

N° 4527.

ALLEMAGNE
ET GRANDE-BRETAGNE
ET IRLANDE DU NORD

Accord complémentaire relatif à l'exécution
de l'article 2 de l'Accord de transfert du
1^{er} juillet 1938, avec annexes. Signé à
Berlin, le 13 août 1938.

*Textes officiels anglais et allemand communiqués par le secrétaire d'Etat aux
Affaires étrangères de Sa Majesté en Grande-Bretagne. L'enregistrement
de cet accord a eu lieu le 8 mars 1939.*

GERMANY
AND GREAT BRITAIN
AND NORTHERN IRELAND

Supplementary Agreement for the Execution
of Article 2 of the Transfer Agreement of
July 1st, 1938, with Annexes. Signed at
Berlin, August 13th, 1938.

*English and German official texts communicated by His Majesty's Secretary
of State for Foreign Affairs in Great Britain. The registration of this
Agreement took place March 8th, 1939.*

No. 4527. — SUPPLEMENTARY AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE GERMAN REICH AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR THE EXECUTION OF ARTICLE 2 OF THE TRANSFER AGREEMENT OF JULY 1ST, 1938. SIGNED AT BERLIN, AUGUST 13TH, 1938.

Whereas by Article 2 (i) of the Transfer Agreement² signed at London on the 1st July, 1938, between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the German Reich (in this Agreement referred to as the "Transfer Agreement"), the German Government undertakes to ensure the provision of sterling funds, on the basis set out in that Article, for the service of certain obligations ;

And whereas by Article 2 (iii) of the Transfer Agreement it is provided that detailed provisions for the execution of that Article shall be agreed as soon as possible between the contracting Governments ;

Now, therefore, the undersigned, being duly authorised to this effect by the Governments of the United Kingdom and of the German Reich, have agreed as follows :

The provisions of Article 2 of the Transfer Agreement shall be carried out in accordance with the provisions of Schedules A to F of this Agreement.

In witness whereof the undersigned, duly authorised by their respective Governments thereto, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate at Berlin this 13th day of August, 1938, in the English and German languages, both texts being equally authentic.

For the Government of the United Kingdom of Great Britain and Northern Ireland :
(L. S.) Nevile HENDERSON.

For the Government of the German Reich :
(L. S.) E. WIEHL.

SCHEDULE A. — GERMAN EXTERNAL LOAN, 1924.
(Dawes Loan.)

Memorandum of August 13th, 1938.

Detailed Arrangements made for the Application of Sterling Funds to be provided by the German Government in accordance with the Terms of the Anglo-German Transfer Agreement signed in London on July 1st, 1938, for the Service of Bonds of the Loan shown to the Satisfaction of the Bank of England to have been in the Beneficial Ownership of British Holders on June 15th, 1934.

1. (a) Bonds of the Loan shown to the satisfaction of the Bank of England to have been in the beneficial ownership of British Holders on the 15th June, 1934, are referred to in this Memorandum as "certified Bonds".

(b) Certified Bonds which have been presented to the Bank of England for enfacement in the form annexed to this Memorandum are referred to in this Memorandum as "enfaced Bonds".

¹ Came into force August 13th, 1938.

² See page 235 of this Volume.

TEXTE ALLEMAND. — GERMAN TEXT.

N^o 4527. — VEREINBARUNG¹ ZUR DURCHFÜHRUNG VON ARTIKEL 2 DES TRANSFERABKOMMENS VOM 1. JULI 1938 ZWISCHEN DER REGIERUNG DES DEUTSCHEN REICHES UND DER REGIERUNG DES VEREINIGTEN KÖNIGREICHES VON GROSSBRITANNIEN UND NORDIRLAND. GEZEICHNET IN BERLIN, AM 13. AUGUST 1938.

In Artikel 2 (i) des in London am 1. Juli 1938 zwischen der Deutschen Regierung und der Regierung des Vereinigten Königreichs von Grossbritannien und Nordirland gezeichneten Transferabkommens² (im folgenden als „Transferabkommen“ bezeichnet), hat die Deutsche Regierung sich verpflichtet, auf der Grundlage des genannten Artikels für die Bereitstellung der Sterlingbeträge Sorge zu tragen, die für den Dienst bestimmter Forderungen benötigt werden.

In Artikel 2 (iii) des Transferabkommens ist ferner vorgesehen, dass die Einzelbestimmungen über die Durchführung dieses Artikels sobald als möglich zwischen den vertragschliessenden Regierungen vereinbart werden sollen.

Die von der Deutschen Regierung und der Regierung des Vereinigten Königreichs hierzu gebührend bevollmächtigten Unterzeichneten sind daher über folgendes übereingekommen :

Die Bestimmungen des Artikels 2 des Transferabkommens werden gemäss den Bestimmungen der dieser Vereinbarung als Anlagen beiliegenden Abschnitte A bis F durchgeführt.

Zu Urkund dessen haben die von ihren Regierungen hierzu gebührend bevollmächtigten Unterzeichneten dieses Abkommen gezeichnet und hierunter ihre Siegel gesetzt.

Geschehen zu Berlin am 13. August 1938 in doppelter Ausfertigung in deutscher und englischer Sprache, die beide in gleicher Weise massgebend sind.

