

CHAPTER 327

BRETTON WOODS AGREEMENTS

Ads Nos. 20 of 1950, 19 of 1959, 4 of 1961, 2 of 1969,
Law No. 10 of 1978.

AN ACT TO ENABLE CEYLON » TO BECOME A MEMBER OF THE INTERNATIONAL MONETARY FUND AND OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT BY ACCEPTANCE OF THE INTERNATIONAL AGREEMENTS FOR THE ESTABLISHMENT AND OPERATION OF THE FUND AND BANK.

[22nd August. 1950.]

Preamble. Whereas the International Monetary Fund and the International Bank for Reconstruction and Development were established in pursuance of agreements drawn up at the United Nations Monetary and Financial Conference held at Bretton Woods in New Hampshire in the United States of America in July 1944:

And whereas copies of the text of the Articles of the said Agreements have been laid before Parliament:

And whereas the International Monetary Fund and the International Bank for Reconstruction and Development have prescribed the terms and conditions set out in the First Schedule and the Second Schedule to this Act as the terms and conditions upon which Ceylon* may be admitted to membership of the International Monetary Fund and the International Bank for Reconstruction and Development respectively:

And whereas, for the purpose of complying with the terms and conditions aforesaid, it is necessary to make provision as hereinafter set out:

Now, therefore, be it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

Short title. **1.** This Act may be cited as the Bretton Woods Agreements Act.

ACCEPTANCE OF THE AGREEMENTS AND FINANCIAL PROVISIONS

2. The Governor-General \ is hereby authorized by instruments under his hand to empower such person as may be named in such instruments, on behalf of the Government of Ceylon* —

Authorization of signature of Articles of Agreement of the Fund and the Bank respectively.

(a) to sign the Articles of Agreement of the International Monetary Fund and the Articles of Agreement of the International Bank for Reconstruction and Development, respectively; and

(h) to deposit with the Government of the United States of America instruments of acceptance of the Articles of Agreement of the Fund and of the Articles of Agreement of the Bank (hereinafter referred to as "the Bank Agreement"), stating that the Government of Ceylon* has accepted in accordance with its law the respective Articles and the terms and conditions prescribed thereunder as the terms upon which the Government of Ceylon* shall be admitted to membership of the Fund and of the Bank.

[3, 2 of 1969.]

3. (1) There shall be paid out of the Consolidated Fund of Sri Lanka such part of the subscriptions of Sri Lanka as may, in accordance with the provisions of sections 1 and 4 of Article 1H of the Fund Agreement, be payable in Sri Lanka currency or special

Subscription to International Monetary Fund- IS 3, Law 10 of 1978.]

* Now Sri Lanka-
 *f First Schedule is omitted.
 I Further action, if necessary, under this section has to be taken by the President.

drawing rights or such other currency as may be specified by the Fund.

(2) Where the subscription of Sri Lanka to the International Monetary Fund is increased in consequence of an increase in the quota for Sri Lanka, there shall be paid out of the Consolidated Fund such sums as may, under section 3 of Article III of the Fund Agreement, be necessary for paying in Sri Lanka currency or special drawing rights or any other currency specified by the Fund, the amount of the increase in such subscription.

(3) The Minister is hereby authorized on behalf of the Government, to create and issue to the General Resources Account of the International Monetary Fund, in such form as he thinks fit, any such non-interest bearing and non-negotiable notes or other obligations as the Fund may, under section 4 of Article III of the Fund Agreement, determine to accept in place of any part of the subscription of Sri Lanka which would, but for such acceptance, be payable in Sri Lanka currency.

