

# Special drawing rights

**Special drawing rights (SDRs)** are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund (IMF).

The SDR was purposefully given an innocuous name free of connotations due to controversy, as disagreements broke out over the nature of this new reserve asset during its creation.

Not a currency, SDRs instead represent a claim to currency held by IMF member countries, for which they may be exchanged. Created in 1969 to supplement a shortfall of preferred foreign exchange reserve assets, namely gold and US dollar, the SDR's value is defined by a weighted currency basket of four major currencies: The Euro, the US dollar, the British pound, and the Japanese yen. As they can only be exchanged for Euros, Japanese yen, pounds sterling, or US dollars, SDR's may actually represent a potential claim on IMF member countries' non-gold foreign exchange reserve assets, which are usually held in either, or all, of those four currencies. While they may appear to have a far more important part to play, or, perhaps, an important future role, being the unit of account for the IMF has long been the principal function of the SDR.

## SDR exchange rates

As at 03.01.2012

1.0 SDR =	£0.988357
1.0 SDR =	Euro 1.185590
1.0 SDR =	USD 1.542930