of countries with the financial capacity to support the international monetary system have agreed to provide resources to the Fund up to specified amounts in accordance with the terms and conditions of this decision. As the Fund is a quota-based institution, the credit arrangements provided for under the terms of this decision shall only be drawn upon when quota resources need to be supplemented in order to forestall or cope with an impairment of the international monetary system. In order to give effect to these intentions, the following terms and conditions are adopted under Article VII, Section 1(i) of the Fund's Articles of Agreement.

#### Paragraph 1. *Definitions*

(a) As used in this decision the term:

- (i) "amount of a credit arrangement" means the maximum amount expressed in special drawing rights that a participant undertakes to make available to the Fund under a credit arrangement;
- (ii) "Articles" means the Articles of Agreement of the Fund;
- (iii) "available commitment" means a participant's credit arrangement less any drawn and outstanding balances;
- (iv) "borrowed currency" or "currency borrowed" means currency transferred to the Fund's account under a credit arrangement;
- (v) "call" means a notice by the Fund to a participant to make a transfer under its credit arrangement to the Fund's account;
- (vi) "credit arrangement" means an undertaking to provide resources to the Fund on the terms and conditions of this decision;
- (vii) "currency actually convertible" means currency included in the Fund's financial transactions plan for transfers;



- (viii) “drawer” means a member that purchases borrowed currency from the General Resources Account of the Fund;
- (ix) “indebtedness of the Fund” means the amount the Fund is committed to repay under a credit arrangement;
- (x) “member” means a member of the Fund;
- (xi) “participant” means a participating member or a participating institution;
- (xii) “participating institution” means an official institution of a member that has entered into a credit arrangement with the Fund with the consent of the member; and
- (xiii) “participating member” means a member that has entered into a credit arrangement with the Fund.

(b) For the purposes of this decision, the Monetary Authority of Hong Kong (the “HKMA”) shall be regarded as an official institution of the member whose territories include Hong Kong, provided that:

(i) loans by the HKMA and payments by the Fund to the HKMA under this decision shall be made in the currency of the United States of America, unless the currency of another member is agreed between the Fund and the HKMA;

(ii) the references to balance of payments and reserve position in paragraphs 5(c), 6(b), 6(c), 7(a), and 11(e) shall be understood to refer to the balance of payments and reserve position of Hong Kong. The HKMA shall not be eligible to vote on a proposal for activation under paragraph 5(c), included in a resources mobilization plan under paragraph 6(b), or subject to calls under paragraph 7(a), and shall be excluded from calls in accordance with paragraph 6(c), if, at the time of voting on any such proposal, approval of any such resource mobilization plan, or making of any such call, the HKMA notifies the Fund that Hong Kong’s present and prospective balance of payments and reserve position does not allow it to meet calls under its credit arrangement; and

(iii) the HKMA shall have the right to request early repayment in accordance with paragraph 13(c) with respect to claims transferred to the HKMA if at the time of the transfer the balance of payments position of Hong Kong is, in the opinion of the Fund, sufficiently strong to justify such a right.

## Paragraph 2. *Credit Arrangements*

(a) A member or institution that adheres to this decision undertakes to provide resources to the Fund on the terms and conditions of this decision up to the amount in special drawing rights set forth in Annex I to this decision (“Annex I”), which may be amended from time to time in order to

take into account changes in credit arrangements resulting from the application of paragraphs 3(b), 4, 15(b), 16, 17, and 19(b).

(b) Except as set forth in paragraph 1(b)(i) or otherwise agreed with the Fund, resources provided to the Fund under this decision shall be made in the currency of the participant. Agreements under this paragraph for the use of the currency of another member shall be subject to the concurrence of any member whose currency shall be used.

### Paragraph 3. *Adherence*

(a) Any member or institution specified in Annex I as a new participant may adhere to this decision in accordance with paragraph 3(c).

(b) Any member or institution not specified in Annex I, may apply to become a participant at any time. Any such member or institution that wishes to become a participant shall, after consultation with the Fund, give notice of its willingness to adhere to this decision, and, if the Fund and participants representing 85 percent of total credit arrangements shall so agree, the member or institution may adhere in accordance with paragraph 3(c). When giving notice of its willingness to adhere under this paragraph 3(b), a member or institution shall specify the amount, expressed in special drawing rights, of the credit arrangement which it is willing to enter into, provided that the amount shall not be less than the credit arrangement of the participant with the smallest credit arrangement. The admission of a new participant shall lead to a proportional reduction in the credit arrangements of all existing participants whose credit arrangements are above that of the participant with the smallest credit arrangement: such proportional reduction in the credit arrangements of participants shall be in an aggregate amount equal to the amount of the new participant's credit arrangement less any increase in total credit arrangements decided in accordance with paragraph 4(a), provided that no participant's credit arrangement shall be reduced below the minimum amount set out in Annex I.

(c) A member or institution shall adhere to this decision by depositing with the Fund an instrument setting forth that it has adhered in accordance with its law and has taken all steps necessary to enable it to carry out the terms and conditions of this decision. On the deposit of the instrument the member or institution shall be a participant as of the date of the deposit.

