

N° 2306.

**HONGRIE
ET ROYAUME DES SERBES,
CROATES ET SLOVÈNES**

Convention concernant le règlement
des dettes et créances en anciennes
couronnes autrichiennes ou hon-
groises. Signée à Belgrade, le
22 février 1928.

**HUNGARY AND
KINGDOM OF THE SERBS,
CROATS AND SLOVENES**

Convention regarding the Settlement
of Debts and Claims expressed in
former Austrian or Hungarian
Crowns. Signed at Belgrade,
February 22, 1928.

¹ TRADUCTION. — TRANSLATION.

No. 2306. — CONVENTION² BETWEEN THE KINGDOM OF HUNGARY AND THE KINGDOM OF THE SERBS, CROATS AND SLOVENES, REGARDING THE SETTLEMENT OF DEBTS AND CLAIMS EXPRESSED IN FORMER AUSTRIAN OR HUNGARIAN CROWNS. SIGNED AT BELGRADE, FEBRUARY 22, 1928.

French official text communicated by the Permanent Delegate of the Kingdom of Yugoslavia accredited to the League of Nations and the Chargé d'Affaires a. i. of the Hungarian Delegation accredited to the League of Nations. The registration of this Convention took place March 29, 1930.

HIS MAJESTY THE KING OF THE SERBS, CROATS AND SLOVENES, and HIS SERENE HIGHNESS THE REGENT OF THE KINGDOM OF HUNGARY, being desirous of arriving at an agreement for the settlement of debts and claims in former Austrian or Hungarian crowns, have resolved to conclude a Convention for that purpose, and have appointed as their Plenipotentiaries :

HIS MAJESTY THE KING OF THE SERBS, CROATS AND SLOVENES :

Dr. Voislav MARINKOVITCH, His Minister for Foreign Affairs ;

HIS SERENE HIGHNESS THE REGENT OF THE KINGDOM OF HUNGARY :

Baron Paul FORSTER, His Envoy Extraordinary and Minister Plenipotentiary at Belgrade, and

Monsieur Alfred DE NICKL, Consellor of Legation, Director of the Economic Section of the Royal Hungarian Ministry of Foreign Affairs,

Who, having communicated their full powers, found in good and due form, have agreed on the following provisions :

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SECTION I.

GENERAL PROVISIONS CONCERNING DEBTS AND CLAIMS IN FORMER AUSTRIAN OR HUNGARIAN CROWNS.

Article 1.

The provisions of this Section shall apply only in the absence of an amicable agreement already concluded or to be concluded hereafter between creditors and debtors. Nevertheless debts and claims under agreements concluded before January 15, 1919, shall be governed by the provisions of the present Section.

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, February 25, 1930.

Article 2.

Irrespective of the date on which they fall due, debts and claims in civil law expressed in former Austrian or Hungarian crowns (including mortgage debts, communal debts, sums owed by associations for hydraulic works or land improvement, and by wine-growing Communes), and contracted up to January 15, 1919, inclusive, shall be subject to the provisions of this Section if they existed on January 15, 1919, and still exist at the date when the present Convention comes into force, between any of the persons described in Article 3, and provided that the said debts or claims are not extinguished by payments or otherwise on the coming into force of the present Convention.

In the case of debts due before the coming into force of the present Convention, the debtor shall have a time-limit of 180 days reckoned from the date of the coming into force of the present Convention, during which period he may liquidate the arrears of his debt and the creditor shall not have the right to subject him to the consequences attaching to dilatory payment. Notwithstanding this provision, the creditor shall be entitled to claim interest on arrears in all cases where the parties concerned had made provision for the payment of such interest.

The interest and commission (periodical and other accessory payments) due in respect of the debts referred to in paragraph 1 of the present Article shall be paid in accordance with the provisions applicable, under the present Section, to the repayment of the capital. The rate of interest shall be 5% per annum, save in cases where the creditor was entitled in virtue of a contract to receive interest at a different rate.

Sums deposited in dinars in the Government deposit and consignment office or other administrative office before September 1, 1927, at the rate of 1 dinar to 4 former crowns, shall be considered as payment from such time as the sum thus deposited is placed at the full disposal of the creditor.

Other deposits shall be restored to the depositor at his request. The creditor shall be invited to give his opinion on such request, and shall be entitled to demand that the sum thus deposited be retained as security until the whole debt has been discharged or that it be remitted to him in part payment of his claim.

Article 3.

