

BELGIQUE ET HONGRIE

Convention concernant le règlement des créances et réclamations belges contre le Gouvernement hongrois, résultant des sections III, IV, V, VI et VII de la partie X (Clauses économiques) du Traité de paix, signé à Trianon, le 4 juin 1920. Signée à Bruxelles, le 30 septembre 1926.

BELGIUM AND HUNGARY

Convention regarding the Settlement of the Belgian Credits and Claims against the Hungarian Government, resulting from Sections III, IV, V, VI and VII of Part X (Economic Clauses) of the Treaty of Peace, signed at Trianon, June 4, 1920. Signed at Brussels, September 30, 1926.

¹ TRADUCTION. — TRANSLATION.

No. 2225. — CONVENTION² BETWEEN BELGIUM AND HUNGARY REGARDING THE SETTLEMENT OF THE BELGIAN CREDITS AND CLAIMS AGAINST THE HUNGARIAN GOVERNMENT, RESULTING FROM SECTIONS III, IV, V, VI AND VII OF PART X (ECONOMIC CLAUSES) OF THE TREATY OF PEACE. SIGNED AT TRIANON, JUNE 4, 1920. SIGNED AT BRUSSELS, SEPTEMBER 30, 1926.

French official text communicated by the Belgian Minister for Foreign Affairs and the Chargé d'Affaires a. i. of the Royal Hungarian Delegation accredited to the League of Nations. The registration of this Convention took place December 17, 1929.

In view of Part X (Economic Clauses) of the Treaty of Trianon of June 4, 1920, The Belgian and Hungarian Governments have agreed upon the following provisions regarding the settlement of the Belgian debt claims and other claims against the Hungarian Government arising out of Sections III, IV, V, VI and VII of the said Treaty of Trianon :

Article 1.

The Belgian and Hungarian Clearing Offices shall begin their operations as soon as possible.

On the entry into force of the present Convention, the Belgian and Hungarian Offices shall take the necessary measures of publicity to inform their respective nationals of the methods of settlement prescribed hereinafter.

Within six months from the first day of the month following the entry into force of the present Convention, Belgian and Hungarian nationals who are holders of debt bonds under the provisions of Article 231 of the Treaty of Trianon shall, on pain of foreclosure, refer debts due to them to their national Office, or inform it of any friendly settlement of such debts that may have been reached.

The Creditor Office shall notify the Debtor Office, within two months from the expiration of the said period of six months, of the debt claims which have been referred to it and the friendly settlements of which it has been informed.

Article 2.

During the six months following the entry into force of the present Convention, Belgian and Hungarian debts coming under the provisions of Article 231 of the Treaty of Trianon may be settled direct by friendly agreement. The conclusion of these agreements and their execution shall be effected without the intervention of the Offices.

¹ Traduit par le Secrétariat de la Société des Nations, à titre d'information.

¹ Translated by the Secretariat of the League of Nations, for information.

² The exchange of ratifications took place at Budapest, October 17, 1929.

The validity of any friendly agreements which may have been concluded by the express and mutual consent of the parties after May 1st, 1923, and before the entry into force of the present Convention may not be disputed, on that account alone, if such agreements have hitherto been duly executed by the parties.

Article 3.

The debts coming under the provisions of Article 231 of the Treaty of Trianon and arising out of arrears of the Hungarian Public Debt comprise the following :

- (1) Arrears of the unsecured debt due up to July 26, 1921 ;
- (2) Arrears of the secured debt due up to June 30, 1919.

The following shall be deemed to be loans of the unsecured debt :

- 4% Gold Loan (all issues) ;
- 4% Loan in Crowns (all issues) ;
- 4½% 1913 Loan (in crowns, marks, francs and sterling) ;
- 4½% 1914 Redeemable Loan (in crowns, marks, francs and sterling) ;
- 4% 1889 Loan (Land Liberation Loan in florins) ;
- 4½% Treasury Bonds in crowns (issues of March 12, 1913, and October 1, 1913) ;
- 4½% Treasury Bonds (in marks, issue of October 1, 1913).