(d) A member that has adhered to this decision may request that it be replaced by an official institution of that member, and a member's official institution that has adhered to this decision may request that it be replaced by the member itself or by another official institution of the same member. No change in a participant's credit arrangement may be effected pursuant to this paragraph 3(d) except in accordance with paragraph 4(b). If the requested replacement is approved by the Fund, following consultations with participants, the new participant shall deposit with the Fund an instrument setting forth that it has taken all steps necessary in accordance with the law of the relevant member to step into the credit arrangement of the replaced participant and is able to carry out the terms and conditions of this decision. On the deposit of the instrument, the new

participant shall replace, and assume all rights and obligations of, the replaced participant as of the date of the deposit, and Annex I shall be updated accordingly.

#### Paragraph 4. *Changes in Amounts of Credit Arrangements*

(a) When a member or institution is authorized under paragraph 3(b) to adhere to this decision, the total amount of credit arrangements may be increased by the Fund with the agreement of participants representing 85 percent of total credit arrangements; the increase shall not exceed the amount of the new participant's credit arrangement.

(b) The amounts of participants' individual credit arrangements may be reviewed from time to time in the light of developing circumstances and changed with the agreement of the Fund and of participants representing 85 percent of total credit arrangements, including each participant whose credit arrangement is changed. This provision may be amended only with the consent of all participants.

#### Paragraph 5. *Activation Period*

(a) When the Managing Director considers that the Fund's resources available for the purpose of providing financing to members from the General Resources Account need to be supplemented in order to forestall or cope with an impairment of the international monetary system, and after consultations with Executive Directors and participants, the Managing Director may make a proposal for the establishment of an activation period during which the Fund may (i) make commitments under Fund arrangements for which it may make calls on participants under their credit arrangements, and (ii) fund outright purchases by making calls on participants under their credit arrangements; provided that an activation period shall not exceed 6 months, and provided further that the amount covered by calls to fund such commitments under arrangements and outright purchases shall not exceed the maximum amount specified in the proposal. The proposal for the establishment of an activation period shall include information on (i) the overall size of possible Fund arrangements on which discussions are advanced, (ii) the balance between arrangements that are expected to be drawn upon and arrangements that are expected to be precautionary, (iii) additional financing needs that, in the opinion of the Managing Director, may arise during the proposed activation period, and (iv) the mix of quota and NAB resources for purchases from the General Resources Account in the period following the approval of an activation period. The information will be updated quarterly during an activation period.

(b) If there is not unanimity among the participants, the question whether the participants are prepared to accept the Managing Director's proposal for the establishment of an activation period in accordance with paragraph 5(a) will be decided by a poll of the participants. A favorable decision shall require an 85 percent majority of total credit arrangements of participants eligible to vote. The decision shall be notified to the Fund.

(c) A participant shall not be eligible to vote if, based on its present and prospective balance of payments and reserve position, the member is not included in the financial transactions plan for transfers of its currency at the time of the decision on a proposal for an activation period.

(d) An activation period shall become effective only if it is accepted by participants pursuant to paragraph 5(b) and is then approved by the Executive Board.

#### Paragraph 6. *Resource Mobilization Plans and Calls*

(a) To fund outright purchases during an activation period and commitments under arrangements approved during an activation period, calls under individual credit arrangements of participants may be made on the basis of resource mobilization plans approved by the Executive Board in conjunction with the financial transactions plan for the General Resources Account, normally on a quarterly basis for periods where the New Arrangements to Borrow is activated and for periods up to six months where the New Arrangements to Borrow is not activated. Such resource mobilization plans shall specify for each participant the maximum amount for which calls may be made during the applicable period. The Executive Board may at any time amend such a plan to change the maximum amounts and period for calls. With respect to the allocation of the maximum amounts among participants, the resource mobilization plan shall normally establish an allocation that would result in the available commitments of participants being of equal proportion relative to their credit arrangements.

(b) A participant shall not be included in the resource mobilization plan when, based on its present and prospective balance of payments and reserve position, the member 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.

(c) Calls during the period of a resource mobilization plan shall be made on participants by the Managing Director with due regard to the objective specified in paragraph 6(a) of achieving available commitments of participants that are of equal proportion relative to their credit arrangements. No call shall be made on a participant that has been included in the resource mobilization plan if, at the time of such call, the member's currency is not being used in transfers under the financial transactions plan because of the member's balance of payments and reserve position.

(d) When the Fund makes a call pursuant to this paragraph 6, the participant shall promptly make the transfer in accordance with the call.

#### Paragraph 7. *Procedures for Special Calls*

(a) Calls pursuant to paragraph 11(e) may be made at any time with due regard to the objective specified in paragraph 6(a) of achieving available commitments of participants that are of equal proportion relative to their credit arrangements, provided that no such call shall be made on a

participant, when, based on its present and prospective balance of payments and reserve position, the member 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 or, if the member has been included in the financial transactions plan, when, at the time of such call, the member's currency is not being used in transfers under such plan because of the member's balance of payments and reserve position. Calls under this paragraph 7(a) shall not be subject to the procedures set forth in either paragraph 5 or paragraph 6.

