

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED  
LIMITED B  
GATT/CP, 4/24  
11 March 1950  
ORIGINAL ENGLISH

CONTRACTING PARTIES  
Fourth Session

REGULATIONS FOR THE ADMINISTRATION OF SPECIAL EXCHANGE  
AGREEMENTS AND OF PARAGRAPHS 6, 7 AND 8 OF ARTICLE XV  
OF THE GENERAL AGREEMENT

(Item 15 of the Agenda)

Proposal by the United States

Regulation 1. Execution of Special Exchange Agreements.

1. Whenever any contracting party is required to enter into a special exchange agreement within a specified time, pursuant to the provisions of paragraph 6 of Article XV of the General Agreement or of action taken thereunder by the Contracting Parties, the Chairman of the Contracting Parties (hereinafter called "the Chairman") shall notify such contracting party to that effect in writing. He shall also notify such contracting party that it may, at its option, submit a proposed initial par value for its currency for agreement thereon with the Contracting Parties in advance of entering into the special exchange agreement, as contemplated by Article II, paragraph 1, of the draft special exchange agreement adopted on June 20, 1949.

2. The Chairman shall, for each contracting party required to enter into a special exchange agreement, prepare and execute an agreement in the form adopted by the Contracting Parties on June 20, 1949, and deposit it with the Secretary-General of the United Nations, not later than the thirtieth day prior to the last date provided for the execution of the agreement in question. He shall transmit a copy of the agreement so deposited, and a draft instrument of acceptance, to the contracting party in question.

Regulation 2. Initial Par Values.

1. If a contracting party submits a proposed initial par value for its currency for agreement thereon in advance of entering into a special exchange agreement, the Chairman shall immediately institute consultation with the International Monetary Fund by submitting the proposal to it for findings and determinations in accordance with Article XV, paragraph 2, of the General Agreement. If the International Monetary Fund advised the Chairman that the proposed initial par value is in accordance with the provisions of and would serve to promote the purposes of the special exchange agreement, the Chairman shall accept such initial par value on behalf of the Contracting Parties and so notify the contracting party which submitted it. If the International Monetary Fund does not so advise, the Chairman shall notify the government submitting the proposal that agreement on an initial par value cannot be reached by the Contracting Parties in advance of entering into the special exchange agreement.

2. If an initial par value is not agreed upon in advance of entering into the special exchange agreement, the Chairman shall, within five days after the deposit of the Instrument of Acceptance, request the International Monetary Fund for advice as to whether an immediate request to the contracting party for the communication of the par value of its currency would serve to promote the purposes of the special exchange agreement. If the International Monetary Fund replies in the affirmative, the Chairman shall, within five days, on behalf of the Contracting Parties, request the contracting party to communicate to him the par value of its currency based on the rates of exchange prevailing at the time, pursuant to Article II, paragraph 1, of the special exchange agreement. If the International Monetary Fund replies in the negative, the Chairman shall defer such a request until such time as the International Monetary Fund advises affirmatively.

3. When a par value is communicated to the Chairman by a contracting party pursuant to Article II, paragraph 1, of its special exchange agreement, he shall immediately notify the International Monetary Fund, and request that the Fund make appropriate findings and determinations thereon pursuant to Article XV, paragraph 2, of the General Agreement. If the Fund determines that the adoption of the par value so communicated would not be in accordance with the provisions of or would not serve to promote the purposes of the special exchange agreement, and so notifies the Chairman, the Chairman shall notify the contracting party that, in the opinion of the Contracting Parties, the adoption of the par value submitted would be prejudicial to trade among the contracting parties. If the par value communicated does not become the initial par value within 90 days, pursuant to Article II, paragraph 1, of the special exchange agreement, the Chairman shall report thereon to the next meeting of the Contracting Parties.

### Regulation 3. Changes in Par Values.

1. Any proposal of a contracting party for a change in the par value of its currency, pursuant to Article VI of its special exchange agreement, shall be addressed to the Chairman, and shall be accompanied by supporting data. When any such proposal is received, the Chairman shall immediately communicate the proposal to the International Monetary Fund with a request that it submit timely findings, determinations and observations on the proposal. If the Fund advises the Contracting Parties that the change proposed comes within paragraph 3(a), the Chairman shall transmit to the contracting party making the proposal any communication received from the Fund thereon. If the Fund advises the Contracting Parties that the change proposed comes within paragraph 3(b) or 3(c), and is necessary to correct a fundamental disequilibrium, the Chairman

shall concur in the change on behalf of the Contracting Parties and shall so notify the contracting party making the proposal. If the Fund advises that the change comes within paragraph 3 (b) or 3 (c), and is not necessary to correct a fundamental disequilibrium, the Chairman shall object to the change on behalf of the Contracting Parties, and shall so advise the contracting party proposing the change.