The following shall be deemed to be loans of the secured debt :

- 3% 1895 Gold Loan (Iron Gates Loan) ;
- 3½% 1897 Loan in Crowns ;
- 1870 Lottery Loan ;
- 1880 Lottery Loan (Loan for the regularisation of the Tisza and Szeged) ;
- 4% Preferred Loan of the Budapest-Pécs Railway ;
- 4% 1910 Loan (in crowns, marks, francs and sterling).

These lists are not exhaustive :

In order to avail themselves of the provisions of the present Convention, Belgian holders of Hungarian Public Debt bonds shall be required to produce the following documents in evidence of their claims :

(a) The bond and the continuous series of coupons from the beginning of the state of war, and a declaration of Belgian nationality. If the holder is unable to produce the continuous series of coupons with the bond, the said declaration shall also include an affirmation that the bonds were Belgian property before the war and have remained so up to the entry into force of the present Convention. In either case the declaration shall be made by the party concerned with reference to, and subject to, the penalties prescribed by Article 496 of the Belgian Criminal Code. The Hungarian Government reserves the right to require further evidence whenever there is reason to doubt the truth of a declaration.

(b) If any coupons have been detached from their bond, Belgian holders shall be required to produce all available evidence showing that such coupons were Belgian property before the war and remained so until the entry into force of the Treaty of Trianon (July 26, 1921).

An arbitral commission composed of one representative of the Hungarian Government and one representative of the Belgian Government shall examine applications from Belgian bondholders who do not fulfil the conditions laid down in letters a) and b).

The verification of debt claims arising out of bonds or coupons of the Hungarian Public Debt shall begin as soon as all the declarations in respect of such claims have been notified to the Hungarian Government, in accordance with the last paragraph of Article 1.

Article 4.

All the Belgian debt and other claims against the Hungarian Government referred to in the preamble of the present Convention — exclusive of those which have been settled by friendly agreement in accordance with Article 2 — shall be met by the issue of Hungarian State bonds at par. These bonds shall be handed to the Belgian creditors up to the amount of the sums recognised as due to them either by the Hungarian Office or by an award of the Mixed Arbitral Tribunal or as the result of an agreement with the Hungarian Government.

In determining the amount of debt claims and other claims, due allowance shall be made for the interest prescribed by the Treaty of Trianon or awarded by the Mixed Arbitral Tribunal. Such interest shall be calculated up to December 31st, 1927.

The Hungarian Government undertakes to issue the said State bonds at its own expense on the expiration of the period of six months prescribed in Article 2 within which friendly agreements are to be concluded. The bonds shall be issued as and when the validity of the debts or other claims is recognised.

The bonds to be issued under the present Article shall be entitled "6% Redeemable Hungarian State bonds 1928". They shall bear annual interest as from January 1, 1928, at 6% of their nominal value. The interest shall be payable half-yearly fifteen days after it falls due, *i. e.*, on January 15 and July 15 every year. The first coupon shall mature on July 15, 1928. The redemption shall begin in 1933 and shall be effected by drawings in fifteen years, in accordance with the redemption scheme annexed to the present Convention.

The Hungarian Government reserves the right to effect additional redemption payments from 1934 onwards. The bonds shall be drawn in October every year, beginning in October 1933. The bonds drawn shall be redeemed on the same date as the first coupon maturing after the drawing, beginning on January 15, 1934. The lists of the numbers of the bonds redeemed shall be published at the expense of the Hungarian Government in the *Moniteur Belge* and in two daily newspapers published in Belgium to be named by the Belgian Clearing Office.

The nominal value of the coupons and bonds redeemed shall be paid in Belgian francs at the office of a bank established in Brussels, which shall also carry out the drawings for redemption. The costs of this financial service shall be borne by the Hungarian Government.

The bonds shall be made out to bearer in denominations of 100, 500 and 1000 Belgian francs.

Claims and parts of claims of less than 100 francs shall be settled in cash. The funds necessary for that purpose shall be drawn from the proceeds, amounts and sums referred to in Article 6, first paragraph.

The Hungarian Government binds itself to take, at its own expense, as soon as requested to do so by the Belgian Government, the measures necessary to enable the bonds to be quoted on the stock exchanges of Brussels and Antwerp.