(b) Calls pursuant to paragraph 23 may be made at any time; they shall not be subject to the procedures set forth in either paragraph 5 or paragraph 6.

(c) When the Fund makes a call pursuant to this paragraph 7, the participant shall promptly make the transfer in accordance with the call.

#### Paragraph 8. *Nature and Evidence of Indebtedness*

(a) A participant's claim on the Fund arising from calls under this decision shall be in the form of a loan to the Fund; provided that, at the request of a participant, the Fund shall issue to the participant and the participant shall purchase, for up to the amount of any call on that participant, one or more promissory notes (each a "Note" or together the "Notes") that have the same substantive terms as loans extended under this decision and are subject to the General Terms and Conditions for NAB Notes set forth in Annex II to this decision (the "GTC"). The GTC may be amended by a decision of the Fund with the agreement of participants representing 85 percent of total credit arrangements, provided that any amendment of the GTC shall be consistent with the terms of this decision. The amended GTC shall apply upon effectiveness to all outstanding Notes issued under this decision.

(b) In cases where a participant's claim on the Fund is in the form of a loan, the Fund shall issue to the participant, at its request, instruments evidencing the Fund's indebtedness. The form of the instruments shall be agreed between the Fund and the participant. Upon repayment of the amount of any such instrument and all accrued interest, the instrument shall be returned to the Fund for cancellation. If less than the amount of any such instrument is repaid, the instrument shall be returned to the Fund and a new instrument for the remainder of the amount shall be substituted with the same maturity date as in the old instrument.

(c) In cases where a participant's claim on the Fund is in the form of Notes, such Notes shall be issued in book entry form. Upon the request of a participant, the Fund shall issue a registered Note substantially in the form as set out in the Appendix to the GTC. Upon repayment of any Note and all accrued interest, the Note shall be returned to the Fund for cancellation. If less than the amount of any such Note is repaid, the Note shall be returned to the Fund and a new Note for the remainder of the amount shall be substituted with the same maturity date as in the old Note.

Paragraph 9. *Interest*

(a) The Fund shall pay interest on its indebtedness under this decision at a rate equal to the combined market interest rate computed by the Fund from time to time for the purpose of determining the rate at which it pays interest on holdings of special drawing rights or any such higher rate as may be agreed between the Fund and participants representing 85 percent of the total credit arrangements.

(b) Interest shall accrue daily and shall be paid as soon as possible after each July 31, October 31, January 31, and April 30.

(c) Interest due to a participant shall be paid, as determined by the Fund in consultation with the participant, in special drawing rights, in the participant's currency, in the currency borrowed, in freely usable currencies, or, with the agreement of the participant, in other currencies that are actually convertible.

Paragraph 10. *Use of Borrowed Currency*

The Fund's policies and practices under Article V, Sections 3 and 7 of the Articles on the use of its general resources, including those relating to the period of use, shall apply to purchases of currency borrowed by the Fund. Nothing in this decision shall affect the authority of the Fund with respect to requests for the use of its resources by individual members, and access to these resources by members shall be determined by the Fund's policies and practices, and shall not depend on whether the Fund can borrow under this decision.

Paragraph 11. *Repayment by the Fund*

(a) Subject to the other provisions of this paragraph 11, the Fund, ten years after a transfer by a participant in response to a call under this decision, shall repay the participant an amount equivalent to the transfer calculated in accordance with paragraph 12. If a drawer for whose purchase resources were made available under this decision repurchases on a date earlier than ten years after its purchase, the Fund shall repay participants an equivalent amount during the quarterly period in which the repurchase is made in accordance with paragraph 11(d). Repayment under this paragraph 11(a) or under paragraph 11(c) shall be, as determined by the Fund, in the currency borrowed whenever feasible, in the currency of the participant, in special drawing rights in an amount that does not increase the participant's holdings of special drawing rights above the limit under Article XIX, Section 4 of the Articles unless the participant agrees to accept special drawing rights above that limit in such repayment, in freely usable currencies, or, with the agreement of the participant, in other currencies that are actually convertible.

(b) Before the date prescribed in paragraph 11(a), the Fund, after consultation with participants, may make repayment in part or in full to one or several participants in accordance with paragraph 11(d). The Fund shall have the option to make repayment under this paragraph 11(b) in the

participant's currency, in the currency borrowed, in special drawing rights in an amount that does not increase the participant's holdings of special drawing rights above the limit under Article XIX, Section 4 of the Articles unless the participant agrees to accept special drawing rights above that limit in such repayment, in freely usable currencies, or, with the agreement of the participant, in other currencies that are actually convertible.

(c) Whenever a reduction in the Fund's holdings of a drawer's currency is attributed to a purchase of currency borrowed under this decision, the Fund shall promptly repay an equivalent amount to participants. If the Fund has used resources under this decision to finance a reserve tranche purchase by a drawer and the Fund's holdings of the drawer's currency that are not subject to repurchase are reduced as a result of net sales of that currency during a quarterly period, the Fund shall repay at the beginning of the next quarterly period an amount equivalent to that reduction to participants, up to the amount of the reserve tranche purchase. Payments under this paragraph 11(c) shall be allocated among participants in accordance with paragraph 11(d).