Regulation 4. Exchange Restrictions and Convertibility of Balances.

1. If any contracting party requests approval pursuant to its special exchange agreement for (a) exchange restrictions pursuant to Article VII, paragraph 1, or (b) discriminatory currency arrangements or multiple currency practices pursuant to Article VII, paragraph 2, or (c) a release from the obligation of convertibility of balances held by other contracting parties pursuant to Article X, paragraph 3 (e), the Chairman shall immediately transmit the request to the International Monetary Fund for its findings and determination pursuant to Article XV, paragraph 2, of the General Agreement. If the Fund advises the Contracting Parties that the request should be granted pursuant to the provisions of the special exchange agreement, the Chairman shall approve the action on behalf of the Contracting Parties, subject to such conditions or limitations as the Fund may propose. If the Fund advises that the proposal should be disapproved, the Chairman shall notify the contracting party which submitted the proposal that its request is disapproved by the Contracting Parties.

2. Each contracting party engaged in any discriminatory currency arrangements or multiple currency practices maintained pursuant to the second sentence of Article VII, paragraph 2, of the special exchange agreement, shall so notify the Chairman within 60 days after it accepts the special exchange agreement. The Chairman shall propose to each such contracting party an arrangement for consultation with him or his designee, and with the International Monetary Fund, as to the progressive removal of such restrictions, and shall report to the Contracting Parties from time to time on arrangements for such consultations and any conclusions reached therein.

3. If any contracting party proposes to the Chairman that representations should be made, pursuant to the third sentence of Article VI, paragraph 3, of a special exchange agreement, to a contracting party which has entered into a special exchange agreement and has availed itself of the transitional arrangements in Article XI, paragraph 1, thereof, the Chairman shall transmit the proposal to the International Monetary Fund for its findings and determinations pursuant to Article XV, paragraph 2, of the General Agreement. If, on the basis of such a proposal, or on its own motion, the Fund should advise the Contracting Parties that conditions are favourable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, by a contracting party pursuant as contemplated by Article VI, paragraph 3, of a special exchange agreement, the Chairman shall, on behalf of the Contracting Parties, make the

request or representations to such contracting party in accordance with the advice of the Fund. Any reply to such representations shall be submitted within 30 days.

4. If any contracting party requests the Chairman to institute a consultation on any exchange problem, pursuant to Resolution No. 3 adopted by the Contracting Parties on June 30, 1949, with any contracting party which has deferred entering into a special exchange agreement, he shall transmit the request to the International Monetary Fund for its advice. The request, and any advice thereon received from the Fund, shall be submitted to the next session of the Contracting Parties. If the Fund advises that a consultation should be held, and that the matter is urgent, the Chairman shall promptly arrange and hold such a consultation with the two contracting parties involved, the International Monetary Fund, and such other contracting parties as he may invite to participate, and shall report thereon to the next session of the Contracting Parties.

5. If any contracting party which has entered into a special exchange agreement requests a consultation with the Contracting Parties pursuant to Article IX, paragraph 1, of the special exchange agreement, the Chairman shall promptly arrange and hold such a consultation with the contracting party requesting it, the government whose currency has been declared scarce, and the International Monetary Fund. Other contracting parties may be invited to participate in the consultation in the discretion of the Chairman.

6. If the Chairman is notified by the International Monetary Fund that it has formally declared the currency of a contracting party scarce in accordance with Article VII, Section 3 (a), of its Articles of Agreement, he shall immediately address a request to the contracting party whose currency has so been declared scarce, in accordance with Article IX, paragraph 3, of the special exchange agreements.

7. The Chairman shall request the International Monetary Fund for its assistance in preparing the reports required by the first sentence of Article XI, paragraph 3, of the special exchange agreements, and seek agreement with the Fund on appropriate arrangements for making the fullest use of the Fund's assistance in this work. The Chairman shall report on action taken under this paragraph to the Fifth Session of the Contracting Parties.

8. If the Chairman is notified that the Fund has suspended any provisions of its Articles of Agreement in accordance with Article XVI, Section 1, of such Articles, he shall immediately act on behalf of the Contracting Parties to carry out Article XIII, paragraph 3, of the special exchange agreements, and shall give immediate telegraphic notice thereof to all contracting parties.

Regulation 5. Furnishing of Information.

