



IMF POLICY PAPER

PROPOSED DECISIONS TO MODIFY THE NEW ARRANGEMENTS TO BORROW AND TO EXTEND THE DEADLINE FOR A REVIEW OF THE BORROWING GUIDELINES

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PROPOSED DECISIONS TO MODIFY THE NEW ARRANGEMENTS TO BORROW AND TO EXTEND THE DEADLINE FOR A REVIEW OF THE BORROWING GUIDELINES

EXECUTIVE SUMMARY

At their October 18 meeting, IMFC members and non-IMFC G20 ministers called on the Executive Board to complete its work on a package of IMF resources and governance reforms. Among others, they supported maintaining the IMF's current resource envelope and looked forward to consideration of a doubling of the New Arrangements to Borrow (NAB) and a further round of temporary Bilateral Borrowing Agreements (BBAs) beyond 2020.

This paper presents a proposal for reforming the NAB with a doubling of the aggregate size of the NAB and amendments to the NAB Decision.¹ The proposal contains the following key elements:

- Doubling the aggregate size of NAB credit arrangements, through a doubling of all current NAB credit arrangements.
- Establishing a new NAB period, extending from January 1, 2021 through end-2025.
- Updating the NAB Decision as some provisions have become obsolete or outdated.
- Including a new provision in the NAB Decision limiting the activation of bilateral borrowing during the new NAB period.

It is recommended that all elements of the proposed NAB reform be adopted as a package in a single Board decision. The proposed amendments to the NAB Decision and the proposed changes in credit arrangements would only become effective if the effectiveness conditions for both the amendments and the changes in credit arrangements are met. The NAB reform proposal also includes a safeguard to address potential delays in the effectiveness due to one or a few participants' inability to provide consent.

The paper also proposes a 6-month extension of the deadline for the review of the Guidelines for Borrowing by the Fund to end-June 2020.

¹ Work on the governance reform elements of the package is also proceeding and the Executive Board is expected to consider a draft report to the Board of Governors in parallel with the considerations of the NAB reform proposals.

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CONTENTS

BACKGROUND AND SUMMARY OF KEY PROPOSALS	3
INCREASE IN THE SIZE OF THE NAB AND NEW NAB PERIOD	4
AMENDMENTS TO THE NAB DECISION	7
ENTRY INTO EFFECT	10
A. General Considerations	10
B. Safeguard in Case of Delayed Consents	11
EXTENSION OF THE DEADLINE TO REVIEW THE BORROWING GUIDELINES	11
TABLE	
1. Participants and Amounts of Credit Arrangements	6
ATTACHMENTS	
I. Draft Revised NAB Decision (Clean Version)	15
II. Draft Revised NAB Decision (Redlined Version)	37

BACKGROUND AND SUMMARY OF KEY PROPOSALS

1. At their October 18, 2019 meeting, the IMFC and non-IMFC G20 ministers supported maintaining the IMF's current resource envelope and consideration of a doubling of the New Arrangements to Borrow (NAB). They reaffirmed their commitment to a strong, quota-based, and adequately resourced IMF to preserve its role at the center of the global financial safety net (GFSN). They noted the lack of progress on a quota increase under the 15th General Review of Quotas, and called on the Executive Board to complete its work on the 15th Review and on a package of IMF resources and governance reforms. The IMFC and non-IMFC G20 ministers supported maintaining the IMF's current resource envelope and welcomed the extension of the 2016 Bilateral Borrowing Agreements (2016 BBAs) by one year. They looked forward to consideration of a doubling of the NAB and a further round of temporary BBAs beyond 2020.²

2. This paper presents a proposal for doubling the NAB and amendments of the NAB Decision. The proposal builds on extensive discussions with the Fund membership and with participants in the NAB, including at a meeting of NAB participants on October 19, 2019 in Washington, D.C. under the chairmanship of Saudi Arabia. At that meeting, participants supported the proposed doubling of NAB credit arrangements and updates to the NAB Decision. There were mixed views on a proposed new provision in the NAB Decision to limit the Fund's access to bilateral borrowing unless certain conditions are met, which has led to further consultations between staff and participants following the October 19 meeting.