(d) Repayments under paragraphs 11(a), second sentence, 11(b), and 11(c) shall be allocated among participants with due regard to the objective specified in paragraph 6(a) of achieving available commitments of participants that are of equal proportion relative to their credit arrangements. For each participant, repayments shall be applied first to the longest outstanding claim under its credit arrangement. If repayment is to be made in accordance with this paragraph 11(d) on a claim that has been transferred, the repayment shall be made to the transferee of such claim.

(e) Before the date prescribed in paragraph 11(a), a participant may give notice representing that there is a balance of payments need for repayment of part or all of the Fund's indebtedness and requesting such repayment. The participant seeking such repayment shall consult with the Managing Director and with the other participants before giving notice. The Fund shall give the overwhelming benefit of any doubt to the participant's representation. Repayment shall be made promptly after consultation with the participant in freely usable currencies or in special drawing rights, as determined by the Fund, or, with the agreement of the participant, in the currencies of other members that are actually convertible. If the Fund's holdings of currencies in which repayment should be made are not wholly adequate, the Managing Director shall make calls on individual participants to provide the necessary balances under their credit arrangements subject to the limit of their available commitments. At the time of such call, and if so requested by the participant seeking early repayment, (i) a participant providing balances under its credit arrangement that are not balances of a freely usable currency shall ensure that such balances can be exchanged for a freely usable currency of its choice, and (ii) a participant providing balances under its credit arrangement that are balances of a freely usable currency, shall collaborate with the Fund and other members to enable such balances to be exchanged for another freely usable currency.

(f) When a repayment is made on a claim arising from a call under this decision, the amount that can be called for under the credit arrangement of the participant under which the claim arose as a result of a call under this decision shall be restored *pro tanto*.

(g) Unless otherwise agreed between the Fund and a participating institution, the Fund shall be deemed to have discharged its obligations to a participating institution to make repayment in accordance with the provisions of this paragraph 11 or to pay interest in accordance with the provisions of paragraph 9 if the Fund transfers an equivalent amount in special drawing rights to the member in which the participating institution is established.

Paragraph 12. *Rates of Exchange*

(a) The value of any transfer shall be calculated as of the date of the dispatch of the instructions for the transfer. The calculation shall be made in terms of the special drawing right in accordance with Article XIX, Section 7(a) of the Articles, and the Fund shall be obliged to repay an equivalent value.

(b) For all of the purposes of this decision, the value of a currency in terms of the special drawing right shall be calculated by the Fund in accordance with Rule O-2 of the Fund's Rules and Regulations.

Paragraph 13. *Transferability*

(a) No participant or non-participant holder may transfer all or any part of its claim to repayment under a credit arrangement except (i) in accordance with this paragraph 13 or (ii) with the prior consent of the Fund and on such terms and conditions as the Fund may approve.

(b) All or part of any claim to repayment under a credit arrangement may be transferred at any time to a participant or to a non-participant that is either (i) a member of the Fund, (ii) the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Articles ("other fiscal agency"), or (iii) an official entity that has been prescribed as a holder of special drawing rights pursuant to Article XVII, Section 3 of the Articles.

(c) As from the value date of the transfer, the transferred claim shall be held by the transferee on the same terms and conditions as claims originating under its credit arrangement (in the case of transferees that are participants) or as the claim was held by the transferor (in the case of transferees that are non-participants), except that (i) the transferee shall have the right to request early repayment of the transferred claim on balance of payments grounds pursuant to paragraph 11(e) only if the transferee is a member, or an institution of a member, whose balance of payments and reserve position, at the time of the transfer, is considered sufficiently strong for its currency to be usable in transfers under the Fund's financial transactions plan; (ii) if the transferee is a non-participant, references to the participant's currency shall be deemed to refer (A) if the transferee is a member, to the transferee's currency, (B) if the transferee is an institution of a member, to the currency of that member, and (C) in other cases, to a freely usable currency as determined by the Fund; and (iii) claims transferred in accordance with this paragraph 13 shall be considered drawn balances of the first transferor participant for purposes of determining the available commitment



under its credit arrangement, and claims obtained by a participant under a transfer shall not be considered drawn balances of the transferee for purposes of determining the available commitment under its credit arrangement.

(d) The price for the claim transferred shall be as agreed between the transferee and the transferor.

(e) The transferor of a claim shall inform the Fund promptly of the claim that is being transferred, the name of the transferee, the amount of the claim that is being transferred, the agreed price for transfer of the claim, and the value date of the transfer.

(f) The transfer shall be registered by the Fund and the transferee shall become the holder of the claim if the transfer is in accordance with the terms and conditions of this decision. Subject to the foregoing, the transfer shall be effective as of the value date agreed between the transferee and the transferor.

(g) Notice to or by a transferee that is a non-participant shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency designated by the transferee in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund if the transferee is a member, or to or by the transferee directly if the transferee is not a member.

