

N° 2398.

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ALLEMAGNE, BELGIQUE,  
FRANCE,  
GRANDE-BRETAGNE  
ET IRLANDE DU NORD,  
ITALIE, JAPON ET SUISSE

Convention concernant la Banque  
des Règlements internationaux,  
avec annexe. Signée à La Haye, le  
20 janvier 1930.

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GERMANY, BELGIUM,  
FRANCE,  
GREAT BRITAIN  
AND NORTHERN IRELAND,  
ITALY, JAPAN,  
AND SWITZERLAND

Convention respecting the Bank for  
International Settlements, with  
Annex. Signed at The Hague,  
January 20, 1930.

No. 2398. — CONVENTION <sup>1</sup> RESPECTING THE BANK FOR INTERNATIONAL SETTLEMENTS. SIGNED AT THE HAGUE, JANUARY 20, 1930.

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*French and English official texts communicated by the Belgian Minister for Foreign Affairs and His Majesty's Secretary of State for Foreign Affairs in Great Britain. The registration of this Convention took place July 14, 1930.*

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The duly authorised representatives of THE GOVERNMENTS OF GERMANY, OF BELGIUM, OF FRANCE, OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, OF ITALY AND OF JAPAN of the one part

And the duly authorised representatives of the GOVERNMENT OF THE SWISS CONFEDERATION of the other part

Assembled at The Hague Conference in the month of January, 1930, have agreed on the following :

*Article 1.*

Switzerland undertakes to grant to the Bank of International Settlements, without delay, the following constituent charter having force of law : not to abrogate this charter, not to amend or add to it, and not to sanction amendments to the Statutes of the Bank referred to in paragraph 4 of the charter otherwise than in agreement with the other signatory Governments.

*Article 2.*

Any dispute between the Swiss Government and any one of the other signatory Governments relating to the interpretation or application of the present Convention shall be submitted to the Arbitral Tribunal provided for by the Hague Agreement of January, 1930. The Swiss Government may appoint a member who shall sit on the occasion of such disputes, the President having a casting vote. In having recourse to this Tribunal, the Parties may always agree between themselves to submit their dispute to the President or to one of the members of the Tribunal chosen to act as sole arbiter.

*Article 3.*

The present Convention is entered into for a period of fifteen years. It is entered into on the part of Switzerland under reserve of ratification and shall be put into force as soon as it shall have been ratified by the Government of the Swiss Confederation.

The instrument of ratification shall be deposited with the Ministry of Foreign Affairs at Paris. Upon the entry into force of the Convention, the Swiss Government will initiate the necessary constitutional procedure in order that the assent of the Swiss people may be obtained for the maintenance in force during the whole of the Bank's existence of the provisions of the present Convention. As soon as these measures have become fully effective, the Swiss Government will notify the other signatory Governments and these provisions shall become valid during the Bank's existence.

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<sup>1</sup> Deposit of the instrument of ratification by Switzerland, February 27, 1930.

<sup>2</sup> See page 243 of this Volume.

## CONSTITUENT CHARTER OF THE BANK FOR INTERNATIONAL SETTLEMENTS.

Whereas the Powers signatory to the Hague Agreement of January, 1930, have adopted a Plan which contemplates the founding by the Central Banks of Belgium, France, Germany, Great Britain, Italy and Japan and by a financial institution of the United States of America of an International Bank to be called the Bank for International Settlements ;

And whereas the said central banks and a banking group including Messrs. J. P. Morgan & Company of New York, the First National Bank of New York, New York, and the First National Bank of Chicago, Chicago, have undertaken to found the said Bank and have guaranteed or arranged for the guarantee of the subscription of its authorised capital amounting to five hundred million Swiss Francs equal to 145,161,290.32 gram. fine gold, divided into 200,000 shares :

And whereas the Swiss Federal Government has entered into a treaty with the Governments of Germany, Belgium, France, Great Britain, Italy and Japan whereby the said Federal Government has agreed to grant the present Constituent Charter of the Bank for International Settlements and not to repeal, amend or supplement the said Charter and not to sanction amendments to the Statutes of the Bank referred to in Paragraph 4 of the present Charter except in agreement with the said Powers ;

(1) The Bank for International Settlements (hereinafter called the Bank) is hereby incorporated.

