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**Law No. (19) of 2012 approving the amendment of certain provisions of the Convention Establishing the International Monetary Fund**

We, Hamad bin Isa Al Khalifa King of the Kingdom of Bahrain.

Having reviewed the Constitution,

And the Legislative Decree No. (15) of 1972 regarding the accession of the State of Bahrain to the two Conventions of the International Monetary Fund and the International Bank for Reconstruction and Development; and amending certain provisions of the Convention establishing the International Monetary Fund;

The Shura Council and the Council of Representatives have approved the following Law, which we have ratified and enacted,

**Article One**

It was agreed to amend certain provisions of the International Monetary Fund's Founding Convention attached to this Law.

**Article Two**

The Prime Minister and the Ministers - each within his jurisdiction - shall implement this law, and it shall come into effect from the day following the date of its publication in the Official Gazette.

**King of the Kingdom of Bahrain**

**Hamad bin Isa Al Khalifa**

Issued at Riffa Palace:

On: 5 Jumada al-Akhir 1433 A.H.

Corresponding to: 26 April 2012

**Amendments of certain provisions of the Convention establishing the International Monetary Fund**

The Governments on whose behalf this Convention has been signed have agreed as follows:

**Article Five - Section (12):**

**The text of Paragraph (h) shall be amended to read as follows:**

“(h) For the remaining uses provided for in Paragraph (f) above, the fund may invest the currency of a member country held by it in the special payment account to invest as it wishes in accordance with the rules and regulations approved by the fund with more than seventy per cent of the total votes, and shall deposit the income generated by the investment and the interest received under Paragraph (f/2) above in the special payment account”.

 A new clause has been added to this Article with the marking (K), which reads as follows:

“(k) In the event that the Bank acquires gold after the date of the Second Amendment to this Convention, any sale pursuant to Paragraph (c) above of such gold, the amount resulting from such possession and the equivalent of its value shall be deposited in the General Resources Account and any excess shall be deposited in the Investment Account for use in accordance with the provisions of Article Twelve of Section (6/f). In the event that the Fund acquires gold after the date of the Second Amendment to this Convention and sells it after 7 April 2008, provided this occurs prior to the implementation of this provision and notwithstanding the limit set out in Article XII of Section 6 (f/2), the fund shall transfer to the investment account of the general resources account an amount equal to what results from such sale, provided that it does not exceed (1) the holding price of the gold sold (2) any amount resulting from such proceeds exceeding the price of the possession and transferred to the investment account prior to the effective date of this provision”.

**Article Twelve - Section Three:**

The text of Paragraph (b) is amended as follows:

“(b)- Without prejudice to Paragraph (c) of this Article, the Executive Board shall be composed of twenty Executive Directors elected by the Members, and the Chief Executive shall be the President of the Board”.

2- The text of Paragraph (c) is amended as follows:

(c) For the purpose of the ordinary election of Executive Directors, the Board of Governors may decide, by a majority of five and eight per cent of the total votes, to increase or decrease the number of Executive Directors specified in Paragraph (b) above.

3- The text of Paragraph (d) is amended as follows:

“(d)- Elections of Executive Directors shall be held once every two years in accordance with the rules applied by the Board of Governors, and such rules shall include a maximum number of votes which may be expressed by more than one member of the electorate in favour of the same candidate”.

4- The text of Paragraph (e) is amended as follows:

“(e)- Each Executive Director shall appoint a Deputy Executive Director to act in his absence and to exercise all his powers, provided that the Board of Governors shall adopt rules to enable an Executive Director who has been elected by more than the specified number of members to appoint alternates. If these rules are adopted, amendments may be made in light of the regular elections of the Board of Directors. The Executive Director is also required to appoint two Deputy members who will designate:

The Deputy who will exercise all the powers of the Executive Director in his absence and in the presence of the two alternates.

The Deputy who shall exercise the powers of the Executive Director as set out in Paragraph (f) below. The Executive Director Deputy shall have the right to attend meetings with the knowledge of the Executive Director, without taking part in the vote”.

5- The text of Paragraph (g) is amended as follows:

“(g)- Until the election of a successor, the Executive Directors shall continue to exercise their functions. If a vacancy occurs in the office of a Director more than ninety days before the expiration of his term of office, the Member States which elected the previous Executive Director shall elect a successor as Executive Director for the remaining term. The election takes place by a majority of the votes expressed. During the period in which the position remains vacant, the Deputy Executive General Director exercises all the powers of the previous Executive General Director, with the exception of the right to appoint a deputy.

6- The text of Paragraph (i) is amended as follows:

“(i) (1)- Each elected Executive Director is entitled to express the votes involved in his election.

(2)- If the provisions of Paragraph (b) of section five of this Article are applicable, the number of votes which the Executive Director is entitled to cast may be increased or decreased accordingly, and the Executive Director shall express the votes available to him as a single group.

(3)- In the event of the cancellation or suspension of the voting rights of a state member in accordance with Paragraph (b) of the second section of Article twenty-six, such member may agree with all the members who have elected an Executive Director to assign the votes allocated to the designated Member State to that Executive Director, provided that the Executive Director in whose election the Member State participated shall have the right before the voting rights are suspended, or his successor elected under sub-Paragraph (c/1) of Paragraph (3) of the Twelfth Schedule or under Paragraph (f) above shall be entitled to cast the votes attributed to the Member concerned, if the periodic election of Executive Directors is not held during the period of suspension of voting rights. The member concerned shall be considered as taking part in the election of the Executive Director, who shall be entitled to express the votes allocated to him.