Article 5.

Property, rights and interests in Belgium belonging to Hungarian nationals, which have not yet been liquidated, shall be released from sequestration on the entry into force of the present Convention.

The amount of claims of less than 5,000 francs may be restored to the entitlees if the claims arise out of savings deposits or life assurance policies, and if they constitute a means of support for the holder of the claim.

The debts referred to in Article 231 of the Treaty of Trianon which were collected by the Belgian sequestrator before the entry into force of the said Treaty shall be deemed to be proceeds of liquidation. The sums collected by the sequestrator shall alone be taken into account.

The removal of the sequestration shall in no way invalidate acts carried out during sequestration. The competent Belgian authorities shall not refuse to give entitlees such information as they may apply for in regard to the administration of the sequestration.

The sums collected by the Belgian State in respect of the sequestration removed shall be employed for the same purposes as those indicated below for the net proceeds of the liquidation of sequestrated property deemed to belong to Hungarian nationals.

Property, rights and interests released from sequestration shall be placed at the free disposal of the owner on the expiration of the period of six months prescribed in Article 1, provided that the Public Ministry in charge of sequestration is shown a certificate, to be issued without delay by the Belgian Clearing Office, to the effect that that Office has not been notified of any claim against the Hungarian national concerned or that the latter's debts have been settled, and on payment by him of all costs, fees and other charges in respect of the sequestration. When this payment has been made and this certificate produced, the property of the Hungarian national concerned shall be placed at his free disposal on the entry into force of the present Convention, if before the date of signature thereof he has been authorised to establish his domicile in Belgium.

Article 6.

The net proceeds of Hungarian property, rights and interests which have been liquidated — the amounts of Hungarian financial claims coming under Article 231 of the Treaty of Trianon, with the interest in respect thereof, in so far as such claims have not been settled direct — and the sums collected by the Belgian State on account of the removal of sequestration in accordance with Article 5, shall be employed by the Belgian Government for the following purposes :

(1) First, the cash settlement of Belgian claims and parts of claims of less than 100 francs ;

(2) Thereafter, the payment of interest and redemption of capital in respect of the 6% Redeemable Hungarian State Bonds 1928.

The allocation of the above sums for purposes of these payments shall take place as follows : the net proceeds and the amounts and sums assimilated thereto above shall be taken over as a liability by the Belgian State. The debt resulting from the assumption of this liability shall bear annual interest at 5% as from January 1, 1929, payable on maturity and half-yearly on January 1 and July 1 every year, beginning on July 1, 1929. It shall be redeemed in twenty years as from January 1, 1936, in accordance with the redemption scheme annexed to the present Convention. The sum annually redeemed shall be paid on January 1 every year, beginning on January 1, 1937. The Belgian Government reserves the right to effect redemption in advance or additional redemption from 1934 onwards.

Interest and redemption shall be paid periodically in cash, and without any charge upon the Hungarian Government, to a special account entitled " Account Service of 6% Redeemable Hungarian State Bonds, 1928 ", to be opened at the bank providing the service of these bonds. The additional sum necessary for the periodical service of these bonds shall be credited in cash to the same account by and at the cost of the Hungarian Government. If the amount payable by the Belgian Government to the said account exceeds the amount due to holders of Hungarian bonds, the surplus shall be left to the credit of the said account for the purpose of meeting subsequent half-yearly payments.

If, after the total amount of all Belgian debts and other claims against the Hungarian Government referred to in the preamble of the present Convention and the total amount of the sums for which the Belgian State assumes liability are finally determined, it is found that this latter amount exceeds the former and that the half-yearly payments to be made by the Belgian Government exceed the sums due to holders of Hungarian bonds, the half-yearly surpluses shall be used for the redemption of the said bonds in advance.

The same provision shall apply to the sums resulting from the advance or additional redemption of the debt for which the Belgian Government assumes liability.

After the complete redemption of the bonds to be issued by the Hungarian Government under Article 4, any credit balance available for the " Account Service of 6% Hungarian State Bonds 1928 " and the payments due from the Belgian Government under the third paragraph of the present Article shall be paid to the Hungarian Government.

Article 7.