The provisions of this Section shall apply only to debts and claims existing between on the one hand :

(A) Natural persons who at the date of the coming into force of the present Convention have become nationals of the Kingdom of Hungary under the Treaty of Trianon, either automatically or by the exercise of their right of option, and who on January 15, 1919, had their residence within the present territory of Hungary, or

(B) Juridical persons having their registered offices on January 15, 1919, and at the time of the coming into force of the present Convention within the said territory ; and on the other hand :

(a) Natural persons who at the date of the coming into force of the present Convention have become nationals of the Kingdom of the Serbs, Croats and Slovenes under the Treaty of Trianon or the Treaty of St. Germain, either automatically or by the exercise of their right of option, and who on January 15, 1919, had their residence within the territory ceded to the Kingdom of the Serbs, Croats and Slovenes, under the terms of the said Treaties, and of the delimitation Treaties and Conventions concluded before the coming into force of the present Convention, or

(b) Juridical persons having their registered offices on January 15, 1919, and at the time of the coming into force of the present Convention within the territory of the Kingdom of the Serbs, Croats and Slovenes, as defined in paragraph (a) above.

Natural persons who have transferred their domicile from the territory of one Contracting Party to the territory of the other, in consequence of the exercise of the right of option or of an order of the competent authorities, shall be deemed to have had their domicile in the latter territory on January 15, 1919.

Debts in former crowns due by or to branches established in the territory of the one Contracting Party *vis-à-vis* juridical persons (commercial undertakings) having their registered offices in the territory of the other Party, and similarly debts and claims *vis-à-vis* persons domiciled, at the time of the coming into force of the present Convention, in the State in which the branch is established, shall be governed by the ordinary civil law of the State in which the branch is situate, under the conditions obtaining for debts and claims of juridical persons (commercial undertakings) having their registered offices in that State.

For the purposes of the execution of the present Convention, branches established in the territory of either Contracting Party by juridical persons (commercial undertakings) having their registered offices in the territory of a third State shall be assimilated to juridical persons (commercial undertakings) having their registered offices in the territory of the Party in whose country the said branches are established. The provisions of the present and preceding paragraphs shall be without prejudice to the exception named in paragraph 5 of Article 11.

Article 4.

Debts governed by the provisions of the present Section shall be paid in dinars at the rate of one dinar to four former crowns.

Debts and claims expressed in former crowns arising out of securities (such as shares, mortgage bonds, other ordinary bonds, communal bonds, partial bonds, and other securities) or out of holdings in co-operative societies, shall be repaid in the currency of the Contracting Party within whose territory the debtor has his registered offices, at the rate payable, under the municipal law, to the nationals of the said Party. In the application of the present provisions no account shall be taken of the domicile of the holder, the place fixed for payment or the date on which the debts and claims were contracted.

In the case of savings deposits, Serb-Croat-Slovene depositors shall, within a period of twelve months from the coming into force of the present Convention, present their pass-books to the competent financial institution, and shall furnish evidence that on January 15, 1919, and at the time of presentation, such pass-books were owned by Serb-Croat-Slovene nationals fulfilling the conditions laid down in Article 3.

Should the evidence produced by the person claiming ownership of the pass-book not be deemed adequate, the said person may declare on oath that the pass-book was Serb-Croat-Slovene property on January 15, 1919, as well as at the time of presentation, and that he can furnish no further proof of ownership. This declaration, which shall rank as absolute proof, must be made before the Court of the district in which the person claiming ownership of the deposit has his domicile.

Pass-books presented after the prescribed twelve months, but within a supplementary period of six months, may not be refused on the grounds of late delivery, if the owner of the pass-book can prove that the failure to observe the original time-limit of twelve months cannot be ascribed to fault or negligence on his part.

Savings deposits shall be repaid in conformity with paragraph (1) of the present Article if the Serb-Croat-Slovene depositor has complied with the foregoing regulations. Otherwise they shall be repaid in the same manner as the deposits of Hungarian nationals. Notwithstanding the present paragraph, savings deposits in respect of which the rights of ownership and disposal have been assigned, under a special clause, to a specific person shall be subject to the general provisions of the present Section, if the conditions laid down in the Section are fulfilled.

When special Conventions have been concluded between the Contracting Parties, providing for the application of the provisions of the present Convention to the savings-bank pass-books dealt with in the said special Conventions, the time-limits specified in the foregoing paragraph of the present Article may be amended.

Loans in former crowns for the purpose of subscribing to war loan stock of the Hungarian or Austrian State, the stock itself constituting a pledge in respect of the said loans, shall be repaid in Hungarian crowns at the rate of one Hungarian crown to one former crown. The creditor (lender) shall, however, be entitled to retain the pledged war bonds in settlement of his claim. Similarly, advances paid in former crowns by Serb-Croat-Slovene nationals on account of the ninth war loan stock issue of the Hungarian State, which was under consideration in 1918 before the conclusion of hostilities, shall be refunded to the parties entitled thereto in Hungarian crowns at the rate of one Hungarian crown to one former crown.

Article 5.

Life annuities, maintenance allowances, and similar periodical payments in former crowns shall be governed by the provisions of Article 12.

SECTION II.

SPECIAL CLAUSES CONCERNING THE SETTLEMENT OF CERTAIN CATEGORIES OF MORTGAGE AND COMMUNAL DEBTS AND DEBTS DUE BY ASSOCIATIONS FOR HYDRAULIC WORKS OR LAND IMPROVEMENT OR BY WINEGROWING COMMUNES.