3. The NAB reform proposal contains the following key elements (a redlined version of the NAB Decision showing the proposed changes is set out in Attachment II):

- **Doubling the aggregate size of NAB credit arrangements.** The doubling in the aggregate size of the NAB would be achieved through a doubling of all current NAB credit arrangements. As a result, the total size of the expanded NAB would reach SDR 364.742 billion and, combined with an envisaged new round of BBAs (2020 BBAs) for about half of the size of the 2016 BBAs, the size of the Fund would be maintained.
- **Establishing a new NAB period through end-2025.** The NAB reform, reflecting increased credit commitments and amendments, is targeted to come into effect on January 1, 2021 and it would extend through end-2025, in line with the customary five-year period for the NAB Decision.
- **Updating the NAB Decision.** Some provisions have become obsolete or outdated since the 2016 NAB renewal decision and need to be deleted or revised.
- **Including a new limit on the activation of bilateral borrowing.** At the initiative of three NAB participants, a new provision is added to limit access to bilateral borrowing during the proposed NAB period unless certain conditions regarding the Fund's liquidity and NAB activation are met.

² See also [Communiqué of the Fortieth Meeting of the IMFC](#) (10/19/19).

4. It is proposed that the changes in NAB credit arrangements and amendments to the NAB Decision be adopted as a package in a single Board decision. Similar to the approach used for the 2010 reform of the NAB, the proposed amendments to the NAB Decision, including the new NAB period, and the changes in credit arrangements of participants would only become effective if the conditions for both the amendments and the changes in credit arrangements are met.

5. A safeguard is also proposed to address potential delays in the effectiveness of the changes in credit arrangements and amendments to the NAB Decision due to any one or a few participants' inability to provide consent. If a participant is unable to consent to the increase in credit arrangements by December 31, 2020 (or a later date set by the Executive Board), the proposed increase of credit arrangement for that participant would be treated as automatically withdrawn, so long as other participants representing 85 percent of total credit arrangements have consented to the reform. With the proposed increase for that participant withdrawn, the consent of the relevant participant would no longer be required, and the NAB reform could become effective.

6. This paper also proposes a 6-month extension of the deadline for the review of the Guidelines for Borrowing by the Fund (“Borrowing Guidelines”) to end-June 2020. This will allow the review to incorporate the outcome of discussions on a new round of BBAs in early 2020.

INCREASE IN THE SIZE OF THE NAB AND NEW NAB PERIOD

7. Consistent with IMFC guidance, it is proposed to double the size of the NAB as part of the strategy to maintain a strongly resourced IMF at the center of the GFSN. Amid a precarious global outlook, elevated vulnerabilities, rising downside risks and limited policy space to respond to a crisis, it is critical to maintain the Fund's lending capacity to support its membership. A doubling of the NAB would increase its aggregate size from SDR 182.371 billion to SDR 364.742 billion and would be an important step towards maintaining the Fund's aggregate resources and lending capacity. The NAB increase would strengthen the Fund's second line of defense after quotas and improve burden sharing among creditors. Complementing the increase in the NAB, the IMFC also called for consideration of a further round of bilateral borrowing beyond 2020. A new round of BBAs for about half of the size of the 2016 BBAs, when combined with a doubling of the NAB, would maintain the size of the Fund.

8. It is proposed to double the size of the NAB through a proportional increase of all current NAB credit arrangements (Table 1). This approach is straightforward and would leave the relative shares and participants' voting power in the NAB unchanged. At the October 19, 2019 meeting, all NAB participants indicated that they could support a proportional increase of existing credit arrangements.³

³ No requests have been received from other members or institutions to join the NAB and the current participant list would thus remain unchanged.

9. Consistent with the proportional increase of all credit arrangements, it is also proposed to double the minimum credit arrangements. The minimum NAB credit arrangement would be doubled from SDR 340 million to SDR 680 million. The minimum amount has not changed since the NAB was established in 1997. As a result, while the minimum contribution was initially equivalent to 1 percent of total credit arrangements, it currently accounts for only 0.19 percent of total credit arrangements and, if unchanged, would fall below 0.1 percent.

10. A new NAB period is proposed to extend from January 1, 2021 through end-2025. The targeted effectiveness date for the proposed NAB reform is January 1, 2021,⁴ which would bring forward the end date of the current NAB period from November 16, 2022 to December 31, 2020. Accordingly, the new period for the expanded NAB would start following the expiration of the 2016 BBAs at end-December 2020. The proposal to establish a new NAB period through end-2025 would be in line with the customary five-year timeframe for NAB periods. The new NAB period through end-2025 should allow for sufficient time for any quota increases agreed under the 16th General Review of Quotas to become effective before the expiration of the NAB Decision.^{5,6}

⁴ The effective date for the NAB reform could be later than January 1, 2021, if the effectiveness conditions are not met by that date (see below).