4. (1) There shall be paid out of the Consolidated Fund of Sri Lanka—

- (a) all sums payable to the General Resources Account of the International Monetary Fund under section 11 of Article V of the Fund Agreement (which relates to changes in the exchange value of currencies of members);
- (b) all sums required for implementing the guarantee required by section 3 of Article XIII of the Fund Agreement, that is to say, a guarantee of the assets of the Fund against loss resulting from failure or default of the depository designated by the Government of Sri Lanka under the said Article ;
- (c) all sums required for the redemption of any notes or obligations created and issued to the General Resources Account of the Fund under this Act;
- (d) any compensation required to be paid to the Fund or to any member thereof under Schedule J of the

Fund Agreement (which relates to the withdrawal of members from the Fund) or under Schedule K thereof (which relates to the liquidation of the Fund);

- (e) to the Central Bank, all sums paid by that Bank on behalf of Sri Lanka under section 2 of Article XVI of the Fund Agreement, and assessed as so payable under section 4 of Article XX of the Fund Agreement;
- (f) any compensation which Sri Lanka is required or obliged to pay to any participant in the Special Drawing Rights Department in that Fund under section 8 of Schedule I of the Fund Agreement (which relates to the administration of the liquidation of that Department); and
- (g) all sums, other than sums by way of compensation referred to in paragraph (f), which Sri Lanka is required or obliged to pay to that Fund or any member thereof in order to discharge its obligations as a participant in the Special Drawing Rights Department in that Fund.

(2) The Minister, if he thinks fit so to do, may, on behalf of the Government, create and issue to the General Resources Account of the International Monetary Fund, in such form as he thinks fit, any such non-interest bearing and non-negotiable notes or other obligations as the Fund may, under section 4 of Article III of the Fund Agreement, determine to accept in place of any Sri Lanka currency payable to the Fund under any provisions of the Fund Agreement mentioned in paragraph (a) or paragraph (b) or paragraph (c) of subsection (1) of this section.

5. (1) There shall be paid out of the Consolidated Fund such part of the subscription of Sri Lanka specified in paragraph 2 of the terms and conditions set out in the Second Schedule to this Act as may, in accordance with those terms and conditions and the provisions of Article II

Subscription to International Bank for Reconstruction and Development.

Other payments to the International Monetary Fund. [§ 4, Law 10 of 1978.]

of the Bank Agreement, be payable in gold or United States dollars or in Sri Lanka currency.

(IA) Where the authorized capital stock of the International Bank for Reconstruction and Development is increased and Sri Lanka decides to subscribe such proportion of the increase of that capital stock as Sri Lanka is entitled to subscribe under paragraph (c) of section 3 of Article II of the Bank Agreement, there shall be paid out of the Consolidated Fund such sum as may be necessary for making such subscription in accordance with the conditions that may be decided by such Bank under the aforesaid paragraph (c).

(IB) Where Sri Lanka decides to subscribe, pursuant to paragraph (b) of section 3 of Article II of the Bank Agreement, to shares of the authorized capital stock of the International Bank for Reconstruction and Development in addition to its minimum subscription, there shall be paid out of the Consolidated Fund such sums as may be necessary for subscribing to such shares.

(2) The Minister in charge of the subject of Finance is hereby authorized, on behalf of the Government, to create and issue to the International Bank for Reconstruction and Development, in such form as he thinks fit, any such non-interest-bearing and non-negotiable notes or other obligations as the Bank may, under section 12 of Article V of the Bank Agreement, determine to accept in place of any part of the subscription of Sri Lanka which would, but for such acceptance, be payable in Sri Lanka currency.

6. There shall be paid out of the Consolidated Fund —

- (a) all sums payable to the International Bank for Reconstruction and Development under section 9 of Article II of the Bank Agreement (which relates to changes in the par or foreign exchange value of currencies of members); and
- (b) all sums required for the redemption of any notes or obligations created and issued to that Bank under this Act.

7. (1) For the purpose of providing any sums required to be paid out of the Consolidated Fund under section 3 of this Act, or under paragraph (a) or paragraph (b) or paragraph (c) of subsection (1) of section 4 of this Act, or under section 5 or section 6 of this Act, the Minister in charge of the subject of Finance is hereby authorized to raise loans, on behalf of the Government, by the creation and issue to the Central Bank of Ceylon, in such form as he thinks fit, of non-interest-bearing and non-negotiable notes or obligations.

