

ASSEMBLY - 1st session
Agenda item 9

ADOPTION OF INTERNAL REGULATIONS

Note by the French delegation

Regulation 2

2.4

In order to avoid as far as possible the risks related to currency transactions, it would be advisable to allow the contributor the option of paying his annual contribution in his national currency without making such an option subject to the initiative of the Director.

It is therefore proposed that Alternative B contained in the document of 18 July 1978 be adopted. However, the system for the conversion of such contributions must be specified. Alternative B should therefore be amplified as follows:-

"Similarly, contributions paid in national currency shall be converted into the currency in which payment is to be made at the official rate of exchange applied by the Central Bank of the State concerned on the date on which payment is due."

Regulation 3

3.3

As the French delegation has pointed out on several occasions, the Fund should not hold substantial sums as reserves.

Its role, indeed, is not to act as a new financial agency but to allocate as rapidly as possible contributions previously levied for the purpose of satisfying claims for compensation.

Accordingly, it is proposed that Regulation 3.3 be amended to read as follows:

"Annual contributions ... for the satisfaction of the claims for which they were levied. They shall be requested by the Director sufficiently early

to enable claims for compensation to be settled promptly. If, exceptionally, settlement is not made within the year in which contributions are paid, such contributions shall be carried forward in the accounts of the Fund for the following year."

Regulation 8

8.1

This Regulation gives the Director extensive powers to take up loans for the account of the Fund when contributions do not produce the sums necessary for the payments to be made by the Fund.

Such a provision would seem to be open to criticism in that disbursements by the Fund should in all cases be covered by contributions. All necessary provisions must be made to ensure that contributions paid are adequate to make an appeal for loans unnecessary.

It is therefore proposed that paragraph 8.1 be deleted.
