

No. 7388

**BULGARIA, CZECHOSLOVAKIA, GERMAN
DEMOCRATIC REPUBLIC, HUNGARY, MONGOLIA,
POLAND, ROMANIA and UNION OF SOVIET
SOCIALIST REPUBLICS**

**Agreement (with annex) concerning multilateral settle-
ments in transferable roubles and the establishment
of an International Bank for Economic Co-operation.
Signed at Moscow, on 22 October 1963**

Official text: Russian.

*Registered on 20 August 1964 by the Secretariat of the Council for Mutual Economic
Assistance acting on behalf of the Contracting Parties.*

**BULGARIE, TCHÉCOSLOVAQUIE, RÉPUBLIQUE
DÉMOCRATIQUE ALLEMANDE, HONGRIE, MONGOLIE,
POLOGNE, ROUMANIE et UNION DES RÉPUBLIQUES
SOCIALISTES SOVIÉTIQUES**

**Accord (avec annexe) relatif aux règlements de comptes
multilatéraux en roubles transférables et à l'organisa-
tion d'une Banque internationale de coopération éco-
nomique. Signé à Moscou, le 22 octobre 1963**

Texte officiel russe.

*Enregistré le 20 août 1964 par le secrétariat du Conseil d'entraide économique
agissant au nom des Parties contractantes.*

[TRANSLATION — TRADUCTION]

No. 7388. AGREEMENT¹ CONCERNING MULTILATERAL SETTLEMENTS IN TRANSFERABLE ROUBLES AND THE ESTABLISHMENT OF AN INTERNATIONAL BANK FOR ECONOMIC CO-OPERATION. SIGNED AT MOSCOW, ON 22 OCTOBER 1963

The Governments of the People's Republic of Bulgaria, the Hungarian People's Republic, the German Democratic Republic, the Mongolian People's Republic, the Polish People's Republic, the Romanian People's Republic, the Union of Soviet Socialist Republics and the Czechoslovak Socialist Republic,

In the interests of developing and intensifying the international socialist division of labour, of further expanding and strengthening their commercial and economic ties, and

With a view to improving the system of settlements and increasing the influence of currency and financial factors on the fulfilment of their obligations to one another,

Have agreed as follows :

Article I

Settlements under bilateral and multilateral agreements, or special contracts, for reciprocal deliveries of goods, and under agreements concerning other payments between the Contracting Parties shall, as from 1 January 1964, be effected in transferable roubles.

The gold content of the transferable rouble shall be 0.987412 gramme of fine gold.

Any Contracting Party having funds in transferable-rouble accounts may freely draw on such funds in effecting settlements with other Contracting Parties.

When concluding trade agreements, each Contracting Party shall make provision for the setting off within the calendar year of its total receipts from, and total payments to, all the other Contracting Parties in transferable roubles. This exercise may include the formation of favourable balances, the utilization of such balances if any already exist, and credit operations.

¹ In accordance with article XIV, the Agreement came into force on 18 May 1964, the date of deposit with the Secretariat of the Council for Mutual Economic Assistance of the instrument of ratification by the last of the Contracting Parties. The instruments were deposited as follows :

Hungary	4 December 1963	Czechoslovakia	12 March 1964
Mongolia	28 December 1963	Poland	23 March 1964
Bulgaria	10 January 1964	German Democratic Republic	27 March 1964
Union of Soviet Socialist Republics	5 February 1964	Romania	18 May 1964

Each Contracting Party shall ensure the prompt and full discharge of its liabilities in transferable roubles to other Contracting Parties and to the International Bank for Economic Co-operation.

Article II

For the purposes of promoting economic co-operation between the Contracting Parties and the development of their economies, and of increasing their co-operation with other countries, an International Bank for Economic co-operation shall be established with its head office in the city of Moscow.

The membership of the Bank shall consist of the Contracting Parties.

The functions of the Bank shall be :

(a) To effect multilateral settlements in transferable roubles;

(b) To provide credit for foreign trade and other operations between the Contracting Parties;

(c) To encourage the deposit of free funds in transferable roubles and to act as depositary of such funds;

(d) To encourage countries members of the Bank and other countries to place gold and freely convertible and other currencies into accounts and deposits with the Bank and to conduct operations with such funds up to the limit of the sums in question.

