

**FINANCE**

**Agreement Between the  
UNITED STATES OF AMERICA  
and ROMANIA**

Signed at Washington and Bucharest  
March 6, 1991

*with*

Memorandum of Understanding



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966  
(80 Stat. 271; 1 U.S.C. 113)—

“ . . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

## **ROMANIA**

### **Finance**

*Agreement signed at Washington and Bucharest  
March 6, 1991;  
Entered into force March 6, 1991.  
With memorandum of understanding.*



DEPARTMENT OF THE TREASURY  
WASHINGTON

SWAP AGREEMENT AMONG THE UNITED STATES TREASURY,  
THE GOVERNMENT OF THE REPUBLIC OF ROMANIA,  
AND THE NATIONAL BANK OF ROMANIA

I. To provide the Republic of Romania with near-term support for its economic adjustment efforts, the United States Treasury Department (the "Treasury") and the Bank for International Settlements, acting for certain participating member central banks (collectively the "Cooperating Monetary Institutions"), are prepared to provide a short-term credit facility to the National Bank of Romania (the "Bank"), acting on behalf of the Government of the Republic of Romania (the "Government"), aggregating not more than three hundred million United States dollars (U.S.\$300,000,000) (the "Multilateral Facility"), the share of the Treasury being not more than forty million United States dollars (U.S.\$40,000,000).

II. The United States Treasury Exchange Stabilization Fund, with the Federal Reserve Bank of New York (the "FRBNY") acting as fiscal agent, hereby agrees to extend to the Bank, acting on behalf of the Government, a drawing facility in an amount up to forty million United States dollars (U.S.\$40,000,000) on a covered basis in the form of a Romanian lei/United States dollars swap. This facility will be available for a single drawing on two business days' notice (New York). The amount of the drawing under this agreement shall be the same as the Treasury commitment under the Multilateral Facility, as set forth in Schedule A of the Memorandum of Understanding among the Bank and the Cooperating Monetary Institutions of March 4, 1991 (the "Memorandum of Understanding"). The amount drawn under this agreement, together with interest accrued thereon, shall be liquidated not later than March 29, 1991. This agreement is subject to, and incorporates by reference, the terms and conditions set forth in the Memorandum of Understanding.

III. The drawing under this agreement may be used by the Government and the Bank to facilitate the execution of transactions to forestall or counter disorderly financial market conditions. The rate of exchange applied to the drawing under this agreement shall be applied to its liquidation. This rate shall be based upon the spot rate as agreed between the parties at the time the drawing is made.

IV. The proceeds of the drawing under this agreement will be employed as follows:

A. Pursuant to paragraph 6(i) of the Memorandum of Understanding, the United States dollars are to be credited to the General Account of the Bank at the FRBNY in the name of "National Bank of Romania" (the "General Account") by authenticated telecommunication. To the extent that funds credited to the General Account under the drawing are not required immediately for payment, the Bank may authorize the FRBNY to debit the General Account after the drawing by the amount not so required and invest this amount in a non-transferable United States Treasury Certificate of Indebtedness, which the Secretary of the Treasury is prepared to issue to the Bank, at par, to mature March 29, 1991. The Bank's authorization to invest the proceeds from the drawing in the Certificate must be received on or before 10 A.M. (New York) of the day on which the funds are received from the drawing. The Certificate will be issued and redeemed by the FRBNY, and redemption shall occur on two business days' notice (New York). The Certificate will be held in the Bank's general securities custody account on the books of the FRBNY. The Certificate will bear interest at a rate based upon the average equivalent coupon-issue yield at the auction of the latest issue of three-month United States Treasury bills preceding the date of issuance of the Certificate. The average yield, expressed in percent, will be stated in two decimal places, and, if such decimal is not a multiple of .05, it will be adjusted to the next higher multiple of .05 (the "Adjusted Yield"). Interest will be calculated on the actual number of days in the year, i.e., 365 days.

