



(Translation)

OTTAWA, 23rd August, 1945

No. 160

ANNEX

*Memorandum Attached to the French Ambassador's Note
of August 23, 1945*

(Translation)

FINANCIAL SETTLEMENTS BETWEEN CANADA AND
THE FRANC AREA

Payments between Canada and the franc area shall be made in accordance with the following provisions:

1. All Canadian dollars held by the Bank of France shall be entered in a single Canadian dollar account. This account shall be credited with:
 - (a) Canadian dollars bought by the Bank of France from persons residing in the franc area (Canadian dollars representing either income or capital).
 - (b) Canadian dollars paid by the Bank of Canada to obtain French francs for payments in the franc area.
 - (c) Canadian dollars arising out of the sale of United States funds in Canada.
2. Payments from the franc area in Canada shall be made
 - (a) In Canadian dollars derived from the official sources described in paragraph 1 above, in the case of:
 - (i) French official payments (purchases through the French Purchasing Mission to Canada and expenses of the French diplomatic missions to Canada).
 - (ii) Payments from St. Pierre and Miquelon.
 - (b) In United States dollars in all other cases.
3. Payments from Canada in the franc area shall be made, as a rule, in United States dollars, subject to the following two exceptions:
 - (a) Payments receivable for the account of St. Pierre and Miquelon shall be made in Canadian dollars.
 - (b) The Bank of Canada may continue to acquire francs against Canadian dollars for payments in the franc area.
4. (a) The franc credit balance held by the Bank of France for the Bank of Canada may at any time be converted into United States dollars.
 - (b) In view of the importance of the payments to be made in Canada by the French Government for a certain period, there is no need at present to consider the conversion into United States dollars of the credit balance held by the Bank of Canada for the Bank of France. Should, however, circumstances develop which would lead subsequently to the accumulation in the Bank of France's account with the Bank of Canada of a Canadian dollar credit balance in excess of the French Government's requirements for its payments in Canada, this balance could be converted into United States dollars.