⁵ The proposal would also avoid initiating the renewal of the NAB Decision shortly after the amended Decision becomes effective. Under the current NAB Decision, following a discussion with NAB participants, the Executive Board would have to take a decision on the renewal at the latest by mid-November 2021 as the current NAB period expires on November 16, 2022 and the NAB Decision is subject to renewals not later than 12 months before the end of each NAB period (see [New Arrangements to Borrow \(NAB\) - Proposed Renewal of and Modifications to the NAB Decision](#) (10/21/16)).

⁶ The IMFC at its October 2019 meeting called for the completion of the 16th General Review of Quotas by no later than December 15, 2023.

Table 1. Participants and Amounts of Credit Arrangements^{1/}
(in millions of SDRs)

	Current Credit Arrangements	Proposed New Credit Arrangements	Share (in percent)
Total NAB Participants	182,371.15	364,742.30	100.00
Current Participants	180,572.58	361,145.16	99.01
Australia	2,220.45	4,440.90	1.22
Austria	1,818.49	3,636.98	1.00
Banco Central de Chile	690.97	1,381.94	0.38
Banco de Portugal	783.50	1,567.00	0.43
Bangko Sentral ng Pilipinas	340.00	680.00	0.19
Bank of Israel	340.00	680.00	0.19
Belgium	3,994.33	7,988.66	2.19
Brazil	4,440.91	8,881.82	2.44
Canada	3,873.71	7,747.42	2.12
China	15,860.38	31,720.76	8.70
Cyprus	340.00	680.00	0.19
Danmarks Nationalbank	1,629.76	3,259.52	0.89
Deutsche Bundesbank	12,890.02	25,780.04	7.07
Finland	1,133.88	2,267.76	0.62
France	9,479.16	18,958.32	5.20
Hong Kong Monetary Authority	340.00	680.00	0.19
India	4,440.91	8,881.82	2.44
Italy	6,898.52	13,797.04	3.78
Japan	33,508.50	67,017.00	18.37
Korea	3,344.82	6,689.64	1.83
Kuwait	341.29	682.58	0.19
Luxembourg	493.12	986.24	0.27
Malaysia	340.00	680.00	0.19
Mexico	2,537.66	5,075.32	1.39
National Bank of Poland	1,285.40	2,570.80	0.70
Netherlands	4,594.80	9,189.60	2.52
New Zealand	340.00	680.00	0.19
Norway	1,966.69	3,933.38	1.08
Russian Federation	4,440.91	8,881.82	2.44
Saudi Arabia	5,652.74	11,305.48	3.10
Singapore	648.55	1,297.10	0.36
South Africa	340.00	680.00	0.19
Spain	3,405.14	6,810.28	1.87
Sveriges Riksbank	2,255.68	4,511.36	1.24
Swiss National Bank	5,540.66	11,081.32	3.04
Thailand	340.00	680.00	0.19
United Kingdom	9,479.16	18,958.32	5.20
United States	28,202.47	56,404.94	15.46
Prospective participants^{2/}	1,798.57	3,597.14	0.99
Greece	840.60	1,681.20	0.46
Ireland	957.97	1,915.94	0.53

^{1/} Current credit arrangements are subject to a minimum of SDR 340 million. New credit arrangements assume a proportional increase (i.e. unchanged shares) and would be subject to a minimum of SDR 680 million.

^{2/} Greece and Ireland were offered participation in the NAB in 2010 but have not yet adhered to the NAB Decision.

AMENDMENTS TO THE NAB DECISION

11. In addition to the proposed new NAB period, a number of amendments to the NAB Decision are proposed for consideration of the Executive Board. They include a series of amendments that would update provisions of the NAB Decision that have become outdated, and a new provision regarding the activation of BBAs during the proposed new NAB period.

