N° 1100.

HONGRIE ET ITALIE

Convention au sujet de la consolidation des coupons échus et des titres amortis de la dette publique hongroise d'avant guerre placée en Italie, et protocole final contenant une déclaration relative à cette convention, signés à Budapest, le 27 mars 1924.

HUNGARY AND ITALY

Agreement regarding the Consolidation of the Coupons due for Payment and the Bonds due for Redemption of the Pre-War Hungarian Public Debt, issued in Italy, and Final Protocol containing a Declaration concerning the Agreement, signed at Budapest, March 27, 1924.

[1] TRADUCTION. — TRANSLATION.

No. 1100. — AGREEMENT [2] BETWEEN HUNGARY AND ITALY REGARDING THE CONSOLIDATION OF THE COUPONS DUE FOR PAYMENT AND THE BONDS DUE FOR REDEMPTION OF THE PRE-WAR HUNGARIAN PUBLIC DEBT ISSUED IN ITALY, SIGNED AT BUDAPEST, MARCH 27, 1924.

French official text communicated by the " Chargé des Affaires " of the Royal Hungarian Delegation accredited to the League of Nations and by the Italian Minister for Foreign Affairs. The registration of this Agreement took place February 24, 1926.

Article 1.

The ROYAL HUNGARIAN GOVERNMENT, being desirous of settling the arrears which have accumulated since 1914 in respect of the loans in connection with its pre-war public debt issued in Italy, agrees to consolidate by virtue of the present Agreement the coupons of the said loans which fell due between August 1, 1914, and December 31, 1918, together with the bonds which were drawn and which should have been redeemed between August 1, 1914, and December 31, 1918, on the conditions set forth in the following Articles.

The coupons which have fallen due and the bonds which have been drawn since December 31, 1918, together with the conditions under which the service of the Hungarian debt in Italy will be resumed in future shall be the subject of a subsequent Convention which will be concluded within one year after the Reparation Commission has finally apportioned the Hungarian public debt on the conditions laid down in the Peace Treaty. The Royal Hungarian Government undertakes to grant to Italian holders, as regards the consolidation or redemption of these coupons and of the bonds which have been drawn and the service of its debt in Italy in future, the most favourable treatment which may be accorded to foreign holders of its external debt.

Article 2.

Under the terms of the present arrangement the Royal Hungarian Government shall consolidate the coupons due for payment of the bonds, in possession of Italian holders, of all the loans in connection with the Hungarian public debt issued before August, 1914, the service of which was wholly and directly undertaken before the war by the Hungarian State. The consolidation shall be effected on the following basis :

(*a*) Coupons due for payment of bonds expressed in currencies other than the crown and the mark shall be consolidated in respect of their full nominal amount expressed or

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[1] Traduit par le Secrétariat de la Société des Nations.

[1] Translated by the Secretariat of the League of Nations.

[2] The exchange of ratifications took place at Budapest, December 5, 1924.

calculated in francs at par and converted into lire at par in Hungarian Treasury bonds expressed in lire bearing interest as shown in Article 3.

(b) Coupons due for payment of bonds expressed in crowns or marks shall be consolidated in Hungarian Treasury bonds expressed in lire on the basis of 0.40 lira (forty centesimi) to one crown and 0.46 lira (forty-six centesimi) to one mark, both in the case of bonds held by Italian nationals, qualified as such since May 24, 1915, and in the case of bonds of holders who have become Italian nationals by virtue of the Treaty of St. Germain or the Treaty of Trianon.

(c) Bonds which have been drawn or have fallen due and which should have been repaid in the period between August 1, 1914, and December 31, 1918, including Treasury bonds issued before August 1, 1914, shall also be consolidated in Treasury bonds on the conditions hereinbefore set forth and in the currency in which they are expressed, with an addition representing interest at 5 %, from the date on which they should have been paid until July 31, 1921.

The provisions of the preceding paragraphs are also applicable to the valorised consolidation of the coupons due for payment in respect of Treasury bonds issued before August 1, 1914, and to the valorised funding of the capital which has fallen due in respect of the said Treasury bonds, if the bonds in question have been since May 24, 1915, in the possession of the Italian nationals referred to in paragraph (a) of Article 6 of the present Agreement (including juridical persons). It is not essential in this case that the bonds should have fallen due before December 31, 1918.

Article 3.