Article 6.

Debts expressed in former crowns arising out of mortgage or communal loans, loans by associations for hydraulic works or land improvement or by winegrowing communes shall, as a general rule, be settled in cash, in conformity with the provisions of Section I, even if the said loans were not paid in ready money but by means of mortgage bonds, communal bonds or other like securities.

This principle shall also apply to the settlement of those debts enumerated in the foregoing paragraph which could, under the former laws of the Kingdom of Hungary, be used as security for the issue of mortgage bonds, communal bonds or other like securities. Within the limits laid down in the present Section, Serb-Croat-Slovene debtors may, however, employ for the discharge of the debts referred to in the present paragraph, mortgage bonds, communal bonds and other like securities, as well as the matured coupons thereof issued by Hungarian establishments on the basis of the said debts, provided that such securities have been held by Serb-Croat-Slovene nationals without interruption since January 15, 1919, and have been registered and deposited in accordance with Decree No. VI/234 dated January 23, 1925, of the Minister for Commerce and Industry of the Kingdom of the Serbs, Croats and Slovenes. Prizes on premium bonds, drawn before July 26, 1921, may also be used for the settlement of debts. Fixed premiums, however, may not be employed under the present Section.

If special Conventions have been concluded between the Contracting Parties providing for the handing over to the Kingdom of the Serbs, Croats and Slovenes or to its nationals, of the securities mentioned in the Annex to the present Convention, such securities may be used for the settlement of the debts named in the second paragraph of the present Article, regardless of the time-limits therein specified. The present provision shall be without effect on the execution of paragraph (3) of Article V of the aforesaid Annex.

The provisions relating to the employment of mortgage bonds and other like securities shall be without prejudice to the clauses concerning the repayment of debts and claims arising out of securities (Article 4, paragraph 2), these clauses being applicable to securities and coupons which, for any reason, have not been declared or deposited for registration, have been withdrawn from deposit, or are not deemed to fulfil the conditions laid down in the present Section.

Article 7.

Securities issued by the creditor establishment may be employed up to the amount of 80%, and those issued by other establishments up to the amount of 50% of the debt outstanding at the time of payment. Within these limits, registered securities of any category may be employed in payment of any debt covered by Article 6 (paragraph 2).

Securities with or without drawings, and prize bonds drawn before July 26, 1921, inclusive shall be rated at the time of payment at their nominal value on the basis of 80 for every 100 former crowns.

Coupons matured prior to the employment of the securities (with or without drawings) shall be rated, whatever the category of the security, on the basis of 100 for every 100 former crowns.

During the twelve months following the coming into force of the present Convention, payment offered shall be accepted without previous notice or warning. During the same period the sum which may be claimed as compensation for cancellation shall be reduced to 1%.

Article 8.

The procedure for the employment of securities and the technical details relating to the application of the present Section shall be laid down in the Annex to the present Convention.

Article 9.

Should the establishment which issued the registered and deposited securities refuse to recognise that the securities comply with the conditions laid down in the present Section, the declarant (depositor) shall, to the exclusion of all other legal recourse and within a time-limit of sixty days from the despatch of the registered letter addressed to him on the subject, be entitled to submit the rejected declaration to a Commission consisting of two members, of whom one shall be appointed by the Government of the Kingdom of the Serbs, Croats and Slovenes, and the other by the Government of the Kingdom of Hungary.

Should the Commission be unable to arrive at a unanimous decision, the dispute shall be decided with the assistance of a President, who shall be elected by the two members of the Commission jointly. If the two members of the Commission are unable to agree on the choice of the President, the latter shall be appointed by the umpire provided for in Article 18 of the present Convention.

Decisions of the Commission shall be final and shall be binding on all the parties concerned; there shall be no appeal against such decisions.

The Commission shall complete its work and give its decisions before the expiry of one year as from the coming into force of the present Convention.

Article 10.

In the case of mortgage debts, communal debts and the debts of associations for hydraulic works or land improvement and of wine-growing communes, which could, under the former legislation of the country concerned, be used as security for the issue of mortgage bonds, communal bonds or other like securities, Hungarian debtors shall be entitled to employ mortgage bonds, communal bonds and like securities in settlement, provided that the securities thus employed were issued by the creditor establishment in question, and that the category of issue (mortgage bonds, communal bonds, etc.) and the rate of interest on the said securities correspond with the category (mortgage debt, communal debt, etc.) and the rate of interest on the debt to be repaid.

The value at which the securities and coupons employed under the present Article for the payment of debts are to be computed shall be determined in conformity with the provisions of paragraphs 2 and 3 of Article 7.

During the twelve months following the coming into force of the present Convention, payment offered shall be accepted without previous notice or warning. During that same period the sum which may be claimed as compensation for cancellation shall be reduced to 1%.

The present Article shall affect neither the rights conferred on the debtor under the contract concluded with the creditor establishment nor the statutes of the said establishment.