12. Four amendments to the NAB Decision are proposed to update provisions that have become outdated (Attachment I sets out the proposed text of the revised NAB Decision reflecting the NAB reform proposal and Attachment II includes for information a redlined version showing the proposed changes over the current NAB Decision):

- **Paragraph 19(a).** *Period and Renewal.* In considering the renewal of the NAB, paragraph 19(a) of the NAB Decision requires the Fund and participants to review the impact of the 15th General Review of Quotas on the overall size of quotas. As it has become evident that it will not be possible to secure the required support from the membership for a quota increase under the 15th General Review of Quotas, it is proposed that the reference to the "Fifteenth General Review of Quotas" be replaced with the "Sixteenth General Review of Quotas."
- **Paragraph 21.** *Relationship with the General Arrangements to Borrow (GAB) and Associated Borrowing Arrangements.* As the GAB lapsed on December 25, 2018, it is proposed to eliminate the provision under paragraph 21 which addresses the relationship between the NAB and the GAB.
- **Paragraph 23.** *Transitional Arrangements for Amendments Adopted Pursuant to Decision No. 14577-(10/35).* This provision, introduced at the time of the 2010 NAB reform, allowed a participant to request use of its NAB credit arrangement to fund repayment of outstanding claims under its 2009/2010 BBA. As there are no longer any outstanding claims originating from the 2009/2010 BBAs, this provision is redundant. However, it is proposed that participants retain the option to transfer to their expanded NAB credit arrangements any claims arising under the 2016 BBAs, and potentially certain claims under the 2020 BBAs that are related to an activation of these agreements prior to the entry into force of the NAB reform.⁷ It is therefore proposed to amend paragraph 23 to allow for the folding in of any claims related to the activation of BBAs prior to the effectiveness of the NAB reform.⁸
- **Paragraph 24.** *Delay in Drawings.* At the time of the expansion of the NAB in 2010, it was envisaged that the number of participants would increase from 26 to 39.⁹ Because of this

⁷ These claims under the 2016 BBAs and the 2020 BBAs would include (i) claims arising from drawings made under the BBAs prior to the effectiveness date of the new NAB period, (ii) future claims arising from drawings under commitments approved during an activation of the BBAs prior to the effectiveness of the new NAB period, and (iii) claims arising from the encashment of such existing and future claims.

⁸ However, it is also recognized that in the hypothetical case of large drawings under the 2016 BBAs, the NAB increase may be insufficient to allow transfer of all BBA claims of participants whose 2016 BBAs are more than twice the size of their current NAB credit arrangement.

⁹ [Proposed Decision to Modify the New Arrangements to Borrow](#) (3/25/10).

significant increase in the number of participants and related size in credit arrangements, a provision was introduced that no drawings could be made under the amended NAB until participants representing at least 70 percent of the credit arrangements of new participants had adhered to the amended NAB. With the relevant threshold of adherence met in 2011, this provision has become redundant and it is proposed that it be deleted.

13. At the initiative of three NAB participants, it is further proposed to include a provision in the NAB Decision limiting the activation of bilateral borrowing during the new NAB period.

The proposed provision in paragraph 21(a), which closely tracks similar provisions currently in the Borrowing Guidelines and in each of the 2016 BBAs, would specify that any BBAs in effect during the new NAB period could only be activated: (i) after the Managing Director has notified the Executive Board that the Forward Commitment Capacity (FCC), taking into account all available uncommitted resources under the NAB (the “modified” FCC), is below SDR 100 billion; and (ii) if the NAB was activated as of the time of the notification, or if there are no available uncommitted resources under the NAB as of that time (these two requirements in (i)-(ii) are referred to in the remainder of the paper as “the FCC/NAB activation conditions”). In paragraph 21(b), the proposed provision recognizes, as in the case of the 2016 BBAs, that nothing in paragraph 21(a) would prevent the Managing Director from approaching creditors, with a view to ensuring the adequacy of Fund resources, if “extraordinary circumstances so warrant in order to forestall or cope with an impairment of the international monetary system”.^{10,11} Paragraph 21(b) further provides that, even if the FCC/NAB activation conditions are not met, the new clause would not prevent the activation of bilateral borrowing so long as, through a poll, NAB participants representing 85 percent of total NAB credit arrangements agree to the activation in these circumstances. This effectively gives NAB participants the option to waive the limitations in paragraph 21(a) for access to bilateral borrowing without a need to amend the NAB Decision.¹²

14. The proposed provision would have two key implications for Fund borrowing. First, while it is similar to provisions currently in the Borrowing Guidelines and the 2016 BBAs, its scope is broader as it covers any bilateral borrowing during the new NAB period (not only borrowing under the 2020 BBAs that would replace the 2016 BBAs); it would thus make the NAB a second line of

¹⁰ See paragraph 2(b) of Template for 2016 Loan Agreement and paragraph 2(b) of Template for 2016 Note Purchase Agreement, included in *Maintaining Access to Bilateral Borrowing and Review of the Borrowing Guidelines—Revised Templates of the 2016 Borrowing Agreements* (9/16/2016).