(h) If all or part of a claim is transferred during a quarterly period as described in paragraph 9(b), the Fund shall pay interest to the transferee on the amount of the claim transferred for the whole of that period.

(i) Unless otherwise agreed between the Fund and a transferee that is either a participating institution or the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Articles, the Fund shall be deemed to have discharged its obligations to make repayment to such transferee in special drawing rights in accordance with paragraph 11 or to pay interest in special drawing rights in accordance with paragraph 9 if the Fund transfers an equivalent amount in special drawing rights to the account of the member in which the institution is established.

(j) If requested, the Fund shall assist in seeking to arrange transfers.

(k) The transferee of a claim may request at the time of transfer that a claim in the form of a loan be exchanged by the Fund for a Note on the same substantive terms subject to the GTC, or that a claim in the form of a Note be exchanged for a loan claim on the same substantive terms.

(l) Derivative transactions in respect of any claim under this decision, and transfer of participation interests in any claim, are prohibited.

Paragraph 14. *Notices*

Notice to or by a participating member under this decision shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency of the participating member designated in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund. Notice to or by a participating institution shall be in writing or by rapid means of communication and shall be given to or by the participating institution.

Paragraph 15. *Amendment*

(a) Except as provided in paragraphs 4(b), 15(b), and 16, this decision may be amended during the period prescribed in paragraph 19(a) and any subsequent renewal periods that may be decided pursuant to paragraph 19(b) only by a decision of the Fund and with the concurrence of participants representing 85 percent of total credit arrangements. Such concurrence shall not be necessary for the modification of the decision on its renewal pursuant to paragraph 19(b).

(b) If in its view an amendment materially affects the interest of a participant that voted against the amendment, the participant shall have the right to withdraw its adherence to this decision by giving notice to the Fund and the other participants within 90 days from the date the amendment was adopted. This provision may be amended only with the consent of all participants.

Paragraph 16. *Withdrawal of Adherence*

Without prejudice to paragraph 15(b), a participant may withdraw its adherence to this decision in accordance with paragraph 19(b) but may not withdraw within the period prescribed in paragraph 19(a) except with the agreement of the Fund and all participants. This provision may be amended only with the consent of all participants.

Paragraph 17. *Withdrawal from Membership*

If a participating member or a member whose institution is a participant withdraws from membership in the Fund, the participant's credit arrangement shall cease at the same time as the withdrawal takes effect. The Fund's indebtedness under the relevant credit arrangement shall be treated as an amount due from the Fund for the purpose of Article XXVI, Section 3 and Schedule J of the Articles.

Paragraph 18. *Suspension of Exchange Transactions and Liquidation*

(a) The right of the Fund to make calls under paragraphs 6, 11(e), and 23 and the obligation to make repayments under paragraph 11 shall be suspended during any suspension of exchange transactions under Article XXVII of the Articles.

(b) In the event of liquidation of the Fund, credit arrangements shall cease and the Fund's indebtedness shall constitute liabilities under Schedule K of the Articles. For the purpose of paragraph 1(a) of Schedule K, the currency in which the liability of the Fund shall be payable shall be first the currency borrowed, then the participant's currency and finally the currency of the drawer for whose purchases transfers were made by the participants in connection with calls under paragraph 6.

Paragraph 19. *Period and Renewal*

(a) This decision shall continue in existence until December 31, ~~2025~~ 2030. When considering a renewal of this decision for any period following the period referred to in this paragraph 19(a), the Fund and the participants shall review the functioning of this decision and, in particular, (i) the experience with the procedures for activation and (ii) the impact of ~~the Sixteenth General Review of Quotas on any change in~~ the overall size of quotas, and shall consult on any possible modifications.

(b) This decision may be renewed for such period or periods and with such modifications, subject to paragraphs 4(b), 15(b), and 16, as the Fund may decide. The Fund shall adopt a decision on renewal and modification, if any, not later than twelve months before the end of the period prescribed in paragraph 19(a). Any participant may advise the Fund not less than six months before the end of the period prescribed in paragraph 19(a) that it will withdraw its adherence to the decision as renewed. In the absence of such notice, a participant shall be deemed to continue to adhere to the decision as renewed. Withdrawal of adherence in accordance with this paragraph 19(b) by a participant shall not preclude its subsequent adherence in accordance with paragraph 3(b).

(c) If this decision is terminated or not renewed, paragraphs 8 through 14, 17 and 18(b) shall nevertheless continue to apply in connection with any indebtedness of the Fund under credit arrangements in existence at the date of the termination or expiration of the decision until repayment is completed. If a participant withdraws its adherence to this decision in accordance with paragraph 15(b), paragraph 16, or paragraph 19(b), it shall cease to be a participant under the decision, but paragraphs 8 through 14, 17, and 18(b) of the decision as of the date of the withdrawal shall nevertheless continue to apply to any indebtedness of the Fund under such former credit arrangement until repayment has been completed.