At the end of the Bank's first year of operation, the Council of the Bank shall examine the question of part of the Bank's authorized capital being in the form of gold and freely convertible currency and the possibility of the Bank's conducting operations to replace transferable roubles with gold and freely convertible currency;

(e) To conduct other banking operations in keeping with the aims and functions of the Bank under its Charter.¹

In addition to the functions enumerated above, the Bank shall, on the instructions of the countries concerned, provide financing and credit for the joint construction, conversion or operation of industrial enterprises and for other projects out of funds allocated by those countries.

The Bank's activities shall be governed by this Agreement, by its Charter, which forms an integral part of this Agreement, and by the rules and regulations made by the Bank within its competence.

Article III

The authorized capital of the International Bank for Economic Co-operation shall amount to 300 million transferable roubles. The amount of this capital to be subscribed (quota) by each Contracting Party shall be commensurate with its exports to the other Contracting Parties, viz :

¹ See p. 230 of this volume.

	<i>Million roubles</i>
For the People's Republic of Bulgaria	17
For the Hungarian People's Republic	21
For the German Democratic Republic	55
For the Mongolian People's Republic	3
For the Polish People's Republic	27
For the Romanian People's Republic	16
For the Union of Soviet Socialist Republics	116
For the Czechoslovak Socialist Republic	45

Contributions to the Bank's authorized capital shall be derived from the excess of deliveries of goods over imports, over and above the balanced deliveries of goods between the Contracting Parties, up to an amount equal to the quota. A country may, if it so desires, make its contributions to the Bank's authorized (transferable-rouble) capital in a freely convertible currency or in gold.

Each Contracting Party shall make contributions in the first year amounting to 20 per cent of its quota and thereafter as decided by the Council of the Bank.

The amount of the Bank's authorized capital may be changed by decision of the Contracting Parties.

The Bank shall have a reserve capital fund; the Council of the Bank shall decide when, in what amount, for what purposes and how it shall be formed.

The Bank may also have special funds established by the Council on the basis of agreements between the Contracting Parties.

Article IV

The activities of the International Bank for Economic Co-operation shall be conducted in conformity with the principles of full equality of rights of member countries and respect for their sovereignty.

The members of the Bank shall have equal rights in the consideration and determination of questions connected with the Bank's activities.

Article V

Settlements between the Contracting Parties shall be effected in transferable roubles through the International Bank for Economic Co-operation with the assistance of the banks of the Contracting Parties. The following basic principles shall govern the system of multilateral settlements :

(a) Settlements shall be effected through accounts in transferable roubles opened by banks of the Contracting Parties at the International Bank for Economic Co-operation or, by agreement with it, at banks of Contracting Parties. The bank of the exporting country shall send directly to the bank of the importing country the invoices and documents of title for the goods shipped.

The banks of the countries shall report to the International Bank for Economic Co-operation daily on a standard form the amount of the claims (billings)—or the amount of the payments actually made, as the case may be—to be settled in favour of the bank of the exporting country;

(b) Payments shall be made out of the sum standing to the credit of each bank in its transferable-rouble accounts, to which shall be credited all incoming funds, including loans, payable to the order of the bank owning the account;

(c) The bank of a Contracting Party in whose name a transferable-rouble account has been opened shall be the master of the funds in that account;

(d) Funds in transferable roubles owned by banks of the Contracting Parties shall not be lumped together with those loaned to them; accordingly they shall have accounts for funds belonging to them and separate loan (credit) accounts which will record the outstanding liability to such banks for the credit they have received in the International Bank for Economic Co-operation;

(e) The primary form of settlement shall be collection with subsequent acceptance (collection with immediate payment). Other forms of settlement may be adopted by mutual agreement between the banks of the Contracting Parties (collection with prior acceptance, letters of credit, bank transfers, etc.);

(f) The International Bank for Economic Co-operation shall pay interest on money in accounts or on deposit at different rates depending on the period for which they are left with the Bank.

The Council of the Bank may fix a minimum balance for accounts on which interest will not be paid by the Bank.