As and when these operations are effected, the Belgian Clearing Office shall send the Hungarian Office statements of accounts showing :

- (a) The Hungarian claims recognised during the procedure before the Offices, including interest calculated up to December 31, 1927 ;
- (b) The net proceeds of liquidated Hungarian property, rights and interests.

Article 8.

The property, rights and interests of Hungarian nationals in Belgium arising out of transactions or contracts regularly concluded after September 7, 1919, or out of transfers effected in Belgium after that date, shall be governed solely by the ordinary law, and neither the provisions of the Treaty of Trianon nor those of the present Convention may be cited in respect thereof. The same provision shall apply to debts and claims of Hungarian nationals arising out of such transactions, contracts or transfers.

Article 9.

In accordance with Article 235 of the Treaty of Trianon and in so far as the debt claims referred to in Article 231 of that Treaty are concerned, no periods of prescription, extinction or foreclosure of proceedings suspended during the period of the war shall resume their course until three months after the entry into force of the present Convention.

Article 10.

All provisions of the Treaty of Trianon which are not modified by the present Convention shall remain in force.

Article 11.

The High Contracting Parties bind themselves to take or propose the necessary administrative or legislative measures for the execution of the present Convention.

The present Convention shall be ratified. The ratifications thereof shall be exchanged as soon as possible, and it shall come into force on the date of the exchange of ratifications.

In faith whereof the undersigned, duly authorised for that purpose, have signed the present Convention.

Done in duplicate at Brussels on September 30, 1926.

(Signed) WORACZICZKY,
*Chargé d'Affaires
of the Kingdom of Hungary.*

(Signed) E. VANDERVELDE,
*Belgian Minister
for Foreign Affairs.*

MODEL TABLE

of redemption for a loan of one million francs at 6% repayable in 20 years to be redeemed during the last 15 years.

Year	Capital in circulation at the beginning of each year	Interest	Amount redeemed	Annual charge
1st year	1,000,000	60,000	—	60,000
2nd »	1,000,000	60,000	—	60,000
3rd »	1,000,000	60,000	—	60,000
4th »	1,000,000	60,000	—	60,000
5th »	1,000,000	60,000	—	60,000
6th »	1,000,000	60,000	43,000	103,000
7th »	957,000	57,420	45,600	103,020
8th »	911,400	54,684	48,300	102,984
9th »	863,100	51,786	51,200	102,986
10th »	811,900	48,714	54,300	103,014
11th »	757,600	45,456	57,500	102,956
12th »	700,100	42,006	61,000	103,000
13th »	639,100	38,346	64,700	103,046
14th »	574,400	34,464	68,500	102,964
15th »	505,900	30,354	72,600	102,954
16th »	433,300	25,998	77,000	102,998
17th »	356,300	21,378	81,600	102,978
18th »	274,700	16,482	86,500	102,982
19th »	188,200	11,292	91,700	102,992
20th »	96,500	5,790	96,500	102,290

MODEL TABLE

of redemption for a loan of one million francs at 5% repayable in 20 years.

Year	Capital in circulation at the beginning of each year	Interest	Amount redeemed	Annual charge
1st year	1,000,000	50,000	30,300	80,300
2nd »	969,700	48,485	31,800	80,285
3rd »	937,900	46,895	33,300	80,195
4th »	904,600	45,230	35,000	80,230
5th »	869,600	43,480	36,800	80,280
6th »	832,800	41,640	38,600	80,240
7th »	794,200	39,710	40,500	80,210
8th »	753,700	37,685	42,500	80,185
9th »	711,200	35,560	44,700	80,260
10th »	666,500	33,325	46,900	80,225
11th »	619,600	30,980	49,300	80,280
12th »	570,300	28,515	51,700	80,215
13th »	518,600	25,930	54,300	80,230
14th »	464,300	23,215	57,000	80,215
15th »	407,300	20,365	59,900	80,265
16th »	347,400	17,370	62,900	80,270
17th »	284,500	14,225	66,000	80,225
18th »	218,500	10,925	69,300	80,225
19th »	149,200	7,460	72,800	80,260
20th »	76,400	3,820	76,400	80,220