

N° 1738.

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## BULGARIE

Protocole relatif à l'emprunt de stabilisation bulgare, signé à Genève, le 10 mars 1928, avec annexes et acte additionnel, signés à Genève, le 8 septembre 1928.

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## BULGARIA

Protocol regarding the Bulgarian Stabilisation Loan, signed at Geneva, March 10, 1928, with Annexes and Additional Act, signed at Geneva, September 8, 1928.

- (b) Such other revenue or revenues (if any) as may from time to time be assigned in accordance with paragraph 6 below.
2. The amounts required for the service of the loan shall be, and shall remain, a first charge upon the revenues mentioned in paragraph 1 above, and the Bulgarian Government acknowledges that such revenues shall stand charged accordingly.
  3. The revenues mentioned in the preceding paragraph shall not be used as security for any new loan without the consent of the Trustees of the loan.
  4. The Bulgarian Government will not take any measures which, in the opinion of the Trustees, would be such as to diminish the aggregate value of the revenues mentioned in paragraph 1 to such an extent as to threaten the security of the bondholders.
  5. All decisions taken by the Trustees in virtue of paragraphs 3 and 4 shall require confirmation by the Council if within fourteen days of the notification of any such decision by the Trustees to the Bulgarian Government the latter shall have lodged an appeal against it with the Council.
  6. If at any time the total yield of the revenues referred to in paragraph 1 should fall below 150 per cent of the annual sum required to meet the service of the loan, the Trustees may request the Council to call upon the Inter-Allied Commission established under Article 130 of the Treaty of Neuilly to release from the charge laid down in Article 132 of the said Treaty such additional revenues as may be sufficient to assure the immediate restoration of the yield to the above percentage, and such additional revenues so released, shall be forthwith assigned to the service of the loan.

### Article III.

#### EMPLOYMENT OF THE LOAN.

The Bulgarian Government undertakes that the yield of the loan shall be applied only for the purposes and in strict accordance with the procedure set out in Articles IV, V, VI, VII and VIII below.

### Article IV.

#### BULGARIAN NATIONAL BANK.

1. The Bulgarian Government undertakes to safeguard the independence of the Bulgarian National Bank from any political influence whatsoever.  
The Bulgarian Government, with this intention and for this purpose, agrees to the appointment by the Council of the League of Nations of a technical adviser to the Bulgarian National Bank, whose powers shall be those defined in the amendments to the Statutes of the National Bank (Annex I).  
The Bulgarian Government fully recognises that, for the definite consolidation of the financial situation of Bulgaria, it is desirable to transform the Bulgarian National Bank in accordance with the plan laid down in Annex II in order to bring it into conformity with other Central Banks, and undertakes to effect this transformation at a date to be fixed by agreement between the Council of the League of Nations and the Bulgarian Government. The details of this transformation shall be fixed by agreement between the Council and the Bulgarian Government on the advice of the Financial Committee.
2. The existing Statutes of the Bulgarian National Bank shall be amended forthwith in conformity with the provisions contained in Annex I, subject to the final text for this purpose being approved by the Financial Committee or by such members as the Committee may nominate for the purpose. The amendments to the Statutes shall enter into force on the date on which the payment mentioned in paragraph 5 below has been completed.

The Bulgarian National Bank shall perform the functions assigned to it in the Statutes, as amended, and, in particular, it shall effect and maintain the stabilisation of the Bulgarian currency in relation to gold and the centralisation at the Bank of all the receipts and payments of the State and the State enterprises.

3. The Bulgarian Government shall appoint as Adviser, under paragraph 1 above, to the Bulgarian National Bank such person as may be nominated by the Council of the League of Nations.

The functions of the Adviser shall continue until such time as the Council shall have ascertained that the financial and monetary stability of Bulgaria is assured, and in any case, for not less than two years after the transformation of the Bulgarian National Bank shall have been completed in the manner described in paragraph 1 above.

4. For the purpose of stabilising the Bulgarian currency, a sum of £1,500,000 from the yield of the loan shall be employed by the Bulgarian Government for strengthening the position of the Bulgarian National Bank in the manner stated in paragraph 6 below.

5. The Bulgarian Government shall, in accordance with Article VIII below, request the issuing houses to pay the said sum directly to the Bulgarian National Bank.

6. The said sum shall be allocated :

(a) To the repayment of such part of the advances made by the Bulgarian National Bank to the Agricultural Bank and the Central Co-operative Bank respectively as the Bulgarian National Bank may decide, in agreement with the Adviser to the Bulgarian National Bank ;

(b) To the repayment of all advances, other than those made to the Agricultural Bank and the Central Co-operative Bank, made by the Bulgarian National Bank under the guarantee of the State, such advances to be thereupon transferred to the Agricultural Bank ; and

(c) To the repayment of part of the State debts to the Bulgarian National Bank, to be applied in the first place to the immediate repayment of three Treasury bills of 50 million levas each.

7. The State will further apply the undermentioned funds annually towards the extinction of the remainder of its debt to the National Bank of Bulgaria :

(a) The sum of 100 million levas from its current budget resources ;

(b) All seignorage profits of the State derived from the issue of subsidiary coinage ;

(c) The whole of the State's participation in the profits of the National Bank.

8. The Bulgarian Government will take all necessary steps to effect the legal stabilisation of the Bulgarian currency in relation to gold as from the day on which the payment mentioned in paragraph 5 above has been completed.

9. The decisions fixing the maximum amount of subsidiary coinage which may at any time be in circulation, the method of its issue, and the amount for which such coins shall be legal tender, shall be taken by the Government in agreement with the National Bank of Bulgaria, provided that no such decisions shall be in contravention of the provisions of the Statutes of the National Bank as amended by this Protocol, and provided that such coinage shall be put into circulation only through and at the request of the National Bank.

10. All restrictions upon the purchase or sale of foreign exchange shall be abolished within six months of the day mentioned in paragraph 8 of this article or within such further period as may be approved by the Adviser to the Bulgarian National Bank.

*Article V.*

## AGRICULTURAL AND CENTRAL CO-OPERATIVE BANKS.

1. The Central Co-operative Bank shall remain under the direct authority of the Minister of Finance, and the general financial policy of the Agricultural Bank shall be determined by agreement between the Minister of Finance and the Minister of Agriculture.

2. For the purpose of providing new working capital for the said banks, the Bulgarian Government shall pay out of the yield of the loan £500,000 to the Agricultural Bank and £150,000 to the Central Co-operative Bank.