7- The text of Paragraph (j) is amended as follows:

“(j) The Board of Governors shall adopt the rules under which a State member may be represented at any session of the Executive Board when the Board is considering a request from, or a matter of particular interest to, the State member concerned”.

**Article Twelve - Section Five:**

The text of Paragraph (a) is amended as follows:

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

The basic votes of each member shall be in proportion to the number of votes resulting from an equal distribution among all members out of 5.502 per cent of the total votes of all members, provided that there are no fractions of the basic votes.

The basic votes of each member are equal to the number of votes resulting from the allocation of one vote for each part of its share equal to one hundred thousand Special Drawing Right units”.

**Article Twelve - Section Six:**

The text of Clause (3) of Paragraph (f) is amended as follows:

“(F/3)- The Fund may invest in the currency of any state that it holds in the Investment Account as approved by the rules and regulations approved by the Fund by a majority of seventy per cent of the total votes. Provided that the approved rules and regulations comply with this provision of paragraphs (7), (8), (9) below.

**The text of Clause (6) of Paragraph (f) is amended as follows:**

"(f/6)- The investment account shall be closed when the fund is liquidated, and it shall also be permissible to close it or to reduce the amount of the investment before the fund is liquidated by a decision taken by a majority of seventy per cent of the total votes.

**Article Twelve - Section Eight:**

At any time the Fund may informally communicate its point of view to any State Member on any matter relating to the application of this Convention. The Fund may decide, with more than seventy per cent of the total votes in favour, to publish a report addressed to any State Member regarding monetary or economic conditions and developments which are likely to lead directly to a serious disequilibrium in the member's international balance of payments.

The member may be represented in accordance with the provisions of Paragraph (j) of Section Three of this Article. The Fund shall not publish a report involving changes in the economic fundamentals of the members.

**Article Twenty One:**

**The text of Clause (2) of Paragraph (a) is amended as follows:**

"(a/2) - Regarding the Executive Board's decisions concerning matters exclusively related to the management of special drawing rights, votes are reserved for directors elected by at least one common member. Each of them has the right to express the number of votes attributed to the participating States Member which have expressed their electoral votes. For the purposes of verifying the quorum or adopting a decision by the required majority, only the presence of the Directorateelected by the participating States Member and the votes attributed to the participating Member States shall be taken into account.

**Article Twenty Nine:**

**The text of Paragraph (a) is amended as follows:**

“(a)- Any question concerning the interpretation of the provisions of the Convention, whether between a State Member and the Fund or between State Members, shall be referred to the Executive Board for decision. And if such question concerns a State Member, it shall have the right to be represented in accordance with the provisions of Paragraph (j) of Section Three of Article Twelve.

**Convention Annexes:**

**For the Fourth Annex:**

**The text of Clause (a) of Paragraph (1) shall be amended as follows:**

“(1/a) Each State Member or group of States Members represented by an elected Executive Director with the votes allocated to it shall appoint a Councillor to the Council who shall be a Minister of the Government of the State Member or a person of similar rank, and no more than seven members may be appointed by these States Member. The Board of Governors shall have the power, by a majority of 85% of the total votes cast, to change the number of members who may be appointed. The consultant or member shall continue to exercise his powers until a new appointment is made or until the next periodic election of executive directors, whichever comes first.”

**Clause (e) of Paragraph (5) shall be deleted.**

**The text of Clause (f) of Paragraph (5) shall be amended and renumbered as Clause (e) so as to read as follows:**

“(5/e) The Executive Director shall have the votes allocated to the member which elected him in accordance with the provisions of section Three (1), (3) of Article XII, and the Councillor appointed by the group of the states member which elected the Executive Director shall have the votes allocated to each member of the group. A member participating in Board appointments is entitled to vote and to receive the number of votes allocated to members”.

**Fifth Annex:**

The text shall be amended to read as follows:

“Transitional provisions relating to Executive Directors:

**Once this Annex comes into force:**

Any Executive Director who is appointed in accordance with Article Twelve of Section Three (b/1) or (c), and who is in office before this Annex comes into force, shall be considered to have been elected by the Member which appointed him.

Each Executive Director shall receive the number of votes of the Members in accordance with Article Twelve, Section Three (1), (2) immediately this Annex comes into force, brought by a Member.

**Twelfth Annex:**

**The text of Clause (b) of Paragraph (1) is amended to read as follows:**

"(1/b)- To appoint a Governor or Deputy Governor, or to appoint or take part in the appointment of a Councillor or Deputy Councillor, or to elect or take part in the election of an Executive Director."

**The text of Paragraph (2) is amended to read as follows:**

“(2) A member shall not express the votes attributed to it in any of the bodies of the Fund. They shall not be included in the calculation of total votes except for the purposes of (a) accepting the proposed amendment relating exclusively to the administration of the special drawing right and (b) in the calculation of basic votes in accordance with Article Twelve, Section Five (A/1).”

**The introduction to Clause (c) of Paragraph (3) is amended to read as follows:**

"The mandate of the Executive Director elected by the State Member or in the election of their participation expires, unless this Executive Director has the right to express the votes initially reserved for other members and their voting rights have not been suspended, in this case: