

OBJECTS AND REASONS

A Bill to amend the *International Monetary Fund Act*,
Cap. 18A to

- (a) facilitate the amendment of the Schedule to the Act by Order;
- (b) update the Schedule to the Act to reflect the extant Articles of Agreement of the International Monetary Fund in respect of
 - (i) Resolution No. 52-4 that relates to the allocation of Special Drawing Rights;
 - (ii) Resolution 63-2 to enhance voice and participation in the International Monetary Fund; and
 - (iii) Resolution No. 63-3 to expand the investment authority of the International Monetary Fund.

Arrangement of Sections

Section

1. Short title.
2. Amendment of section 8 of Cap. 18A.
3. Amendment of Article V in Schedule to Cap. 18A.
4. Amendment of Article XII in Schedule to Cap. 18A.
5. Amendment of Article XV in Schedule to Cap. 18A.
6. Amendment to Schedule L in Schedule to Cap. 18A.
7. Insertion of Schedule M in Schedule to Cap. 18A.

BARBADOS

A Bill entitled

An Act to amend the *International Monetary Fund Act*.

ENACTED by the Parliament of Barbados as follows:

1. This Act may be cited as the *International Monetary Fund* Short title.
(Amendment) Act, 2012.

Amendment
of section 8
of Cap.
18A.

2. Section 8 of the *International Monetary Fund Act*, in this Act referred to as the principal Act, is amended by deleting section 8 and substituting the following:

"Power of
Minister to
make
orders.

8. The Minister may by order

(a) make such provision as may be necessary for carrying out the obligations of the Government under the Fund Agreement and the Membership Resolution;

Schedule.

(b) amend the *Schedule* to the Act to give effect to an amendment made to the Fund Agreement."

Amend-
ment of
Article V in
Schedule to
Cap. 18A.

3. Section 12 of Article V of the Articles of Agreement of the International Monetary Fund which is contained in the Schedule to the principal Act is amended by

(a) deleting paragraph (h) and substituting the following paragraph:

"(h) Pending uses specified under (f) above, the Fund may use a member's currency held in the Special Disbursement Account for investment as it may determine, in accordance with rules and regulations adopted by the Fund by a seventy percent majority of the total voting power. The income of investment and interest received under (f)(ii) above shall be placed in the Special Disbursement Account.";

(b) inserting immediately after paragraph (j) the following paragraph:

"(k) Whenever under (c) above the Fund sells gold acquired by it after the date of the second amendment of this Agreement, an amount of the proceeds equivalent to the acquisition price of the gold shall be placed in the General Resources Account, and any excess shall be placed in the Investment Account for use pursuant to the provisions of Article XII, Section 6(f). If any gold acquired by the Fund after the date of the second amendment of this Agreement is sold after April 7, 2008 but prior to the date of entry into force of this provision, then, upon the entry into force of this provision, and notwithstanding the limit set forth in Article XII, Section 6(f)(ii), the Fund shall transfer to the Investment Account from the General Resources Account an amount equal to the proceeds of such sale less

- (i) the acquisition price of the gold sold; and
- (ii) any amount of such proceeds in excess of the acquisition price that may have already been transferred to the Investment Account prior to the date of entry into force of this provision."

Amend-
ment of
Article XII
in Schedule
to Cap.
18A.

4. Article XII of the Articles of Agreement of the International Monetary Fund which is contained in the Schedule to the principal Act is amended by deleting

(a) paragraph (e) of section 3 and inserting the following paragraph:

"(e) Each Executive Director shall appoint an Alternate with full power to act for him when he is not present, provided that the Board of Governors may adopt rules enabling an Executive Director elected by more than a specified number of members to appoint two Alternates. Such rules, if adopted, may only be modified in the context of the regular election of Executive Directors and shall require an Executive Director appointing two Alternates to designate:

- (i) the Alternate who shall act for the Executive Director when he is not present and both Alternates are present; and
- (ii) the Alternate who shall exercise the powers of the Executive Director under (f) below.

When the Executive Directors appointing them are present, Alternates may participate in meetings but may not vote.";

(b) paragraph (a) of section 5 and substituting the following paragraph:

"(a) The total votes of each member shall be equal to the sum of its basic votes and its quota-based votes.

- (i) The basic votes of each member shall be the number of votes that results from the equal distribution among all the members of 5.502 percent of the aggregate sum of the total voting power of all the members, provided that there shall be no fractional basic votes.
- (ii) The quota-based votes of each member shall be the number of votes that results from the allocation of one vote for each part of its quota equivalent to one hundred thousand special drawing rights.";

(c) sub-paragraph (iii) of paragraph (f) of section 6 and substituting the following sub-paragraph:

"(iii) The Fund may use a member's currency held in the Investment Account for investment as it may determine, in accordance with rules and regulations adopted by the Fund by a seventy percent majority of the total voting power. The rules and regulations adopted pursuant to this provision shall be consistent with (vii), (viii), and (ix) below.";

- (d) sub-paragraph (vi) of paragraph (f) of section 6 and substituting the following sub-paragraph:

"(vi) The Investment Account shall be terminated in the event of liquidation of the Fund and may be terminated, or the amount of the investment may be reduced, prior to liquidation of the Fund by a seventy percent majority of the total voting power."

Amend-
ment of
Article XV
in Schedule
to Cap.
18A.

5. Article XV of the Articles of Agreement of the International Monetary Fund which is contained in the Schedule to the principal Act is amended by deleting section one and substituting the following section:

"Section 1. *Authority to allocate special drawing rights*

(a) To meet the need, as and when it arises, for a supplement to existing reserve assets, the Fund is authorized to allocate special drawing rights in accordance with the provisions of Article XVIII to members that are participants in the Special Drawing Rights Department.