Paragraph 20. *Interpretation*

Any question of interpretation raised in connection with this decision (including the GTC) which does not fall within the purview of Article XXIX of the Articles shall be settled to the mutual satisfaction of the Fund, the participant or transferee of a claim raising the question, and all other participants. For the purpose of this paragraph 20 participants shall be deemed to include those former participants to which paragraphs 8 through 14, 17, and 18(b) continue to apply pursuant to paragraph 19(c) to the extent that any such former participant is affected by a question of interpretation that is raised.

Paragraph 21. *Relationship with Bilateral Borrowing Agreements*

(a) Bilateral borrowing agreements in effect from January 1, ~~2021~~ 2026 through December 31, ~~2025~~ 2030 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 New Arrangements to Borrow (the “modified FCC”), is below SDR 100 billion (the “activation threshold”); provided, however, that the Managing Director shall not provide such notification unless the New Arrangements to Borrow are activated as of the time of the notification, or there are no available uncommitted resources under the New Arrangements to Borrow as of that time.

(b) With a view to ensuring the adequacy of Fund resources, paragraph 21(a) of this decision shall not 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. Paragraph 21(a) of this decision shall also not prevent the activation of bilateral borrowing agreements in effect from January 1, ~~2021~~ 2026 through December 31, ~~2025~~ 2030 if, in a poll of the participants, participants representing 85 percent of total credit arrangements agree that bilateral borrowing can be activated without the requirements of paragraph 21(a) being met.

Paragraph 22. *Other Borrowing Arrangements*

Nothing in this decision shall preclude the Fund from entering into any other types of borrowing arrangements.

~~Paragraph 23. *Transitional Arrangements for Amendments Adopted Pursuant to Decision No. 16645-(20/5), adopted January 16, 2020*~~

~~At the request of a participant that holds claims, either in the form of loans or notes, on the Fund under bilateral borrowing agreements entered into by the Fund prior to the effectiveness of the amendments to this decision set forth in Decision No. 16645-(20/5), adopted January 16, 2020, and that are related to an activation of such agreements prior to that date, the Managing Director shall make calls under the credit arrangement of such a participant to fund the repayment of such claims. Similarly, at the request of the relevant participant, calls shall be made on a participant that is a participating institution for the repayment of such claims held by the member of which it is an official institution or by the central bank or other fiscal agency designated by the member, or on a participant that is a member for the repayment of such claims held by the central bank or other fiscal agency designated by the member. Notwithstanding paragraph 11(a), the maturity date of claims under credit arrangements arising from such calls shall be the maturity date of the bilateral borrowing agreement claim for whose repayment the call was made.~~

## Annex I. Participants and Amounts of Credit Arrangements (in millions of SDRs)

| <b>Participants and Amounts of Credit Arrangements</b><br>(in Millions of SDRs) <sup>1</sup> |                            |
|--|----------------------------|
| <b>Current Participants</b>  | <b>Amounts<sup>2</sup></b> |
| Australia  | 4,440.90                   |
| Austria  | 3,636.98                   |
| Banco Central de Chile   | 1,381.94                   |
| Banco de Portugal  | 1,567.00                   |
| Bangko Sentral ng Pilipinas  | 680.00                     |
| Bank of Israel   | 680.00                     |
| Belgium  | 7,988.66                   |
| Brazil   | 8,881.82                   |
| Canada   | 7,747.42                   |
| China  | 31,720.76                  |
| Cyprus   | 680.00                     |
| Danmarks Nationalbank  | 3,259.52                   |
| Deutsche Bundesbank  | 25,780.04                  |
| Finland  | 2,267.76                   |
| France   | 18,958.32                  |
| Greece   | 1,681.20                   |
| Hong Kong Monetary Authority   | 680.00                     |
| India  | 8,881.82                   |
| Ireland  | 1,915.94                   |
| Italy  | 13,797.04                  |
| Japan  | 67,017.00                  |
| Korea  | 6,689.64                   |
| Kuwait   | 341.29                     |
| Luxembourg   | 986.24                     |
| Malaysia   | 680.00                     |
| Mexico   | 5,075.32                   |
| National Bank of Poland  | 2,570.80                   |
| Netherlands  | 9,189.60                   |
| New Zealand  | 680.00                     |
| Norway   | 3,933.38                   |
| Russian Federation   | 8,881.82                   |
| Saudi Arabia   | 11,305.48                  |
| Singapore  | 1,297.10                   |
| South Africa   | 680.00                     |
| Spain  | 6,810.28                   |
| Sveriges Riksbank  | 4,511.36                   |
| Swiss National Bank  | 11,081.32                  |
| Thailand   | 680.00                     |
| United Kingdom   | 18,958.32                  |
| United States  | 56,404.94                  |
| <b>Total</b>   | <b>364,401.01</b>          |

1/ Current credit arrangements are subject to a minimum of SDR 341.29 million.

2/ Changes in credit arrangement amounts were approved by the Executive Board pursuant to Decision No. 17665-(24/11), adopted January 30, 2024; however, credit arrangement amounts will not change unless the conditions for effectiveness set forth in Decision No. 17665-(24/11), are met.