SECTION III.

MISCELLANEOUS CLAUSES.

Article 11.

The provisions of the present Convention shall not apply to the following categories of debts and claims :

(1) To debts and claims against the Government of either of the Contracting Parties ;

(2) To debts and claims against the Royal Hungarian Post Office Savings Bank, which debts and claims shall be governed by a special Convention ;

(3) To debts and claims against the Austro-Hungarian Bank, and those transferred in the liquidation of the said Bank to the Succession States, such debts and claims being dealt with in the special Convention concluded with the liquidators of the Austro-Hungarian Bank ;

(4) To debts and claims against minors' funds and persons under legal disability, which debts and claims shall be dealt with in a special Convention ;

(5) To debts and claims arising out of insurance policies in general, including State and social insurance and re-insurance policies, the question of insurance being reserved for settlement by a special Convention ;

(6) To debts and claims against municipalities and communes, associations for hydraulic works or land improvement, and wine-growing communes, whose districts have been divided by the frontier fixed in consequence of the Treaty of Trianon, as also debts to and claims against private railway companies whose systems have been divided or whose administrative centres have been separated from their systems by the said frontier, the question of the settlement of such debts and claims being reserved for decision by special Conventions.

The application of the provisions of the present Convention may, nevertheless, be provided for in the Conventions referred to in paragraphs 4, 5 and 6.

Article 12.

Debts and claims in civil law, expressed in former crowns, between nationals of the Contracting Parties, which are not governed by the provisions of Section I of the present Convention (in as much as Section II deals only with the procedure for special settlement) shall be paid in cash in accordance with ordinary civil law.

In applying the provisions of the foregoing paragraph nationals of the one Contracting Party may in no case demand a sum higher than could be demanded in respect of like claims, under that Party's law, by nationals of the other Party.

Article 13.

All prohibitions existing in the territory of either of the Contracting Parties, which are directed against the payment of the debts and claims dealt with in the present Convention, shall be withdrawn, nor shall any measures be taken that might impede a settlement in accordance with the provisions of the present Convention.

Article 14.

Should there exist in the territory of either Party, while the present Convention is being put into force, any restrictions on dealings in foreign currency and the export of securities, the Contracting Parties shall undertake to afford each other all necessary facilities for ensuring the settlement and payment of the debts and claims covered by the present Convention and to ensure *inter alia*, that the sums paid by the debtor to a banking establishment for transfer to the creditor, in part payment of his debt, before the coming into force of the present Convention, shall be placed at the entire disposal of the creditor.

Article 15.

As regards taxes payable by the debtor on interest derived from capital and on annuities, the sums due by nationals of the one Contracting Party to nationals of the other shall not be subject to heavier taxes than sums due between nationals of the same Party.

Article 16.

Receipts and, generally speaking, deeds drawn up before the courts relating to the debts and claims covered by the present Convention shall not require further legislation. This provision shall apply also to private receipts and deeds and to those drawn up before a notary public, provided that they have been legalised by a court.

The certificates of cancellation by consent referred to in Article V of the Annex to the present Convention shall not require legalisation.

Article 17.

Within the territory of the Contracting Parties, all periods counting for prescription, limitation or foreclosure, and similarly the periods laid down for the formalities for the safeguarding or pursuit of claims, shall cease to run as between November 1, 1918, and the expiry of a period of thirty days after the coming into force of the present Convention, in so far as such periods relate to the debts and claims dealt with in the present Convention. These periods shall again begin to run as from the entry into force of the present Convention and may not attain completion within less than twelve months following that date.

This provision shall not apply in cases in which prescription, limitation or foreclosure had taken effect, or the due date occurred before November 1, 1918.

Article 18.

Disputes that may arise between nationals of the Contracting Parties with reference to debts and claims covered by the present Convention (including debts and claims mentioned in Article 12) shall be submitted to a Court of Arbitration. The debts mentioned in Article 5 shall be excluded from the latter's competence.

The said Court shall consist of two arbitrators. Each of the Contracting Parties shall appoint one arbitrator.

Should the two arbitrators be unable to arrive at an agreement regarding the dispute, they shall select by common consent, and subject to the approval of their respective Governments, an umpire, who shall be a national of a State not concerned in the question; the umpire's decision shall be final.

Should the Contracting Parties be unable to agree on the choice of an umpire, they shall request the President of the Swiss Confederation to appoint him.

The Court of Arbitration shall sit alternately at Belgrade and Budapest.

It shall establish its own rules of procedure. The costs of the proceedings shall be assessed by the Court (the umpire) and shall be borne by the Parties in accordance with the general principles governing the matter.

The Contracting Parties undertake to afford the Court of Arbitration and the umpire the necessary legal assistance and other facilities for the conduct of their inquiries.

The awards of the Court of Arbitration and of the umpire shall be final; the Contracting Parties undertake to make them binding upon their respective nationals and to provide for their execution without a municipal order of enforcement and without summoning the parties to appear, on the same conditions as judgments rendered by the judicial authorities of the country.