3. The Bulgarian Government shall, in accordance with Article VIII below, request the issuing houses to pay the sums mentioned in paragraph 2 above directly to the Bulgarian National Bank. The Bulgarian National Bank shall transfer the counter-value of the said sums in Bulgarian currency to the Agricultural Bank and the Central Co-operative Bank, respectively.

4. With the exception of a sum of 100 million levas which shall constitute permanently a share of the State in the capital of the Central Co-operative Bank, the sums received by the Agricultural and Central Co-operative Banks, in accordance with Article IV, paragraph 6 (*a*) and (*b*), and Article V, paragraphs 2 and 3, shall be reimbursed to the State by the said Banks in accordance with an agreement to be made between them and the State.

*Article VI.*

## BUDGET.

1. The Bulgarian Government undertakes to make, and to persist in making, every effort to keep the ordinary and extraordinary budget for 1928-29 within the limit of 6,750 million levas, and that for 1929-30 within the limit of 7,000 million levas, excluding in both cases such capital outlay as is met out of the loan and receipts and expenditure accounted for in special funds, and to maintain thereafter a complete equilibrium between the current revenue and current expenses of the State, current expenses being taken to mean all expenditure except such capital outlay for productive purposes as may be provided for from sources other than current revenue.

2. The Bulgarian Government undertakes to reimburse forthwith out of the loan the budget liabilities set out in Annex III.

3. The Bulgarian Government shall, in accordance with Article VIII below, request the issuing houses to pay the part of the loan mentioned in paragraph 2 above directly to the Bulgarian National Bank for the account of the Bulgarian Government.

4. The Bulgarian National Bank shall hold the sums to be used in accordance with paragraph 2 above in a special account for the Bulgarian Government. All drawings from this account shall require the counter-signature of the Commissioner appointed in accordance with Article I of the Protocol<sup>1</sup> signed at Geneva on September 8th, 1926.

The Commissioner shall satisfy himself that such drawings are in respect of and are used for paying the liabilities described in paragraph 2 above.

5. The Bulgarian Government undertakes to transmit, every three months during a period of five years after the date of the signature of this Protocol, to the Council of the League of Nations, a report on its budget situation and Treasury liabilities, and in particular, as to the employment of the proceeds of the loan.

<sup>1</sup> Vol. LVIII, page 245, of this Series.

6. The Bulgarian Government undertakes :

(a) To proceed to the creation of a new system of public accounting in conformity with the principle of the unity of the State budget, and to include in the budget all special funds except those described in Annex IV ;

(b) To maintain the existing system of monthly budgets ;

(c) To establish a complete and permanent system of Treasury control, and until such system is established to maintain the existing system of control by the Budget Commission ;

(d) To publish regularly every month under appropriate heads returns of receipts and expenditure provided for in the budget, the cash position and the liabilities of the Treasury and the position of the public debt.

The form of these returns shall be determined by agreement between the Bulgarian Government and the Commissioner of the League of Nations.

7. The Bulgarian Government will make every effort to reduce the employees of the State and of State undertakings within a period of two years from July 1st, 1928, by at least 10,000.

8. The Minister of Finance shall co-ordinate and approve all borrowings, whether external, or internal, on the part of all public authorities. He shall ask the advice of the Governor, and during the term of his office, of the Adviser of the Bulgarian National Bank on these questions and on all legislative and other measures of a general character in matters of money and credit.

#### Article VII.

##### MEANS OF TRANSIT.

1. A sum not exceeding £1,250,000 out of the proceeds of the loan may be employed for means of transit. The purposes for which it is to be employed and a general scheme of expenditure for these purposes shall be submitted for the approval of the Council of the League of Nations, after the report of the railway expert to be appointed by the Bulgarian Government has become available.

2. The Bulgarian Government shall, in accordance with Article VIII below, request the issuing houses to pay the part of the loan mentioned in paragraph 1 above into a special account or accounts as directed by the Commissioner appointed in paragraph 1 above in accordance with Article I of the Protocol signed at Geneva on September 8th, 1926.

3. All drawings from such special account or accounts shall require the counter-signature of the said Commissioner and shall be made only for the purposes mentioned in paragraph 1 above and in conformity with detailed plans approved by him, within the general scheme contemplated in paragraph 1. The Commissioner shall satisfy himself that such payments are used only for the purposes for which he has authorised them to be made.

#### Article VIII.

##### MISCELLANEOUS.

1. The several instalments of the loan issues shall be allocated for the purposes contemplated by the present Protocol in agreement with the President of the Financial Committee, and instructions to the issuing houses shall be given accordingly by the Bulgarian Government.

2. If any balance remains under either Article VI or Article VII, the Financial Committee may authorise a transfer from one head to the other.

3. Any sums which have become available from the yield of the loan and have not been allocated shall be temporarily retained on a blocked account or accounts, as the Commissioner, appointed in accordance with Article I of the Protocol signed at Geneva on September 8th, 1926, may decide in agreement with the National Bank of Bulgaria, and under the control of the said Commissioner.

*Article IX.*

ISSUE OF TREASURY BILLS.

The Bulgarian Government undertakes not to seek short-term advances or to issue Treasury bills or other similar short-term obligations in excess of 600 million levas.

Nothing in this article shall prejudice the existing rights of the Inter-allied Commission established under Article 130 of the Treaty of Neuilly.

*Article X.*

TRUSTEES.

1. The Council of the League of Nations will appoint Trustees to represent the interests of the bondholders of the loan, and the Bulgarian Government accepts that the Trustees shall fulfil the functions and perform the acts assigned to them in this Protocol until the loan, and every part thereof, and every claim in respect thereof, shall have been completely discharged.

2. The revenues mentioned in Article II, paragraph 1, will be paid into a special account, as and when collected for the purpose of assuring the service of the loan. The Commissioner appointed in accordance with Article I of the Protocol signed at Geneva on September 8th, 1926, and, after the termination of his functions, the Trustees, may alone control this account.

Any balance of the account not retainable in accordance with the following provisions or with the terms of issue of the loan shall be reimbursed to the Bulgarian Government, subject, however, to the powers conferred on the Trustees in the event of a default under paragraph 3 (*b*) below.

3. The terms on which the loan is issued shall include, among other provisions :

(*a*) Provisions as to amounts which, at the intervals fixed by such terms, shall be paid out of the special account provided for in the preceding paragraph by the Commissioner to the Trustees, and during such times as the Trustees may be in control of the account, set aside by the Trustees themselves and retained for the service of the loan, including interest, amortisation and all charges, commissions or other payments to be met by the Bulgarian Government in connection therewith.