¹¹ It should be noted that this proposed provision would only clarify possible access to bilateral borrowing in cases where the FCC/NAB activation conditions are not met and would not apply to the activation of the NAB itself. It should be further noted that this proposed provision does not circumscribe the means by which the Managing Director may approach bilateral or multilateral creditors for the purpose of ensuring the adequacy of Fund resources, nor does it create any legal obligations on the part of the Fund or bilateral creditors, and it would not change the terms set out in any BBAs for the activation of these BBAs. To the extent that bilateral creditors would be willing to assist the Fund in such extraordinary circumstances where the FCC/NAB activation conditions are not met, it would then need to be determined how, and under what conditions, such support could be provided.

¹² Such a waiver by NAB participants does not activate BBAs that are subject to the FCC/NAB activation conditions. Rather, any access to BBAs in circumstances where the FCC/NAB activation conditions are not met would still require both an amendment of the Fund’s Borrowing Guidelines and the agreement of bilateral creditor(s) to provide bilateral loans despite the FCC/NAB activation conditions not being met.

defense in respect of *all* bilateral borrowing.¹³ Second, its inclusion in the NAB itself has implications. Specifically, when as now the FCC/NAB activation conditions are only included in the BBAs and Borrowing Guidelines, a Board decision (by a majority of the votes cast) and the agreement of the relevant bilateral creditor(s) would be sufficient to enable access by the Fund to bilateral borrowing where the FCC/NAB activation conditions are not met. When the same condition is added to the NAB, however, the agreement of NAB participants (subject to an 85 percent majority of total credit arrangements) is also needed (in addition to action by the Board and the relevant BBA creditors), before the Fund could access bilateral borrowing that does not meet the FCC/NAB activation conditions. This therefore reduces the Fund's flexibility to access bilateral borrowing in a hypothetical situation where the FCC/NAB activation conditions are not met.

15. While the proposed provision would limit the Fund's flexibility to access bilateral borrowing during the next NAB period, it is consistent with the Fund's legal framework, in particular the authority of the Fund to borrow under Article VII of the Articles of Agreement.

The proposed amendment would reduce the Fund's flexibility to activate BBAs for a five-year period in a hypothetical situation where the FCC/NAB activation conditions are not met, as NAB participants' approval would be needed in that case (through the waiver procedure proposed under paragraph 21(b)). The proposed amendment, however, only applies to bilateral borrowing, and thus does not affect any borrowing arrangement entered by the Fund with more than one creditor, including, for example, borrowing arrangements of the Fund with two or three members or official institutions, or borrowing arrangements under more broad-based multilateral modalities similar to the NAB itself or the earlier GAB. As the Fund would retain unfettered ability to borrow on a non-bilateral basis, the new provision does not raise issues of inconsistency with Article VII.

16. The purpose of protecting the financial interests of NAB participants in relation to bilateral borrowing is an objective that is reasonably related to the purposes of the NAB and provides a basis for the inclusion of the proposed provision in the NAB Decision. As a Board decision, the terms included in the NAB Decision must be reasonably related to the purposes served by the decision. The proposed provision is intended from the perspective of NAB participants to protect their financial interests that could be affected by bilateral borrowing by the Fund that does not meet the FCC/NAB activation conditions. NAB participants (like any other creditors) have an interest, in principle, in the total amount of Fund borrowing, since in a hypothetical scenario involving arrears on borrowed resources, the Fund would need to resort to the same pool of reserves and quota resources to repay all creditors. If there is a significant use of borrowed resources beyond the NAB, NAB participants could receive less than the total of their claims in a tail risk hypothetical scenario (assuming that the NAB has been drawn upon and that NAB obligations remain outstanding), which provides a basis for the inclusion of the proposed provision in the NAB Decision.¹⁴

¹³ This provision would not affect the Fund's ability to access borrowing that is not bilateral (i.e., any borrowing involving more than one creditor).

¹⁴ The proposed provision would provide partial protection of the NAB participants' interest as the Fund may continue to access non-bilateral borrowing. However, more complete protection of such interest, such as to limit the

17. In the consultations, some participants expressed misgivings about this proposed provision. In particular, they raised concerns about the potential reduction in the Fund’s flexibility to access bilateral borrowing in a crisis and the appropriateness of giving NAB participants the ability to block bilateral borrowing in a situation where the FCC/NAB activation conditions are not met but bilateral creditors are nonetheless willing to lend to the Fund. Staff understands, however, that participants are willing on balance to support the inclusion of this proposed provision in the NAB Decision given the wish to reach closure on the NAB reform.