The provisions of the present Article shall in no way affect the right of the parties concerned to enforce their claims before any other competent Court. Nevertheless, once the case has been brought before any competent Court — including the Court of Arbitration instituted under the present Article — the competence of that Court shall be exclusive and the dispute may not be brought before another court.

If, at the time of the coming into force of the present Convention, a case is before a Court other than the Court of Arbitration instituted under the present Article, the applicant party shall be entitled to withdraw it and to bring the dispute before the said Court of Arbitration. It is understood that cases pending shall always be decided in conformity with the provisions of the present Convention.

Article 19.

The provisions of the present Convention shall not apply to debts and claims between Hungarian nationals, of the one part, and nationals of the former Kingdoms of Serbia and Montenegro, of the other part.

Article 20.

The present Convention shall be ratified and the ratifications shall be exchanged at Budapest as soon as possible.

Article 21.

The present Convention shall come into force fifteen days after the exchange of ratifications.

In faith whereof the Plenipotentiaries have signed the present Convention and have thereto affixed their seals.

Done at Belgrade in two originals, February the twenty-second, one thousand nine hundred and twenty-eight.

(L. S.) (Signed) Dr. V. MARINKOVITCH.

(L. S.) (Signed) FORSTER.

(L. S.) (Signed) NICKL.

ANNEX

TO THE CONVENTION BETWEEN THE KINGDOM OF THE SERBS, CROATS AND SLOVENES AND THE KINGDOM OF HUNGARY REGARDING THE SETTLEMENT OF DEBTS AND CLAIMS EXPRESSED IN FORMER AUSTRIAN OR HUNGARIAN CROWNS.

In virtue of the Convention between the Kingdom of the Serbs, Croats and Slovenes and the Kingdom of Hungary regarding the settlement of debts and claims in former Austrian or Hungarian crowns (referred to hereinafter as "the Convention"), debts and claims — including mortgage and communal loans, loans for hydraulic works or land improvement and loans granted to wine-growing communes — shall be paid, in so far as they are still outstanding, in dinars at the rate of one-fourth of a dinar (25 paras) for one former crown. Nevertheless, in the case of loans which could be used as security for the issue of mortgage bonds, communal bonds and like securities, including securities issued in virtue of paragraph 70 of Law XXIII of 1898, Serb-Croat-Slovene nationals shall have the right to employ the securities issued against the said loans in settlement of their debts arising out of the loans. With this object the Minister for Commerce and Industry of the Kingdom of the Serbs, Croats and Slovenes, in Decree No. VI/234 dated January 23, 1925, ordered the registration of securities which, under the Convention, may be employed as a means of payment in the settlement of debts; the Mortgage Bank of Croatia and Slavonia at Zagreb was instructed as official depository, to take into custody, the said securities, which were duly deposited. In order to provide for the settlement of debts and the employment of securities in conformity with Section II of the Convention, the Contracting Parties have agreed as follows:

Article I.

Securities issued against the debts referred to in paragraph 2 of Article 6 of the Convention (*vide* the Preamble to the present Annex), namely:

Mortgage bonds (*záloglevelek*), communal bonds (*községi kötvények, községi kötelezők*), and other ordinary bonds (*kötvények*), bonds for the improvement of vine stocks (*szőlőfelújítási kötvények*), premium bonds (*nyereménykötvények*), mortgage bonds for safeguarding against floods and for land improvement (*vízszabályozási és talajjavítási kötvények*), may be employed as a means of payment, provided that the said securities have been held by Serb-Croat-Slovene nationals without interruption since January 15, 1919. The transfer of property as between Serb-Croat-Slovene nationals shall not be deemed an interruption, and such transfers shall still be permitted in the future.

The procedure for determining the securities that may be employed for the settlement of debts shall be as follows:

Securities deposited in virtue of Decree No. VI/234 dated January 23, 1925, shall be entered on a list which shall be delivered immediately to the Association of Banks and Savings Banks at Budapest. During the two months following the delivery of this list the establishments which issued the securities, acting through the Association of Banks and Savings Banks at Budapest, shall specify which securities are recognised to be in conformity with the provisions of the first paragraph of the present Article and which securities are not so recognised.

Recognised securities shall be entered on List A and disputed securities on List B.

Securities which are not recognised to be in conformity with the provisions of the first paragraph of the present Article shall be notified to the Mortgage Bank of Croatia and Slavonia, which shall duly inform the depositors by registered letter. Within a period of 60 days from the despatch of such letter, the depositor shall be entitled to submit to the Mortgage Bank of Croatia and Slavonia an application for re-examination, accompanied by all available evidence showing that the securities have been the property of Serb-Croat-Slovene nationals without interruption since January 15,

1919. Deeds of purchase, deposit receipts and other evidence in writing shall be accepted as proof. In the event of the said evidence being inadequate, the depositor may produce any other evidence admissible in civil procedure. Lastly, he may declare on oath that the securities, duly registered and deposited, have been Serb-Croat-Slovene property without interruption since January 15, 1919, and that he can furnish no further proof of ownership. This declaration, which shall rank as absolute proof, must be made before the Court of the district in which the person claiming ownership of the securities has his domicile. The Mortgage Bank of Croatia and Slavonia shall notify the Association of Banks and Savings Banks at Budapest of the application for re-examination and of the evidence.

