

## **Borrowing Agreement between the Government of France and the International Monetary Fund**

### 1. Purposes and Amounts.

In light of the multilateral effort to ensure the adequacy of the financial resources available to the International Monetary Fund (the "Fund"), and with a view to supporting the Fund's ability to provide timely and effective balance of payments assistance to its members, France agrees to lend to the Fund an SDR-denominated amount up to the equivalent of EUR 11.06 billion, on the terms and conditions set out below.

### 2. Term of the Agreement.

(a) Subject to subparagraph (b), the Fund may make drawings in accordance with the terms of this agreement for a period of two years commencing on the date of the first drawing or December 31, 2009, whichever is earlier. Unless otherwise agreed between France and the Fund, the Fund shall give France at least five business days' (Paris) notice of its intention to draw, and shall provide payment instructions at least two business days (Paris) prior to the value date of the transaction by SWIFT.

(b) With the agreement of France, the Fund may, if warranted in light of the Fund's overall liquidity situation and actual and prospective borrowing requirements, extend the term of this agreement for successive one-year periods for a total drawing period of up to four years, effective upon notice being given by the Fund at least one month prior to expiration of the then current term.

(c) Notwithstanding subparagraphs (a) and (b), France may, at its option, terminate the term of this agreement if France, its central bank or other official institution is a participant in an enlarged and amended New Arrangements to Borrow ("NAB") that becomes effective after the date of this agreement.

### 3. Uses, Estimates and Limits on Drawings.

(a) After consultation with France, and taking into account both the Fund's liquidity position and the need to achieve, in the medium-term, broadly balanced drawings under the Fund's bilateral borrowing agreements, the Fund may make drawings under this agreement in connection with (i) any use of Fund resources in the General Resources Account, or (ii) the payment of the Fund's outstanding indebtedness under other official sector borrowing effected pursuant to Article VII, Section 1(i) of the Fund's Articles of Agreement, in circumstances where the terms of such other borrowing permit the Fund to make drawings under such other borrowing in connection with the payment of the Fund's outstanding indebtedness under this agreement.

(b) Unless otherwise agreed between France and the Fund, the Fund shall not draw more than the equivalent of EUR 2 billion during any calendar week, nor more than the equivalent of EUR 6 billion during any calendar month, as calculated pursuant to paragraph 11(b).

(c) The Fund shall not make a drawing under this agreement if such drawing would result in total outstanding drawings under this agreement exceeding EUR 11.06 billion at the time of such drawing, as calculated pursuant to paragraph 11(b).

(d) Prior to the beginning of each quarter of the Fund's financial year, the Fund shall provide France with its best estimates of the amounts that it expects it will draw under this agreement during the forthcoming quarter, and shall provide revised estimates during each quarter where this is warranted.

#### 4. Evidence of Indebtedness.

(a) At the request of France, the Fund shall issue to France non-negotiable instruments evidencing the Fund's indebtedness to France arising under this agreement. The form of the instruments shall be agreed between the Fund and France.

(b) Upon repayment of the amount of any instrument issued under subparagraph (a) and all accrued interest, the instrument shall be returned to the Fund for cancellation. If less than the amount of such an 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 the old instrument.

#### 5. Maturity.

(a) Except as otherwise provided in this paragraph 5 and in paragraph 9 below, each drawing under this agreement shall have a maturity date of three months from the drawing date. The Fund may in its sole discretion elect to extend the maturity date of any drawing or of any portion thereof by additional periods of three months after the initial maturity date, which extension the Fund shall automatically be deemed to have elected with respect to the maturity dates for all drawings then outstanding unless, at least five business days (Paris) before a maturity date, the Fund notifies France in writing that the Fund does not elect to extend the maturity date of a particular drawing or portion thereof; provided however that, in no event, shall the maturity date of any drawing be extended to a date that is later than the fifth anniversary of the date of such drawing.

(b) The Fund shall repay the principal amount of each drawing or relevant part thereof on the maturity date applicable to that drawing or part thereof pursuant to subparagraph (a).

(c) After consultation with France, the Fund may make an early repayment in part or in full of the principal amount of any drawing prior to the maturity date applicable to the drawing pursuant to subparagraph (a).