(2) Its constitution, operations and activities are defined and governed by the annexed Statutes which are hereby sanctioned.

(3) Amendment of Articles of the said Statutes other than those enumerated in Paragraph 4 hereof may be made and shall be put into force as provided in Article 59 of the said Statutes and not otherwise.

(4) Articles 2, 3, 4, 9, 15, 20, 25, 28, 46, 53, 56, 59 and 60 of the said Statutes shall not be amended except subject to the following conditions ; the amendment must be adopted by a two-thirds majority of the Board, approved by a majority of the General Meeting and sanctioned by a law supplementing the present Charter.

(5) The said Statutes and any amendments which may be made thereto in accordance with Paragraphs 3 or 4 hereof respectively shall be valid and operative notwithstanding any inconsistency therewith in the provisions of any present or future Swiss law.

(6) The Bank shall be exempt and immune from all taxation included in the following categories :

(a) Stamp, registration and other duties on all deeds or other documents relating to the incorporation or liquidation of the Bank ;

(b) Stamp and registration duties on any first issue of its shares by the Bank to a central bank, financial institution, banking group or underwriter at or before the time of incorporation or in pursuance of Articles 7 or 9 of the Statutes ;

(c) All taxes on the Bank's capital, reserves or profits, whether distributed or not, and whether assessed on the profits of the Bank before distribution or imposed at the time of distribution under the form of a coupon tax payable or deductible by the Bank. This provision is without prejudice to the State's right to tax the residents of Switzerland other than the Bank as it thinks fit ;

(d) All taxes upon any agreements which the Bank may make in connection with the issue of loans for mobilising the German annuities and upon the bonds of such loans issued on a foreign market ;

(e) All taxes on the remunerations and salaries paid by the Bank to members of its administration or its employees of non-Swiss nationality.

(7) All funds deposited with the Bank by any Government in pursuance of the Plan adopted by The Hague Agreement of January, 1930, shall be exempt and immune from taxation whether by way of deduction by the Bank on behalf of the authority imposing the same or otherwise.

(8) The foregoing exemptions and immunities shall apply to present and future taxation by whatsoever name it may be described, and whether imposed by the Confederation, or by the cantonal, communal or other public authorities.

(9) Moreover, without prejudice to the exemptions specified above, there may not be levied on the Bank, its operation or its personnel any taxation other than that of a general character and to which other banking establishments established at Basle or in Switzerland, their operations and their personnel, are not subjected *de facto* and *de jure*.

(10) The Bank, its property and assets and all deposits and other funds entrusted to it shall be immune in time of peace and in time of war from any measure such as expropriation, requisition, seizure, confiscation, prohibition or restriction of gold or currency export or import, and any other similar measures.

(11) Any dispute between the Swiss Government and the Bank as to the interpretation or application of the present Charter shall be referred to the Arbitral Tribunal provided for by The Hague Agreement of January, 1930.

The Swiss Government shall appoint a member to sit on the occasion of such dispute, the President having a casting vote.

In having recourse to the said Tribunal the Parties may nevertheless agree to submit their dispute to the President or to a member of the Tribunal chosen to act as sole Arbitrator.

Done at The Hague, the 20th January, 1930.

J. E. R.

CURTIUS.  
Henri JASPAR  
Paul HYMANS.  
E. FRANCOU.  
Henri CHÉRON.  
LOUCHEUR.  
Philip SNOWDEN.  
A. MOSCONI.  
A. PIRELLI.  
SUVICH.  
M. ADATCI.  
K. HIROTA.  
G. BACHMANN.  
W. BURCKHARDT.  
Dr. R. MIESCHER.

## ANNEX.

## STATUTES OF THE BANK FOR INTERNATIONAL SETTLEMENTS.

## CHAPTER I.

## NAME, SEAT AND OBJECTS.

*Article 1.*

There is constituted under the name of the Bank for International Settlements (hereinafter referred to as the Bank) a Company limited by shares.

*Article 2.*

The registered office of the Bank shall be situated at Basle, Switzerland.

*Article 3.*

The objects of the Bank are : to promote the co-operation of central banks and to provide additional facilities for international financial operations ; and to act as trustee or agent in regard to international financial settlements entrusted to it under agreements with the parties concerned.