1. The Chairman shall, in consultation with the International Monetary Fund, prepare specifications of information to be furnished by Contracting Parties which are not members of the Fund, in accordance with Article XV, paragraph 8, of the General Agreement, and Article XII of the special exchange agreement, as

closely as possible parallel to the information currently being required by the Fund of its members, and shall, on behalf of the Contracting Parties, notify each such contracting party that it is required to furnish such information in accordance with such specifications. Information so required shall be transmitted to the Fund.

2. The Chairman shall arrange with the Fund for the publication and dissemination of such information to the same extent, in general, as the Fund publishes and disseminates similar information furnished by its members. Such arrangements should likewise make provision for furnishing to all Contracting Parties which are not members of the Fund information with respect to Contracting Parties which are members of the Fund to the same extent that Fund members, in general, are furnished with information with respect to other Fund members.

Regulation 6. Information to be Secured by the Chairman.

1. The Chairman is directed to seek an administrative arrangement with the International Monetary Fund whereby he will be promptly advised by the Fund as follows:

(a) When any contracting party becomes a member of the Fund;

(b) When any contracting party ceases to be a member of the Fund;

(c) The par values of the currencies of all Contracting Parties which are members of the Fund, and any changes therein, from time to time;

(d) Margins prescribed by the Fund for transactions in gold by Contracting Parties which are members of the Fund;

(e) Any uniform proportionate charge in the par values of currencies of members of the Fund pursuant to Article IV, Section 7, of its Articles of Agreement;

(f) Any formal declaration, in accordance with Article VII, Section 3 (a), of the Articles of Agreement of the Fund, that any currency is scarce, and any declaration that any such currency is no longer scarce; and

(g) Any action pursuant to Article XVI, Section 1, of the Articles of Agreement of the Fund.

2. The Chairman is directed to seek an administrative arrangement with the Secretary General of the United Nations whereby he will be immediately notified of the deposit of any instrument of acceptance of a special exchange agreement, and will be furnished with a copy thereof.

Regulation 7. Information to be furnished by the Chairman.

1. The Chairman shall give prompt information to all Contracting Parties of the following matters:

(a) The deposit of any instrument of acceptance of a special exchange agreement;

(b) Any agreement or action by the Contracting Parties on an initial or changed par value for any contracting party which has accepted or expects to accept a special exchange agreement;

(c) Any action taken to approve or disapprove any request or proposal made in accordance with Regulation 4, paragraph 1 or 3;

(d) Any discriminatory currency arrangements or multiple currency practices of which he has been notified pursuant to Regulation 4, paragraph 2; and

(e) Any notification received from any contracting party which has entered into a special exchange agreement, pursuant to Article XI, paragraph 2, of the agreement.

2. The Chairman shall promptly convey to all Contracting Parties which have entered into special exchange agreements all information received from the International Monetary Fund of the character specified in Regulation 6, paragraph 1, or may arrange that the Fund transmit the information directly to the Contracting Parties.

Regulation 8. Arrangements with the Fund.

1. The Chairman shall request the International Monetary Fund to come to an understanding, on direct access to the Fund by contracting parties which have entered into special exchange agreements, as contemplated by Article XIII, paragraph 5, of the special exchange agreements.

2. The Chairman shall request the Fund/ to receive directly from contracting parties which have entered into, or are about to enter into, special exchange agreements, copies of proposals, representations, or information which, under these regulations, should be transmitted to the Fund by the Chairman. If such agreement is secured, notice thereof shall be given all contracting parties, and the Chairman shall thereafter not be required to transmit such submissions to the Fund when he is advised that copies have already gone forward to the Fund.

Regulation 9. Action by the Contracting Parties.

1. In any case where these regulations authorize or direct the Chairman to take definitive action on behalf of the Contracting Parties, and the matter is presented to him for such action during a session of the Contracting Parties, he shall, if requested to do so by the contracting party involved, place the matter before the Contracting Parties for action; provided, however, that when the matter in question is one on which the Contracting Parties must raise objections, if any, within a specified time, or lose the opportunity to object, pursuant to provisions of the special exchange agreements, the Chairman shall proceed to act on behalf of the Contracting Parties in accordance with these Regulations, within the time limit specified, notwithstanding that the contracting parties are in session, unless they direct otherwise.

2. Any action taken by the Chairman under these Regulations shall be subject to review by the Contracting Parties, in the light of the applicable provisions of the General Agreement and of the special exchange agreements, at the request of any contracting party affected made within 90 days after the action is taken; provided that, pending such review, the action of the Chairman shall stand as the action of the Contracting Parties.