Für die Deutsche Regierung :

E. WIEHL.

Für die Regierung des Vereinigten Königreichs von Grossbritannien und Nordirland :

Nevile HENDERSON.

ABSCHNITT A. — DEUTSCHE ÄUSSERE ANLEIHE 1924.
(*Dawes-Anleihe.*)

Memorandum vom 13. August 1938.

Einzelvereinbarungen über die Verwendung der Sterling-Beträge, die von der Deutschen Regierung gemäss den Bestimmungen des am 1. Juli 1938 in London unterzeichneten deutsch-englischen Transferabkommens zur Bedienung von Anleihestücken bereitzustellen sind, für die der Bank von England gegenüber der Nachweis erbracht ist, dass sie sich am 15. Juni 1934 im materiellen Eigentum (beneficial ownership) britischer Inhaber befunden haben.

1. a) Anleihestücke, für die der Bank von England gegenüber nachgewiesen ist, dass sie sich im materiellen Eigentum (beneficial ownership) britischer Inhaber am 15. Juni 1934 befunden haben, werden in diesem Memorandum „zertifizierte Stücke“ genannt.

b) Zertifizierte Stücke, die zur Stempelung in der diesem Memorandum als Anlage beigefügten Form der Bank von England vorgelegt sind, werden in diesem Memorandum „gestempelte Stücke“ genannt.

¹ Entré en vigueur le 13 août 1938.

² Voir page 235 de ce volume.

2. (a) The period of service of the Bonds will be divided into financial years expiring on the 14th October in each year and the German Government will, in respect of each financial year, provide in Sterling a sum calculated at the rate of seven per cent. on the nominal amount of all certified Bonds, without, except as mentioned in paragraph 5 (a) below, making any reduction in respect of any Bonds which may have been or may subsequently be redeemed.

(b) Provision in respect of the initial period from the 15th April, 1938, to the 14th October, 1938, will be made by the German Government in manner mentioned below.

3. The following provisions will have effect with regard to the provision of the sums required for and the payment of interest :

(a) Interest represented by Coupons maturing on and after the 15th October, 1938, attached to enfaced Bonds will be paid on maturity in Sterling at the rate of five per cent. per annum on presentation of the appropriate Coupons at the Bank of England, London, except that in the case of Bonds which are presented for certification after the 1st October, 1938, payment of the Coupons may be deferred, pending receipt by the Bank of England of the corresponding amounts.

(b) On the 1st day of April and October in each year commencing with the 1st October, 1938, the Bank of England will give notice to the German Government of the sum required to provide for the payment of Coupons attached to certified Bonds falling due on the next succeeding interest date, and the German Government will within seven days after receiving such notice pay to the Bank of England the sum so required.

(c) As and when Bonds are certified as aforesaid after the 1st October, 1938, the Bank of England will at convenient intervals claim from the German Government the amount required for the payment of the Coupons of such Bonds which have then matured and are payable as mentioned in paragraph 3 (a) above, and on receipt thereof and enfacement of the Bonds in question the Bank of England will pay the Coupons accordingly.

4. The following provisions will have effect with regard to the provision and application of the sums required for redemption :

(a) The German Government will, not later than the 15th September in each financial year, pay to the Bank of England a sum equal to the balance remaining available out of the annual amount to be provided as mentioned in paragraph 2 (a) above after making provision for the amounts required for the payment of Coupons attached to certified Bonds on the two immediately preceding interest dates.

(b) The German Government will be entitled to purchase enfaced Bonds at or below par plus the premium (if any) expressed to be payable on the Bonds and accrued interest, but exclusive of expenses of purchase. To the extent to which on or prior to the 15th September in any financial year the German Government proves such purchases to the satisfaction of the Bank of England, the sum to be paid by the German Government in respect of the redemption of Bonds in that financial year will be reduced by the actual purchase price according to the relative Brokers' contract notes or other documents of sale (exclusive of accrued interest and expenses of purchase) paid by the German Government.

(c) All sums paid to the Bank of England on the 15th September as mentioned above will be applied by the Bank of England in the redemption in Sterling at par plus premium (if any) of Bonds which have been enfaced on or prior to the preceding 14th September. The Bonds so to be redeemed will be selected by drawings. Drawings will be made in respect of any year in which they are necessary between the 15th September and the 30th September at the offices of the Bank of England, London, in such manner and by and in the presence of such persons as the Bank of England, after consultation with the German Debt Administration (" Reichsschuldenverwaltung ") may deem expedient and equitable. Bonds expressed to be payable in each separate currency will be drawn separately. Forthwith after any drawing the Bank of England will, by advertisement in *The Times*, notify the holders of Bonds drawn for redemption of such drawing and name a time and place for the presentation and payment of drawn Bonds complete with unmaturing Coupons against payment of the principal sums and premiums (if any) due. No drawn bond for the payment of which due provision has been made on the terms of this Memorandum will continue to carry

interest after the due date for payment. All drawn Bonds will be due for payment of principal sums and premiums (if any) due thereon on the 15th October immediately following the date of drawing. Drawn Bonds presented for payment must have attached thereto all Coupons maturing after the date fixed for redemption, and in the event of one or more of such Coupons being absent the amount payable thereon at the rate of five per cent. per annum will be deducted in calculating the sum payable to the holder.