*Article 4.*

As long as the New Plan as defined in the Hague Agreement of January, 1930 (hereinafter referred to as the Plan), is in force, the Bank :

- (1) Shall carry out the functions assigned to it in the Plan ;
- (2) Shall conduct its affairs with a view to facilitating the execution of the Plan ; and
- (3) Shall observe the provisions of the Plan in the administration and operations of the Bank ;

All within the limits of the powers granted by these Statutes.

During the said period the Bank, as trustee or agent for the Governments concerned, shall receive, administer and distribute the annuities paid by Germany under the Plan : shall supervise and assist in the commercialisation and mobilisation of certain portions of the aforesaid annuities ; and shall perform such services in connection with the payment of German Reparations and the international settlements connected therewith as may be agreed upon by the Bank with the Governments concerned.

## CHAPTER II.

## CAPITAL.

*Article 5.*

The authorised capital of the Bank shall be 500,000,000 Swiss gold francs, equivalent to 145,161,290.32 gr. fine gold.

It shall be divided into 200,000 shares of equal gold nominal value.

The nominal value of each share shall also be expressed on the face of each share in terms both of Swiss francs and of the currency of the country in which it is issued, converted at the gold mint parity.

*Article 6.*

The subscription of the total authorised capital having been guaranteed in equal parts by the Banque Nationale de Belgique, the Bank of England, the Banque de France, the Reichsbank, the Banca d'Italia, Messrs. X acting in place of the Bank of Japan and Messrs. Y, New York, the Bank may begin business as soon as a minimum of 112,000 shares has been subscribed.

*Article 7.*

1. During the two years following incorporation the Board of Directors of the Bank (hereinafter referred to as the Board), shall arrange for the subscription of any unissued portion of the authorised capital.

2. This unissued portion may be offered to the central bank or other banks of countries which have not participated in the original subscription. The selection of countries in which such shares shall be offered for subscription and the amount to be subscribed in each shall be determined by the Board by a two-thirds majority, provided that offers of shares shall only be made in countries interested in Reparations or in countries whose currencies, in the opinion of the Board, satisfy the practical requirements of the gold or gold exchange standard and that the amount issued in any of these countries shall not exceed 8,000 shares.

3. The seven banking institutions mentioned in Article 6 shall, in accordance with their several guarantees, subscribe or arrange for the subscription in equal proportions of any part of the authorised capital which at the end of two years remains unsubscribed.

*Article 8.*

1. Twenty-five per cent only of the value of each share shall be paid up at the time of subscription. The balance may be called up at a later date or dates at the discretion of the Board. Three months' notice shall be given of any such calls.

2. If a shareholder fails to pay any call on a share on the day appointed for payment thereof, the Board may, after giving reasonable notice to such shareholder, forfeit the share in respect of which the call remains unpaid. A forfeited share may be sold on such terms and in such manner as the Board may think fit; and the Board may execute a transfer in favour of the person or corporation to whom the share is sold. The proceeds of sale may be received by the Bank, which will pay to the defaulting shareholder any part of the net proceeds over and above the amount of the call due and unpaid.

*Article 9.*

1. The capital of the Bank may be increased or reduced on the proposal of the Board acting by a two-thirds majority and adopted by a two-thirds majority of the General meeting.

2. In the event of an increase in the authorised capital of the Bank and of a further issue of shares the distribution among countries shall be decided by a two-thirds majority of the Board. The central banks of Belgium, England, France, Germany, Italy, Japan and the United States of America, or some other financial institution of the last-named country acceptable to the foregoing central banks, shall be entitled to subscribe or arrange for the subscription in equal proportions of at least 55 per cent, of such additional shares.

3. No part of the amount not taken by the banks of these seven countries shall be subscribed in any other country unless it is interested in Reparations or at the time of issue its currency, in the opinion of the Board, satisfies the practical requirements of the gold or gold exchange standard.

*Article 10.*

In extending invitations to subscribe for capital in accordance with Article 7, paragraph 2, or with Article 9, consideration shall be given by the Board to the desirability of associating with the Bank the largest possible number of central banks.

*Article 11.*

No shares shall be issued below par.

*Article 12.*

The liability of shareholders is limited to the nominal value of their shares.

*Article 13.*

The shares shall be registered and transferable in the books of the Bank.