B. The Romanian lei counterpart of the drawing by the Bank is to be credited to a special account in the name of "Federal Reserve Bank of New York as Fiscal Agent of the United States, Special Account No. 2" on the books of the Bank in accordance with instructions given to the Bank by authenticated telecommunication. The Romanian lei counterpart of the drawing will earn a return at a rate of interest which is equal to the Adjusted Yield as calculated in subparagraph IV.A. above. Such return shall be converted to United States dollars at the time of the repayment of the amount being repaid at the rate of exchange described in paragraph III above. Such balance may be withdrawn by the United States Treasury on two business days' (Bucharest) notice.

V. The Government hereby unconditionally guarantees the full performance by the Bank of all obligations, duties, and liabilities of the Bank under this agreement.

VI. This agreement is executed in two counterparts, each of which when so executed shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement.

United States Treasury  
Exchange Stabilization  
Fund

Government of  
the Republic  
of Romania

By: Charles H. Dallara  
Charles H. Dallara  
Assistant Secretary  
(International Affairs)

By: Theodor D. Stolajan  
Theodor D. Stolajan  
Minister of Finance

Banca Nationala a Romaniei

By: Mugur Isarescu  
Mugur Isarescu  
Governor

March 6, 1991

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THE GOVERNMENT OF THE REPUBLIC OF ROMANIA,  
AND THE NATIONAL BANK OF ROMANIA

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III. The drawing under this agreement may be used by the Government and the Bank to facilitate the execution of transactions to forestall or counter disorderly financial market conditions. The rate of exchange applied to the drawing under this agreement shall be applied to its liquidation. This rate shall be based upon the spot rate as agreed between the parties at the time the drawing is made.

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non-transferable United States Treasury Certificate of Indebtedness, which the Secretary of the Treasury is prepared to issue to the Bank, at par, to mature March 29, 1991. The Bank's authorization to invest the proceeds from the drawing in the Certificate must be received on or before 10:00 a.m. (New York) of the day on which the funds are received from the drawing. The Certificate will be issued and redeemed by the FRBNY, and redemption shall occur on two business days' notice (New York). The Certificate will be held in the Bank's general securities custody account on the books of the FRBNY. The Certificate will bear interest at a rate based upon the average equivalent coupon-issue yield at the auction of the latest issue of three-month United States Treasury bills preceding the date of issuance of the Certificate. The average yield, expressed in percent, will be stated in two decimal places, and, if such decimal is not a multiple of .05, it will be adjusted to the next higher multiple of .05 (the "Adjusted Yield"). Interest will be calculated on the actual number of days in the year, i.e., 365 days.

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United States Treasury  
Exchange Stabilization Fund

Government of the  
Republic of Romania

By: \_\_\_\_\_  
Charles H. Dallara  
Assistant Secretary  
(International Affairs)

By: Theodor Stoilejan  
Theodor Stoilejan  
Minister of Finance

Banca Nationala Romaniei

By: Mugur Isarescu  
Mugur Isarescu, Governor

Date: 06.03.1991, 1991



March 4, 1991

**MEMORANDUM OF UNDERSTANDING**

(1) The Facility

(i) This Memorandum of Understanding sets forth the mutual understandings of (a) the Banca Nationala a Romaniei (the "National Bank"), and (b) the Bank for International Settlements (the "BIS"), acting for certain participating member central banks, and the United States Department of the Treasury (the "Treasury") as to the provision of near-term support for the economic adjustment and structural reform efforts of the Republic of Romania ("Romania") (the "Facility"). The BIS and the Treasury shall hereafter be referred to individually as a "Cooperating Monetary Institution" and collectively as the "Cooperating Monetary Institutions."