(*b*) Power for the Commissioner at the request of the Trustees, or for the Trustees themselves if they shall be in direct control of the account mentioned in paragraph 2 of this article, to retain, collect or otherwise provide out of the said revenues (including such other revenues as may be brought into charge under the provisions of Article II) sufficient sums to remedy and make good any default of the Bulgarian Government in whole or in part in carrying out any of its obligations contained in the conditions of the loan.

*Article XI.*

## COMMISSIONER.

1. The Commissioner appointed in accordance with Article I of the Protocol signed at Geneva on September 8th, 1926, shall, in the reports submitted by him to the Council of the League of Nations in accordance with paragraph 3 of Article I of the said Protocol, report also as to the progress made in the execution of the present Protocol, and the Bulgarian Government shall furnish him with all information necessary for this purpose.

2. Notwithstanding the provisions of Article I, paragraph 6, of the Protocol signed at Geneva on September 8th, 1926, the functions of the Commissioner under the present Protocol shall continue until the Council is satisfied that his services are no longer required for the purposes specified in Articles VI and VII of the present Protocol.

*Article XII.*

## FIRST CHARGE.

The obligations assumed by the Bulgarian Government under the provisions of this Protocol shall not become effective unless and until the Bulgarian Government is able to give the first charge contemplated under Article II.

*Article XIII.*

## PROTOCOL ARTICLE.

1. Any differences as to the interpretation of this Protocol shall be settled by the Council of the League of Nations.

2. All decisions to be taken by the Council under the terms of this Protocol shall be taken by a majority vote.

3. This Protocol, of which the French and English texts are both authentic, shall be ratified by Bulgaria, and the ratification shall be deposited at the Secretariat of the League of Nations as soon as possible, and in any case not later than three months from the date of its approval by the Council of the League of Nations.

In faith whereof the undersigned, duly authorised for the purpose, has signed the present Protocol.

Done at Geneva on the 10th day of March, 1928, in a single copy, which shall be deposited with the Secretariat of the League of Nations and be registered by it without delay.

*(Signed)* WL. MOLLOFF,  
*Bulgarian Minister of Finance.*

ANNEX I<sup>1</sup>.AMENDMENTS TO THE PRESENT STATUTES OF THE BULGARIAN NATIONAL BANK<sup>2</sup>.

I. Article 2 : the words " The convertibility into gold of paper money (banknotes) will be governed by a special law " to be deleted.

II. The following article to be inserted after Article 2 :

*Article A.*

To ensure the convertibility of its notes :

1. The Bank, on the requisition of any person who makes a demand or offer to that effect at the head office of the Bank in Sofia, shall be bound to sell to, or to purchase from, such person in exchange for legal-tender currency of Bulgaria, at the rates defined in Sections 2 and 3 of this article, respectively, the legal-tender currency of such foreign gold standard country or countries as is by law and in practice convertible into exportable gold, and such as may be notified in the *Official Gazette*, for immediate delivery in such foreign country or countries.

Provided that no person shall be entitled to demand or offer an amount of foreign currency of less value than 50,000 levas of legal-tender money of Bulgaria.

2. For the purpose of determining the rate applicable to the *sale* of foreign currency under this article, the amount in levas which represents 1,000 grammes of fine gold in accordance with the stabilisation rate shall be deemed to be equivalent to such sum in that foreign currency as is required to purchase 1,000 grammes of fine gold in that foreign country, at the rate at which the principal currency authority of that country is bound by law to sell gold in exchange for currency, after deduction from such of an amount to be fixed by the Bank representing the normal cost per 1,000 grammes of transferring gold bullion in bulk from Sofia to that foreign country, including interest and insurance of its value during transit.

3. For the purpose of determining the rate applicable to the *purchase* of foreign currency under this article, the amount in levas which represents 1,000 grammes of fine gold in accordance with the stabilisation rate shall be deemed to be equivalent to such sum in that foreign currency as is realised by the sale of 1,000 grammes of fine gold in that foreign country at the rate at which the principal currency authority is bound by law to purchase gold in exchange for currency, after addition to such sum of an amount to be fixed by the Bank representing the normal cost per 1,000 grammes of transferring gold bullion in bulk from that foreign country to Sofia, including interest and insurance on its value during transit.

4. On the date on which the provisions of this law become operative, the Bank shall notify in the *Official Gazette* at least one foreign gold standard country for the purposes set forth in Section 1 of this article. The Bank shall similarly notify any additions or changes of the foreign gold standard countries to which Section 1 of this article is to apply. The Bank shall also from time to time determine the equivalent rates in accordance with the provisions of Sections 2 and 3, and shall notify in the *Official Gazette* the rates so determined.

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<sup>1</sup> The final text of this Annex is to be approved by the Financial Committee or such members as the Committee may nominate for the purpose, in accordance with Article IV, paragraph 2, of the Protocol.

<sup>2</sup> It is understood that the articles of the Statutes will have to be renumbered in connection with these amendments.



III. Articles 8, 9 and 10 to be replaced by the following articles :

*Article B.*

The Bank shall maintain a reserve of not less than 33  $\frac{1}{3}$  per cent of the amount of its notes in circulation and other demand liabilities. By banknotes in circulation are to be understood all banknotes issued to the public and not returned to the offices of the Bank.

*Article C.*

The term " reserve " in the preceding article shall include only :

(a) Gold coin and bullion <sup>1</sup> in the unrestricted ownership of the Bank, and either in the custody of the Bank or deposited in another Central Bank, or in any Mint, or in transit ;

(b) Net foreign gold exchange in the unrestricted ownership of the Bank, provided that it be either :

(i) On a country the currency of which by law and in practice is convertible on demand at a fixed price into exportable gold ; or

(ii) On a country the currency of which by law and in practice is convertible on demand at a fixed price into foreign exchange as defined in (i).

For the purpose of this article the term " net foreign gold exchange " shall be taken to consist of the following kinds of claims on the currency of a country as defined in the preceding paragraph (b) :

(1) Balances standing to the credit of the Bank at the Central Bank of such a foreign country.

(2) Bills of exchange drawn on and payable in the currency of such a foreign country, maturing within three months and bearing at least two good signatures.

(3) Treasury Bills, Treasury Certificates of indebtedness or similar obligations of the Government of such a foreign country maturing within three months :

*Less all liabilities in foreign exchange.* All such liabilities shall be included in the figures of the weekly statement.