Article VI

The International Bank for Economic Co-operation may extend credit:

(a) To ensure prompt settlement when there is a short-term excess of payments over receipts in connexion with an exchange of goods (settlement credit). Such credit shall be extended immediately to pay for goods when funds are lacking in the payer's account. The amount of credit for the bank of each Contracting Party shall be determined by the Council of the Bank;

(b) To cover an excess of payments over receipts due to seasonal or other factors in the production and sale of goods. The amount of such credit and the time-limits for its repayment shall be determined by the Council of the Bank in the light of planned receipts and payments as indicated by the export and import plan, and of other transactions. Such credit shall be extended for a period of up to one calendar year;

(c) To cover a temporary unplanned excess of payments over receipts due to a failure to meet time-limits for the delivery of goods. Such credit shall be

extended on the decision of the Council of the Bank at higher rates of interest and shall be repayable before the end of the calendar year. As soon as it grants such credit, the Bank shall so inform the Contracting Parties in accordance with article VII of this Agreement;

(d) To carry out operations connected with an increase in goods exchanges between Contracting Parties over and above the agreed quotas of goods, such credit being extended for a period up to the end of the following year;

(e) To restore equilibrium in the balance of payments when a country is having temporary trade difficulties. Such credit shall be extended in exceptional cases at the discretion of the Council of the Bank; the dates of repayment shall be fixed by the Council of the Bank in accordance with the particular circumstances of the case, but shall not be later than the end of the following year;

(f) To finance the joint construction, conversion or operation of industrial enterprises and other projects. Such credit shall be extended out of funds allocated by the countries concerned.

Interest shall be charged for the use of credit. Different rates of interest shall be fixed by the Council of the Bank depending on the nature and term of the credit extended and in the light of the need to encourage the economical use of funds and to ensure the economic viability of the Bank.

Settlement credit may be extended without interest charges at the discretion of the Council of the Bank. Depending on the special characteristics of a country's trade, credit may also be extended without interest charges for seasonal needs, provided, however, that the total amount of such interest-free credit shall not exceed 3 per cent of the country's annual trade with other countries members of the Bank.

Article VII

In carrying out its functions relating to settlements and the extension of credit, the International Bank for Economic Co-operation shall do everything possible to facilitate the fulfilment by the Contracting Parties of their obligations regarding the delivery of goods to one another and to promote greater planning and payments discipline in the settlements between them.

In this connexion the Bank shall be authorized :

(a) To restrict or to withhold entirely credit to banks of Contracting Parties who fail to meet their financial obligations to the Bank or to other Contracting Parties. The period for which credit is restricted or withheld shall be determined by the Council of the Bank;

(b) On the basis of information at its disposal, to notify the responsible organs—and where necessary the Governments—of the Contracting Parties of any failure to meet obligations to pay for goods supplied to them or obligations

resulting from financing and the extension of credit for the construction, conversion or operation of joint industrial enterprises and other projects.

The Bank shall keep a record of payments by Contracting Parties in discharge of their obligations in connexion with settlements and credit in transferable roubles.

Article VIII

Settlements for non-commercial transactions at internal retail prices or at internal rates for services shall be effected through separate accounts in national currencies in the banks of the Contracting Parties, in accordance with the agreements in force between the Contracting Parties dealing with settlements relating to non-commercial payments. These accounts may be replenished from accounts in transferable roubles, the conversion being made by the factor—or at the rate of exchange subject to allowances (discounts) for non-commercial payments—fixed by the above-mentioned agreements on settlements relating to non-commercial payments. Funds may also be transferred, on the basis of the same factor or rate of exchange, from accounts for non-commercial payments to accounts in transferable roubles.

Article IX

The International Bank for Economic Co-operation may effect settlements in transferable roubles with countries that are not parties to this Agreement, if the Council of the Bank so decides. The procedure and conditions for settlements in transferable roubles with such countries shall be determined by the Council of the Bank in agreement with the countries concerned.

Article X

Neither membership in the International Bank for Economic Co-operation nor the activities of the Bank may in any way be used to hinder the development of direct financial and other businesslike ties of the Contracting Parties with each other or with other countries.

Article XI

The International Bank for Economic Co-operation shall enjoy, on the territory of all Contracting Parties, the legal capacity essential to the performance of its functions and the achievement of its purposes.

The Bank, representatives of countries on the Council of the Bank and officers of the Bank shall enjoy, on the territory of all Contracting Parties, the privileges and immunities which are necessary for the performance of the functions and the achievement of the purposes set forth in this Agreement and in the Charter of the Bank.