(ii) The Cooperating Monetary Institutions are providing the Facility in light of (a) the commitment of Romania under a Letter of Intent, dated February 18, 1991, to a stand-by arrangement (the "Stand-by Arrangement") from the International Monetary Fund (the "Fund") in an amount of SDR 380.5 million and for access under the oil import element of the compensatory and contingency financing facility (the "CCFF") from the Fund in an amount of SDR 247.6 million, (b) the letter from the Managing Director of the Fund addressed to Mr. Lamfalussy of the BIS, dated February 5, 1991, stating that on the basis of the objectives and policies set forth in the letter, the Managing

Director is prepared to recommend approval of the Stand-by Arrangement and the CCFF by the Executive Board of the Fund during the first week of April 1991, (c) the availability of SDR 209.36 million under the oil import element of the CCFF prior to March 29, 1991, and (d) the agreement by the National Bank and the appropriate Romanian authorities to apply the proceeds of any purchases under the CCFF, including the contingency element of the CCFF, or any other purchases from the Fund in repayment of this Facility, and in any event to repay the Facility in full not later than March 29, 1991 (the "Maturity Date").

(2) The Separate Agreements

To implement this Memorandum of Understanding each Cooperating Monetary Institution shall enter into a separate agreement with the National Bank (the "Separate Agreement" and collectively, the "Separate Agreements"). The terms and conditions of each Separate Agreement shall be consistent with the provisions of this Memorandum of Understanding, and shall govern the respective rights and obligations of the parties thereto.

(3) Commitments of the Cooperating Monetary Institutions

The total amounts of the commitments made by each of the Cooperating Monetary Institutions under their respective Separate Agreements to the Facility are set out in Schedule A to this Memorandum of Understanding (the "Commitments").

(4) Funding of the Drawing on the Facility

(i) The aggregate amount of the Facility shall be U.S. \$300 million, which shall be made available to the National Bank by the Cooperating Monetary Institutions in a single drawing at the Federal Reserve Bank of New York (the "FRBNY") subject to the terms and conditions of this Memorandum of Understanding. The drawing shall be funded from the Commitments subject to the provisions regarding reduction of the drawing in paragraph (5) below.

(ii) To permit the drawing under the Facility requested by the National Bank pursuant to paragraph (5) below to be effected, each of the Cooperating Monetary Institutions shall, one New York business day prior to the drawing's requested value date, in an authenticated telecommunication received by and in a form acceptable to the FRBNY, irrevocably authorize and instruct the FRBNY to debit its account on the books of the FRBNY in an amount which is equal to its respective share of the Commitments, as reduced pursuant to paragraph (5) below if applicable, and, if funds in its account are not sufficient, to liquidate investments the FRBNY holds for it, and to transfer such amount to the National Bank's general account on the FRBNY's books. The FRBNY shall effect such transfer only if it has received similar irrevocable authorizations and instructions from both of the Cooperating Monetary Institutions with funds in each of their accounts, or investments held at the FRBNY that may be

liquidated, sufficient to cover the respective amounts to be transferred.

(5) Amount Available to be Drawn under the Facility

Subject to the conditions precedent set out in paragraph (6) below, the National Bank may request the drawing on the Facility for a value date not later than March 25, 1991, by giving two New York business days' notice by authenticated telecommunication to the FRBNY and to each of the Cooperating Monetary Institutions in a form acceptable to each of them; provided, however, that the amount of the drawing that may be requested under the Facility shall be reduced by the aggregate amount of the proceeds of any purchases from the Fund under the CCFF, which Romania shall have received after March 8, 1991 and prior to the date of the drawing; and provided further that if the amount of the drawing that may be requested by the National Bank is reduced pursuant to this paragraph, then the amount of any such reduction shall be applied on a pari passu basis to decrease the amount of the Commitments for the purposes of funding the Facility in accordance with paragraph (4) above and repayment of the Facility in accordance with paragraph (8) below.

(6) Crediting of the Drawing and Conditions Precedent

(i) For the drawing made under the Facility pursuant to paragraph (5) above, and subject to compliance with the conditions precedent specified in subparagraph (ii) of this paragraph, the FRBNY shall debit the accounts of the Cooperating

Monetary Institutions, taking account of any reduction in the Commitments pursuant to paragraph (5) above, and shall credit the amount of the drawing to the National Bank's general account on the FRBNY's books.

