

No. 12749

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
BANGLADESH**

Exchange of notes constituting an agreement concerning the guarantee by the Government of the United Kingdom and the maintenance of the minimum sterling proportion by the Government of Bangladesh. London, 6 November 1972

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 5 September 1973.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
BANGLADESH**

Échange de notes constituant un accord relatif à la garantie par le Gouvernement du Royaume-Uni et au maintien par le Gouvernement du Bangladesh d'un pourcentage minimum de réserves en sterling. Londres, 6 novembre 1972

Texte authentique: anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 5 septembre 1973.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLA-
DESH CONCERNING THE GUARANTEE BY THE GOVERN-
MENT OF THE UNITED KINGDOM AND THE MAIN-
TENANCE OF THE MINIMUM STERLING PROPORTION BY
THE GOVERNMENT OF BANGLADESH

I

*The Chancellor of the Exchequer to the High Commissioner
for the People's Republic of Bangladesh at London*

TREASURY CHAMBERS

6th November 1972

Your Excellency,

I have the honour to refer to discussions which have taken place between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of Bangladesh and to record below the points which have been agreed between the two Governments on the Guarantee by the Government of the United Kingdom and the maintenance of the Minimum Sterling Proportion by the Government of Bangladesh.

(1) *Definitions.* Unless otherwise agreed:

(a) "Total official external reserves" shall mean:

- (i) gold;
- (ii) super-gold tranche in the International Monetary Fund, *i.e.*, the extent to which the Fund's holdings of Bangladesh Taka fall short of 75 per cent of Bangladesh's quota;
- (iii) cash, bank balances, money at call, time deposits, certificates of deposit, bank acceptances, bills of exchange and promissory notes, denominated in freely transferable currencies other than the currency of Bangladesh;
- (iv) Treasury bills and other obligations issued or guaranteed by Governments or their agencies, states, provinces, municipalities and international organisations, denominated in freely transferable currencies other than the currency of Bangladesh but excluding all obligations of the Government of Bangladesh or its territorial subdivisions or agencies;
- (v) common or ordinary stock and shares, preferred stock and shares, redeemable and irredeemable interest-bearing securities issued by companies or corporations which are quoted on a recognised security market, and units in Unit Trusts and shares in Mutual Funds wherever such companies, corporations, Trusts or Funds may be domiciled other than in Bangladesh,

¹ Came into force on 6 November 1972, in accordance with paragraph 1 (6) of the said notes.

which are held in the name or to the order of the Bangladesh Bank, the Government of Bangladesh, its agencies and other official institutions.

(b) "Official sterling reserves" shall mean:

- (i) cash, bank balances, money at call, time deposits, certificates of deposit, bank acceptances, bills of exchange, promissory notes;
- (ii) Treasury bills and other obligations issued or guaranteed by Governments or their agencies, states, provinces and municipalities and international organisations but excluding all obligations of the Government of Bangladesh or its territorial subdivisions or agencies;
- (iii) the following securities issued by companies having their registered office and Head Office in the United Kingdom and quoted on a Stock Exchange in the United Kingdom, and units in United Kingdom Unit Trusts:
 - (a) common or ordinary stock and shares and preferred stock and shares on which capital moneys and dividends are payable solely in sterling;
 - (b) units in Unit Trusts on which, under the terms of issue, capital moneys are payable solely in sterling on liquidation or realisation;
 - (c) redeemable interest-bearing securities on which capital moneys are payable solely in sterling;
 - (d) irredeemable interest-bearing securities on which interest is payable solely in sterling, which are denominated in sterling and which are held in the name or to the order of the Bangladesh Bank, the Government of Bangladesh, its agencies and other official institutions with banks or other depositaries in the United Kingdom and which are included in total official external reserves.

(2) *The Guarantee.* The Government of the United Kingdom undertake to maintain the sterling value in terms of the United States dollar of the balances eligible for guarantee, provided that the Minimum Sterling Proportion referred to below has been maintained by Bangladesh up to and including the date of implementation of the Guarantee. The circumstances in which the Guarantee would be implemented and the terms of implementation shall be defined in consultation between the two Governments.

(3) *Balances Eligible for Guarantee.* The balances eligible for guarantee shall be that portion of official sterling reserves by which those official sterling reserves exceed 10 per cent of total official external reserves as defined in paragraph (1) (a) above, except that no part of official sterling reserves falling under or bearing a right to conversion into a security covered by (a) and (b) of paragraph (1) (b) (iii) above shall be eligible for guarantee.

(4) *The Minimum Sterling Proportion.* Bangladesh shall throughout the period covered by the Agreement maintain official sterling reserves in such proportion to total official external reserves as may be fixed by consultation between the two Governments. This proportion shall be known as the Minimum Sterling Proportion.

(5) *Review.* The provisions of the Agreement may be reviewed at any time by agreement between both Parties.

(6) *Entry into Force and Duration.* The Agreement shall enter into force on 6th November and shall remain in force until 24th September 1973.

2. If the Government of Bangladesh agree that the foregoing correctly sets out the points agreed between the two Governments, I have the honour to propose that this note and Your Excellency's reply to that effect shall constitute an agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of Bangladesh.

I have the honour to be, Your Excellency, your obedient servant,

ANTHONY BARBER

II

*The High Commissioner for the People's Republic of Bangladesh at London
to the Chancellor of the Exchequer*

HIGH COMMISSION FOR BANGLADESH
LONDON, W.2

6th November 1972

Dear Chancellor of the Exchequer,

I refer to your note of today's date regarding the points which have been agreed between our two Governments on the Guarantee by the Government of the United Kingdom and the maintenance of the Minimum Sterling Proportion by the Government of Bangladesh, which reads as follows:

[See note 1]

2. I confirm that your note correctly sets out the points agreed between our two Governments and I agree that your note and this reply shall constitute an agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of Bangladesh.

I have the honour to be, Sir, your obedient servant,

SYED ABDUS SULTAN