In calculating the amount of the reserve, should it be found that the liabilities in foreign exchange exceed the total of the assets enumerated in the paragraphs numbered (1), (2) and (3) of this article, the excess shall be deducted from the total of the other assets of the reserve.

*Article D.*

At the request of the Bank, the Government may suspend the operation of Article B subject to the payment by the Bank to the Government of a tax.

Suspension may be granted for a period of not more than thirty days in the first instance and may be renewed for further periods not exceeding fifteen days at a time. The tax shall be levied on the amount by which the note circulation and other demand liabilities of the Bank exceed the maximum sum which would be admissible under Article B.

<sup>1</sup> See also transitory Article P for silver.

The tax shall be calculated on the daily amount of the excess at the following rates :

1  $\frac{1}{2}$  per cent per annum above the published minimum current discount rate of the Bank for three-months bills if the reserve, while less than 33  $\frac{1}{3}$  per cent, is not less than 30 per cent.

2 per cent per annum above such minimum current discount rate if the reserve, while less than 30 per cent, is not less than 25 per cent.

3 per cent above such minimum current discount rate if the reserve is less than 25 per cent.

#### *Article E.*

Before applying to the Government for the suspension of Article B, the Board of Directors shall raise the Bank's rate for discounts by not less than one per cent per annum.

IV. Article 13, paragraph 2, to be replaced by the following paragraphs :

The Governor and the Deputy-Governors shall be appointed by Royal Decree on the recommendation of the Minister of Finance, the Governor for seven years, the Deputy-Governors for five years. These terms of office may be renewed.

If the Governor, any Deputy Governor or any Director be guilty of a breach of these Statutes, or abuse his position for private or business purposes, he can be removed from office by a decision of the Sobranie, to whom the Minister of Finance shall submit a reasoned report, to which should be annexed a statement by the Governor, the Deputy Governor or the Director in question of their point of view.

V. Articles 34 to 37 inclusive, Article 38, paragraph 1, Article 39, Articles 40, 43 to 45 inclusive, Article 46, paragraphs 2 and 3, Articles 47, 53, 54 and 55, paragraph 1, to be deleted.

The following articles to be inserted after Article 33 :

#### *Article F.*

The business of the Bank shall be restricted to the following operations. The Bank may :

- (1) Make and issue banknotes.
- (2) Issue demand drafts and bank post bills made payable at the Bank's head office or branches. No such drafts or bills drawn by the Bank on itself shall be made payable to bearer.
- (3) Buy and sell gold coin or bullion.
- (4) Deliver cheques, drafts and letters of credit to order or to bearer, payable in levas at sight and effect transfers by telegram, by letter or otherwise.
- (5) Accept money on current or deposit account.
- (6) Discount, purchase or sell inland bills of exchange and promissory notes arising out of bona-fide commercial transactions bearing not less than two good signatures and maturing within three months.
- (7) Discount bonds and coupons of loans of the State or of loans guaranteed by the State, provided that these bonds and coupons mature within three months.
- (8) Discount, purchase or sell bona-fide inland agricultural bills and notes bearing not less than two good signatures and maturing within nine months, provided that this category of bills and notes does not exceed 25 per cent of the Bank's portfolio of inland bills and notes acquired by discount or purchase.

(9) Discount for the temporary requirements of the State for expenditure authorised in the Annual State Budget, Treasury Bills of the Bulgarian State with a maturity of not more than three months, up to an amount of 400 million levas, provided that the whole amount be repaid not later than at the end of the quarter following the close of the fiscal year in respect of which such accommodation is afforded. The rate of discount for such Treasury Bills to be 2 per cent below the current bank rate for the discount of three months' bills with a maximum of 7 per cent.

(10) Discount, purchase or sell Treasury Bills of the Bulgarian State with a maturity of not more than three months which are endorsed by a bank, person or firm whose name has been approved by the Board of Directors. Provided that the total amount of Treasury Bills acquired in accordance with this paragraph or accepted as collateral in accordance with paragraph (14) (c) below may not together at any time exceed 200 million levas.

(11) Undertake the issue and management of the State Debt and loans of other public bodies and such other services as are laid down in Articles 68, 69 and J.

(12) Buy and sell at home and abroad, for immediate or forward delivery, foreign currencies stabilised on gold, telegraphic transfers, cheques, bills of exchange (including Treasury Bills) and drafts drawn in or on any place in a country whose currency is stabilised on gold, and maturing within three months, and keep balances with banks in such currencies

(13) Act as agent for or correspondent of any other bank in Bulgaria or abroad.

(14) Grant advances for fixed periods not exceeding three months against the following security :

(a) Gold coin and bullion.

(b) Bulgarian State Bonds or bonds guaranteed by the Bulgarian Government quoted on the Sofia Stock Exchange, provided that no advance shall exceed 80 per cent of the market value of any such bonds.

(c) Treasury Bills of the Bulgarian State within the limitations specified in paragraph (10) of this article.

(d) Warehouse certificates (warrants) expressed in Bulgarian currency, on condition that these certificates bear the signatures of two persons well known to be solvent, and that they be payable in Bulgaria within a maximum period of three months. The warehouses whose warrants may be accepted as security for an advance at the Bank shall be selected by the Board of Directors, who will also determine the nature of the commodities to which the warrants may relate. The Board of Directors will also fix the amounts which may be pledged. No advance, however, shall exceed 50 per cent of the current value of the commodities in question. All stipulations set out above regarding commercial bills shall apply equally, *mutatis mutandis*, to warrants.

(e) Bills of exchange payable in Bulgaria or abroad in the national currency or foreign gold exchange with not more than three months to run, and conforming to the stipulations of paragraphs (6) and (12) above, but only up to 80 per cent of their face value.

(f) Certificates of deposits at the National Bank for fixed periods not exceeding six months and repayable in the national currency or foreign gold exchange.

(g) Other forms of foreign gold exchange as defined in Article C.

The rate of interest on all advances shall be not less than 1 per cent above the Bank's current official discount rate for three-months bills.

(15) Accept the custody and management of monies, securities and other articles of value.

(16) Undertake on behalf of third parties the purchase and sale, collection and payment of securities, currencies and credit instruments at home and abroad and the purchase or sale of gold and silver.

(17) Invest an amount not exceeding 20 per cent of the paid-up capital and reserves in Bulgarian State Bonds or bonds guaranteed by the Bulgarian Government quoted on the Sofia Stock Exchange.