(ii) The following conditions precedent shall apply to the drawing on the Facility:

(a) The FRBNY shall have received from both of the Cooperating Monetary Institutions the instructions referred to in paragraph (4)(ii), and each of the Cooperating Monetary Institutions shall have sufficient funds in its account on the books of the FRBNY, or investments held at the FRBNY that may be liquidated to cover the amount to be transferred;

(b) The FRBNY shall have received a copy of a letter addressed to the Cooperating Monetary Institutions from the Managing Director of the Fund in the form set forth in Schedule B concerning Romania's eligibility to make purchases under the oil import element of the CCFF in an aggregate amount equivalent to SDR 209.36 million;

(c) The FRBNY shall have received a copy of the instructions to the Fund in the form set forth in Schedule C as specified in paragraph (9)(ii) below, which shall be provided by the appropriate Romanian authorities; and

(d) The National Bank shall have obtained such additional documentation as may be required by a

Cooperating Monetary Institution, including the document in the form of Schedule D referred to in paragraph (11) below, and shall have provided copies of such additional documentation to the FRBNY.

(7) Repayment Schedule

(i) The National Bank shall repay the drawing made under paragraph (5), plus accrued and unpaid interest on the amount repaid, as set out below:

(a) On each date on which the proceeds of any purchases under the CCFE or other purchases from the Fund are made available to the appropriate Romanian authorities (including any purchases under the contingency element of the CCFE), such proceeds shall be applied in repayment of the Facility in accordance with the procedures set forth in paragraph (8) below; and

(b) On the Maturity Date, any remaining outstanding balance.

(ii) The National Bank shall have the right, at any time, on giving two New York business days' notice by authenticated telecommunication to the FRBNY and to each of the Cooperating Monetary Institutions, to reimburse in advance all or part of the drawing made under the Facility, in accordance with the procedures set forth in paragraph (8) hereof and subject to compliance with any requirements under the Separate Agreements for a related interest rate adjustment.

(iii) Prior to any repayment under this paragraph (7), the Cooperating Monetary Institutions shall provide the FRBNY, in a form acceptable to the FRBNY, with a schedule of interest payments due on the date of each such repayment to each of the Cooperating Monetary Institutions pursuant to the Separate Agreements.

(8) Repayment Procedures

(i) The National Bank shall make all repayments of the Facility, plus accrued and unpaid interest at the rates specified in the respective Separate Agreements, through the FRBNY, which shall distribute repayments pari passu to the Cooperating Monetary Institutions in proportion to the Commitments. (The procedures set out in this subparagraph (i) are hereinafter referred to as "Repayment Procedures.")

(ii) The National Bank irrevocably authorizes and instructs the FRBNY to debit the Special Funds Account, as defined in paragraph (9) below, in the amounts of each repayment of the Facility, plus interest accrued on such amounts, on the repayment dates specified in paragraph (7) above in accordance with the Repayment Procedures; provided, however, that, except for debits of the Special Funds Account that are made to effect full repayment of the Facility, including accrued interest, or debits of the Special Funds Account that are made on or after the Maturity Date, the Special Funds Account shall be debited in repayment of the Facility only on such date or dates that the aggregate amount of principal, and interest earned thereon, in

the Special Funds Account is equal to or greater than U.S. \$50 million. Funds deposited into the Special Funds Account that are not immediately applied to repayment of the Facility may be invested, at the request of the National Bank, in the repurchase agreement pool of the FRBNY, and such investments plus interest earned thereon shall be deemed for purposes of this Memorandum of Understanding to be part of the Special Funds Account. If the Facility, including accrued interest, has not been repaid in full on the Maturity Date, then the National Bank will immediately deposit into the Special Funds Account sufficient additional funds to repay the Facility in full, including accrued interest. If the funds in the Special Funds Account are not sufficient to effect full repayment of the Facility including interest on the Maturity Date, the National Bank irrevocably authorizes and instructs the FRBNY (a) to debit any other account of the National Bank with the FRBNY and, if necessary, to liquidate investments the FRBNY holds for the National Bank, and (b) to continue to debit the Special Funds Account or any other account of the National Bank with the FRBNY as additional funds are received from any source, and (c) to apply such funds first to the payment of accrued and unpaid interest on the amount outstanding and then to the payment of outstanding principal by transferring such funds to the accounts of the Cooperating Monetary Institutions on the books of the FRBNY in accordance with the Repayment Procedures. After repayment in full of the Facility, including interest, the Facility shall terminate, and



only then shall the National Bank be entitled to draw on funds in the Special Funds Account.