The Bank shall be entitled without assigning any reason to decline to accept any person or corporation as the transferee of a share. It shall not transfer shares without the prior consent of the central bank, or the institution acting in lieu of a central bank, by or through whom the shares in question were issued,

*Article 14.*

The shares shall carry equal rights to participate in the profits of the Bank and in any distribution of assets under Articles 53, 54 and 55 of the Statutes.

*Article 15.*

The ownership of shares of the Bank carries no right of voting or representation at the General Meeting. The right of representation and of voting, in proportion to the number of shares subscribed in each country, may be exercised by the central bank of that country or by its nominee. Should the central bank of any country not desire to exercise these rights, they may be exercised by a financial institution of widely recognised standing and of the same nationality, appointed by the Board, and not objected to by the central bank of the country in question. In cases where there is no central bank, these rights may be exercised, if the Board thinks fit, by an appropriate financial institution of the country in question appointed by the Board.

*Article 16.*

Any subscribing institution or banking group may issue, or cause to be issued to the public the shares for which it has subscribed.

*Article 17.*

Any subscribing institution or banking group may issue to the public certificates against shares of the Bank owned by it. The form, details and terms of issue of such certificates shall be determined by the bank issuing them, in agreement with the Board.

*Article 18.*

The receipt or ownership of shares of the Bank or of certificates issued in accordance with Article 17 implies acceptance of the Statutes of the Bank and a statement to that effect shall be embodied in the text of such shares and certificates.

*Article 19.*

The registration of the name of a holder of shares in the books of the Bank establishes the title to ownership of the shares so registered.

## CHAPTER III.

## POWERS OF THE BANK.

*Article 20.*

The operations of the Bank shall be in conformity with the monetary policy of the central banks of the countries concerned.

Before any financial operation is carried out by or on behalf of the Bank on a given market or in a currency the Board shall afford to the central bank or central banks directly concerned an opportunity to dissent. In the event of disapproval being expressed within such reasonable time as the Board shall specify, the proposed operation shall not take place. A central bank may make its concurrence subject to conditions and may limit its assent to a specific operation, or enter into a general arrangement permitting the Bank to carry on its operations within such limits as to time, character and amount as may be specified. This article shall not be read as requiring the assent of any central bank to the withdrawal from its market of funds to the introduction of which no objection had been raised by it, in the absence of stipulations to the contrary by the Central Bank concerned at the time the original operation was carried out.

Any Governor of a central bank, or his alternate or any other Director specially authorised by the central bank of the country of which he is a national to act on its behalf in this matter, shall, if he is present at the meeting of the Board and does not vote against any such proposed operation, be deemed to have given the valid assent of the central bank in question.

If the representative of the central bank in question is absent or if a central bank is not directly represented on the Board, steps shall be taken to afford the central bank or banks concerned an opportunity to express dissent.

*Article 21.*

The operations of the Bank for its own account shall only be carried out in currencies which in the opinion of the Board satisfy the practical requirements of the gold or gold exchange standard.

*Article 22.*

The Board shall determine the nature of the operations to be undertaken by the Bank. The Bank may in particular :

- (a) Buy and sell gold coin or bullion for its own account or for the account of central banks ;
- (b) Hold gold for its own account under earmark in central banks ;
- (c) Accept the custody of gold for the account of central banks ;
- (d) Make advances to or borrow from central banks against gold, bills of exchange and other short-term obligations of prime liquidity or other approved securities ;
- (e) Discount, rediscount, purchase or sell with or without its endorsement bills of exchange, cheques and other short-term obligations of prime liquidity, including Treasury Bills and other such Government short-term securities as are currently marketable ;
- (f) Buy and sell exchange for its own account or for the account of central banks ;
- (g) Buy and sell negotiable securities other than shares for its own account or for the account of central banks ;
- (h) Discount for central banks bills taken from their portfolio and rediscount with central banks bills taken from its own portfolio ;
- (i) Open and maintain current or deposit accounts with central banks ;
- (j) Accept :
  - (i) Deposits from central banks on current or deposit account ;

(ii) Deposits in connection with trustee agreements that may be made between the Bank and Governments in connection with international settlements ;

(iii) Such other deposits as in the opinion of the Board come within the scope of the Bank's functions.