The legal capacity, privileges and immunities referred to in this article shall be defined in the Charter of the Bank.

Article XII

The Contracting Parties shall in the light of this Agreement make consequential changes in any bilateral agreements in force between them which provide for settlements through clearing accounts, or shall conclude new agreements providing for settlements in transferable roubles.

After this Agreement has been signed, the Contracting Parties shall denounce the Agreement on Multilateral Clearing of 20 June 1957 in accordance with article 15 thereof.

The liabilities of the Contracting Parties in bilateral clearing accounts as at 1 January 1964 shall be taken into consideration when the trade agreements for 1964 are concluded and shall be discharged under the terms of those agreements in transferable roubles in a manner agreed upon by the Parties concerned.

Article XIII

With the consent of all the Contracting Parties to the present Agreement other countries may accede to it if they subscribe to its purposes and principles and accept the obligations arising out of the Agreement and out of the Charter of the International Bank for Economic Co-operation.

The instrument of accession shall be transmitted to the depositary of the Agreement.

Article XIV

This Agreement shall be subject to ratification and shall enter into force on the date of deposit, by the last of the Contracting Parties, of its instrument of ratification with the depositary of the Agreement.

Nevertheless, the Agreement shall be put into effect provisionally from 1 January 1964 unless it has already entered into force by that date in accordance with the preceding paragraph.

With respect to countries acceding to the Agreement the date of its entry into force shall be the date on which all of the Contracting Parties shall have consented to the accession.

Article XV

This Agreement may be amended only with the consent of all the Contracting Parties.

Any Contracting Party may withdraw from this Agreement by giving the Secretariat of the Council for Mutual Economic Assistance not less than six months' notice to that effect and discharging its obligations under the Agreement within that period.

This Agreement shall cease to have effect if it is denounced by two thirds or more of the Contracting Parties.

Article XVI

This Agreement shall be deposited with the Secretariat of the Council for Mutual Economic Assistance, which shall act as the depositary for the Agreement.

DONE at Moscow, on 22 October 1963, in a single copy in Russian. Certified true copies of this Agreement shall be transmitted to all the Contracting Parties by the depositary.

For the Government of the People's Republic of Bulgaria :

S. TODOROV

For the Government of the Hungarian People's Republic :

A. APRO

For the Government of the German Democratic Republic :

W. RUMPF

For the Government of the Mongolian People's Republic :

D. MOLOMZHAMTS

For the Government of the Polish People's Republic :

P. JAROSZEWICZ

For the Government of the Romanian People's Republic :

A. BIRLĂDEANU

For the Government of the Union of Soviet Socialist Republics :

M. LESECHKO

For the Government of the Czechoslovak Socialist Republic :

O. ŠIMUNEK

A N N E X

CHARTER OF THE INTERNATIONAL BANK
FOR ECONOMIC CO-OPERATION

The International Bank for Economic Co-operation is an institution established in pursuance of an agreement entered into by the Governments of the People's Republic of Bulgaria, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Romanian People's Republic and the Union of Soviet Socialist Republics

for the purposes of promoting economic co-operation between the countries members of the Bank and the development of their economies, and of expanding their commercial and economic ties with other countries.

I

GENERAL PROVISIONS

Article 1

The International Bank for Economic Co-operation, hereinafter called “ the Bank ”, plans and carries out settlement, credit, financial and other banking operations.

Article 2

1. The Bank shall possess juridical personality under the name of “ The International Bank for Economic Co-operation ”.

2. It shall have the capacity :

(a) To contract, and to engage in all transactions within the limits of its competence;

(b) To acquire, lease and alienate property;

(c) To institute and respond to proceedings before courts of law and arbitration bodies;

(d) To open branches and agencies and to have representatives in the country in which it has its head office and in other countries;

(e) To make rules and regulations on matters within its competence; and

(f) To engage in other actions designed to carry out its functions under the present Charter.

3. The Bank's liability shall be limited to its assets. The Bank shall not be responsible for the liabilities of countries members of the Bank and they shall not be responsible for its liabilities.

4. The Bank shall have a seal with the inscription “ International Bank for Economic Co-operation ”. Branches and agencies of the Bank shall have a seal with the same inscription and the name of the branch or agency concerned.

The head office of the Bank shall be in Moscow, USSR.