(iii) If either of the Cooperating Monetary Institutions (or any participating member central bank substituted for the BIS) receives a repayment or satisfaction of a claim arising under its respective Separate Agreement, the amount so received shall be shared between the Cooperating Monetary Institutions in accordance with the Repayment Procedures. For this purpose, pursuant to the Repayment Procedures, that part of the amount so received by a Cooperating Monetary Institution that exceeds the proportionate share of the Commitment of such Cooperating Monetary Institution, including accrued and unpaid interest thereon as calculated in consultation with the FRBNY, (or the proportionate share of a participating member central bank substituted for the BIS) as set forth in Schedule A to this Memorandum of Understanding ("Excess Amount") shall be transferred by it to the FRBNY for distribution to the other Cooperating Monetary Institution in accordance with the Repayment Procedures in exchange for assignment by such other Cooperating Monetary Institution of the claim on the National Bank for such Excess Amount.

(iv) Repayment in accordance with subparagraphs (i), (ii), and (iii) of this paragraph shall apply under each Separate Agreement, including under the substitution provisions of the agreement between the BIS and participating member central banks for which the BIS is acting.

(9) Instructions on Purchases from the Fund

(i) As a condition to the drawing under this Facility, the appropriate Romanian authorities shall give the instructions set forth under subparagraph (ii) below, which instructions shall not be revoked until the FRBNY certifies on behalf of the Cooperating Monetary Institutions in an authenticated telecommunication to the National Bank that the Facility has been repaid in full, including accrued interest.

(ii) With respect to the proceeds made available to Romania from purchases under the CCFF, including the contingency element of the CCFF, or any other purchases from the Fund prior to repayment of the Facility in full, including interest, the appropriate Romanian authorities shall irrevocably instruct the Fund, in the form set forth in Schedule C, to transfer such proceeds directly to the FRBNY for deposit into a special account of the National Bank at the FRBNY established for this purpose (the "Special Funds Account"), and shall, as required by the Fund, provide any confirmations of such irrevocable instructions at the time of any purchase under the CCFF or of any other purchases from the Fund by Romania; and the National Bank hereby irrevocably authorizes and instructs the FRBNY to debit such account and to disburse any funds received into such account in repayment of the Facility in accordance with paragraph (8) above. A copy of the letter of instructions in the form set forth in Schedule C shall be provided to the FRBNY in accordance with

paragraph (6)(ii)(c) above as a condition precedent to the drawing under the Facility.

(10) Continuing Effect of the Memorandum of Understanding and the Separate Agreements

(i) The BIS agrees that the substitution agreement between the BIS and its participating member central banks concerning implementation of the Separate Agreement between the BIS and the National Bank shall provide that, in the event of the substitution of such central banks for the BIS, such central banks shall be bound by the same terms and conditions as are applicable to the BIS under this Memorandum of Understanding.

(ii) The National Bank agrees that the rights of each of the Cooperating Monetary Institutions or any central bank or monetary authority that may be substituted for them under the Separate Agreements shall continue in effect until such time as the National Bank has fulfilled all its obligations under such Separate Agreements and under the Memorandum of Understanding.

(11) Authority of the National Bank

(i) The National Bank warrants that it has full power and authority to enter into and perform its obligations under this Memorandum of Understanding and the Separate Agreements and has taken all necessary corporate and other actions to authorize the performance of the terms and conditions thereof.

(ii) The National Bank warrants that Romania has agreed in writing, in the form set forth in Schedule D, (x) to take whatever actions, and provide any other support, necessary to

facilitate the National Bank's performance under this Memorandum of Understanding and under the Separate Agreements and (y) to take all actions necessary on its part to apply for all purchases for which it is eligible under the CCFF, including the contingency element of the CCFF, and any other facilities made available by the Fund. The document in the form set forth in Schedule D shall be provided to the FRBNY in accordance with paragraph (6)(ii)(d) above as a condition precedent to the drawing under the Facility.

(12) Rules Applicable to the FRBNY

In carrying out its functions, the FRBNY shall have the authority to interpret and act under the irrevocable authorizations and instructions received by it hereunder and any notifications or other communications that the parties hereto shall send or transmit to the FRBNY, in such manner as the FRBNY, in its sole judgment, deems reasonable. In making any calculations of the drawing and repayments provided for under this Memorandum of Understanding and the Separate Agreements, the FRBNY shall have the authority to make rounding adjustments to any amounts determined on the basis of the proportionate share of each Cooperating Monetary Institution to the Commitments so that the total drawing and total repayments under the Facility equal the Commitments of each of the Cooperating Monetary Institutions in accordance with the terms of this Memorandum of Understanding. No compensation shall be due from the National Bank for services rendered by the FRBNY under the authorizations and instructions

in this Memorandum of Understanding. In carrying out its functions under this Memorandum of Understanding the FRBNY shall be liable only for its failure to exercise reasonable care.

(13) Amendment

This Memorandum of Understanding may be amended by the consent in writing, including consent by authenticated telecommunication, of all the parties to such Memorandum.

(14) Entry into Effect

(i) By transmitting an authenticated telecommunication to the FRBNY containing the word "Gander" and its name, each Cooperating Monetary Institution (a) indicates its consent to the terms of this Memorandum of Understanding and (b) confirms that its Separate Agreement with the National Bank has been executed.

(ii) By transmitting an authenticated telecommunication to the FRBNY containing the word "Gosling" and its name, the National Bank (a) indicates its consent to the terms of this Memorandum of Understanding, (b) confirms that both of its Separate Agreements with the Cooperating Monetary Institutions have been executed, and (c) irrevocably authorizes and instructs the FRBNY to establish the Special Funds Account and to effect repayment of the Facility in accordance with this Memorandum of Understanding.

(iii) All notices referred to in subparagraphs (i) and (ii) of this paragraph shall hereinafter be referred to as the "Notices."

(iv) This Memorandum of Understanding and all of the Separate Agreements shall take effect when the FRBNY advises the Cooperating Monetary Institutions and the National Bank by authenticated telecommunication that it has received all of the Notices required by this paragraph (14). No message shall be effective to alter the terms of such Notices.

SCHEDULE A  
AMOUNTS OF COMMITMENTS  
OF COOPERATING MONETARY INSTITUTIONS  
TO THE FACILITY

(millions of U.S. dollars)

<u>Bank for International Settlements</u>	260
acting on behalf of participating central banks	
<u>U.S. Department of the Treasury</u>	40
 TOTAL FOR FACILITY	 <u>300</u>

SCHEDULE B

LETTER FROM THE MANAGING DIRECTOR OF THE FUND  
WITH RESPECT TO THE DRAWING

Bank for International Settlements

U.S. Department of the Treasury

Dear Sirs:

I refer to my letter of February 5, 1991, addressed to Mr. Lamfalussy, in which I stated that, on the basis of the understandings reached at the staff level, I was prepared to recommend that the Executive Board approve the Republic of Romania's request for access under the oil import element of the compensatory and contingency financing facility ("CCFF") in an amount equivalent to SDR 247.6 million, and for a 12-month stand-by arrangement in an amount equivalent to SDR 380.5 million. In that letter, I also expressed the view that a bridging operation for Romania would be helpful. I wish to inform you that the letter of intent has been signed and transmitted to the Fund by the Republic of Romania.