Applications for re-examination not allowed by the establishments concerned shall be referred to the Commission provided for in the following paragraph. Should such application, together with the evidence, not be submitted within the aforesaid period of sixty days, the Commission shall reach a decision on the basis of the documents at its disposal. Evidence brought forward after the expiry of this time-limit shall not be allowed, unless it be tendered before the Commission reaches its decision.

A Commission shall be established, in conformity with the provisions of Article 9 of the Convention, for the purpose of drawing up the lists, examining rejected securities and effecting the necessary transfers from List B to List A.

The Commission shall sit alternatively at Budapest and at Belgrade or Zagreb.

Securities and coupons which are the property of Serb-Croat-Slovene nationals, but which have not been deposited with the Mortgage Bank of Croatia and Slavonia by the party concerned (proprietor, owner, holder), or have been withdrawn from deposit — this involving deletion from List A — and lastly, securities and coupons which have not been recognised, shall be governed by the regulations applicable to securities and coupons belonging to Hungarian nationals.

Securities belonging to Serb-Croat-Slovene nationals, which have been declared to the Mortgage Bank of Croatia and Slavonia but which have not yet been handed in shall be deposited within a period of three months. Within six months as from the coming into force of the Convention, securities in the hands of Serb-Croat-Slovene public authorities shall also be deposited with the said Mortgage Bank of Croatia and Slavonia. Securities which have not been deposited within the said time-limits shall be subject to the regulations applicable to securities belonging to Hungarian nationals. The list of securities which may, under the present paragraph, still be deposited with the Mortgage Bank of Croatia and Slavonia, shall be communicated to the Association of Banks and Savings Banks not later than fifteen days after the aforesaid dates. Declarations relating to securities not yet deposited — excluding securities in the hands of public authorities — shall be forwarded to the Association of Banks and Savings Banks not later than thirty days after the coming into force of the Convention.

Securities deposited on account of the Mortgage Bank of Croatia and Slavonia elsewhere than at Zagreb shall be regarded as securities handed in to the said Bank at Zagreb, in so far as the latter recognises that such deposits were effected in due form.

It is understood that the present Article shall be without prejudice to the provisions of paragraph 3 of Article 6 of the Convention.

Article II.

All Hungarian establishments having issued securities as indicated in Article I shall, within a time-limit of sixty days reckoned from the coming into force of the Convention, deliver to the Mortgage Bank of Croatia and Slavonia at Zagreb, through the Association of Banks and Savings Banks at Budapest, an accurate list of those of their claims which are covered by the present Annex in virtue of paragraph 2 of Article 6 of the Convention.

Article III.

The Mortgage Bank of Croatia and Slavonia at Zagreb and the creditor establishments shall request debtors to pay their debts. Debtors shall at the same time be informed that payment

may be effected through the Mortgage Bank of Croatia and Slavonia, that during the twelve months following the coming into force of the Convention amortisation payments may be carried out before due date, and that in such cases the amount which may be claimed as compensation for cancellation will be reduced to 1%. The said period of twelve months may be extended for a further period of one year by mutual agreement between the Mortgage Bank of Croatia and Slavonia at Zagreb and the Association of Banks and Savings Banks at Budapest.

If only a part of the debt is repaid, payment on account of capital shall include amortisation contributions in respect of one or more annual payments.

Where the non-payment of the annual sums or of the interest would mean that the entire unredeemed capital would be due, this consequence shall ensue only if the arrears of annual payments or interest are not settled within a period of 180 days reckoned from the coming into force of the Convention. Municipalities, communes, and associations for hydraulic works which repay arrears of annual payments within the said time-limit of 180 days shall be exempt not only from the effects of the capital, immediately becoming due but also from the payment of interest on arrears.

Article IV.

The repayment of debts, including arrears, shall be governed by the following conditions :

(a) In accordance with the general rule, 20% of the debt shall be paid in cash at the rate of 25 paras to one former crown, and 80% in recognised securities issued by the creditor establishment. In cases where payment is allowed in securities other than those issued by the creditor establishment, the proportion to be paid in cash shall be 50% (*vide* Article 7 of the Convention and paragraph (c) of the present Article).

Securities, whether drawn or not, shall be reckoned at 80% of their value.

This rate shall also apply to prize bonds drawn on or before July 26, 1921. After this date, the securities of Serb-Croat-Slovene nationals shall be accepted for drawing under the same conditions as the securities of Hungarian nationals. Securities employed in the discharge of debts shall be considered — from the point of view of participation in drawings — as securities drawn for amortisation.