ENTRY INTO EFFECT

A. General Considerations

18. It is proposed that the effectiveness of the amendments to the NAB Decision, including the new NAB period, and the proposed changes in the NAB credit arrangements be linked. This would be similar to the approach taken in the reform of the NAB in 2010. The modalities envisaged are as follows:

- Amendments to the NAB Decision and changes in the credit arrangements of NAB participants are through a single Executive Board decision, adopted by a majority of the votes cast.
- The conditions for effectiveness of amendments to the NAB Decision and the conditions for effectiveness of changes in credit arrangements would both need to be met in order for either the amendments or the changes in credit arrangement to become effective, thereby ensuring that these two are linked as a legal matter. Specifically, participants representing 85 percent of total NAB credit arrangements, including each participant whose credit arrangement is changed, would need to consent to the NAB reform package. Since under the proposal set out in this paper the credit arrangements of all participants would be changed, the NAB reform can only become effective when all participants have consented (see section B below regarding safeguards to address delayed consents).^{15,16}

19. The targeted date of effectiveness of these changes is January 1, 2021. This would allow roughly a year for participants to finalize domestic processes and convey their consents to the Fund. This would also ensure that no participant’s overall commitment during the period of the 2016 BBAs’

activation of not just bilateral borrowing but all Fund borrowing, would not be legally permissible under the Fund’s Article VII, Section 1 as discussed above.

¹⁵ In accordance with paragraph 15 of the NAB Decision, amendments to the NAB Decision become effective when participants representing 85 percent of current credit arrangements have concurred to the proposed amendments. In accordance with paragraph 4(b) of the NAB Decision, changes to the credit arrangements become effective when participants representing 85 percent of current credit arrangements have agreed to the proposed increases in the credit arrangements of participants, including each participant whose credit arrangement is changed. Under the relevant NAB provision, a NAB participant may not agree to the increases in NAB credit arrangements without consenting to the increase in its own credit arrangement.

¹⁶ While the credit arrangement to be contributed by Greece and Ireland would be changed, these members are not treated as participants with respect to the consent requirements and voting majorities because they have not yet adhered to the NAB Decision. Following the entry into force of the NAB reforms proposed in this note, Greece and Ireland could adhere to the NAB Decision only on the basis of their increased credit arrangements.

effectiveness exceeds the amount understood at the time of the extension of these BBAs. However, to meet the targeted effectiveness date, the required consents of NAB participants would need to be secured on or before December 31, 2020. Otherwise the NAB reform would only become effective later once the required consents have been received.

B. Safeguard in Case of Delayed Consents

20. The effectiveness of the proposed NAB reform is subject to the risk of delay in case the consent from one or more NAB participants is delayed, even if participants representing 85 percent of total credit arrangements have consented to the reform. The delay in providing consent by any participant whose credit arrangement is proposed to change would block the effectiveness of the entire NAB reform. Such a situation may arise, for example, because domestic approval procedures of one or a small number of participants are delayed or because a participant ultimately fails to secure the necessary domestic approval for the increase in its credit arrangement.

21. A safeguard is proposed to address such a potential delay. Specifically, it is proposed that the Executive Board decision approving the NAB reform would set an *ex ante* deadline of December 31, 2020 for the receipt of participants' consents. After that deadline, which could be extended by the Executive Board, the proposed change to the amount of a credit arrangement of a participant that had not yet provided its consent would be treated as automatically withdrawn, if, at that time, other participants representing at least 85 percent¹⁷ of (current) total NAB credit arrangements had already consented to the amendments and the changes in credit arrangements.¹⁸ With the proposed change in a participant's credit arrangement withdrawn, the consent of that participant would no longer be necessary, and the NAB reform could become effective.

22. If a proposed change to a participant's credit arrangement is automatically withdrawn because the consent from the participant was not received by the deadline, the Executive Board would be expected to reapprove the change in credit arrangement after the effectiveness of the NAB reform. For any participant that is not in a position to consent to the increases by the deadline, it is expected that the Executive Board would reapprove the doubling following the entry into force of the NAB reform. Consistent with paragraph 4(b) of the NAB Decision, following the Executive Board's approval, the doubling of the participant's NAB credit arrangement would then become effective with the agreement of NAB participants (including the requesting participant) that represent at least 85 percent of the total NAB credit arrangements.