The Romanian authorities have now indicated that they will make a first request under the oil import element of the CCFF for a purchase equivalent to SDR 209.36 million, or 40 percent of Romania's quota in the Fund, in advance of the request for a stand-by arrangement, and a second request under the oil element of the CCFF at the time of the request for a stand-by arrangement. I have recommended the first CCFF request for approval by the Executive Board on March 15, 1991.

Sincerely yours,

Michel Camdessus  
Chairman of the Executive Board  
and  
Managing Director



SCHEDULE C  
FORM OF IRREVOCABLE INSTRUCTIONS TO  
THE INTERNATIONAL MONETARY FUND

[Date]

The Treasurer's Department  
International Monetary Fund  
Washington, DC 20431

Re:           Compensatory and Contingency Financing Facility and  
              Other Sources of Fund Financing for Romania

Dear Sirs:

The Republic of Romania ("Romania") hereby authorizes and instructs the International Monetary Fund (the "Fund") to arrange on Romania's behalf that the proceeds of all purchases made by Romania under the Compensatory and Contingency Financing Facility ("CCFF"), including the contingency element of the CCFF, or any other purchases from the Fund by Romania, be either provided in, or converted into, U.S. dollars, and deposited into the Special Funds Account (the "Special Funds Account") of the Banca Nationala a Romaniei (the "National Bank") with the Federal Reserve Bank of New York (the "FRBNY").

For your information, the National Bank has separately given the FRBNY an irrevocable instruction that all of the funds deposited in the Special Funds Account will be used to repay the drawing made by the National Bank under a short-term credit facility (the "Facility") that the Cooperating Monetary Institutions have agreed to establish for the purpose of providing near-term support for the economic adjustment and structural reform efforts of Romania. The aggregate amount of the drawing by the National Bank under the Facility may amount to as much as U.S. dollars 300 million. The National Bank has committed to the Cooperating Monetary Institutions that the instructions to the Fund shall not be revoked or modified by the National Bank, Romania, or any other Romanian institution until the Facility is repaid in full, including accrued and unpaid interest, and the Fund has received from the National Bank a copy of a notification by the FRBNY to the National Bank to that effect.

Romania and the National Bank have agreed to provide any confirmations of such instructions contained herein as are required by the Fund at the time of any purchases from the Fund which are referred to herein.

The National Bank acknowledges that your action on this request and authorization will be taken in conformity with the relevant provisions of the CCFF or any other Fund facility or arrangement made available to Romania, and confirms that such action shall not be construed in any way as a waiver of any right which the Fund may have under the CCFF or under any other Fund facility or arrangement made available to Romania.

The National Bank is providing a copy of the executed original of this letter to the FRBNY.

Sincerely yours,

For the Republic of Romania

By \_\_\_\_\_

For the Banca Nationala a Romaniei

By \_\_\_\_\_

[Letterhead of the Ministry of Finance of the Republic of Romania]

SCHEDULE D

LETTER FROM REPUBLIC OF ROMANIA  
TO NATIONAL BANK

[Date]

Governor Mugur Isaescu  
Banca Nationala a Romaniei

Dear Sir:

We refer to the Memorandum of Understanding, dated March 4, 1991, (the "Memorandum of Understanding"), among the Banca Nationala a Romaniei (the "National Bank") and the Cooperating Monetary Institutions, and the Separate Agreements (the "Separate Agreements") under which the Cooperating Monetary Institutions have agreed to provide near-term support for the economic adjustment and structural reform efforts of the Republic of Romania ("Romania") in the aggregate amount of U.S. \$300 million. Pursuant to paragraph (11)(ii) of the Memorandum of Understanding, we hereby warrant that Romania has agreed to take all actions, and to provide any other support, necessary to facilitate the National Bank's performance under the Memorandum of Understanding and each of the Separate Agreements. We also hereby warrant that Romania will take all actions necessary on its part to apply for all purchases for which it is eligible under the Compensatory and Contingency Financing Facility ("CCFF"), including the contingency element of the CCFF, and any other facilities made available by the International Monetary Fund.

Sincerely,

REPUBLIC OF ROMANIA

By: \_\_\_\_\_  
Theodor D. Stolajan  
Minister of Finance