(18) Deliver guarantee certificates for use with departments of the public service. These certificates to be delivered against payment or against promissory notes payable to order or on demand signed by the debtor and by two solvent persons as guarantors. The maximum amounts of these certificates and the conditions of issue shall be determined by the Board of Directors. The Bank may, when it thinks necessary, demand a replacement of the promissory note by a marketable security authorised by these Statutes or may enforce the payment of the note by the process of forced execution. Certificates of guarantee may also be delivered against securities or commercial bills surrendered in pledge.

(19) Do all such things as may be incidental to the transaction of the Bank's legitimate business, as defined in these Statutes.

#### *Article G.*

In the case of advances against bills of exchange, the Bank shall have the right to examine the books and also the portfolio of the depositor when it thinks necessary.

#### *Article H.*

The Bank shall not :

- (1) Issue notes of a denomination less than 200 levas ;
- (2) Directly or indirectly make advances to the State except as provided in Article F or undertake any transactions for the State not specified in Article F ;
- (3) Directly or indirectly make advances, in any circumstances whatever, to departments, municipalities or other bodies of the same nature ;
- (4) Engage in trade or otherwise have a direct interest in any commercial or industrial undertaking ;
- (5) Make unsecured loans or advances ;
- (6) Advance money on mortgage or engage in any similar transactions, or in general make advances for periods longer than those specified in Article F ;
- (7) Become the possessor of immovable property except so far as is necessary for its own business and with the exception provided for in Article 42 ;
- (8) Purchase its own shares or the shares of any other bank or of any company ;
- (9) Pay interest on money placed on deposit or current account with the Bank except as provided in Article J, and that interest at the rate of not more than 1 per cent per annum may be paid on the deposit or current accounts of other banks ;
- (10) Draw or accept bills payable otherwise than on demand ;
- (11) Discount or accept from any one party (unless from the Government under Article F) as security, without a special resolution adopted by a three-quarters majority

vote of a meeting of the Board of Directors, bills exceeding one-tenth of the paid-up capital of the Bank, taking into consideration the liabilities of the party to the Bank as a bill acceptor, drawer or endorser ;

(12) Allow the renewal of maturing bills of exchange purchased or discounted by the Bank.

VI. After Article 60, sub 1, add :

These statements shall be in the form set out in the Annex to these Statutes and shall include all foreign exchange engagements.

Delete Article 61.

VII. After Article 69 insert the following articles :

*Article I.*

No interest shall be paid by the Bank on such accounts, except that the Bank may pay on funds held abroad interest at a rate lower by not less than one per cent per annum than the average rate earned by the Bank on such funds.

*Article J.*

The Government shall entrust the Bank with all their money, remittance, exchange and banking transactions in Bulgaria and elsewhere.

VIII. After Article 71, insert the following article :

*Article K.*

The Bank shall not grant accommodation to the State, State undertakings or public authorities, directly or indirectly, by way of discounts, loans, advances or overdrafts, otherwise than is provided in Article F. The Bank shall not guarantee Treasury Bills or other obligations of the State undertakings or any public authorities, neither shall the Bank effect payments for the State, State undertakings, or any public authorities for which funds are not immediately available at the Bank, nor enter into contracts in the name of the Bank for their account.

IX. Add to Article 74 the following sentence :

“ The Government Commissioner shall observe strict secrecy in regard to the affairs of the Bank. ”

X. The second sentence of Article 76 to be replaced by the following :

“ Any such objection shall have the force of a suspensive veto until the question in dispute has been decided by a Commission of three persons to be named within seven days on a request to that effect being made either by the Bank or the Government Commissioner, and to report within seven days of nomination. The Commission shall be composed of one nominee of the Government, one nominee of the Board of Directors and a chairman who shall be chosen by the Government and the Board of Directors, or who, failing agreement between the parties, shall be the President of the High Court of Administration. ”

XI. After Article 76 add the following article :

*Article L.*

Any question in dispute between the Government and the Bank other than those leading to a suspensive vote of the Government Commissioner shall also be settled by arbitration in the same manner as is laid down in Article 76.

XII. After Article 77, insert the following article :

*Article M.*

The Bulgarian Government binds itself not to issue or re-issue money of any type whatever other than subsidiary coins of denominations not higher than 100 levas, and these only to the Bank and at its request and in accordance with the law.

XIII. After Article 79 insert the following article :

*Article N.*

The Bank shall be exempt from all taxes or duties levied by the State ; in particular, from the payment of any tax or duty on its note issue other than the tax to be imposed in certain contingencies as provided in Article D.

XIV. After Article 80 insert the following articles :

TRANSITORY ARTICLES.

*Article O.*

The Bank shall use every endeavour to free itself as quickly as possible from its mortgage business, and, within three years from the coming into force of these Statutes, shall free itself from all other business of a nature contrary to the provisions of the Statutes.

*Article P.*

Within a period not exceeding three years from the date of signature of the Protocol to which these amendments to the Statutes are annexed, the Bank shall sell the silver in its possession ; but in the meantime such silver may be included in the Bank's reserve (Article C) at its market value.

Before disposing of its silver elsewhere, the Bank shall offer the Bulgarian Government the opportunity of purchasing such amount as it may require in respect of silver coinage. The Bank shall be permitted by the Bulgarian Government to export any balance which it may desire to dispose of on the open market.

*Article Q.*

During the first three years from the date on which these Statutes come into force, the Bank may issue notes of a denomination less than 200 levas, notwithstanding the provisions of Article H.

XV. At the end of the Statutes add the following chapter :

APPOINTMENT OF AN ADVISER.

*Article R.*

An adviser to the National Bank of Bulgaria shall be appointed by the Government on the nomination of the Council of the League.

On entering on his office, the Adviser will give an undertaking in writing to perform his duties faithfully in the interests of the Bank and in conformity with its Statutes, and to preserve secrecy with regard to the business of the Bank.

*Article S.*

In exercising his functions, the Adviser shall as far as possible work through, and in consultation with, the Board of Management. The governors, managers and all employees of the Bank, whether at the head office or at the branches, shall render the Adviser all the assistance in their power, as well as furnish him with any information or documents which he may require.

*Article T.*

The Adviser shall have the right to attend all meetings of the Board of Directors, Executive Committee and Board of Management in a consultative capacity. In the event of his being of the opinion that a decision taken by the Board of Management is contrary to these Statutes, he may require that the question be submitted forthwith to a meeting of the Board of Directors.

Should he be of the opinion that a decision taken by the Governor, by the Board of Directors, or by the Executive Committee is contrary to the provisions of these Statutes, he shall exercise a suspensive veto, and no action shall be taken on the decision until either an agreement has been reached between the Board of Directors and the Adviser on the question or it has been decided by a third party to be mutually agreed upon, or, failing such agreement, by the Chief Justice.