(d) So far as reasonably practicable, the amount applied in any financial year (whether by proved purchases or drawings) in the redemption of Bonds expressed to be payable in any one currency will bear the same proportion towards the total amount so applied in that financial year as the total nominal value of all certified Bonds expressed to be payable in that currency bears to the aggregate nominal value of all certified Bonds; no right will arise against the German Government or against the Bank of England owing to failure to observe such proportion.

(e) Provision for redemption in respect of the initial period from the 15th April, 1938, to the 14th October, 1938, will be made by the German Government on the 15th September, 1939, by payment to the Bank of England of a sum calculated at the rate of two per cent. per annum for the period in question on the nominal value of all certified Bonds, and such sum will be added to and applied in like manner as the provision to be made for redemption in respect of the financial year ending the 14th October, 1939.

(f) As and when Bonds are certified as aforesaid after the 15th September, 1939, the Bank of England will at convenient intervals notify the German Government the amount required for redemption purposes in respect of such Bonds and attributable to preceding financial years and the initial period referred to in the preceding paragraph, which amount would previously have been due to be provided under the provisions of this Memorandum had such Bonds been certified as aforesaid on the 15th September, 1939. Such amount will be added to and applied in like manner as the provisions to be made for redemption in the financial year in which the same is notified by the Bank of England to the German Government.

5. (a) On the 15th October, 1949, or on any subsequent interest date, the German Government may, on giving six months' previous notice by publication in *The Times*, redeem at par plus premium (if any) all the enfaced Bonds or any part thereof having an aggregate nominal value equal to or in excess of £1,000,000 or its equivalent. In the event of a partial redemption the sums available will, so far as the circumstances permit, be applied rateably in manner provided by paragraph 4 (d) above and the Bonds to be redeemed will be determined by drawings to be made in the last half of March or September, as the case may be, for redemption on the following 15th April or 15th October and otherwise in accordance with the provisions of paragraph 4 (c) above. The German Government will provide the Bank of England with the Sterling funds necessary to give effect to any redemption in accordance with the provisions of this paragraph not later than one month before the date fixed for repayment. Upon any such redemption being effected, the annual sums to be provided in accordance with paragraph 2 (a) above will be reduced in subsequent financial years by an amount equal to seven per cent. of the nominal amount of the Bonds redeemed. In the event of a redemption being effected on the 15th October in any year, the annual sum to be provided in the current financial year will be reduced by an amount equal to three and a half per cent. of the nominal amount of the Bonds redeemed.

(b) In addition to its rights under the preceding paragraph, but without prejudice to its obligations under paragraph 2 (a) above, the German Government may at any time present enfaced Bonds to the Bank of England for cancellation.

6. The following provisions will have effect with regard to the provision and application of the Sterling service monies to be provided in respect of Bonds denominated in a currency other than Sterling :

(a) In calculating the amount of the annual sum to be provided by the German Government in accordance with paragraph 2 (a) above and in determining the rateable distribution of the amount available for amortisation in any financial year, the rates of exchange ruling on the preceding 1st October will be applied as regards one-half of such amount and the rates of exchange ruling on the 1st April will be applied as regards the remainder. The provision for redemption in respect of the initial period to the 15th October, 1938, will be calculated at the rates of exchange ruling on the 1st October, 1938.

(b) Amounts claimed by the Bank of England for the payment of Coupons will be calculated at the rates of exchange ruling on the 1st April or the 1st October (as the case may be) preceding the due date of such Coupons and Coupons will be paid accordingly.

(c) In the repayment of Bonds drawn for redemption the rate of exchange ruling on the fifteenth day of the month preceding the date fixed for repayment will be applied.

(d) The rate of exchange ruling on any day will be deemed to be the middle rate certified by the Bank of England as current in London for telegraphic transfers at noon on the day in question.

7. New coupon sheets representing subsequently accruing interest will be made available by the German Government at the Bank of England on the 15th October, 1949, to the holders of enfaced Bonds which are then still outstanding and have not been drawn for redemption.

8. All Coupons paid and all Bonds redeemed in accordance with the terms of this Memorandum will be cancelled and will not be capable of re-issue.

9. For the purpose of the provision of service requirements and the payment of Coupons and redemption of Bonds the nominal amount thereof will be deemed to be the nominal amount in the currency of issue and not on a gold basis.

10. The principal premiums (if any) and interest of all enfaced Bonds will be paid without deduction of all present and future German taxes, stamp or other duties, dues or public charges regardless of the nationality, domicile or residence of the holders thereof. Provided that nothing in this paragraph will have the effect of exempting a holder whose domicile, usual residence or place of business is in Germany from liability to such German taxes, stamp or other duties, dues or public charges as would otherwise be due from him in respect of the interest on or the principal or premium of the Bonds.

11. For the purpose of this Memorandum the definition of "British holders" contained in Article 4 of the Anglo-German Transfer Agreement of the 1st July, 1938, will be applied: that is to say, as regards Bonds denominated in Sterling (1) persons ordinarily resident or ordinarily carrying on business in the United Kingdom, (2) British subjects wherever resident, (3) corporations incorporated by or under the laws of the United Kingdom or of any other territory under the sovereignty of His Majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate, and (4) persons under His Majesty's protection and ordinarily resident or ordinarily carrying on business in the United Kingdom or any other of the territories aforesaid;

And as regards Bonds denominated in a currency other than Sterling, all individuals of any nationality ordinarily resident or ordinarily carrying on business in the United Kingdom and all corporations incorporated under the laws of the United Kingdom.

12. In consideration of the German Government's undertakings contained in the Anglo-German Transfer Agreement of the 1st July, 1938, and in this Memorandum, the holders of enfaced Bonds will be deemed to have agreed to be subject to the provisions set out in this Memorandum and payment to a holder of Bonds or Coupons in accordance with the terms of this Memorandum will constitute full discharge of such Bonds or Coupons.

ANNEX.

The text to be enfacéd on certified Bonds presented to the Bank of England by Bondholders assenting to the terms of the annexed Memorandum will be substantially as follows :

“ This Bond has been certified as being in British ownership on the 15th June, 1934, and the holder is subject to the terms of the Anglo-German Transfer Agreement of the 1st July, 1938, and the relative Memorandum scheduled to the Supplementary Agreement of the 13th August, 1938, and published in *The Times* on , 1938.”

The text to be enfacéd on Coupons attached to enfacéd Bonds will be as follows :

“ Reduced to 5 per cent.”

SCHEDULE B. — GERMAN GOVERNMENT INTERNATIONAL 5½ PER CENT. LOAN, 1930.
(*Young Loan.*)

Memorandum of August 13th, 1938.

Detailed Arrangements made for the Application of Sterling Funds to be provided by the German Government in accordance with the Terms of the Anglo-German Transfer Agreement signed in London on July 1st, 1938, for the Service of Bonds of the Loan shown to the Satisfaction of the Bank of England to have been in the Beneficial Ownership of British Holders on June 15th, 1934.

1. (a) Bonds of the Loan shown to the satisfaction of the Bank of England to have been in the beneficial ownership of British Holders on the 15th June, 1934, are referred to in this Memorandum as “ certified Bonds ”.

(b) Certified Bonds which have been presented to the Bank of England for enfacement in the form annexed to this Memorandum are referred to in this Memorandum as “ enfacéd Bonds ”.

2. (a) The period of service of the Bonds will be divided into financial years expiring on the 31st May in each year. The initial period up to the 31st May, 1939, will be treated as a full year and provision of interest will be made accordingly.

(b) The German Government will make no provision for the redemption of certified Bonds in respect of the financial years ending the 31st May, 1939, and the 31st May, 1940, and accordingly the payments to be made by the German Government in respect of those years will be limited to the sums in Sterling required for the payment of interest in accordance with the provisions of paragraph 3 (a) of this Memorandum.

(c) The German Government will in respect of each financial year from and including the financial year ending the 31st May, 1941, provide in Sterling a sum calculated at the rate of five and one-half per cent. on the nominal amount of all certified Bonds without, except as mentioned in paragraph 5 (a) below, making any reduction in respect of any Bonds which may have been or may subsequently be redeemed.

3. The following provisions will have effect with regard to the provision of the sums required for and the payment of interest :

(a) Interest represented by Coupons maturing on and after the 1st December, 1938, attached to enfaced Bonds will be paid on maturity in Sterling at the rate of four and one-half per cent. per annum on presentation of the appropriate Coupons at the Bank of England, London, except that in the case of Bonds which are presented for certification after the 15th November, 1938, payment of the Coupons may be deferred, pending receipt by the Bank of England of the corresponding amounts.

(b) On the 15th day of May and November in each year commencing with the 15th November, 1938, the Bank of England will give notice to the German Government of the sum required to provide for the payment of Coupons attached to certified Bonds falling due on the next succeeding interest date, and the German Government will within seven days after receiving such notice pay to the Bank of England the sum so required.

(c) As and when Bonds are certified as aforesaid after the 15th November, 1938, the Bank of England will at convenient intervals claim from the German Government the amount required for the payment of the Coupons of such Bonds which have then matured and are payable as mentioned in paragraph 3 (a) above, and on receipt thereof and enfacement of the Bonds in question the Bank of England will pay the Coupons accordingly.

4. The following provisions will have effect with regard to the provision and application of the sums required for redemption :

(a) The German Government will not later than the 1st May in each financial year commencing with the financial year ending the 31st May, 1941, pay to the Bank of England a sum equal to the balance remaining available out of the annual amount to be provided as mentioned in paragraph 2 (c) above after making provision for the amounts required for the payment of Coupons attached to certified Bonds on the two immediately preceding interest dates.

(b) The German Government will be entitled to purchase enfaced Bonds at or below par plus accrued interest but exclusive of expenses of purchase. To the extent to which on or prior to the 1st May in any financial year the German Government proves such purchases to the satisfaction of the Bank of England, the sum to be paid by the German Government in respect of the redemption of Bonds in that financial year will be reduced by the actual purchase price according to the relative Brokers' contract notes or other documents of sale exclusive of accrued interest and expenses of purchase paid by the German Government.

(c) All sums paid to the Bank of England on the 1st May as mentioned above will be applied by the Bank of England in the redemption in Sterling at par of Bonds which have been enfaced on or prior to the preceding 30th April. The Bonds so to be redeemed will be selected by drawings. Drawings will be made in respect of any year in which they are necessary between the 1st May and the 16th May at the offices of the Bank of England, London, in such manner, and by and in the presence of such persons as the Bank of England, after consultation with the German Debt Administration (" Reichsschuldenverwaltung ") may deem expedient and equitable. Bonds expressed to be payable in each separate currency will be drawn separately. Forthwith after any drawing the Bank of England will by advertisement in *The Times* notify the holders of Bonds drawn for redemption of such drawing and name a time and place for the presentation and payment of drawn Bonds complete with unmaturing Coupons against payment of the principal sums due. No drawn Bond for the payment of which due provision has been made on the terms of this Memorandum will continue to carry interest after the due date for payment. All drawn Bonds will be due for payment of principal sums due thereon on the 1st June immediately following the date of drawing. Drawn Bonds presented for payment must have attached thereto all Coupons maturing after the date fixed for redemption, and, in the event of one or more of such Coupons being absent, the amount payable thereon at the rate of four and one-half per cent. per annum will be deducted in calculating the sum payable to the holder.

(d) So far as reasonably practicable the amount applied in any financial year (whether by proved purchases or drawings) in the redemption of Bonds expressed to be payable in any one

currency will bear the same proportion towards the total amount so applied in that financial year as the total nominal value of all certified Bonds expressed to be payable in that currency bears to the aggregate nominal value of all certified Bonds : no right will arise against the German Government or against the Bank of England owing to failure to observe such proportion.

(e) As and when Bonds are certified as aforesaid after the 1st May, 1941, the Bank of England will, at convenient intervals, notify the German Government the amount required for redemption purposes in respect of such Bonds and attributable to preceding financial years which amount would previously have been due to be provided under the provisions of this Memorandum had such Bonds been certified as aforesaid on the 1st May, 1941. Such amount will be added to and applied in like manner as the provisions to be made for redemption in the financial year in which the same is notified by the Bank of England to the German Government.

5. (a) On the 1st June, 1941, or on any subsequent interest date, the German Government may on giving six months' previous notice by publication in *The Times*, redeem at par all the enfaced Bonds or any part thereof having an aggregate nominal value equal to or in excess of £1,000,000 or its equivalent. In the event of a partial redemption the sums available will, so far as the circumstances permit, be applied rateably in manner provided by paragraph 4 (d) above, and the Bonds to be redeemed will be determined by drawings to be made in the first half of May or November, as the case may be, for redemption on the following 1st June or 1st December and otherwise in accordance with the provisions of paragraph 4 (c) above. The German Government will provide the Bank of England with the Sterling funds necessary to give effect to any redemption in accordance with the provisions of this paragraph not later than one month before the date fixed for repayment. Upon any such redemption being effected, the annual sums to be provided in accordance with paragraph 2 (c) above will be reduced in subsequent financial years by an amount equal to five and one-half per cent. of the nominal amount of the Bonds redeemed. In the event of a redemption being effected on the 1st June in any year the annual sum to be provided in the current financial year will be reduced by an amount equal to two and three-quarters per cent. of the nominal amount of the Bonds redeemed.

(b) In addition to its rights under the preceding paragraph, but without prejudice to its obligations under paragraph 2 (c) above, the German Government may at any time present enfaced Bonds to the Bank of England for cancellation.

6. The following provisions will have effect with regard to the provision and application of the Sterling service monies to be provided in respect of bonds denominated in a currency other than Sterling :

(a) In calculating the amount of the annual sum to be provided by the German Government in accordance with paragraph 2 (c) above and in determining the rateable distribution of the amount available for amortisation in any financial year the rates of exchange ruling on the preceding 15th May will be applied as regards one-half of such amount and the rates of exchange ruling on the 15th November will be applied as regards the remainder.

(b) Amounts claimed by the Bank of England for the payment of Coupons will be calculated at the rates of exchange ruling on the 15th May or the 15th November (as the case may be) preceding the due date of such Coupons and Coupons will be paid accordingly.

(c) In the repayment of Bonds drawn for redemption the rate of exchange ruling on the first day of the month preceding the date fixed for repayment will be applied.

(d) The rate of exchange ruling on any day will be deemed to be the middle rate certified by the Bank of England as current in London for telegraphic transfers at noon on the day in question.

7. New coupon sheets representing subsequently accruing interest will be made available by the German Government at the Bank of England on the 1st June, 1965, to the holders of enfaced bonds which are then still outstanding and have not been drawn for redemption.

8. All Coupons paid and all Bonds redeemed in accordance with the terms of this Memorandum will be cancelled and will not be capable of re-issue.

9. For the purpose of the provision of service requirements and the payment of Coupons and redemption of Bonds, the nominal amount thereof will be deemed to be the nominal amount in the currency of issue, and not on a gold basis.

10. The principal and interest of all enfaced Bonds will be paid without deduction of all present and future German taxes, stamp or other duties, dues or public charges, regardless of the nationality, domicile or residence of the holders thereof. Provided that nothing in this paragraph will have the effect of exempting a holder whose domicile, usual residence or place of business is in Germany from liability to such German taxes, stamp or other duties, dues or public charges as would otherwise be due from him in respect of the interest on or the principal of the Bonds.

