



# IMF POLICY PAPER

## REVIEW OF THE METHOD OF VALUATION OF THE SDR—AMENDMENT TO RULE O-1

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July 29, 2022

## REVIEW OF THE METHOD OF VALUATION OF THE SDR— AMENDMENT TO RULE O-1

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This paper seeks Executive Board approval of an amendment to Rule O-1 of the IMF's Rules and Regulations, which specifies the currency amounts in the SDR valuation basket.

In accordance with Decision No. 17247-(22/44), adopted May 11, 2022, on the method of valuation of the SDR and Decision No. 16033-(16/17), adopted July 20, 2016 on the guidelines for the calculation of currency amounts in the SDR valuation basket, the amounts of each currency included in the SDR valuation basket, effective August 1, 2022, have been determined and are illustrated in Table 1, column (3).

These currency amounts are calculated in accordance with long-standing principles of continuity and stability of the SDR value in terms of currencies. The calculations ensure that on the transition day (today), the value of the SDR in U.S. dollars is the same under the new and the prevailing SDR valuation baskets. Moreover, at the average exchange rates for the three-month period ending today (May 2 through July 29, 2022), the share of each currency in the value of the SDR corresponds to the weight approved by the IMF Executive Board on May 11, 2022. Table 1, column 9 shows that the shares of the currencies in the value of the SDR are in fact equivalent to the weights approved by the IMF Executive Board and presented in column 8 of Table 1.

## Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

Effective August 1, 2022, Rule O-1, which specifies the amounts of the currencies in the SDR valuation basket, shall be amended to read as follows:

“Rule O-1. The value of the SDR shall be the sum of the values of the following amounts of the following currencies:

U.S. dollar      0.57813

Euro              0.37379

Chinese yuan    1.0993

Japanese yen    13.452

Pound sterling   0.080870”.

**Table 1. Calculation of Currency Amounts to be Listed in Amended Rule O-1, Effective August 1, 2022**

	Transition Date	Base Period Avg.	Final Currency Amounts (CA) <sup>3/</sup>	Currency Amounts		Currency Weights		
	Exchange Rates <sup>1/</sup>	Exchange Rates <sup>1/</sup>		Valued at TEX	Valued at BEX	Implied by Final CA	Board-adopted Weights <sup>4/</sup>	Difference
	July 29, 2022 (TEX)	May 2 - July 29 (BEX)		(1) x (3)	(2) x (3)	[(5) / (6)] * 100		
	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
U.S. dollar	1	1	<b>0.57813</b>	0.578130	0.578130	43.38	43.38	0.00
Euro	1.02415	1.04501	<b>0.37379</b>	0.382817	0.390615	29.31	29.31	0.00
Chinese yuan	0.148424	0.148866	<b>1.0993</b>	0.163163	0.163649	12.28	12.28	0.00
Japanese yen	0.00750610	0.00751931	<b>13.452</b>	0.100972	0.101150	7.59	7.59	0.00
Pound sterling	1.2182	1.22608	<b>0.080870</b>	0.098516	0.099153	7.44	7.44	0.00
On July 29, 2022	SDR1 = US\$	1.32360 <sup>2/</sup>	= Sum	1.32360 <sup>2/ 5/</sup>	1.33270			(6)

Source: IMF Finance Department.

1/ The exchange rates are expressed as U.S. dollars per currency unit.

2/ The value in U.S. dollars of one SDR, rounded to six significant digits.

3/ An adjustment of 0.00001 was applied to the U.S. dollar currency amount to meet the equality condition. For details on calculation and rounding of currency amounts, see <http://www.imf.org/external/pp/longres.aspx?id=5055>.

4/ See Decision No. 17247-(22/44), adopted on May 11, 2022.

5/ The total may not reflect the sum of displayed components due to rounding.