Article 3

The Bank shall ensure secrecy with regard to the transactions, accounts and deposits of its clients and correspondents.

All officers and employees of the Bank shall be bound to secrecy with regard to the transactions, accounts and deposits of the Bank, its clients and its correspondents.

II

*CAPITAL AND RESERVES OF THE BANK**Article 4*

The Bank's capital shall consist of authorized capital and reserve capital. It may also have special reserves.

Article 5

The Bank's authorized capital shall be 300 million transferable roubles and shall be formed by contributions in transferable roubles.

Countries members of the Bank shall also be entitled to contribute to the Bank's authorized (transferable-rouble) capital in a freely convertible currency or in gold.

The time and manner of making contributions to authorized capital shall be determined by the Council of the Bank.

The Bank's authorized capital shall serve to guarantee its liabilities and shall be used for the purposes envisaged by the Charter of the Bank.

The amount of the Bank's authorized capital may be changed by decision of the countries members of the Bank.

A country's contributions shall be repayable if it withdraws from the Bank. They shall be subject, however, to the deduction of an amount equal to the country's outstanding liability to the Bank.

If the Bank terminates its activities, contributions and any other assets of the Bank shall be repaid to the countries members of the Bank less the amount necessary to cover any liability resulting from the reciprocal settlement of claims of countries members of the Bank.

Article 6

A country that has made a contribution to the Bank's authorized capital shall be issued a certificate which shall constitute acknowledgement and proof that the contribution has been made.

Article 7

The Bank shall have a reserve capital fund; the Council of the Bank shall decide when, in what amount, for what purposes and how it shall be formed.

Article 8

Special funds shall be formed by the Council of the Bank as agreed to by the countries members of the Bank.

III

*OPERATIONS OF THE BANK
SETTLEMENT OPERATIONS**Article 9*

The Bank shall arrange and effect multilateral settlements in transferable roubles in respect of trading and other operations.

Article 10

Settlements shall be effected through accounts in transferable roubles opened by banks of member countries, hereinafter referred to as "authorized banks", at the International Bank for Economic Co-operation or, by agreement with it, at other authorized banks.

Payments shall be made out of the sums standing to the credit of each authorized bank in its transferable-rouble accounts.

Article 11

The Bank shall receive and invest funds in transferable roubles and other currencies in the manner prescribed by the Council of the Bank. The Bank shall also engage in other banking operations.

Operations shall be conducted and accounts in the Bank shall be opened, maintained and closed in the manner prescribed by the Council of the Bank.

Authorized banks having funds in transferable-rouble accounts with the Bank may freely draw on such funds for settlements effected in transferable roubles.

Holders of accounts at the Bank in other currencies may freely draw on the funds in such accounts.

Article 12

Authorized banks shall keep their monetary resources in transferable roubles at the International Bank for Economic Co-operation. The Bank shall pay interest on such deposits at the rates fixed by the Council of the Bank.

Article 13

The Bank shall effect settlement operations relating to the financing of capital investment, or the extension of credit, for enterprises and other projects jointly constructed, converted or operated by the countries concerned.

Article 14

The Bank may also effect settlements in transferable roubles with countries that are not members of the Bank. The procedure and conditions for such settlements in transferable roubles shall be determined by the Council of the Bank in agreement with the countries concerned.

Article 15

The Bank may issue cheques in transferable roubles and other currencies and may use such cheques and cheques on other banks in the conduct of its operations. Other types of payment documents may be issued at the discretion of the Council of the Bank.

Article 16

The Bank may guarantee the money obligations of banks of member countries, of other bodies corporate or of individuals.

Article 17

The Bank may co-operate with, or participate in, organizations whose activities are consistent with the functions of the Bank.

Article 18

The Bank shall conclude agreements with other banks concerning the methods of effecting settlements and of managing the accounts opened at the Bank, and shall also conclude contracts with correspondents and other contracts.

*CREDIT OPERATIONS**Article 19*

The Bank shall extend credit to authorized banks. Credit shall be granted for specific purposes and subject to repayment at the times agreed.

The purposes for which credit is extended and the manner in which it is made available, secured and repaid shall be determined by the Council of the Bank.

Article 20

For the purposes of its credit operations, the Bank shall draw up credit plans.