EXTENSION OF THE DEADLINE TO REVIEW THE BORROWING GUIDELINES

¹⁷ A higher threshold (e.g., 90 percent) was also discussed at the NAB participants meeting on October 19. While a few would have preferred a higher threshold, subsequent discussions indicate broad support for an 85 percent minimum consent threshold before the safeguard clause can apply.

¹⁸ If a participant currently with the minimum credit arrangement amount (SDR 340 million) could not consent by the deadline and the proposal to double that participant's credit arrangement amount is automatically withdrawn, then the NAB's minimum credit arrangement amount would remain unchanged (see paragraph 9 above).

23. The Fund's Borrowing Guidelines are subject to regular reviews by the Executive Board. The Borrowing Guidelines were last reviewed and amended in August 2016 in conjunction with the Fund's approval of the framework for the 2016 BBAs. At the time, the Board decided that the next review of the Borrowing Guidelines would take place by end-2019.

24. In light of the upcoming discussions on a new round of BBAs in early 2020, staff proposes a 6-month extension of the deadline for the review of the Borrowing Guidelines. The proposed extension of the deadline to end-June 2020 will allow the review to incorporate the outcome of the discussions on a new round of BBAs envisaged to take place in early 2020.¹⁹

¹⁹ It is envisaged that following the Board approval of the proposed NAB reform, staff will reach out to bilateral creditors in early 2020 to discuss a new round of BBAs (2020 BBAs) to replace the 2016 BBAs. Based on these discussions, the modalities for the 2020 BBAs and the review of the Borrowing Guidelines would be proposed for the Board's consideration. Staff expects that the governance framework for the 2020 BBAs will closely follow that for the 2016 BBAs.

Proposed Decisions

Accordingly, the following decisions, each of which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board:

Decision 1: The NAB Reform - Amendments to the NAB Decision and Changes to NAB Credit Arrangements

1. Decision No. 11428-(97/6), adopted January 27, 1997 on the New Arrangements to Borrow, as amended (the "NAB Decision"), shall be further amended to read as set out in Attachment I to EBS/19/106, 12/3/19 ("Attachment I").
2. The credit arrangements of NAB participants shall be changed as set out in Annex 1 of Attachment I, except that for the credit arrangement of any participant to which the proposed change is withdrawn in accordance with paragraph 3 of this decision, the participant's credit arrangement will remain at the same size as set out in Table 1 of EBS/19/106, 12/3/19 under the "Current Credit Arrangements" column.
3. The amendments to the NAB Decision, as provided in paragraph 1 of this decision, and the changes in credit arrangements of participants, as provided in paragraph 2 of this decision, shall become effective when the following conditions are met, but not earlier than January 1, 2021:
 - (a) participants representing 85 percent of total credit arrangements have concurred with the amendments to the NAB Decision; and
 - (b) participants representing 85 percent of total credit arrangements have agreed to the changes in credit arrangements, including each participant whose credit arrangement is being changed; provided that if a participant has not agreed to the proposed changes in credit arrangements by December 31, 2020, or at any later date as determined by the Executive Board, the proposed change to the credit arrangement of such participant will be deemed to have been withdrawn, and the credit arrangement of such participant will remain unchanged.

Decision 2: Extension of the Deadline to Review the Guidelines for Borrowing by the Fund

Paragraph 8 of the Guidelines for Borrowing by the Fund set forth in Decision No. 16042-(16/77), adopted on August 29, 2016, shall be further amended to read as follows:

“8. The Executive Board shall review these guidelines by June 30, 2020.”

Attachment I. Draft Revised NAB Decision (Clean Version)

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.

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. 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 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 through December 31, 2025 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 through December 31, 2025 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)*

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), 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.

Participants and Amounts of Credit Arrangements^{1/}
(In Millions of SDRs)

Current Participants	Amount
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
Hong Kong Monetary Authority	680.00
India	8,881.82
Italy	13,797.04
Japan	67,017.00
Korea	6,689.64
Kuwait	682.58
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

PROPOSED DECISIONS TO MODIFY THE NEW ARRANGEMENTS TO BORROW

United Kingdom	18,958.32
United States	56,404.94
Total	361,145.16
Prospective participants	3,597.14
Greece	1,681.20
Ireland	1,915.94
Total after adherence of prospective participants	364,742.30

^{1/} Current credit arrangements are subject to a minimum of SDR 680 million.