(b) In addition, the Fund shall allocate special drawing rights to members that are participants in the Special Drawing Rights Department in accordance with the provisions of Schedule M."

6. Schedule L to the Articles of Agreement of the International Monetary Fund which is contained in the Schedule to the principal Act is amended by deleting paragraph 2 and substituting the following paragraph:

Amendment to Schedule L in Schedule to Cap. 18A.

"2. The number of votes allotted to the member shall not be cast in any organ of the Fund. They shall not be included in the calculation of the total voting power, except for purposes of:

- (a) the acceptance of a proposed amendment pertaining exclusively to the Special Drawing Rights Department; and
- (b) the calculation of basic votes pursuant to Article XII, Section 5(a)(i)."

7. The Articles of Agreement of the International Monetary Fund which is contained in the Schedule to the principal Act is amended by inserting immediately after Schedule L the following:

Insertion of Schedule M in Schedule to Cap. 18A.

"Schedule M

Special One-Time Allocation of Special Drawing Rights

1. Subject to 4 below, each member that, as of September 19, 1997, is a participant in the Special Drawing Rights Department shall, on the 30th day following the effective date of the fourth amendment of this Agreement, receive an allocation of special drawing rights in an amount that will result in its net cumulative allocation of special drawing rights being equal to 29.315788813 percent of its quota as of September 19, 1997, provided that, for participants whose quotas have not been adjusted as proposed in Resolution No. 45-2 of the Board of Governors, calculations shall be made on the basis of the quotas proposed in that resolution.

2. (a) Subject to 4 below, each country that becomes a participant in the Special Drawing Rights Department after September 19, 1997 but within three months of the date of its membership in the Fund shall receive an allocation of special drawing rights in an amount calculated in accordance with (b) and (c) below on the 30th day following the later of:

- (i) the date on which the new member becomes a participant in the Special Drawing Rights Department; or
- (ii) the effective date of the fourth amendment of this Agreement.

(b) For the purposes of (a) above, each participant shall receive an amount of special drawing rights that will result in such participant's net cumulative allocation being equal to 29.315788813 percent of its quota as of the date on which the member becomes a participant in the Special Drawing Rights Department, as adjusted:

- (i) first, by multiplying 29.315788813 percent by the ratio of the total of quotas, as calculated under 1 above, of the participants described in (c) below to the total of quotas of such participants as of the date on which the member became a participant in the Special Drawing Rights Department; and
- (ii) second, by multiplying the product of (i) above by the ratio of the total of the sum of the net cumulative allocations of special drawing rights received under Article XVIII of the participants described in (c) below as of the date on which the member became a participant in the Special Drawing Rights Department and the allocations received by such

participants under 1 above to the total of the sum of the net cumulative allocations of special drawing rights received under Article XVIII of such participants as of September 19, 1997 and the allocations received by such participants under 1 above.

(c) For the purposes of the adjustments to be made under (b) above, the participants in the Special Drawing Rights Department shall be members that are participants as of September 19, 1997 and

- (i) continue to be participants in the Special Drawing Rights Department as of the date on which the member became a participant in the Special Drawing Rights Department; and
- (ii) have received all allocations made by the Fund after September 19, 1997.

3. (a) Subject to 4 below, if the Federal Republic of Yugoslavia (Serbia/Montenegro) succeeds to the membership in the Fund and the participation in the Special Drawing Rights Department of the former Socialist Federal Republic of Yugoslavia in accordance with the terms and conditions of Executive Board Decision No. 10237-(92/150), adopted December 14, 1992, it shall receive an allocation of special drawing rights in an amount calculated in accordance with (b) below on the 30th day following the later of:

- (i) the date on which the Federal Republic of Yugoslavia (Serbia/Montenegro) succeeds to membership in the Fund and participation in the Special Drawing Rights Department in accordance with the terms and conditions of Executive Board Decision No. 10237-(92/150); or

(ii) the effective date of the fourth amendment of this Agreement.

(b) For the purposes of (a) above, the Federal Republic of Yugoslavia (Serbia/Montenegro) shall receive an amount of special drawing rights that will result in its net cumulative allocation being equal to 29.315788813 percent of the quota proposed to it under paragraph 3(c) of Executive Board Decision No. 10237-(92/150), as adjusted in accordance with 2(b)(ii) and (c) above as of the date on which the Federal Republic of Yugoslavia (Serbia/Montenegro) qualifies for an allocation under (a) above.

4. The Fund shall not allocate special drawing rights under this Schedule to those participants that have notified the Fund in writing prior to the date of the allocation of their desire not to receive the allocation.

5. (a) If, at the time an allocation is made to a participant under 1, 2, or 3 above, the participant has overdue obligations to the Fund, the special drawing rights so allocated shall be deposited and held in an escrow account within the Special Drawing Rights Department and shall be released to the participant upon discharge of all its overdue obligations to the Fund.

(b) Special drawing rights being held in an escrow account shall not be available for any use and shall not be included in any calculations of allocations or holdings of special drawing rights for the purposes of the Articles, except for calculations under this Schedule. If special drawing rights allocated to a participant are held in an escrow account when the participant terminates its participation in the Special Drawing Rights Department or when it is decided to liquidate the Special Drawing Rights Department, such special drawing rights shall be canceled.

(c) For purposes of this paragraph, overdue obligations to the Fund consist of overdue repurchases and charges in the General Resources Account, overdue principal and interest on loans in the Special Disbursement Account, overdue charges and assessments in the Special Drawing Rights Department, and overdue liabilities to the Fund as trustee.

(d) Except for the provisions of this paragraph, the principle of separation between the General Department and the Special Drawing Rights Department and the unconditional character of special drawing rights as reserve assets shall be maintained."