The Bank may also :

(k) Act as agent or correspondent of any central bank ;

(l) Arrange with any central bank for the latter to act as its agent or correspondent. If a central bank is unable or unwilling to act in this capacity, the Bank may make other arrangements, provided that the central bank concerned does not object. If in such circumstances it should be deemed advisable that the Bank should establish its own agency, the sanction of a two-thirds majority of the Board will be required ;

(m) Enter into agreements to act as trustee or agent in connection with international settlements, provided that such agreements shall not encroach on the obligations of the Bank towards third parties ; and carry out the various operations laid down therein.

#### Article 23.

Any of the operations which the Bank is authorised to carry out with central banks under the preceding Article may be carried out with banks, bankers, corporations or individuals of any country provided that the central bank of that country does not object.

#### Article 24.

The bank may enter into special agreements with central banks to facilitate the settlement of international transactions between them.

For this purpose it may arrange with central banks to have gold earmarked for their account and transferable on their order, to open accounts through which central banks can transfer their assets from one currency to another and to take such other measures as the Board may think advisable within the limits of the powers granted by these Statutes. The principles and rules governing such accounts shall be fixed by the Board.

#### Article 25.

The Bank may not :

(a) Issue notes payable at sight to bearer ;

(b) " Accept " bills of exchange ;

(c) Make advances to Governments ;

(d) Open current accounts in the name of Governments ;

(e) Acquire a predominant interest in any business concern ;

(f) Except so far as is necessary for the conduct of its own business, remain the owner of real property for any longer period than is required in order to realise to proper advantage such real property as may come into the possession of the Bank in satisfaction of claims due to it.

#### Article 26.

The Bank shall be administered with particular regard to maintaining its liquidity, and for this purpose shall retain assets appropriate to the maturity and character of its liabilities. Its short-term liquid assets may include bank notes, cheques payable at sight drawn on first class banks, claims in course of collection, deposits at sight or at short notice in first class banks, and prime bills of exchange of not more than ninety days' usance, of a kind usually accepted for rediscount by central banks.

The proportion of the Bank's assets held in any given currency shall be determined by the Board with due regard to the liabilities of the Bank.

## CHAPTER IV.

## MANAGEMENT.

*Article 27.*

The administration of the Bank shall be vested in the Board.

*Article 28.*

The Board shall be composed as follows :

1. The Governors for the time being of the central banks of Belgium, France, Germany, Great Britain, Italy, Japan and the United States of America (hereinafter referred to as *ex officio* Directors), or if any of the said Governors are unwilling or unable to hold office, their respective nominees (hereinafter referred to as substitute nominees).

The tenure of office of a substitute nominee shall be within the discretion of the Governor by whom he is appointed, but shall terminate in any case when that Governor vacates office.

Any *ex officio* Director may appoint one person as his alternate who shall be entitled to attend and exercise the powers of a Director at meetings of the Board if the Governor himself is unable to be present.

2. Seven persons representative of finance, industry or commerce, appointed one each by the Governors of the central banks mentioned in sub-clause 1, and being of the same nationality as the Governor who appoints him.

During the continuance of the liability of Germany to pay Reparation annuities, two persons of French and German nationality respectively, representative of industry or commerce, appointed by the Governors of the Bank of France and of the Reichsbank respectively, if they so desire.

If for any reason the Governor of any of the seven institutions above mentioned is unable or unwilling to serve as Director, or to appoint a substitute nominee under sub-clause 1, or to make an appointment under sub-clause 2, the Governors of the other institutions referred to or a majority of them may invite to become members of the Board two nationals of the country of the Governor in question, not objected to by the central bank of that country.

Directors appointed as aforesaid, other than *ex officio* Directors or their substitute nominees, shall hold office for three years but shall be eligible for reappointment.

3. Not more than nine persons to be elected by the following procedure :

The Governor of the central bank of every country, other than those mentioned in sub-clause 1, in which capital has been subscribed at the time of incorporation shall be entitled to submit a list of four candidates of his own nationality for directorship, which may include his own name. Two of the candidates on each list shall be representative of finance, and the other two of industry or commerce. From these lists the Board may elect, by a two-thirds majority, not more than nine persons.

The Directors so elected shall be divided by lot into three groups, as nearly as may be equal in number, of which one group shall retire at the end of the first, one at the end of the second, and one at the end of the third financial year of the Bank. The retiring Directors shall be eligible for re-election.