11. For the purpose of this Memorandum, the definition of "British holders" contained in Article 4 of the Anglo-German Transfer Agreement of the 1st July, 1938, will be applied: that is to say, as regards Bonds denominated in Sterling (1) persons ordinarily resident or ordinarily carrying on business in the United Kingdom; (2) British subjects wherever resident; (3) corporations incorporated by or under the laws of the United Kingdom or of any other territory under the sovereignty of His Majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate; and (4) persons under His Majesty's protection and ordinarily resident or ordinarily carrying on business in the United Kingdom or any other of the territories aforesaid;

And as regards Bonds denominated in a currency other than Sterling, all individuals of any nationality ordinarily resident or ordinarily carrying on business in the United Kingdom and all corporations incorporated under the laws of the United Kingdom.

12. In consideration of the German Government's undertakings contained in the Anglo-German Transfer Agreement of the 1st July, 1938, and in this Memorandum, the holders of enfaced Bonds will be deemed to have agreed to be subject to the provisions set out in this Memorandum, and payment to a holder of Bonds or Coupons in accordance with the terms of this Memorandum will constitute full discharge of such Bonds or Coupons.

ANNEX.

The text to be enfaced on certified Bonds presented to the Bank of England by Bondholders assenting to the terms of the annexed Memorandum will be substantially as follows:

"This Bond has been certified as being in British ownership on the 15th June, 1934, and the holder is subject to the terms of the Anglo-German Transfer Agreement of the 1st July, 1938, and the relative Memorandum scheduled to the Supplementary Agreement of the 13th August, 1938, and published in *The Times* on _____, 1938."

The text to be enfaced on Coupons attached to enfaced Bonds will be as follows:

"Reduced to 4½ per cent."

SCHEDULE C. — AUSTRIAN GOVERNMENT INTERNATIONAL LOAN, 1930.

Memorandum of August 13th, 1938.

Detailed Arrangements made for the Application of Sterling Funds to be provided by the German Government in accordance with the Terms of the Anglo-German Transfer Agreement signed in London on the 1st July, 1938, for the Purchase of Bonds of the Loan shown to the Satisfaction of the Government of the United Kingdom to have been in the Beneficial Ownership of British Holders on the 1st July, 1938, and Coupons of such Bonds.

1. Bonds of the Loan shown to the satisfaction of the Government of the United Kingdom to have been in the beneficial ownership of British Holders on the 1st July, 1938, and which have been enfaced in the form annexed to this Memorandum are referred to in this Memorandum as "enfaced Bonds".

2. (a) The period during which Sterling funds are to be provided will be divided into financial years expiring on the 30th June in each year, and the German Government will, through the Reichsbank, provide in Sterling in respect of each financial year in the manner mentioned below a sum calculated at the rate of seven per cent. on the nominal amount of all enfaced Bonds, without making any reduction in respect of any Bonds which may have been or may subsequently be purchased by or on behalf of the German Government.

(b) The initial period up to the 30th June, 1939, will be treated as a full year and provision will be made accordingly.

3. The following provisions will have effect with regard to the provision of the sums required for the purchase of Coupons :

(a) Coupons maturing on and after the 1st January, 1939, attached to enfaced Bonds will be purchased on maturity in Sterling at a price calculated at the rate of five per cent. per annum on surrender of the appropriate Coupons at the office of Morgan Grenfell and Co., Limited, London, except that in the case of Bonds which are presented for enfacement after the 15th December, 1938, purchase of the Coupons may be deferred, pending receipt by Morgan Grenfell and Co., Limited, of the corresponding amounts.

(b) On the 15th day of June and December in each year commencing with the 15th December, 1938, Morgan Grenfell and Co., Limited, will give notice to the Reichsbank of the sum required to provide for the purchase of Coupons attached to enfaced Bonds falling due on the next succeeding interest date, and the Reichsbank will, within seven days after receiving such notice, pay to Morgan Grenfell and Co., Limited, the sum so required.

(c) As and when Bonds are enfaced after the 15th December, 1938, Morgan Grenfell and Co., Limited, will at convenient intervals claim from the Reichsbank the amount required for the purchase of the Coupons of such Bonds which have then matured and are payable as mentioned in paragraph 3 (a) above, and on receipt thereof and enfacement of the Bonds in question Morgan Grenfell and Co., Limited, will effect the purchase of the Coupons accordingly.

4. The following provisions will have effect with regard to the provision and application of the sums required for the purchase of Bonds :

(a) The Reichsbank will, not later than the 15th October in each financial year, commencing with the 15th October, 1939, pay to Morgan Grenfell and Co., Limited, a sum equal to the balance remaining available out of the annual amount to be provided as mentioned in paragraph 2 (a) above after making provision for the amounts required in the preceding financial year for the purchase of Coupons attached to enfaced Bonds. Except that as regards the sum to be paid on the 15th October, 1939, the amount required for the purchase of Coupons in respect of the financial year ending the 30th June, 1939, will be deemed to have been equal to five per cent. of the nominal amount of all Bonds which have been enfaced on or prior to the 14th October, 1939.