*Article U.*

Any alteration of this law shall require the specific approval of the Adviser.

XVI. At the end of the Statutes add the following annex :

*Annex.*

NATIONAL BANK OF BULGARIA : WEEKLY RETURN.

*Assets.*

1. Gold coin and bullion.
- 1(a). Silver <sup>1</sup>.
2. Foreign gold exchange (Article C of Statutes).
3. Other foreign exchange.
4. Subsidiary Bulgarian coins.

<sup>1</sup> See Article P.

5. Inland bills and notes :
  - (a) Commercial bills and notes :
  - (b) Treasury bills.
6. Advances :
  1. Repayable in levas :
    - (a) Government ;
    - (b) Others.
  2. Repayable in foreign exchange.
7. State debt.
8. Investments.
9. Bank buildings and equipment.
10. Other assets.

*Liabilities.*

11. Capital paid up.
12. Reserve funds :
  - (a) General Reserve Fund ;
  - (b) Other Reserve Funds.
13. Banknotes in circulation.
14. Other sight liabilities in levas :
  1. Current and deposit accounts :
    - (a) Government accounts ;
    - (b) Bankers' accounts ;
    - (c) Other accounts.
  2. Bank post bills and demand drafts.
15. Deposits in levas at notice :
  - (a) Government accounts ;
  - (b) Bankers' accounts ;
  - (c) Other accounts.
16. Foreign exchange liabilities :
  - (a) Foreign gold exchange (Article C of Statutes) ;
  - (b) Other foreign exchange.
17. Other liabilities.

*Proportion of gold, silver and net foreign gold exchange to sight liabilities.*

Gold.

Silver.

Net foreign gold exchange (No. 2 less No. 16)

Reserve (as laid down in Article C of Statutes)

Notes

Other sight liabilities in levas

---

*Total (a)*

---

---

*Total (b)*

---

Proportion of Total (a) to Total (b) =

%



## ANNEX II.

## TRANSFORMATION OF THE BULGARIAN NATIONAL BANK.

1. The Bank to have a paid-up capital of 500 million levas, divided into 500,000 shares of 1,000 levas each, carrying a limited dividend.

2. The whole of the shares to be offered for public subscription through the National Bank. The allotment to be made by the National Bank and, in the case of over-subscription, preference to be given to small subscribers. Shares which have not been subscribed to be sold by the National Bank whenever application is made for their purchase.

3. All monies obtained by the issue and sale of the shares to be used for the reduction of the State debt to the National Bank.

4. The shares to be registered in the name of the holder. Only Bulgarian nationals to be allowed to register as shareholders. Ten shares to entitle their owner to one vote, but a grouping of shareholders holding less than ten shares to make up this number for the purpose of exercising their vote at the General Meeting to be permissible.

No shareholder to be entitled to more than twenty-five votes in respect of shares registered in his own name. As proxy, his right to be limited to another twenty-five votes.

5. The General Meeting of shareholders to be the supreme authority of the Bank and represent the whole body of shareholders.

6. The Board of the Bank to consist of eleven members, namely, the Governor, two Vice-Governors and eight other Directors.

The Governor of the Bank to be appointed by the King, on the recommendation of the Minister of Finance, for a period of seven years. The Vice-Governors to be similarly appointed, but for five years each. These terms of office to be renewable for like periods. The Governors to be of recognised competence in financial and monetary affairs.

Four of the remaining eight directors to be elected freely by the General Meeting of shareholders. The other four to be elected by the General Meeting, one from each of four panels containing three names each. The four panels to be established respectively by bodies representative of commerce, of industry, of agriculture and of urban co-operative societies.

7. After making provision for bad and doubtful debts, depreciation in assets and such other contingencies as are usually provided for by bankers, and appropriations to the Staff Pension Fund, a dividend not exceeding a fixed percentage to be paid to the shareholders. Of the surplus, one-half to be allocated to the General Reserve Fund and the other half to the Government. After the Reserve Fund has become equal to the capital, one-quarter of the surplus to be paid to the shareholders and the balance to the Government.

8. In the event of liquidation of the Bank, its assets and liabilities to be valued by three experts to be appointed — one by the Government, one by the Bank and one in agreement by the Government and the Bank. The nominal value of the shares to be paid to the shareholders and any surplus to be divided in the proportion of one-third to the shareholders and two-thirds to the Government.

## ANNEX III.

STATEMENT SHOWING BUDGET LIABILITIES TO BE REPAID OUT OF THE PROCEEDS OF THE LOAN.

	Levas (000,000's omitted)
1. Debt to the National Bank arising from the fact that the amount due to the Bank under the Statutes was not paid in the financial year 1927-28 . . . . .	150.-
2. Repayment of loans from special funds :	
Social insurance fund . . . . .	56
Fund to provide loans to Municipalities for irrigation works, electricity works . . . . .	40
Municipal roads fund . . . . .	40
Fund for housing, hospitals and pensions of railway employees . . . . .	12
Fund for war victims, etc. . . . .	10
	<hr/>
3. Payment in respect of the debt due to the Pension Fund on account of non-payment of subsidy in past years . . . . .	158.-
4. Arbitral tribunals, internal liability to railway contractors . . . . .	100.-
	160.-
5. Arrears of interest due to Agricultural Bank . . . . .	90.-
6. Payment in respect of supplementary guarantee for the refugee loan . . . . .	84.2
	<hr/>
Total . . . . .	742.2
	<hr/>
	= (say) £1,100,000

## ANNEX IV.

FUNDS WHICH MAY BE EXEMPTED FROM INCORPORATION IN THE BUDGET UNDER ARTICLE VI, 6 (a) :

1. Donation funds ;
2. State Officials' Pension Fund ;
3. Social Insurance Fund ;
4. Fund to cover losses by the State on loans for refugees ;
5. Fund to supply loans to Municipalities for irrigation and electricity works ;
6. Municipal roads fund ;
7. Funds for housing, hospitals and pensions of railway employees ;
8. Construction and upkeep of sanatoria and health resorts for postal employees ;
9. Construction of offices and purchase of postal vehicles ;
10. Epizootic Fund

Funds which are merely suspense accounts — *i.e.*, accounts through which revenue only passes to the general budget — are not contemplated by Article VI.

## REPORT OF THE FINANCIAL COMMITTEE.

As stated in the last report of the Financial Committee (document C.643.M.211.1927.II), the request of the Bulgarian Government of September last for an examination of the financial position of Bulgaria was followed by a visit of a League delegation to Sofia.