At the first meeting of Directors in the second and succeeding financial years the Board may elect by a two-thirds majority not more than three Directors from a panel of candidates composed of lists of persons with similar qualifications to those specified in connection with the first election. The Governors of the central banks of every country, other than those mentioned in sub-clause 1, in which capital has at the date of such meeting been subscribed shall be entitled to submit a list of four persons to be included in the panel. Directors so elected shall hold office for three years, but shall be eligible for re-election.

If in any of the countries referred to in the preceding paragraph there is no central bank, the Board by a two-thirds majority may nominate an appropriate financial institution to exercise the right of submitting a list of candidates for selection.

*Article 29.*

In the event of a vacancy occurring on the Board for any reason other than the termination of a period of office in accordance with the preceding Article, the vacancy shall be filled in accordance with the procedure by which the member to be replaced was selected. In the case of Directors other than *ex officio* Directors, the new Director shall hold office for the unexpired period only of his predecessor's term of office. He shall, however, be eligible for re-election at the expiration of that term.

*Article 30.*

Directors must be ordinarily resident in Europe or in a position to attend regularly at meetings of the Board.

*Article 31.*

No person shall be appointed or hold office as a Director who is a member or an official of a Government or a member of a legislative body, unless he is the Governor of a central bank.

*Article 32.*

Meetings of the Board shall be held not less than ten times a year. At least four of these shall be held at the registered office of the Bank.

*Article 33.*

A member of the Board who is not present in person at a meeting of Directors may give a proxy to any other member authorising him to vote at that meeting on his behalf.

*Article 34.*

Unless otherwise provided by the Statutes, decisions of the Board shall be taken by a simple majority of those present or represented by proxy. In the case of an equality of votes, the Chairman shall have a second or casting vote.

The Board shall not be competent to act unless a quorum of Directors is present. This quorum shall be laid down in a regulation adopted by a two-thirds majority of the Board.

*Article 35.*

The members of the Board may receive, in addition to out-of-pocket expenses, a fee for attendance at meetings and/or a remuneration, the amounts of which will be fixed by the Board, subject to the approval of the General Meeting.

*Article 36.*

The proceedings of the Board shall be summarised in minutes which shall be signed by the Chairman. Copies of or extracts from these minutes for the purpose of production in a Court of Justice must be certified by the General Manager of the Bank.

A record of decisions taken at each meeting shall be sent within eight days of the meeting to every member.

*Article 37.*

The Board shall represent the Bank in its dealings with third parties and shall have the exclusive right of entering into engagements on behalf of the Bank. It may however delegate this right to a member or members of the Board or of the permanent staff of the Bank, provided that it defines the powers of each person to whom it delegates this right.

*Article 38.*

The Bank shall be legally committed *vis-à-vis* third parties by the signature of the President or by two signatures either of members of the Board or of members of the staff who have been duly authorised by the Board to sign on its behalf.

*Article 39.*

The Board shall elect from among its members a Chairman and one or more Vice-Chairmen, one of whom shall preside at meetings of the Board in the absence of the Chairman.

The Chairman of the Board shall be President of the Bank.

He shall hold office for three years and shall be eligible for re-election.

Subject to the authority of the Board, the President will carry out the policy and control the administration of the Bank.

He shall not hold any other office which, in the judgment of the Board, might interfere with his duties as President.

*Article 40.*

At the meeting of the Board at which the election of a Chairman is to take place, the Chair shall be taken by the oldest member of the Board present.

*Article 41.*

A General Manager shall be appointed by the Board on the proposal of the President. He will be responsible to the President for the operations of the Bank and will be the chief of its operating staff.

The Heads of Departments, and any other officers of similar rank, shall be appointed by the Board on recommendations made by the President after consultations with the General Manager.

The remainder of the staff shall be appointed by the General Manager with the approval of the President.

*Article 42.*

The departmental organisation of the Bank shall be determined by the Board.

*Article 43.*

The Board may, if it thinks fit, appoint from among its members an Executive Committee to assist the President in the administration of the Bank.

The President shall be a member and *ex officio* Chairman of this Committee.

*Article 44.*

The Board may appoint advisory committees chosen wholly or partly from persons not concerned in the Bank's management.

*Article 45.*

As long as the Plan is in force, the Board shall convene the Special Advisory Committee referred to in the Plan, upon receipt of the notice therein provided for.

## CHAPTER V.

## GENERAL MEETING.

*Article 46.*

General Meetings of the Bank may be attended by nominees of the central banks or other financial institutions referred to in Article 15.

Voting rights shall be in proportion to the number of shares subscribed in the country of each institution represented at the meeting.

The Chair shall be taken at General Meetings by the Chairman of the Board or in his absence by a Vice-Chairman.

At least three weeks' notice of General Meetings shall be given to those entitled to be represented.

Subject to the provisions of these Statutes, the General Meeting shall decide upon its own procedure.

*Article 47.*

Within three months after the end of each financial year of the Bank, an Annual General Meeting shall be held upon such date as the Board may decide.

The meeting shall take place at the registered office of the Bank.

Voting by proxy will be permitted in such manner as the Board may have provided in advance by regulation.

*Article 48.*

The Annual General Meeting shall be invited :

(a) To approve the Annual Report, the Balance-Sheet upon the Report of the Auditors, and the Profit and Loss Account, and any proposed changes in the remuneration, fees or allowances of the members of the Board ;

(b) To make appropriations to Reserve and to special funds ; and to consider the declaration of a dividend and its amount ;

(c) To elect the auditors for the ensuing year and to fix their remuneration ; and

(d) To discharge the Board from all personal responsibility in respect of the past financial year.

*Article 49.*

Extraordinary General Meetings shall be summoned to decide upon any proposals of the Board :

(a) To amend the Statutes ;

(b) To increase or decrease the capital of the Bank ;

(c) To liquidate the Bank.

## CHAPTER VI.

## ACCOUNTS AND PROFITS.

*Article 50.*

The financial year of the Bank will begin on 1st April and end on 31st March. The first financial period will end on 31st March, 1931.

*Article 51.*

The Bank shall publish an Annual Report, and at least once a month a Statement of Account in such form as the Board may prescribe.

The Board shall cause to be prepared a Profit and Loss Account and Balance Sheet of the Bank for each financial year in time for submission to the Annual General Meeting.

*Article 52.*

The Accounts and Balance Sheet shall be audited by independent auditors. The auditors shall have full power to examine all books and accounts of the Bank and to require full information as to all its transactions. The auditors shall report to the Board and to the General Meeting and shall state in their Report :

(a) Whether or not they have obtained all the information and explanations they have required ; and

(b) Whether, in their opinion, the Balance Sheet dealt with in the Report is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of their information and the explanations given to them, and as shown by the books of the Bank.

*Article 53.*

The yearly net profits of the Bank shall be applied as follows :

(a) Five per cent, of such net profits, or such proportion of five per cent. as may be required for the purpose, shall be paid to a reserve fund called the Legal Reserve Fund until that Fund reaches an amount equal in value to ten per cent. of the amount of the paid-up capital of the Bank for the time being ;

(b) Thereafter such net profits shall be applied in or towards the payment of a dividend of six per cent. per annum on the amount of the paid-up capital of the Bank. This dividend shall be cumulative ;

(c) As to the residue (if any) of such net profits, twenty per cent. shall be paid to the shareholders until a maximum further dividend of six per cent. (which shall be non-cumulative) is reached, provided that the Board may in any year withhold all or any part of this additional payment and place it to the credit of a special dividend reserve fund for use in maintaining the cumulative six per cent. dividend provided for in the preceding paragraph or for subsequent distribution to the shareholders ;

(d) After making provision for the foregoing, one-half of the yearly net profits then remaining shall be paid into the General Reserve Fund of the Bank until it equals the paid-up capital. Thereafter forty per cent. shall be so applied until the General Reserve Fund equals twice the paid-up capital ; thirty per cent. until it equals three times the paid-up capital ; twenty per cent. until it equals four times the paid-up capital ; ten per cent. until it equals five times the paid-up capital ; and from that point onward five per cent.

In case the General Reserve Fund, by reason of losses or by reason of an increase in the paid-up capital, falls below the amounts provided for above after having once attained them, the appropriate proportion of the yearly net profits shall again be applied until the position is restored.

(e) As long as the Plan is in force any remainder of the net profits after meeting the foregoing requirements shall be disposed of as follows :

(i) As to seventy-five per cent. to such of the Governments or central banks of Germany and the countries entitled to share in the annuities payable under the Plan as have maintained time deposits at the Bank subject to withdrawal in not less than five years from the time of deposit or after four years on not less than one year's notice. This sum shall be distributed annually in proportion to the size of the deposits maintained by the respective Governments or central banks in question. The Board shall have the power to determine the minimum deposit which would justify the distribution provided for ;

(ii) As to twenty-five per cent. as follows :

If the German Government elects to make a long-term deposit with the Bank withdrawable only on the terms specified under sub-clause (i) above and amounting to the minimum sum of 400,000,000 reichsmarks, the said twenty-five per cent. shall go into a Special Fund, to be used to aid Germany in paying the last twenty-two annuities provided for in the Plan.

If the German Government elects to make such long-term deposit amounting to a sum below 400,000,000 reichsmarks, the participation of the German Government shall be reduced in proportion, and the balance shall be added to the seventy-five per cent. referred to in sub-clause (i) above.

If the German Government elects not to make any such long-term deposit, the said twenty-five per cent. shall be distributed as provided in sub-clause (i) above.

The Special Fund referred to above shall carry compound interest, reckoned on an annual basis, at the maximum current rate paid by the Bank on time deposits.

If the Special Fund should exceed the amount required to pay the last twenty-two annuities, the balance shall be distributed among the creditor Governments as provided for in the Plan.

(f) At the expiration of the period referred to in the first paragraph of sub-clause (e) the disposal of the remainder of the net profits referred to in sub-clause (e) shall be determined by the General Meeting on the proposal of the Board.

#### Article 54.

#### RESERVE FUNDS.

The General Reserve Fund shall be available for meeting any losses incurred by the Bank. In case it is not adequate for this purpose, recourse may be had to the Legal Reserve Fund provided for in Article 53 (a).

These reserve funds, in the event of liquidation, and after the discharge of the liabilities of the Bank and the costs of liquidation, shall be divided among the shareholders.

#### CHAPTER VII.

#### GENERAL PROVISIONS.

#### Article 55.

The Bank may not be liquidated except by a three-fourths majority of the General Meeting. It shall not in any case be liquidated before it has discharged all the obligations which it has assumed under the Plan.

#### Article 56.

1. If any dispute shall arise between the Bank, on the one side, and any central bank, financial institution, or other bank referred to in the present Statutes, on the other side, or between the Bank and its shareholders, with regard to the interpretation or application of the Statutes of the Bank, the same shall be referred for final decision to the Tribunal provided for by The Hague Agreement of January, 1930.

2. In the absence of agreement as to the terms of submission either party to a dispute under this Article may refer the same to the Tribunal, which shall have power to decide all questions (including the question of its own jurisdiction) even in default of appearance by the other party.

3. Before giving a final decision and without prejudice to the questions at issue, the President of the Tribunal, or, if he is unable to act in any case, a member of the Tribunal to be designated by him

forthwith, may, on the request of the first party applying therefor, order any appropriate provisional measures in order to safeguard the respective rights of the parties.

4. The provisions of this Article shall not prejudice the right of the parties to a dispute to refer the same by common consent to the President or a member of the Tribunal as sole arbitrator.

*Article 57.*

In all cases not covered by the preceding Article, or by some other provision for arbitration, the Bank may proceed or be proceeded against in any court of competent jurisdiction.

*Article 58.*

For the purposes of these Statutes :

(1) Central bank means the bank in any country to which has been entrusted the duty of regulating the volume of currency and credit in that country ; or, where a banking system has been so entrusted, the bank forming part of such system which is situated and operating in the principal financial market of that country.

(2) The Governor of a central bank means the person who, subject to the control of his Board or other competent authority, has the direction of the policy and administration of the Bank.

(3) A two-thirds majority of the Board means not less than two-thirds of the votes (whether given in person or by proxy) of the whole directorate.

*Article 59.*

Amendments of any Articles of these Statutes other than those enumerated in Article 60 may be proposed by a two-thirds majority of the Board to the General Meeting and if adopted by a majority of the General Meeting shall come into force, provided that such amendments are not inconsistent with the provisions of the Articles enumerated in Article 60.

*Article 60.*

Articles 2, 3, 4, 9, 15, 20, 25, 28, 46, 53, 56, 59 and 60 cannot be amended except subject to the following conditions : the amendment must be adopted by a two-thirds majority of the Board, approved by a majority of the General Meeting and sanctioned by a law supplementing the Charter of the Bank.

J. E. R.

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