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.

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]

Attachment II. Draft Revised NAB Decision (Redlined version)

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.

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 ~~November 16, 2022~~ **December 31, 2025**. 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 ~~Fifteenth~~ **Sixteenth** General Review of Quotas on 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*~~ ~~*the General Arrangements to Borrow and Associated Borrowing Arrangements*~~

~~(a) When considering whether to activate the New Arrangements to Borrower or the General Arrangements to Borrow, the Fund shall be guided by the principle that the New Arrangements to Borrower shall be the facility of first and principal recourse, except that in the event that a proposal for the establishment of an activation period under the New Arrangements to Borrower is not accepted under paragraph 5(a), a proposal for calls may be made under the General Arrangements to Borrow.~~

~~(b) Outstanding drawings and available commitments under the New Arrangements to Borrower and the General Arrangements to Borrow shall not exceed SDR 180,572.58 million, or such other amount of total credit arrangements as may be in effect in accordance with this decision. The available commitment of a participant under the New Arrangements to Borrower shall be reduced pro tanto by any outstanding drawings on, and commitments of, the participant under the General Arrangements to Borrow. The available commitment of a participant under the General Arrangements to Borrow shall be reduced pro tanto by the extent to which its credit arrangement~~

~~under the General Arrangements to Borrow exceeds its available commitment under the New Arrangements to Borrower.~~

~~(c) References to drawings and commitments under the General Arrangements to Borrow shall include drawings and commitments under the Associated Borrowing Arrangements referred to in paragraph 23 of the General Arrangements to Borrow.~~

~~(a) Bilateral borrowing agreements in effect from January 1, 2021 through December 31, 2025 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 through December 31, 2025 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. ~~14577-(10/35)~~ 16645-(20/5)*

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), January 16, 2020, March 11, 2014~~ 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.

Paragraph 24. Delay in Drawings

~~No drawings shall be made under this decision until participants representing at least 70 percent of the total credit arrangements of new participants listed in Annex I have adhered to this decision in accordance with paragraph 3(c).~~

Participants and Amounts of Credit Arrangements^{1/}
(In Millions of SDRs)

Current Participants	Amount	
Australia	2,220.45	4,440.90
Austria	1,818.49	3,636.98
Banco Central de Chile	690.97	1,381.94
Banco de Portugal	783.50	1,567.00
Bangko Sentral ng Pilipinas	340.00	680.00
Bank of Israel	340.00	680.00
Belgium	3,994.33	7,988.66
Brazil	4,440.91	8,881.82
Canada	3,873.71	7,747.42
China	15,860.38	31,720.76
Cyprus	340.00	680.00
Danmarks Nationalbank	1,629.76	3,259.52
Deutsche Bundesbank	12,890.02	25,780.04
Finland	1,133.88	2,267.76
France	9,479.16	18,958.32
Hong Kong Monetary Authority	340.00	680.00
India	4,440.91	8,881.82
Italy	6,898.52	13,797.04
Japan	33,508.50	67,017.00
Korea	3,344.82	6,689.64
Kuwait	341.29	682.58
Luxembourg	493.12	986.24
Malaysia	340.00	680.00
Mexico	2,537.66	5,075.32
National Bank of Poland	1,285.40	2,570.80
Netherlands	4,594.80	9,189.60
New Zealand	340.00	680.00
Norway	1,966.69	3,933.38
Russian Federation	4,440.91	8,881.82
Saudi Arabia	5,652.74	11,305.48
Singapore	648.55	1,297.10
South Africa	340.00	680.00
Spain	3,405.14	6,810.28
Sveriges Riksbank	2,255.68	4,511.36
Swiss National Bank	5,540.66	11,081.32
Thailand	340.00	680.00

PROPOSED DECISIONS TO MODIFY THE NEW ARRANGEMENTS TO BORROW

United Kingdom	9,479.16	18,958.32
United States	28,202.47	56,404.94
Total	180,572.58	361,145.16
	-	
New Prospective participants		
Greece	840.60	1,681.20
Ireland	957.97	1,915.94
	-	
Total after adherence of prospective participants	182,371.15	364,742.30

^{1/} Current credit arrangements are subject to a minimum of SDR ~~340 680~~ million.

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.*

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.

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]