They shall be drawn up when authorized banks apply for credit and shall be based on bilateral and multilateral trade agreements. The credit plans shall be subject to approval by the Council of the Bank. If an authorized bank applies for credit in excess of the amounts provided for by the credit plan, the Bank shall consider the application in the light of the particulars provided by the authorized bank regarding the progress made by the country in question in carrying out trade agreements and of other relevant information.

Article 21

Borrowers shall pay interest at rates fixed by the Council of the Bank on the credit they obtain at the Bank.

Article 22

When repayment of credit extended by the Bank becomes due, it shall be effected by the Bank's charging the relevant amount to the current account of the borrowing

bank on the basis of a promissory note of the borrowing bank, and this shall be done automatically, on a priority basis, and without a special order in each individual case from the borrowing bank.

If the borrowing bank has no funds or insufficient funds in its current account, the charge may be similarly applied to any funds that came into the account.

Article 23

The Bank shall, on the instructions of the countries concerned, provide financing or credit for the joint construction, conversion or operation of industrial enterprises or for other projects out of funds allocated by those countries.

Article 24

The Bank shall carry out settlement, credit, deposit, arbitrage, guarantee and other operations in freely convertible and other currencies and operations with gold within the limits of the funds it has attracted.

IV

ADMINISTRATION

Article 25

The administrative organs of the Bank shall be the Council and the Board of Management of the Bank.

COUNCIL OF THE BANK

Article 26

The Council of the Bank shall be the highest administrative organ of the Bank and shall be responsible for the general direction of the Bank's activities.

The Council of the Bank shall consist of representatives of all countries members of the Bank, each country member having one vote irrespective of its share in the Bank's capital.

The members of the Council of the Bank shall be appointed by the Governments of the countries members of the Bank, there being not more than three representatives from each country.

The Council of the Bank shall hold meetings as necessary, but not less often than once a quarter.

The meetings of the Council shall be presided over by a representative of each country member of the Bank in turn.

Article 27

Decisions of the Council of the Bank shall be adopted unanimously.
The Council shall draw up its own rules of procedure.

Article 28

The Council of the Bank shall :

(a) Determine the general policies of the Bank with regard to the establishment of business connexions and of co-operation by the Bank with the banks of member countries and other countries, and with regard to co-operation with or participation in organizations whose activities are relevant to the Bank's functions;

(b) Approve, on the recommendations of the Board of Management, the credit and other plans of the Bank, the annual report, the balance sheet and the distribution of net income of the Bank, and rules and regulations of the Bank on matters relating to the extension of credit, financing, international settlements and currency operations affecting relations between the Bank and its clientele; fix the rates of interest on loans, deposits and current and other accounts; approve the organizational structure and manning-table of the Bank and the estimates of its administrative and management expenditure;

(c) Establish special funds of the Bank with the agreement of the countries members of the Bank;

(d) Appoint the Chairman and members of the Board of Management;

(e) Appoint the Audit Commission of the Bank, hear its reports and take decisions on them;

(f) Authorize the opening and closing of branches, agencies and missions of the Bank;

(g) Hear reports from the Board of Management of its activities and take decisions on them;

(h) Make recommendations regarding the admission of new members for consideration by countries members of the Bank;

(i) Approve the Staff Rules of the Bank;

(j) Perform such other functions deriving from this Charter as may prove necessary for achieving the purposes and carrying out the tasks of the Bank.

*BOARD OF MANAGEMENT OF THE BANK**Article 29*

The Board of Management of the Bank shall be the executive organ of the Bank and shall be responsible for direct guidance of the Bank's activities within the limits of the powers granted to it by this Charter and in accordance with the decisions of the Council of the Bank.

The Board shall be responsible and accountable to the Council of the Bank.

The Board shall consist of a Chairman and members appointed from among nationals of all countries members of the Bank for a period of not more than five years. The number of members of the Board shall be determined by the Council of the Bank.

In the temporary absence of the Chairman of the Board, his functions shall be entrusted by decision of the Board to one of its members.

In the performance of their official duties the Chairman and members of the Board shall act as international officers independent of the organizations and officials of the countries of which they are nationals.

Article 30

The Board of Management of the Bank, in the person of its Chairman or of other officers of the Bank duly authorized by the Board, shall represent the Bank in all discussions and negotiations with officials, and State and international organizations and other bodies corporate, and shall submit claims and institute proceedings before courts of law and arbitration bodies in the name of the Bank.

