

SECTION 2.—ADJUSTMENT OF QUOTAS

The Fund shall at intervals of five years 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. A four-fifths majority of the total voting-power shall be required for any change in quotas, and no quota shall be changed without the consent of the member concerned.

SECTION 3.—SUBSCRIPTIONS: TIME, PLACE, AND FORM OF PAYMENT

(a) The subscription of each member shall be equal to its quota and shall be paid in full to the Fund at the appropriate depository on or before the date when the member becomes eligible under Article XX, Section 4 (c) or (d), to buy currencies from the Fund.

(b) Each member shall pay in gold, as a minimum, the smaller of—

- (i) Twenty-five per cent. of its quota; or
- (ii) Ten per cent. of its net official holdings of gold and United States dollars as at the date when the Fund notifies members under Article XX, Section 4 (a), that it will shortly be in a position to begin exchange transactions.

Each member shall furnish to the Fund the data necessary to determine its net official holdings of gold and United States dollars.

(c) Each member shall pay the balance of its quota in its own currency.

(d) If the net official holdings of gold and United States dollars of any member as at the date referred to in (b) (ii) above are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative date for determining such holdings. If such date is later than that on which the country becomes eligible under Article XX, Section 4 (c) or (d), to buy currencies from the Fund, the Fund and the member shall agree on a provisional gold payment to be made under (b) above, and the balance of the member's subscription shall be paid in the member's currency, subject to appropriate adjustment between the member and the Fund when the net official holdings have been ascertained.

SECTION 4.—PAYMENTS WHEN QUOTAS ARE CHANGED

(a) Each member which consents to an increase in its quota shall, within thirty days after the date of its consent, pay to the Fund 25 per cent. of the increase in gold and the balance in its own currency. If, however, on the date when the member consents to an increase its monetary reserves are less than its new quota, the Fund may reduce the proportion of the increase to be paid in gold.

(b) If a member consents to a reduction in its quota, the Fund shall, within thirty days after the date of the consent, pay to the member an amount equal to the reduction. The payment shall be made in the member's currency and in such amount of gold as may be necessary to prevent reducing the Fund's holdings of the currency below 75 per cent. of the new quota.

SECTION 5.—SUBSTITUTION OF SECURITIES FOR CURRENCY

The Fund shall accept from any member in place of any part of the member's currency which in the judgment of the Fund is not needed for its operations, notes or similar obligations issued by the member or the depository designated by the member under Article XIII, Section 2, which shall be non-negotiable, non-interest bearing, and payable at their par value on demand by crediting the account of the Fund in the designated depository. This Section shall apply not only to currency subscribed by members, but also to any currency otherwise due to, or acquired by, the Fund.

ARTICLE IV.—PAR VALUES OF CURRENCIES

SECTION 1.—EXPRESSION OF PAR VALUES

(a) The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

(b) All computations relating to currencies of members for the purpose of applying the provisions of this Agreement shall be on the basis of their par values.

SECTION 2.—GOLD PURCHASES BASED ON PAR VALUES

The Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin.

SECTION 3.—FOREIGN EXCHANGE DEALINGS BASED ON PARITY

The maximum and the minimum rates for exchange transactions between the currencies of members taking place within their territories shall not differ from parity—

- (i) In the case of spot exchange transactions, by more than 1 per cent.; and
- (ii) In the case of other exchange transactions, by a margin which exceeds the margin for spot exchange transactions by more than the Fund considers reasonable.