As regards fixed premiums and coupons, securities employed in the discharge of debts shall rank as undrawn securities. Non-option stock may not therefore be employed for payment and shall not be taken into consideration when securities are so employed. Coupons, however, shall continue to run until the securities are employed and shall be accepted in payment, but only if accompanied by the securities to which they relate : they shall be reckoned at 100% of their value.

Hungarian establishments may not submit the plea of prescription in respect of coupons and drawn securities, which, in virtue of the present Annex, may be employed in payment, except in cases where the period of prescription would have expired before November 1, 1918.

(b) In the event of repayment being made direct to the creditor establishment, it shall be effected entirely in cash at the rate of 25 paras to one former crown. In such case, the securities which may be employed for the discharge of the debt shall be demanded from the Mortgage Bank of Croatia and Slavonia and shall be reckoned as provided in (a).

(c) As regards the procedure for the employment of securities, the Mortgage Bank of Croatia and Slavonia shall in the first place deliver to the creditor establishments the securities — irrespective of category — issued by the establishment concerned, provided always that such securities are entered in List A. Prize bonds drawn shall, in all cases, be used to settle the claims of the establishment which issued them. When the stock of securities issued by the creditor establishment concerned is exhausted, the securities of any other establishment referred to in the present Annex may be employed.

(d) Securities shall be issued to the creditor establishments in a negotiable form. In the case of securities whose circulation is restricted by a special clause (registered scrip, "Vinkulation") the production of the documents required for the removal of such clause shall be sufficient to render the securities negotiable. Any disputes that may arise in this connection shall be decided by the Commission provided for in Article I

(e) Guarantees deposited by the debtor at the time of contracting the loan shall be set off against the first payments to be effected after the coming into force of the present Convention. If the guarantee was deposited in former crowns, the sum deposited shall be reckoned at the rate of 25 paras to one former crown. If, on the other hand, it was in the form of securities, these shall be reckoned on the basis of 80 former crowns for 100 former crowns.

Article V.

Certificates of cancellation by consent shall be drawn up by the creditor establishments and shall not be subject to legalisation. Creditor establishments shall not be required to pay stamp duty on receipts, should this be demanded by the Serb-Croat-Slovene State in addition to the Hungarian stamp duty. In the event of the debtor requesting the legalisation of the certificate of cancellation by consent, he shall himself bear the cost.

In the cases provided for in paragraphs (a) and (b) of Article IV, and throughout the period during which the securities may be employed for the settlement of debts, certificates of cancellation by consent may not be entered in the land register, unless the Mortgage Bank of Croatia and Slavonia has appended a verification clause which shall be exempt from fees of any kind. It is understood that no verification clause shall be required in the case of debts which are not subject to the provisions of the present Annex. In the case of mortgages registered as security for such debts, the Mortgage Bank of Croatia and Slavonia shall certify, at the request of the debtor or of the creditor establishment, that the verification clause is not necessary for the registration of cancellation.

Securities employed for the settlement of debts shall be deleted from List A. As soon as it has been ascertained that all duly deposited and recognised securities have been employed, the Association of Banks and Savings Banks and the Mortgage Bank of Croatia and Slavonia shall issue a joint notice to this effect in the official journals at Belgrade, Zagreb and Budapest. After the publication of such notice the verification clause may no longer be required, and debts settled after that date shall be payable in cash to the full amount at the rate of 25 paras for one former crown.

Article VI.

In the case of claims arising out of loans governed by the provisions of the present Annex which as the result of cession, have been transferred by financial establishments having their head-quarters in the territory of the Kingdom of the Serbs, Croats and Slovenes to Hungarian financial establishments referred to in the present Annex, sums which have been or may hereafter be received by the establishments effecting the transfer, either as annual payments or as payments on account of amortisation, shall be repaid under the same conditions as claims covered by the present Annex.

Article VII.

The debts of municipalities, communes and associations for hydraulic works whose districts have been divided by the frontier fixed in consequence of the Treaty of Trianon, shall be settled in accordance with special Conventions. The provisions of the present Annex shall, however, apply to the proportion of the said debts which, in virtue of the special Conventions to be concluded, is chargeable to the part of the district situated in the territory of the Kingdom of the Serbs, Croats and Slovenes, in so far as such proportion is governed by the provisions of the Convention.

Article VIII.

The Mortgage Bank of Croatia and Slavonia shall receive for the purposes of its administration a commission of 2% on collected claims, which shall be charged to the creditor establishments, and likewise a commission of 2% on the exchange value of the said securities, such commission being chargeable to the depositors thereof.

Article IX.

Disputes that may arise in regard to the execution of the present Annex between the Mortgage Bank of Croatia and Slavonia, of the one part, and the Association of Banks and Savings Banks at Budapest or the Hungarian establishments concerned, of the other part, shall be decided by the Court of Arbitration provided for in Article 18 of the Convention.