(b) The Reichsbank will be entitled to purchase enfaced Bonds at or below par, plus the premium expressed to be payable on the Bonds and accrued interest, but exclusive of expenses of purchase. To the extent to which on or prior to the 15th October in any year the Reichsbank proves such purchases to the satisfaction of Morgan Grenfell and Co., Limited, the sum to be provided for the purchase of Bonds in respect of the preceding financial year will be reduced by the actual purchase price according to the relative Brokers' contract notes or other documents of sale exclusive of accrued interest and expenses of purchase paid by the Reichsbank.

(c) All sums paid to Morgan Grenfell and Co., Limited, on the 15th October as mentioned above will be applied by Morgan Grenfell and Co., Limited, in the purchase at par plus premium of Bonds which have been enfaced on or prior to the preceding 14th October. The Bonds so to be purchased will be selected by drawings. Drawings will be made in respect of any year in which they are necessary between the next succeeding 15th October and the 30th November at the office of Morgan Grenfell and Co., Limited, in such manner and by and in the presence of such persons as Morgan Grenfell and Co., Limited, after consultation with the German Debt Administration (" Reichsschuldenverwaltung ") may deem expedient and equitable. Bonds expressed to be payable in each separate currency will be drawn separately. Forthwith, after any drawing, Morgan Grenfell and Co., Limited, will by advertisement in *The Times* notify the holders of Bonds drawn for purchase of such drawing and name a time and place for the presentation and purchase of drawn Bonds complete with unmatured Coupons against payment of the principal sums and premiums due. No provision will be made for the purchase of any Coupons maturing after the interest date next following the date of drawing attached to drawn Bonds for the purchase of which due provision has been made on the terms of this Memorandum. All drawn Bonds will be due for purchase on the 1st January immediately following the date of drawing. Drawn Bonds presented for purchase must have attached thereto all Coupons maturing after the date fixed for purchase and in the event of one or more of such Coupons being absent the amount payable thereon at the rate of five per cent. per annum will be deducted in calculating the purchase price payable to the holder.

(d) So far as reasonably practicable the amount applied in respect of any financial year (whether by proved purchases or drawings) in the purchase of Bonds expressed to be payable in any one currency will bear the same proportion towards the total amount so applied in respect of that financial year as the total nominal value of all enfaced Bonds expressed to be payable in that currency bears to the aggregate nominal value of all enfaced Bonds ; no right will arise against the Reichsbank or against Morgan Grenfell and Co., Limited, owing to failure to observe such proportion.

(e) As and when Bonds are enfaced as aforesaid after the 15th October, 1939, Morgan Grenfell and Co., Limited, will at convenient intervals notify the Reichsbank the amount required for the purchase of enfaced Bonds in respect of such Bonds and attributable to preceding financial years, which amount would previously have been due to be provided under the provisions of this Memorandum had such Bonds been enfaced as aforesaid on the 15th October, 1939. Such amount will be added to and applied in like manner as the provision to be made for purchase of Bonds in respect of the financial year in which the same is notified by Morgan Grenfell and Co., Limited, to the Reichsbank.

5. Without prejudice to its obligations under paragraph 2 (a) above, the German Government through the Reichsbank may at any time present enfaced Bonds to Morgan Grenfell and Co., Limited, for cancellation.

6. The following provisions will have effect with regard to the provision and application of the Sterling sums to be provided for the purchase of Bonds and Coupons denominated in a currency other than Sterling :

(a) In calculating the amount of the annual sum to be provided in accordance with paragraph 2 (a) above, and in determining the rateable distribution of the amount available for the purchase

of Bonds in respect of any financial year, the rates of exchange ruling on the 1st June will be applied as regards one-half of such amount and the rates of exchange ruling on the 1st December will be applied as regards the remainder.

(b) Amounts claimed by Morgan Grenfell and Co., Limited, for the purchase of Coupons will be calculated at the rates of exchange ruling on the 1st June or the 1st December (as the case may be) preceding the due date of such Coupons and Coupons will be purchased at prices calculated accordingly.

(c) In the purchase of Bonds drawn the rate of exchange ruling on the day preceding the day on which the drawing took place will be applied in calculating the purchase price.

(d) The rate of exchange ruling on any day will be deemed to be the middle rate certified by the Bank of England as current in London for telegraphic transfers at noon on the day in question.

7. New coupon sheets representing subsequently accruing interest will be made available by the German Government at the offices of Morgan Grenfell and Co., Limited, when the existing coupon sheets are exhausted, to the holders of enfaced Bonds which are then still outstanding and have not been drawn for purchase.

8. All Coupons and Bonds purchased in accordance with the terms of this Memorandum will be cancelled and will not be capable of re-issue.

9. For the purpose of the provision of purchase moneys and the purchase of Coupons and of Bonds, the nominal amount thereof will be deemed to be the nominal amount in the currency of issue and not on a gold basis.

10. The purchase price of Bonds and Coupons will be paid without deduction of all present and future German taxes, stamp or other duties, dues or public charges regardless of the nationality, domicile or residence of the holders thereof. Provided that nothing in this paragraph will have the effect of exempting a holder whose domicile, usual residence or place of business is in Germany from liability to such German taxes, stamp or other duties, dues or public charges as would otherwise be due from him in respect of the interest on or the principal or premium of the Bonds.