On the basis of the information so obtained, a scheme of reconstruction has been discussed with the Bulgarian representatives, both at the last session of the Committee and at the present one. The scheme is described below, and the obligations it involves are specified in a Protocol (see Appendix A). The Bulgarian representatives are in agreement with the scheme and with the terms of the Protocol, which it is understood that they are ready to sign on approval by the Council<sup>1</sup>.

By way of preface to the scheme, it is enough to recall that, the leva having been stable and the budget in approximate equilibrium for some years, the League in 1926 authorised the issue of a loan under its auspices solely for the purpose of refugee settlement without at that time undertaking a responsibility for general financial reconstruction. Subsequent experience showed that, if the financial position was to remain on a safe basis and if the stability of the currency was to be maintained, it was necessary for the refugee scheme to be supplemented by one financial reconstruction.

The present scheme is the result.

It will be seen that it contemplates a loan of £4½ millions sterling, to be used for the following purposes :

National Bank . . . . .	£1,500,000
Agricultural Bank . . . . .	500,000
Central Co-operative Bank . . . . .	150,000
Budget Arrears . . . . .	1,100,000
Roads and Railways . . . . .	1,250,000
	<hr/>
	£4,500,000

The loan is to be secured by a first charge on the Customs revenues if this security can be released for the purpose. The independence of the Bank is to be assured ; it is to be transformed, under the conditions described below, into a private share bank ; and a foreign bank adviser, with extensive powers, is to be appointed and to remain for at least two years after this transformation has been effected. The sums devoted to roads and railways will be expended in accordance with a plan drawn up with the aid of a foreign expert, who will make a survey in the country, and both this expenditure and that upon budget arrears will be supervised by the present League Commissioner in charge of the Refugee Settlement, M. René Charron.

## THE RECONSTRUCTION SCHEME.

With this preface, the problem and the solution recommended may be described in more detail.

The exchange rate of the leva has been approximately stable for over four years. There would appear to be a *prima facie* sufficient basis for proceeding now to a definite legal stabilisation of Bulgarian currency, provided that the measures described later in this report are adopted.

<sup>1</sup> This Protocol was signed at Geneva by the Bulgarian Minister of Finance on March 10th, 1928.

*Budget.*

When the Financial Committee considered the question of the issue of the refugee loan in 1926, the latest available results were those for the financial year 1924-25, which gave a surplus of 548 million levas. In the following financial year, characterised by a severe economic crisis, revenue collections were reduced, while the expenditure figure was increased, the accounts closing with a deficit of 741 million levas<sup>1</sup>. As the result of a compression of expenditure effected by the newly instituted Budget Commission, the deficit was reduced to 393 million levas in the year 1926-27, making a total for two years of 1,134 million levas. This deficit was partly met by surpluses from previous years; but on April 1st, 1927, the budget arrears amounted to 767 million levas (about £1,100,000).

The budget estimates 1927-28 were: revenue, 6,993 million levas; expenditure, 7,085 million levas. But, on the basis of the results of the period April-December 1927, the actual results for the year 1927-28 may be estimated at: revenue, 6,600 million levas; expenditure, 6,540 million levas; or a surplus of 60 million levas. This result has been obtained by a stringent control over expenses; and it is very necessary that this should continue.

In the next two years there will be certain increases in expenditure, partly for liquidation of outstanding pre-war and war charges and for the considerable sums due in respect of compensation payable under awards of the Mixed Greco-Bulgarian Emigration Commission, but the Bulgarian Finance Minister has informed the Committee that in his opinion the ordinary and extraordinary budget expenditure (including any new loan service) can be kept approximately within 6,750 million levas in 1928-29 and 7,000 millions in 1929-30, excluding in both cases receipts and expenditure accounted for in special funds and such capital outlay as is met from the loan. The Committee believes that these results should be realised but that they will need certain financial reforms, including a reduction in the number of officials by 10,000 to be effected over the next two financial years.

But it will be necessary to clear off from special resources derived from the proposed external loan the existing dead weight of past arrears and some of the temporary borrowings from which such arrears have been for the moment met. The Committee proposes that a sum of £1,100,000 should be devoted to these purposes. It considers that with this assistance any other arrears can be met from the budget within the limits indicated above.

Supervision over the expenditure of any loan monies for the payment of arrears as well as for other purposes should, in the opinion of the Committee, be exercised by the League Commissioner for the Settlement of Refugees.

Certain other technical measures are also essential: *inter alia*, complete unity of the budget (including the incorporation therein of a large number of the existing funds); maintenance of the system of monthly budgets and of the present Budget Commission, and establishment of a complete and permanent system of Treasury control; regular publication every month, under appropriate heads, of returns of actual receipts and expenditure; centralisation of cash balances in the Treasury account; control by the Minister of Finance, after consultation with the Governor of the National Bank, over borrowings by public authorities.

*National Bank.*

A considerable sum will be required from the loan to reduce the liabilities of the State to the Bank and to relieve it of various other illiquid assets, as well as to increase its unencumbered foreign exchange reserve to a more satisfactory percentage of its total sight liabilities.

<sup>1</sup> £ = 675 levas; \$ = 138 levas; 1 Sw. fr. = 26.70 levas.

The Committee proposes that a sum of £1,500,000 shall be devoted to paying off in part the advances of the National Bank to or on behalf of the State and to relieving the National Bank of the advances to the two other State Banks, namely, the Agricultural Bank and the Central Cooperative Bank.

Various changes will also be required immediately in the Bank's statutes to define more accurately its proper sphere of action and to establish its complete independence on surer foundations. These changes are shown in Annex I to the Protocol.

Independence is above all essential. On this depends the prospect of monetary stabilisation which is necessary for any sound scheme of financial reform. In the opinion of the Committee, independence can be best secured by constituting the Bank as an independent corporation with shares carrying a limited dividend as widely distributed as possible throughout all classes of the population. This is the solution which has been adopted in the case of all recently founded Central Banks and will enable the National Bank of Bulgaria to take its proper position among the Central Banks of the world to-day. The Committee annexes an outline of a scheme embodying this principle, by which it thinks, taking into consideration the special conditions of Bulgaria, such a reorganisation could be secured.

It will be observed that the scheme does not contemplate that the shares or voting power should be in the hands of persons other than Bulgarian nationals. Nor would the National Bank be dominated by any particular group or class or by a few persons only, the share units being intentionally fixed at a low figure and the maximum voting power of the holder of any number of shares being strictly limited. The National Bank of Bulgaria would remain in the truest sense the property of all classes of the Bulgarian people. Further, the Committee realises that, as in other cases, a certain lapse of time will be necessary before the proposed reorganisation can be fully completed.