The Board may issue special credentials empowering officers of the Bank to act on its behalf.

Obligations and credentials of the Bank shall be valid if they bear two signatures : those of the Chairman and a member of the Board, or, in the absence of the Chairman, those of two members of the Board, one of whom must be the acting Chairman of the Board.

Article 31

The Board of Management shall examine the main aspects of the Bank's operations, including :

(a) Matters which under this Charter it is the function of the Council of the Bank to decide or approve and concerning which the Board shall prepare the relevant materials and proposals for consideration by the Council of the Bank;

(b) Adoption of procedures for the signature of documents relating to financial transactions and settlements, and of correspondence, in the name of the Bank; of procedures for the signature and issue of certifying documents in the name of branches and agencies of the Bank; of forms of documents for financial transactions and settlements used between the Bank and its clients; of rates of interest on loans, deposits and current and other accounts in accordance with decisions of the Council of the Bank; of commission rates for transactions on behalf of its clients and correspondents; of procedures and conditions for guarantees; and of conditions for discounting and endorsing bills of exchange and other negotiable instruments;

(c) Supervision of the work of departments and sections of the Bank and its branches, agencies and representatives;

(d) Matters relating to the use of the Bank's assets and funds.

Within its field of competence, the Board of Management shall have the right to submit proposals for consideration by the Council of the Bank.

The Board shall be the master of its own procedure.

Decisions adopted by the Board shall be recorded in reports of its proceedings. In pursuance of its decisions, the Board may issue instructions, rules or regulations, which shall be signed by the Chairman of the Board or, on his authorization, by a member of the Board.

Article 32

The Chairman of the Board shall direct the work of the Board and shall take measures to ensure performance of the tasks entrusted to the Bank by this Charter.

The Chairman of the Board shall :

- (a) Administer all the assets and funds of the Bank in accordance with this Charter and the decisions of the Council of the Bank;
- (b) Act as the representative of the Bank;
- (c) Issue instructions and take decisions concerning the ordinary business of the Bank;
- (d) Sign obligations and credentials in the name of the Bank in accordance with article 30 of this Charter;
- (e) Appoint and dismiss members of the staff of the Bank, except for directors who are members of the Board of Management, and, in accordance with the manning table and estimates of management and administrative costs approved by the Council, fix rates of pay and provide bonuses for meritorious staff;
- (f) Carry out other functions deriving from this Charter and decisions of the Council of the Bank.

V

*ORGANIZATION**Article 33*

The Bank shall have departments, sections, branches, agencies and missions established in accordance with the structure of the Bank approved by the Council of the Bank.

The personnel of the Bank shall be made up of citizens of the countries members of the Bank in accordance with the Staff Rules.

In order to ensure the independent performance of their duties, the staff shall be granted privileges and immunities as provided by article 40 of this Charter.

VI

*AUDIT OF THE BANK'S OPERATIONS**Article 34*

The auditing of the Bank's operations, including the checking of the annual report of the Board of Management, verification of cash on hand and other assets and scrutiny of the accounts, statistics and business correspondence of the Bank, its branches and its agencies shall be carried out by an Audit Commission, consisting of a chairman and four members appointed by the Council of the Bank for a period of two years.

The chairman and members of the Audit Commission may not hold any other office in the Bank.

The Council of the Bank shall determine when and how audits shall be held.

Article 35

The Board of Management shall make available to the Audit Commission all documentation needed for the audits.

Reports of the Audit Commission shall be presented to the Council of the Bank.

VII

*PROCEDURE IN DISPUTES**Article 36*

Claims against the Bank must be made not later than two years from the time when the grounds for action arise.

Article 37

Disputes between the Bank and its clients shall be examined by an arbitration body selected from among those already in existence or especially created as agreed upon between the parties.

In the absence of such agreement, the dispute shall be submitted for settlement to the arbitration body operating under the Chamber of Commerce of the country in which the Bank has its headquarters.

VIII

*PRIVILEGES AND IMMUNITIES OF THE BANK
AND ITS OFFICERS**Article 38*

1. The property, assets and documents of the Bank, wherever situated, and its operations shall enjoy immunity from every form of administrative and legal process except in cases in which the Council has waived its immunity. The premises of the Bank and of its branches, agencies and missions in the territory of any country member of the Bank shall be inviolable.

