

- (i) in proportion to their official holdings of gold and foreign exchange when the ratios described in (a) above are equal, and
- (ii) in such manner as gradually to reduce the difference between the ratios described in (a) above that are low and the ratios that are high.

SCHEDULE G

RECONSTITUTION

1. During the first basic period the rules for reconstitution shall be as follows:

- (a) (i) A participant shall so use and reconstitute its holdings of special drawing rights that, five years after the first allocation and at the end of each calendar quarter thereafter, the average of its total daily holdings of special drawing rights over the most recent five-year period will be not less than thirty per cent of the average of its daily net cumulative allocation of special drawing rights over the same period.
 - (ii) Two years after the first allocation and at the end of each calendar month thereafter the Fund shall make calculations for each participant so as to ascertain whether and to what extent the participant would need to acquire special drawing rights between the date of the calculation and the end of any five-year period in order to comply with the requirement in (a) (i) above. The Fund shall adopt regulations with respect to the basis on which these calculations shall be made and with respect to the timing of the designation of participants under Article XXV, Section 5 (a) (ii), in order to assist them to comply with the requirement in (a) (i) above.
 - (iii) The Fund shall give special notice to a participant when the calculations under (a) (ii) above indicate that it is unlikely that the participant will be able to comply with the requirement in (a) (i) above unless it ceases to use special drawing rights for the rest of the period for which the calculation was made under (a) (ii) above.
 - (iv) A participant that needs to acquire special drawing rights to fulfil this obligation shall be obligated and entitled to obtain them, at its option for gold or currency acceptable to the Fund, in a transaction with the Fund conducted through the General Account. If sufficient special drawing rights to fulfil this obligation cannot be obtained in this way, the participant shall be obligated and entitled to obtain them with currency convertible in fact from a participant which the Fund shall specify.
- (b) Participants shall also pay due regard to the desirability of pursuing over time a balanced relationship between their holdings of special drawing rights and their holdings of gold and foreign exchange and their reserve positions in the Fund.