The interest on the Funding Treasury bonds shall be paid annually in advance by the Royal Hungarian Government. Nevertheless, in view of the fact that the exchange of the coupons due for payment, or of the bonds due for redemption, for the Funding Treasury bonds which are to be issued under date August 1, 1921, (the first date of maturity subsequent to the exchange of the ratifications of the Treaty of Trianon) cannot in all probability be effected before the end of 1924, the interest on the Funding Treasury bonds due between August 1, 1921, and December 31, 1924, shall be consolidated in such a manner that the nominal amount of the Treasury bonds will be increased in each case by the total amount of the interest calculated at the rate of 5 % for the eleven months from August 1, 1921, to June 30, 1922, and at the rate of 6 % for the period between July 1, 1922, and December 31, 1924.

As from January 1, 1925, the interest shall be paid in advance in cash on January 1 of each year at the rate of 6%.

Article 4.

As regards loan bonds or Treasury bonds, the coupon sheets of which were exhausted before the end of 1918, and in respect of which coupons cannot be presented for payment, the consolidation provided for in the preceding articles shall none the less be effected on presentation of the last coupon of the exhausted sheet.

Article 5.

The Funding Treasury bonds shall be redeemable in 10 years. Nevertheless, no provision shall be made for redemption annuities during the first five years following the coming into force of the present Agreement.

The payment of the first annuity shall in any case take place on January 1, 1930.

Article 6.

The Italian holders who are to benefit under the terms of the present Agreement must submit the following evidence :

(a) In the case of holders qualified as Italian nationals since May 24, 1915 :

(1) An affidavit of nationality ;
(2) An uninterrupted series of coupons ;
(3) Proof that the ownership of the bonds was acquired before May 24, 1915.

Such proof may consist in a public or authentic act such as the inventory of a succession, a broker's contract note, a bank deposit certificate, etc.

As regards bank deposit certificates, in the event of doubt a declaration by the Italian Finance Ministry shall be decisive ;

(b) In the case of holders who have acquired Italian nationality on the basis of the Peace Treaties :

(1) An affidavit of nationality ;
(2) An uninterrupted series of the coupons which have fallen due since October 31, 1918 ;
(3) Proof that the ownership of the bonds was acquired before October 31, 1918 ;

(c) In the case of Italian holders in respect of whom any of the conditions laid down in paragraphs *(a)* and *(b)* are not fulfilled, the arbitral tribunal referred to in Article 11 shall determine the dispute.

Article 7.

All details with regard to the execution of the present Agreement shall be settled by agreement between the Royal Hungarian Government and the Royal Italian Government.

Article 8.

The Royal Hungarian Government undertakes, as from the coming into force of the present Agreement, to settle in cash in lire, subject to the conditions as to evidence laid down in Article 6, all the coupons which fell due before August 1, 1914, of the Hungarian loans referred to in the present Agreement together with the bonds due for redemption before that date which are still in the possession of Italian holders.

Payment shall be effected, at the rate of exchange fixed in Article 231 of the Treaty of Trianon in the case of bonds held by Italian nationals who have been qualified as such since May 24, 1915 ; and at the rate of exchange fixed in Article 254 of the Treaty of Trianon in the case of the bonds of holders who have become Italian nationals by virtue of the Treaty of St. Germain or the Treaty of Trianon.

Article 9.

The Royal Hungarian Government shall take the necessary steps to ensure the negotiability on the Italian market of the Treasury bonds issued by virtue of the present Agreement. It shall likewise assume responsibility for the expense occasioned by the exchange of the coupons and the issue of new bonds and for the costs involved in the execution of the present Agreement.

Article 10.

In the event of the Royal Hungarian Government granting to other foreign holders of the bonds of its public debt better terms as to real value than those granted to the Italian holders by the present Agreement, the Royal Hungarian Government shall extend the benefit thereof to Italian holders.

Article 11.

If any difficulties arise in the execution of the present arrangement, they shall be settled by arbitration, the Royal Hungarian Government appointing one arbitrator and the Italian Government appointing another. If the arbitrators cannot arrive at an agreement, a casting vote shall be given by a third arbitrator appointed by themselves or, if they cannot agree upon such appointment, by a person appointed by the Secretary-General of the League of Nations. The arbitration meetings shall take place in Rome.

Article 12.

The present Agreement shall be ratified and shall come into force at the date of the exchange of the ratifications.

Done at Budapest on March 27, 1924, in two copies, one of which has been transmitted to each of the High Contracting Parties.

For Hungary :
(Signed) ALADÁR DE STEIGER.

For Italy :
(Signed) LUIGI ORAZIO VINCI.

FINAL PROTOCOL.

(See text of Final Protocol at the end of Agreement No. 1099, Page 79 of this volume.)