PROTOCOL OF SIGNATURE

At the moment of signing the Convention of today's date regarding the settlement of debts and claims in former crowns, the Contracting Parties have agreed as follows :

(1) The provisions of the Convention shall be without prejudice to the rights conferred upon the parties concerned under Articles 249 and 250 of the Treaty of Trianon.

(2) Debts in gold, silver, or currencies other than the former crown shall rank as debts in former crowns and shall be settled in conformity with the provisions of the Convention, in all cases where the said debts are represented by securities or arise out of loans granted by financial institutions, provided always that the debts satisfy the conditions laid down in the said Convention. Conversion into former crowns shall be effected at the rate of exchange quoted on the Budapest Stock Exchange on July 1, 1914, it being understood that one gold or silver crown shall rank as the equivalent of one former crown.

As regards other debts which satisfy the conditions referred to in Articles 2 and 3 of the present Convention, expressed in terms of gold, silver or currencies other than the former crown, each of the Contracting Parties reserves to itself the right to initiate special negotiations within a period of one year after the coming into force of the present Convention.

(3) In conformity with Article 3 of the present Convention, debts in former crowns due by or to the Central Institute of Financial Associations (*Pénzüntézet*) or its branch at Zagreb, shall be settled under the same conditions as debts and claims of any other Hungarian bank or any branch thereof.

The Central Institute of Financial Associations shall be entitled to remove its branch from Zagreb without being required previously to wind up the affairs of the said branch.

In the event of the Central Institute of Financial Associations removing its branch, it shall be given the choice of :

(a) Arranging for its head office to wind up the affairs of the branch business outstanding coming under the management and administration of the said head office ;

(b) Or ceding and transferring the rights and obligations arising out of the branch's affairs to a financial establishment of the Kingdom of the Serbs, Croats and Slovenes.

As soon as the Central Institute of Financial Association informs the competent tribunal, either that it will arrange for the branch's affairs to be administered by the

head office or that it has reached an agreement with a Serb-Croat-Slovene financial establishment with a view to ceding and transferring the said affairs, the branch and the name of the firm shall be deleted from the commercial register.

It is understood that the Central Institute of Financial Associations may not be required to fulfil undertakings embodying a promise to employ all or part of the income or profits accruing from the transactions of its Zagreb branch for the reorganisation of financial establishments in the former territories of Croatia and Slavonia.

The present Protocol shall be ratified simultaneously with the Convention of today's date regarding the settlement of debts and claims in former Austrian or Hungarian crowns and shall have the same force as the said Convention.

In faith whereof the Plenipotentiaries have signed the present Protocol and have thereto affixed their seals.

Done at Belgrade in two original copies, February the twenty-second, one thousand nine hundred and twenty-eight.

(L. S.) (Signed) Dr. V. MARINKOVITCH.

(L. S.) (Signed) FORSTER.

(L. S.) (Signed) NICKL.

ADDITIONAL PROTOCOL

TO THE CONVENTION BETWEEN THE KINGDOM OF THE SERBS, CROATS AND SLOVENES AND THE KINGDOM OF HUNGARY REGARDING THE SETTLEMENT OF DEBTS AND CLAIMS EXPRESSED IN FORMER AUSTRIAN OR HUNGARIAN CROWNS, SIGNED AT BELGRADE ON FEBRUARY 22, 1928.

Whereas the Mortgage Bank of Croatia and Slavonia at Zagreb, which under the first paragraph of the Annex to the Convention signed at Belgrade on February 22, 1928, between the Kingdom of the Serbs, Croats and Slovenes and the Kingdom of Hungary, regarding the settlement of debts and claims in former Austrian or Hungarian crowns, was appointed as the official Serb-Croat-Slovene depository for the securities mentioned in the said paragraph, has changed its legal status since the signature of the present Convention :

The undersigned Plenipotentiaries have agreed that the office conferred upon the Mortgage Bank of Croatia and Slavonia under the said Annex, shall henceforth be assumed by the Associated Yugoslav Bank Ltd. (*Jugoslovenska Udružena Banka A. D.*) at Zagreb and Belgrade, and by the Serbian Bank Ltd. (*Srpska Banka A. D.*) at Zagreb, on the understanding that these two Banks and the Association of Banks and Savings Banks at Budapest shall come to an agreement concerning the technical details arising out of this provision.

The present Protocol shall have the same force and validity and shall be concluded for the same period as the above-mentioned Convention regarding the settlement of debts and claims in former Austrian or Hungarian crowns.

The present Protocol shall be ratified and the ratifications shall be exchanged at Budapest at the same time as the ratifications of the Convention referred to in the preceding paragraph.

In faith whereof the Plenipotentiaries have affixed their signatures and seals.

Done at Belgrade in two original copies, July the fourth, one thousand nine hundred and twenty-eight.

(L. S.) (Signed) Dr. V. MARINKOVITCH.

(L. S.) (Signed) FORSTER.