## **Annex II. General Terms and Conditions for Notes Issued by the International Monetary Fund under the New Arrangements to Borrow (the “NAB”)**

These are the General Terms and Conditions for the promissory notes (the “Notes”) issued by the International Monetary Fund (the “Fund”) in accordance with paragraphs 8 and 13(k) of Executive Board Decision No. 11428-(97/6), January 27, 1997, on the New Arrangements to Borrow (the “NAB Decision”), as amended. Terms that are not otherwise defined in these General Terms and Conditions shall have the meaning ascribed to them in the NAB Decision.

### *Paragraph 1. Issuance of Notes to Participants and Other Holders.*

(a) At the request of a participant pursuant to paragraph 8(a) of the NAB Decision the Fund will issue to the participant, and the participant shall purchase, Notes in the amount requested, up to the amount of the Fund’s call on the participant under its credit arrangement. At the request of the transferee of a loan claim, the Fund will issue Notes to the transferee in exchange for the loan claim pursuant to paragraph 13(k) of the NAB Decision.

(b) Notes shall be denominated in the special drawing right.

### *Paragraph 2. Form, Delivery and Custody of Notes.*

(a) Notes will be issued in book entry form. The Fund will establish and maintain in its records a book entry account in the name of each holder recording pertinent details of all Notes issued, including the number, issue date, principal amount, and maturity date. As of the value date of each purchase, or of each exchange or transfer of a Note in accordance with paragraph 13 of the NAB Decision, 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, and the person so listed with respect to such Note shall be the holder thereof for all purposes.

(b) Upon the request of a holder, the Fund will issue to the holder a registered Note substantially in the form set out in the Appendix to these General Terms and Conditions, 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 or the value date of the loan claim for which it was exchanged pursuant to paragraph 13(k) of the NAB Decision and shall be issued in the name of the relevant holder. Unless otherwise agreed between a holder and the Fund, the Fund will keep such registered Notes in custody for the holder, and acceptance of custody by the Fund shall constitute delivery of such registered Notes to the holder.

Paragraph 3. *Interest.*

(a) The Fund shall pay interest on Notes at a rate equal to the combined market interest rate computed by the Fund from time to time for the purpose of determining the rate at which it pays interest on holdings of special drawing rights or any such higher rate as may be agreed between the Fund and participants representing 85 percent of the total credit arrangements under the NAB Decision.

(b) Interest shall accrue daily and shall be paid as soon as possible after each July 31, October 31, January 31, and April 30.

(c) Interest due to a holder shall be paid, as determined by the Fund in consultation with the holder, in special drawing rights, in the holder's currency if the holder is a member, in the currency borrowed, in freely usable currencies, or, with the agreement of the holder, in other currencies that are actually convertible.

Paragraph 4. *Maturity; Repayment by the Fund.*

(a) Notes shall have a maturity of ten years, provided that a Note issued pursuant to paragraph 13(k) of the NAB Decision shall have the maturity of the loan claim for which it was exchanged. Repayment of the Note principal to a holder is made in accordance with paragraph 11 of the NAB Decision.

(b) Unless otherwise agreed between the Fund and a holder that is either a participating institution or the central bank or other fiscal agency designated by a member for purposes of Article V, Section 1 of the Articles, the Fund shall be deemed to have discharged its obligations to such holder to make repayment in special drawing rights in accordance with paragraph 11 of the NAB Decision or to pay interest in special drawing rights in accordance with paragraph 3 of these General Terms and Conditions, if the Fund transfers an equivalent amount in special drawing rights to the account of the member in which the institution is established.

(c) The Fund will cancel a Note (i) upon payment of the principal amount of the Note and all accrued interest, (ii) if a Note is transferred in accordance with paragraph 6 of these General Terms and Conditions, or (iii) if a Note is exchanged for a loan claim in accordance with paragraph 13(k) of the NAB Decision. 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.

(d) Any registered Note to be cancelled by the Fund that is not already in the custody of the Fund shall be surrendered by the holder to the Fund for cancellation.

Paragraph 5. *Rates of Exchange.*

(a) For all of the purposes of these General Terms and Conditions, the value of a currency in terms of the special drawing right shall be calculated by the Fund in accordance with Rule O-2 of the Fund's Rules and Regulations.

Paragraph 6. *Transferability of Notes.*

(a) A holder may not transfer all or any part of its Notes except (i) in accordance with this paragraph 6 or (ii) with the prior consent of the Fund and on such terms and conditions as the Fund may approve. Any other purported transfer by a participant or other holder shall be of no force or effect.

(b) All or part of any Note may be transferred at any time to a participant or to a non-participant that is either (i) a member of the Fund, (ii) the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Articles ("other fiscal agency"), or (iii) an official entity that has been prescribed as a holder of special drawing rights pursuant to Article XVII, Section 3 of the Articles.