The Bulgarian Government fully recognises the desirability of the proposed reform and has undertaken to safeguard the complete independence of the National Bank. In all the circumstances, the Committee agrees that, subject to the appointment forthwith of an expert adviser at the National Bank with the powers indicated in Annex II of the Protocol the final decision as to the date of transformation may be deferred.

The Committee is glad to record that agreement on this question has been reached. It is embodied in the following passage of the Protocol (Article IV, paragraph 1) :

“ The Bulgarian Government undertakes to safeguard the independence of the Bulgarian National Bank from any political influence whatsoever.

The Bulgarian Government agrees, with this intention and for this purpose, to the appointment by the Council of the League of Nations of a technical adviser to the Bulgarian National Bank, whose powers shall be those defined in the amendments to the Statutes of the National Bank (Annex I).

“ The Bulgarian Government fully recognises that for the definite consolidation of the financial situation of Bulgaria it is important to transform the Bulgarian National Bank in accordance with the plan laid down in Annex II, in order to bring it into conformity with the other Central Banks, and undertakes to effect this transformation at a date to be fixed by agreement between the Council of the League of Nations and the Bulgarian Government. The details of this transformation shall be fixed by agreement between the Council and the Bulgarian Government on the advice of the Financial Committee.”

#### *Agricultural and Central Co-operative Banks.*

It will, moreover, be desirable to provide new working capital for these two Banks : to the extent of £500,000 for the Agricultural Bank and £150,000 for the Central Co-operative Bank.

*Communications.*

The position of the State railways requires very careful consideration, and the Committee thinks that the Bulgarian Government has been wise in securing, on the advice of the Transit Organisation of the League, a foreign expert to advise them on this problem. This expert will doubtless advise on the relative economic advantages to Bulgaria of railway or road construction ; on the degree to which repairs are essential on the existing railway system ; on the railway accounting system ; and on the desirability or otherwise of reorganising the railways on an autonomous basis.

The Committee proposes that a sum of £1,250,000 should be provided in the loan for expenditure on communications, in accordance with a programme to be approved after the advice of the expert has been received.

*Amount of Loan.*

The Financial Committee is of opinion that Bulgaria should not at present borrow any sum that is not absolutely indispensable. The present resources of the country are limited, and its foreign liabilities are relatively considerable, though the present foreign payments do not, including reparation charges, exceed in gold value the pre-war budget charge for foreign debts. The Committee thinks it would be unwise to expect that a larger sum than £4,500,000 could now be raised ; and it believes that the necessary requirements outlined above could be met within that sum.

Provided that adequate measures are taken to establish budget equilibrium and monetary stabilisation is carried out and maintained by the working of a satisfactory Central Bank, a loan of this size does not exceed the financial capacities of the country.

*Securities.*

The Committee has discussed at length what revenues could be pledged for the service of such a loan. After examining in detail the various possibilities, the Committee has been forced to the conclusion that the charge which, from a market point of view, would justify confidence in a successful issue of the loan would be a first lien on the Customs revenues. These are at present subject to a first lien for reparation and other treaty charges. There may also be certain private claims on these revenues. But it might be possible to arrange that the Inter-Allied Commission at Sofia (whose assent in any case would be necessary for a release from the *general* charge for reparations on all Bulgarian revenues and assets) should allow the Customs revenues now specifically pledged for reparations to be pledged in the first for the service of the contemplated new loan, and, while retaining a second charge on the Customs, accept an alternative charge for what they release on some other satisfactory revenue.

These are the general aspects of the scheme which is embodied in the attached Protocol and which the Committee submits for the approval of the Council.

The Committee wishes to draw attention to the importance for the success of this scheme of an early settlement of certain outstanding questions, such as the possibility of securing a first charge on the Customs revenues and sufficient progress in the settlement of various prewar private debts of the Bulgarian State.

ADDITIONAL ACT<sup>1</sup>

TO THE PROTOCOL SIGNED AT GENEVA BY THE BULGARIAN MINISTER OF FINANCE  
ON MARCH 10TH, 1928.

*English and French official texts. This Additional Act was registered by the Secretariat following its coming into force in accordance with its Final Provisions, November 3, 1928.*

The following amendments are made in the text of the Protocol signed at Geneva by the Bulgarian Minister of Finance on March 10th, 1928 :

(a) The last words of the first paragraph of the Preamble to read : " of liquidating budget arrears of the Bulgarian State, for certain urgent expenditure on means of transit and in connection with the earthquakes of April 1928 " .

(b) In Article I, sub-paragraph (1), for " four and a-half millions sterling " read " five millions sterling " .

(c) In Article III, after " VII " insert " , VIIA. " .

(d) After Article VII, insert the following Article VIIA :

*" Article VII A. — Earthquakes.*

" 1. A sum not exceeding £ 500,000 out of the proceeds of the loan may be employed, as the Commissioner appointed in accordance with Article I of the Protocol signed at Geneva on September 8th, 1926, may approve, in connection with the earthquakes which ravaged parts of Bulgaria during the spring of 1928.

" 2. The Bulgarian Government shall, in accordance with Article VIII below, request the issuing houses to pay the part of the loan mentioned in paragraph 1 above into a special account or accounts as directed by the Commissioner.

" 3. All drawings from such special account or accounts shall require the counter-signature of the said Commissioner and shall be made only for the purposes mentioned in paragraph 1. The Commissioner shall satisfy himself that such payments are used only for the purposes for which he has authorised them to be made. "

(e) In Article VIII, sub-paragraph (2), instead of " Article VI or Article VII " read : " Article VI, Article VII or Article VIIA. "

(f) In Article XI, sub paragraph (2), the last words to read : " in Articles VI, VII and VIIA of the present Protocol " .

The present Act, of which the French and English texts are both authentic, shall be ratified by Bulgaria and the instrument of ratification shall be deposited at the Secretariat of the League of Nations as soon as possible. It shall come into force on the date of deposit of the ratification.

In faith whereof, the undersigned duly authorised for this purpose, has signed the present Act.

Done at Geneva, on the eighth day of September, one thousand nine hundred and twenty-eight, in a single copy, which shall remain deposited with the Secretariat of the League of Nations and shall be registered without delay.

Wl. MOLLOFF,  
*Bulgarian Delegate.*

<sup>1</sup> Ratification by Bulgaria deposited November 3, 1928.