

# **Web Document 13.B: Approval of Off-Market Gold Transactions**

**Resolution of the Board of Governors  
Resolution No. 54-10  
Off-Market Transactions in Gold by the Fund  
Adopted by the Board of Governors, effective September 30, 1999**

WHEREAS the Executive Board is considering off-market transactions in gold consisting of sales of up to 14 million ounces of fine gold on the basis of prices in the market to cooperating members with repurchase obligations to the Fund falling due, and acceptance of the same amount of gold from those members in payments of their repurchase obligations falling due to the Fund; and

WHEREAS these off-market transactions will enable the Fund to place an amount of the sales proceeds equivalent to SDR 35 per ounce of fine gold in the General Resources Account and the balance in the Special Disbursement Account for investments for the benefit of the ESAF-HIPC Trust; and

WHEREAS the Interim Committee has requested the endorsement by the Board of Governors of this approach as a one-time operation of a highly exceptional nature,

NOW, THEREFORE, the Board of Governors hereby RESOLVES that:

The off-market transactions of up to 14 million ounces of fine gold by the Fund that are envisaged will be a one-time operation of a highly exceptional nature that is part of a broader financing package to allow the Fund to contribute to the resolution of the debt problems of the Heavily Indebted Poor Countries at the turn of the millennium and to the continuation of concessional operations to support countries' efforts to achieve sustained growth and poverty reduction.

**Executive Board Decision  
Off-Market Gold Sales, Acceptance of Gold in Payment of Repurchase Obligations, and Use of Proceeds of Gold Sales Placed in Special Disbursement Account  
Decision No. 12063-(99/130), adopted December 8, 1999**

1. The Fund stands ready to sell gold held by it on August 31, 1975, to generate an amount equivalent to SDR 2.226 billion for the Special Disbursement Account ("gold profits"), but not to exceed 14 million troy ounces of fine gold, to members willing to buy such gold and that meet the following conditions: (i) have repurchase obligations falling due to the Fund, (ii) represent that they will not sell the gold so acquired in the

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market, and (iii) represent that they intend to use the gold so purchased to make payments in gold to the Fund in connection with a repurchase obligation falling due on the day of the gold purchase. Each sale shall be made for U.S. dollars at the U.S. dollar price per troy ounce of fine gold at the morning fixing price in London three business days prior to the value day of the sale, and the value of the U.S. dollar in terms of the SDR shall be as determined under Rule O-2(a). Payment shall be made on the same value day of the related repurchase obligation. In accordance with Article V, Section 12(c), the Fund has consulted with the **United States** for whose currency the gold will be sold.

2. In accordance with Article V, Section 12(f), an amount of the proceeds of gold sales equivalent at the time of sale to one SDR per 0.888671 gram of fine gold shall be placed in the General Resources Account. Any balance over this amount, but not to exceed the equivalent of SDR 2.226 billion, shall be held in the Special Disbursement Account and invested in accordance with Article V, Section 12(h). Of the proceeds of such investments, only nine-fourteenths (9/14) of the equivalent of SDR 1.76 billion on an “as needed” basis shall be transferred, as needed, to a separate subaccount of the PRGF-HIPC Trust and shall be used exclusively to provide debt relief from the Fund under the HIPC Initiative to members that qualify for such relief or, if not needed for such purpose, shall be used to replenish resources from other sources that have been used for such relief. The remaining five-fourteenths (5/14) of proceeds from investments equivalent to SDR 1.76 billion on an “as needed” basis shall be kept, and reinvested, in the Special Disbursement Account until a further decision on their use is adopted.

3. The Fund stands ready to accept gold in payment of repurchase obligations from a member that has acquired gold from the Fund in accordance with paragraph 1 of this decision, up to the amount that has been sold to the member under paragraph 1 of this decision. Gold received in payment by the Fund under this decision shall be valued in terms of the SDR on the basis of the U.S. dollar price per troy ounce of fine gold at the morning fixing price in London three business days prior to the value day of the payment, and the value of the U.S. dollar in terms of the SDR shall be as determined under Rule O-2(a).