



IMF POLICY PAPER

REVIEW OF THE FUND'S POLICY ON MULTIPLE CURRENCY PRACTICES—EXTENSION OF THE EFFECTIVE DATE

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- The **Staff Report**, prepared by IMF staff and completed on October 4, 2023 for the Executive Board's consideration.

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International Monetary Fund
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October 4, 2023

REVIEW OF THE FUND'S POLICY ON MULTIPLE CURRENCY PRACTICES—EXTENSION OF THE EFFECTIVE DATE

EXECUTIVE SUMMARY

This paper proposes to delay the effective date of the revised Fund's policy on Multiple Currency Practices (MCPs) approved by the Executive Board on July 1, 2022, from November 1, 2023 to February 1, 2024. The additional extension of the transitional period and the delayed implementation of the revised policy will provide more time to conduct outreach with stakeholders and complete the assessment of all currently existing MCPs under the new policy.

Approved By
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- 1. The Board concluded the review of the Fund's policy on multiple currency practices (MCPs) on July 1, 2022.** The review focused on updating the MCP policy to take into account recent developments on foreign exchange markets, tackle emerging operational issues, and better align the MCP policy with other relevant Fund's policies. The Executive Board endorsed staff's proposals, including for the transitional period before the new policy would become effective on April 1, 2023. The effective date was subsequently (March 2023) extended to November 1, 2023,¹ to allow more time to finalize the guidance note and conduct outreach with stakeholders.
- 2. The importance and complexity of the MCP policy warrants an extensive outreach with a wide group of stakeholders to ensure smooth policy implementation.** At the time of the approval of the revised MCP policy, it was envisaged that during the transitional period staff will prepare a guidance note and conduct outreach to authorities and country teams to ensure smooth implementation of the new policy. The application of transitional arrangements has so far been smooth, and the guidance note will be published in October. Also, staff has initiated outreach to country authorities on the new policy. However, additional time is necessary to conduct outreach. It has become increasingly apparent that country authorities will need more time to understand the new policy and to make the necessary changes to adjust it, especially given the challenging external environment. In addition, to smooth the policy transition process, more time is needed to complete the assessment of all currently existing MCPs under the new policy which is necessary to verify if country teams need to start monitoring the relevant exchange rate. Staff therefore propose to extend the transitional period and to make the new MCP policy effective as of February 1, 2024.
- 3. The proposed decision on a new effective date for the revised MCP policy is set forth below.** Those elements of the revised MCP policy that became effective immediately on July 1, 2022, will continue to apply as envisaged during the transitional period.

¹ See: *Review of the Fund's Policy on Multiple Currency Practices—Extension of the Effective Date*, available at <https://www.imf.org/en/Publications/Policy-Papers/Issues/2023/03/31/Review-of-the-Funds-Policy-on-Multiple-Currency-Practices-Extension-of-the-Effective-Date-531641>.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

1. Notwithstanding paragraph 10 of Decision No. 17292-(22/63) ("the MCP Decision"), as amended, the MCP Decision shall enter into effect on February 1, 2024, save for those elements of the MCP Decision which became effective immediately.