(2) Notwithstanding anything in the Monetary Law Act the Central Bank of Ceylon is hereby authorized to accept and hold any notes or obligations created and issued in accordance with the provisions of subsection (1) of this section.

(3) There shall be paid out of the Consolidated Fund all sums required for the redemption of any notes or obligations created and issued to the Central Bank of Ceylon under subsection (1) of this section.

8. (1) The Central Bank of Ceylon is hereby authorized to make payment of all sums required for the purpose of paying any charges payable to the International Monetary Fund under section 8 of Article V of the Fund Agreement.

(2) All sums received by or on behalf of the Government of Sri Lanka from the International Monetary Fund or from the International Bank for Reconstruction and Development, other than sums received by reason of operations of the Central Bank of Ceylon under Article V or Article VII or Article VIII of the Fund Agreement, shall be paid into the Consolidated Fund; and the sums so received, in so far as they represent capital, shall, unless otherwise provided in that behalf by any written law, be applied from time to time as the Minister in charge of the subject of Finance may direct in the redemption of notes or other obligations issued to the Central Bank under this Act.

Issue of Government notes or obligations to Central Bank. [§ 4, 19 of 1959.]

Charges and receipts.

[§3, 19 of 1959.]

[§2, 4 of 1961.]

Other payments to the International Bank.

Special provisions relating to the Central Bank in relation to operations in the Special Drawing Rights Department. [§ 5, Law 10 of 1978.]

8A. (1) The Central Bank is hereby authorized to acquire, hold and operate on, or dispose of, special drawing rights in the Special Drawing Rights Department in the International Monetary Fund.

(2) The Central Bank is hereby authorized—

- (a) to make payments of all sums required for the purpose of paying any charges payable to the International Monetary Fund under section 2 of Article XX of the Fund Agreement in respect of the special drawing rights in the Special Drawing Rights Department in that Fund; and
- (b) to receive, and to credit to its own funds, the interest payable by that Fund in respect of such special drawing rights under section 1 of the said Article XX.

Special provision in relation to the use of the General Resources of the International Monetary Fund. [§6, Law 10 of 1978.]

8B. The Central Bank is hereby authorized to take steps—

- (a) to ensure that the balances of Sri Lanka currency purchased from the International Monetary Fund by a member of the Fund can be exchanged at the time of purchase, by such member, for a freely usable currency selected by Sri Lanka, in accordance with section 3 (e) of the Article V of the Fund Agreement; and
- (b) to ensure that any member of the Fund repurchasing its own currency from the Fund can obtain Sri Lanka currency (if Sri Lanka currency is specified by the Fund for the repurchase) at the time of repurchase in exchange for a freely usable currency selected by Sri Lanka, in accordance with section 7 (/) of Article V of the Fund Agreement.

STATUS AND IMMUNITIES OF THE FUND AND OF THE BANK

9. (1) The President may, by Order, make such provision as he may consider reasonably necessary for carrying into effect any of the provisions of the Fund Agreement and the Bank Agreement relating to the status, immunities and privileges of the International Monetary Fund and of the International Bank for Reconstruction and Development and their respective Governors, executive directors, alternates, officers and employees, or any of the provisions of the Fund Agreement as to the unenforceability of exchange contracts.

Orders for carrying the Agreements into effect.

(2) Without prejudice to the generality of the provisions of subsection (1), any Order made under that subsection may declare that any specified provisions of the Fund Agreement or the Bank Agreement shall have the force of law in Sri Lanka.

10. In this Act,—

Interpretation.

" Central Bank " means the Central Bank of Ceylon established under section 5 of the Monetary Law Act;

[§ 7, Law 10 of 1978.]

" Fund Agreement " means the Articles of Agreement of the International Monetary Fund as originally adopted and as subsequently amended—

[§ 7, Law 10 of 1978-]

(a) in order to institute a facility based on special drawing rights (the text of which amendment was laid before the House of Representatives on November 23, 1968); and

(b) in order to establish a new international monetary system (which amendment was incorporated in the text of the Articles of Agreement of the Fund laid before the National State Assembly on April 4, 1978);

"International Monetary Fund" means the International Monetary Fund which is established and is in operation in accordance with the provisions of the Fund Agreement.

[§6,2 of 1969.]

BRETTON WOODS AGREEMENTS

[Cap. 327

*SECOND SCHEDULE

[Section 5.]

TERMS AND CONDITIONS PRESCRIBED BY RESOLUTION OF THE BOARD OF GOVERNORS OF
THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT FOR ADMISSION OF
THE GOVERNMENT OF CEYLON * TO MEMBERSHIP IN THE BANK

1. *Definitions.*—As used in this resolution :

- (a) The term " Ceylon " f means the Government of Ceylon +
- (b) The term " Bank " means International Bank for Reconstruction and Development.
- (c) The term " Articles " means the Articles of Agreement of the Bank.
- (d) The term " dollars " or " S " means United States dollars of the weight and fineness in effect on July 1, 1944.
- (e) The term " subscription " means the capital stock of the Bank subscribed to by a member.
- (f) The term " member " means member of the Bank.

2. *Subscription.*— By accepting membership in the Bank, Ceylon f shall subscribe to 150 shares of the capital stock of the Bank at the par value of \$100,000 per share.

3. *Membership in the Fund.*— Before accepting membership in the Bank, Ceylon f shall accept membership in and become a member of the International Monetary Fund-

4. *Payments on Subscription:*

- (a) Before accepting membership in the Bank, Ceylon T shall pay to the Bank:
 - (i) Gold or United States dollars equal to 2 per cent of its subscription, without any right to postpone payment of any part thereof under Section 8 (a) of Article II of the Articles ; and
 - (ii) An amount in the currency of Ceylon f which at the appropriate prevailing exchange rate, shall be equal in value to 18 per cent of its subscription.
- (b) Ceylon f shall agree that, if it tenders any part of the payment called for in paragraph (a) (i) above in gold, the Bank shall have the right to reject any such gold which, in its opinion, may not be sold freely and unconditionally by the Bank to members requiring certification or other evidence as to the origin of gold purchased by them.

5. *Representation and Information.*— Before accepting membership in the Bank, Ceylon f shall represent to the Bank that it has taken all action necessary to sign and deposit the instrument of acceptance and sign the Articles as contemplated by paragraph 6 (a) and (b) of this resolution and Ceylon + shall furnish to the Bank such information in respect of such action as the Bank may request.

6. *Acceptance of Membership.*- After the Bank shall have informed the Government of the United States of America that Ceylon+ (i) has made the payments called for by paragraph 4 of this resolution; (ii) has made the representation called for by paragraph 5 of this resolution ; and (iii) has furnished the information requested by the Bank pursuant to said paragraph 5, and after Ceylon f shall have become a member of the International Monetary Fund, Ceylon f shall become a member of the Bank, with a subscription as set forth in paragraph 2 of this resolution, as of the date when Ceylon f shall have complied with the following requirements ;—

- (a) Ceylon t shall deposit with the Government of the United States of America an instrument stating that it has accepted in accordance with its law the Articles and all the terms and conditions prescribed in this resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this resolution ;
- (b) Ceylon f shall sign the original copy of the Articles held in the Archives of the Government of the United States of America.

7. *Limitation on Period for Acceptance of Membership.*— Ceylon f may accept membership in the Bank pursuant to this resolution until December 31, 1950; provided, however, that, if extraordinary circumstances are deemed by the Executive Directors to warrant an extension of the period during which Ceylon f may accept membership pursuant to this resolution, the Executive Directors may extend such period until such later date as they may determine, but in no event beyond June 30, 1951.

* First Schedule is omitted.

+Now Sri Lanka.