(d) Repayments of drawings shall restore pro tanto the amount that can be drawn under this agreement. The extension of maturity of a drawing or of any part thereof pursuant to subparagraph (a) shall not reduce the amount that can be drawn under this agreement.

(e) If a maturity date for a drawing is not a business day in the place where payment is to be made, then the payment date for the principal amount of such drawing will be the next business day in that place. In such cases, interest will accrue up to the payment date.

## 6. Rate of Interest.

(a) Each drawing shall bear interest at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of the Fund's Articles of Agreement; provided however that, if the Fund pays an interest rate higher than the SDR interest rate on outstanding balances from any other borrowing on comparable terms that has been effected pursuant to Article VII, Section 1(i) of the Fund's Articles of Agreement, and for as long as the payment of such higher interest rate remains in effect, the interest rate payable on drawings under this agreement shall be equivalent to the interest rate paid by the Fund on such other comparable borrowing.

(b) The amount of interest payable on each drawing shall be calculated on the basis of the outstanding amount of the drawing. Interest shall accrue daily and shall be paid promptly by the Fund after each July 31, October 31, January 31 and April 30.

## 7. Denomination, Media and Modalities of Drawings and Payments.

(a) The amount of each drawing and corresponding repayment under this agreement shall be denominated in SDRs.

(b) Unless otherwise agreed between the Fund and France, the amount of each drawing shall be paid by France, on the value date specified in the Fund's notice under paragraph 2, by transfer of the SDR equivalent amount of currency of France to the account of the Fund at the designated depository of France.

(c) The obligations of France under Article V, Section 3(e) and Article V, Section 7(j) concerning exchanges of its currency purchased or to be used in repurchases from the Fund shall apply, respectively, to purchase and repurchase transactions in the General Resources Account involving its currency used in drawings and to be used in repayments of principal under this agreement.

(d) Except as otherwise provided in paragraph 9 below, and unless otherwise agreed between the Fund and France, repayments by the Fund of principal under this agreement shall be made in the currency of France.

(e) Payments by the Fund of interest under this agreement shall normally be made in SDRs; provided that the Fund and France may agree that interest payments will be made in the currency of France.

(f) All payments made by the Fund in the currency of France shall be made by crediting the amount due to the account of the Government of France at the designated depository of France. Payments in SDRs shall be made by crediting France's account in the Special Drawing Rights Department. Payments in any other currency shall be made to an account specified by France.

## 8. Termination of Drawings at Request of France .

France's commitment to meet drawings under this agreement shall be terminated at the request of France if (i) France represents that its balance of payments and reserve position does not justify further drawings, and (ii) the Fund, having given this representation the

overwhelming benefit of any doubt, determines that no further drawing should be made in light of France's balance of payments and reserve position.

9. Early Repayment at Request of France.

At the request of France, France shall obtain early repayment at face value of all or a portion of the drawings outstanding under this agreement, if (i) France represents that its balance of payments and reserve position justifies such repayment, and (ii) the Fund, having given this representation the overwhelming benefit of any doubt, determines that there is a need for the early repayment as requested by France in light of France's balance of payments and reserve position. After consultation with France, the Fund may make repayments pursuant to this paragraph 9 in SDRs or a freely usable currency as determined by the Fund.

10. Transferability.

(a) Except as provided in subparagraphs (b) through (h) below, France may not transfer its obligations under this agreement, or any of its claims on the Fund resulting from outstanding drawings under this agreement, except with the prior consent of the Fund and on such terms or conditions as the Fund may approve.

(b) France shall have the right to transfer at any time all or part of any claim on the Fund resulting from outstanding drawings under this agreement to any member of the Fund, to the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Fund's Articles of Agreement ("other fiscal agency"), or to any official entity that has been prescribed as a holder of SDRs pursuant to Article XVII, Section 3 of the Fund's Articles of Agreement.