(c) As from the value date of the transfer, the Note shall be held by the transferee on the same terms and conditions as Notes originating under its credit arrangement (in the case of transferees that are participants in the NAB), or as the Note was held by the transferor (in the case of transferees that are non-participants in the NAB), except that (i) the transferee shall have the right to request early repayment of the transferred Note on balance of payments grounds pursuant to paragraph 11(e) of the NAB Decision only if the transferee is a member, or the institution of a member, whose balance of payment and reserve position, at the time of the transfer, is considered sufficiently strong for its currency to be usable in transfers under the Fund's financial transactions plan, or, in the case of the HKMA, the balance of payments position of Hong Kong at the time of the transfer is, in the opinion of the Fund, sufficiently strong to justify such a right; (ii) if the transferee is a non-participant, references in paragraph 11 of the NAB Decision to the participant's currency shall be deemed to refer (A) if the transferee is a member, to the transferee's currency, (B) if the transferee is an institution of a member, to the currency of that member, and (C) in other cases, to a freely usable currency as determined by the Fund; and (iii) Notes transferred in accordance with this paragraph 6 shall be considered drawn balances of the first transferor participant for purposes of determining the available commitment under its credit arrangement, and Notes obtained by a transferee participant shall not be considered drawn balances of such participant for purposes of determining the available commitment under its credit arrangement.

(d) The price for the Note transferred shall be as agreed between the transferee and the transferor.



(e) The transferor of a Note shall inform the Fund promptly of the Note that is being transferred, the name of the transferee, the amount of the Note that is being transferred, the agreed price for transfer of the Note, and the value date of the transfer.

(f) The transfer shall be registered by the Fund and the transferee shall become the holder of the Note only if such transfer is in accordance with the terms and conditions of the NAB Decision and these General Terms and Conditions. Subject to the foregoing, upon registration, the transfer shall be effective as of the value date agreed between the transferee and the transferor.

(g) The transferee of a Note may request at the time of transfer that the Note be exchanged by the Fund for a loan claim pursuant to paragraph 13(k) of the NAB Decision to be held by the transferee on the same substantive terms as the transferred Note.

(h) Notice to or by a transferee that is a non-participant shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency designated by the transferee in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund if the transferee is a member, or to or by the transferee itself if the transferee is not a member.

(i) If all or part of a Note is transferred during a quarterly period as described in paragraph 3(b) of these General Terms and Conditions, the Fund shall pay interest to the transferee holder on the relevant interest payment date on the amount of the Note transferred for the whole of that period.

(j) If requested, the Fund shall assist in seeking to arrange transfers.

(k) 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 Note 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. The form and delivery of each new Note will be as specified in paragraph 2 of these General Terms and Conditions.

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

#### Paragraph 7. *Notices*

Notice to or by a holder who is a participating member shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency of the participating member designated in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and

Regulations of the Fund. Notice to or by a holder who is a participating institution shall be in writing or by rapid means of communication and shall be given to or by the participating institution.

Paragraph 8. *Interpretation.*

Any question of interpretation raised in connection with any Note which does not fall within the purview of Article XXIX of the Articles shall be settled to the mutual satisfaction of the Fund, the holder raising the question, and all participants in the NAB. For the purpose of this paragraph 8, holder shall be deemed to include those former participants in the NAB to which paragraphs 8 through 14, 17 and 18(b) of the NAB Decision continue to apply pursuant to paragraph 19(c) of the NAB Decision to the extent that any such former participant is affected by a question of interpretation that is raised.

Paragraph 9. *NAB Decision and Changes in the GTC*

Notes subject to these General Terms and Conditions, and any claims thereunder or with respect thereto, are subject to the terms and conditions of the NAB Decision as in effect from time to time. Any amendments to these General Terms and Conditions adopted in accordance with paragraph 8(a) of the NAB Decision shall apply to all outstanding Notes issued under the NAB Decision.

## Annex II. Appendix

### Form of Registered NAB Note

Number \_\_\_\_\_

SDR \_\_\_\_\_

INTERNATIONAL MONETARY FUND

REGISTERED NAB NOTE

Issue Date: \_\_\_\_\_

Maturity Date:

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 issued in accordance with the New Arrangements to Borrow (the "NAB") and the General Terms and Conditions for Notes Issued by the International Monetary Fund under the New Arrangements to Borrow (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 NAB, as they may be amended in accordance with the NAB Decision, including without limitation the maturity date, 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, (II) THE CENTRAL BANK OR OTHER 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) AN ENTITY IN RESPECT OF WHICH THE FUND HAS CONSENTED IN WRITING TO THE TRANSFER PURSUANT TO PARAGRAPH 6(A) OF THE GENERAL TERMS AND CONDITIONS.

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

The Fund shall pay interest on this Note at a rate equal to the combined market interest rate computed by the Fund from time to time for the purpose of determining the rate at which it pays

interest on holdings of special drawing rights or any such higher rate as may be agreed between the Fund and participants representing 85 percent of the total credit arrangements under the NAB. Interest shall accrue daily and shall be paid as soon as possible after each July 31, October 31, January 31, and April 30. Interest due to a holder shall be paid, as determined by the Fund in consultation with the holder, in special drawing rights, in the holder's currency if the holder is a member, in the currency borrowed, or in other currencies that are actually convertible.

[Signatures]