2. In the territory of any country member of the Bank, the Bank shall :

(a) Be exempt from all direct taxes and duties levied either by State or by local authorities. This exemption shall not apply to charges for public utility and other services;

(b) Be exempt from customs duties and restrictions on imports or exports of articles intended for official use;

(c) Enjoy all the privileges enjoyed by diplomatic missions in the country with respect to priorities, rates and taxes in the use of postal, cable and telephone communications.

Article 39

1. Representatives of countries on the Council of the Bank shall while exercising their official functions be accorded in the territory of each country member of the Bank the following privileges and immunities :

- (a) Immunity from personal arrest or detention and from the jurisdiction of judicial institutions in respect of any acts done by them in their capacity as representatives;
- (b) Inviolability for all papers and documents;
- (c) The same customs facilities in respect of their personal baggage as are accorded to members of comparable rank of diplomatic missions in the country concerned;

(d) Exemption from national service obligations and from direct taxes and duties on money paid to them by the countries which appointed them.

2. The privileges and immunities provided in this article are accorded to the persons mentioned therein solely in the interests of their official functions. Each country member of the Bank shall have the right and the duty to waive the immunity of its representative in any case where in the opinion of that country the immunity would impede the course of justice and can be waived without prejudice to the purpose for which it was accorded.

3. The provisions of paragraph 1 shall not apply as between a representative and the authorities of the country of which he is a national.

Article 40

1. The Council of the Bank, on the recommendation of the Board of Management of the Bank, shall specify the categories of officers of the Bank to which the provisions of this article shall apply. The names of such officers shall be communicated periodically by the Chairman of the Board to the competent authorities of the countries members of the Bank.

2. In the performance of their duties, officers of the Bank shall, in the territory of each country member of the Bank :

(a) Not be liable, legally or administratively, for any acts performed by them in their official capacity;

(b) Be exempt from national service obligations and from direct taxes and duties on the salaries paid to them by the Bank. This provision shall not apply to officers of the Bank who are nationals of the country in which the Bank or in which the branch, agency or mission concerned is situated;

(c) Have the right to the same customs facilities in respect of their personal baggage as are accorded to members of comparable rank of diplomatic missions in the country concerned.

3. The privileges and immunities provided in this article are accorded officers of the Bank solely in the interests of their official functions.

The Chairman of the Board of Management of the Bank shall have the right and the duty to waive the immunity of officers of the Bank in any case where in his opinion the immunity would impede the course of justice and can be waived without prejudice to the purpose for which it was accorded. In the case of the Chairman or members of the Board of Management, the right to waive immunity shall be vested in the Council of the Bank.

IX

*STATEMENTS**Article 41*

The Bank's financial year shall run from 1 January to 31 December inclusive. Annual statements shall be published by the Board in the manner directed by the Council of the Bank.

X

*DISTRIBUTION OF NET INCOME**Article 42*

After approval of the annual report, the net income of the Bank shall be distributed at the discretion of the Council of the Bank and may be added to the reserve capital fund or used for other purposes.

XI

*PROCEDURE FOR ADMISSION OF NEW MEMBERS
AND WITHDRAWAL FROM THE BANK**Article 43*

New members shall be admitted to the Bank with the consent of all countries members of the Bank. A country wishing to become a member of the Bank shall transmit a declaration to the Council of the Bank stating that it subscribes to the purposes and principles of the Bank and accepts the obligations arising out of this Charter, in particular as regards the payment of its contributions to the Bank's authorized capital in the amount and at the times specified by the Council of the Bank.

Any country may withdraw from the Bank by giving the Council of the Bank not less than six months' notice to that effect. The position between the Bank and the country concerned as regards their mutual obligations shall be settled within that period.

XII

*FINAL PROVISIONS**Article 44*

PROCEDURE FOR AMENDMENT OF THE CHARTER

Any country member of the Bank may make proposals for the amendment of this Charter. Amendments to the Charter of the Bank shall be made with the consent of all countries members of the Bank.

Article 45

TERMINATION OF THE BANK'S ACTIVITIES

The Bank's activities may be terminated by a decision of two thirds of its members, which shall determine the procedure for winding up the Bank's affairs.