(c) The transferee of a claim transferred pursuant to subparagraph (b) shall, as a condition of the transfer, assume the liability of France pursuant to paragraph 5(a) regarding the extension of the maturity of drawings related to the transferred claim. More generally, any claim transferred pursuant to subparagraph (b), shall be held by the transferee on the same terms and conditions as the claim was held by France, except that (i) the transferee shall acquire the right to request early repayment under paragraph 9 only if it is a member, or the central bank or other fiscal agency of a member, and at the time of transfer the member's balance of payments and reserve position is considered sufficiently strong in the opinion of the Fund that its currency is used in transfers under the Financial Transactions Plan, (ii) if the transferee is a member or the central bank or other fiscal agency of a member, the reference to the currency of France in paragraph 7 shall be deemed to refer to the transferee's currency, and in other cases it shall be deemed to refer to a freely usable currency determined by the Fund, (iii) payments related to the transferred claim shall be made to an account specified by the transferee, and (iv) references to business days (Paris) shall be deemed to refer to business days in the place where the transferee is situated.

(d) The price of a claim transferred pursuant to subparagraph (b) shall be as agreed between France and the transferee.

(e) France shall notify the Fund promptly of the claim that is being transferred pursuant to subparagraph (b), 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) A transfer notified to the Fund under subparagraph (e) shall be reflected in the Fund's records if it is in accordance with the terms and conditions of this paragraph 10. The transfer shall be effective as of the value date agreed between France and the transferee.

(g) If all or part of a claim is transferred during a quarterly period as described in paragraph 6(b), the Fund shall pay interest to the transferee on the amount of the claim transferred for the whole of that period.

(h) If requested, the Fund shall assist in seeking to arrange transfers.

#### 11. Effective Exchange Rate.

(a) Unless otherwise is agreed between France and the Fund, all drawings, exchanges, and payments of principal and interest under this agreement shall be made at the exchange rates for the relevant currencies in terms of the SDR established pursuant to Article XIX, Section 7(a) and the rules and regulations of the Fund thereunder for the second business day of the Fund before the value date of the transfer, exchange or payment. If this exchange rate determination date is not a business day in Paris, such date shall be the last preceding business day of the Fund that is also a business day in Paris.

(b) For purposes of applying the limit on drawings specified in paragraphs 1 and 3(b) and (c), the Euro value of each SDR-denominated drawing shall be determined and permanently fixed on the value date of the drawing based on the Euro/SDR exchange rate established pursuant to Article XIX, Section 7(a) and the rules and regulation of the Fund thereunder for the second business day of the Fund before the value date of the drawing. If this exchange rate determination date is not a business day in Paris, such date shall be the last preceding business day of the Fund that is also a business day in Paris.

#### 12. Changes in Method of Valuation of SDR.

If the Fund changes the method of valuing the SDR, all transfers, exchanges and payments of principal and interest made two or more business days of the Fund after the effective date of the change shall be made on the basis of the new method of valuation.

#### 13. Non-Subordination of Claims.

The Fund agrees that it will not take any action that would have the effect of making France's claims on the Fund resulting from outstanding drawings under this agreement subordinate in any way to claims on the Fund resulting from any other borrowing effected pursuant to Article VII, Section 1(i) of the Fund's Articles of Agreement.

#### 14. Settlement of Questions.

Any question arising under this agreement shall be settled by mutual agreement between France and the Fund.

#### 15. Final Provisions.

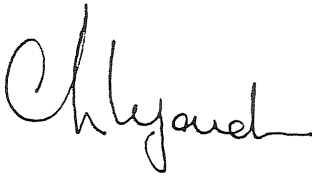
(a) The Agreement, drawn up in a single original in the English and French languages, both texts being equally authentic, shall be deposited in the archives of the Fund, which shall

transmit a certified copy to the Government of France.

(b) The Agreement shall enter into force on the date the Fund confirms by written communication receipt of an instrument setting forth that the French Government has approved the Agreement.

IN WITNESS WHEREOF, the government of France and the Fund have executed this Agreement.

For the government of France:

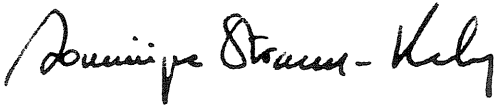


H.E. Ms. Christine Lagarde  
Minister of the Economy, Industry, and Employment

Date

**29 JUIL 2009**

For the INTERNATIONAL MONETARY FUND:



Dominique Strauss-Kahn  
Managing Director

July 20, 2009

Date