11. For the purpose of this Memorandum the definition of "British holders" contained in Article 4 of the Anglo-German Transfer Agreement of the 1st July, 1938, will be applied: that is to say, as regards Bonds denominated in Sterling (1) persons ordinarily resident or ordinarily carrying on business in the United Kingdom; (2) British subjects wherever resident; (3) corporations incorporated by or under the laws of the United Kingdom or of any other territory under the sovereignty of His Majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate; and (4) persons under His Majesty's protection and ordinarily resident or ordinarily carrying on business in the United Kingdom or any other of the territories aforesaid;

And as regards Bonds denominated in a currency other than Sterling, all individuals of any nationality ordinarily resident or ordinarily carrying on business in the United Kingdom, and all corporations incorporated under the laws of the United Kingdom.

12. In consideration of the German Government's undertakings contained in the Anglo-German Transfer Agreement of the 1st July, 1938, and in this Memorandum, the holders of enfaced Bonds will be deemed to have agreed to be subject to the provisions set out in this Memorandum, and payment of purchase price to a holder of Bonds or Coupons in accordance with the terms of this Memorandum will constitute full discharge of such Bonds or Coupons.

ANNEX.

The text to be enfacéd on Bonds presented to Morgan Grenfell and Co., Limited, by Bondholders assenting to the terms of the annexed Memorandum will be substantially as follows :

“ This Bond has been certified as being in British ownership on the 1st July, 1938, and the holder is subject to the terms of the Anglo-German Transfer Agreement of the 1st July, 1938, and the relative Memorandum scheduled to the Supplementary Agreement of the 13th August, 1938, and published in *The Times* on , 1938. ”

The text to be enfacéd on Coupons attached to enfacéd Bonds will be as follows :

“ Reduced to 5 per cent. ”

SCHEDULE D. — CITY OF SAARBRÜCKEN 6 PER CENT. STERLING LOAN OF 1928.

Memorandum of August 13th, 1938.

Detailed Arrangements made for the Application of Sterling Funds to be provided in accordance with the Terms of the Anglo-German Transfer Agreement signed in London on July 1st, 1938, for the Service of Bonds of the Loan shown to the Satisfaction of the Government of the United Kingdom to have been in the Beneficial Ownership of British Holders on July 1st, 1938.

The German Government has taken due note of the arrangements set forth in this Memorandum and has undertaken to provide the Sterling funds necessary for transfer of all monies paid by the City of Saarbrücken in respect of interest and sinking fund in accordance with those arrangements.

1. Bonds of the Loan shown to the satisfaction of the Government of the United Kingdom to have been in the beneficial ownership of British Holders on the 1st July, 1938, and which have been presented to Guinness, Mahon and Co., London, for enfacement in the form annexed to this Memorandum are referred to in this Memorandum as “ enfacéd Bonds ”.

2. (a) The period of service of the Bonds will be divided into financial years expiring on the 30th September in each year. The initial period up to the 30th September, 1938, will be treated as a full half-year and provision of interest will be made accordingly.

(b) The City of Saarbrücken will make no provision for the redemption of enfacéd Bonds in respect of the period ending the 1st July, 1940, and accordingly the payments to be made by the City of Saarbrücken in respect of that period will be limited to the sums in Sterling required for the payment of interest in accordance with the provisions of paragraph 3 (a) of this Memorandum.

(c) The City of Saarbrücken will in respect of each financial year from and including the financial year ending the 30th September, 1941, provide in Sterling a sum calculated at the rate of five and one-half per cent. on the nominal amount of all enfacéd Bonds without making any reduction in respect of any Bonds which may have been or may subsequently be redeemed.

(d) Provision for redemption of Bonds in respect of the period from the 1st July, 1940, to the 30th September, 1940, will be made by the City of Saarbrücken in the manner mentioned below.

3. The following provisions will have effect with regard to the provision of the sums required for and the payment of interest :

(a) Interest represented by Coupons maturing on and after the 1st October, 1938, attached to enfaced Bonds will be paid on maturity in Sterling at the rate of four and one-half per cent. per annum on presentation of the appropriate Coupons at the office of Guinness, Mahon and Co., London, except that in the case of Bonds which are presented for enfacement after the 15th September, 1938, payment of the Coupons may be deferred, pending receipt by Guinness, Mahon and Co. of the corresponding amounts.

(b) On the 15th day of March and September in each year commencing with the 15th September, 1938, Guinness, Mahon and Co. will give notice to the City of Saarbrücken of the sum required to provide for the payment of Coupons attached to enfaced Bonds falling due on the next succeeding interest date and the City of Saarbrücken will within seven days after receiving such notice pay to Guinness, Mahon and Co. the sum so required.

(c) As and when Bonds are enfaced as aforesaid after the 15th September, 1938, Guinness, Mahon and Co. will at convenient intervals claim from the City of Saarbrücken the amount required for the payment of the Coupons of such Bonds which have then matured and are payable as mentioned in paragraph 3 (a) above and on receipt thereof Guinness, Mahon and Co. will pay the Coupons accordingly.

4. The following provisions will have effect with regard to the provision and application of the sums required for redemption :

(a) The City of Saarbrücken will not later than the 1st September in each financial year commencing with the financial year ending the 30th September, 1941, pay to Guinness, Mahon and Co. a sum equal to the balance remaining available out of the annual amount to be provided, as mentioned in paragraph 2 (c) above, after making provision for the amounts required for the payment of Coupons attached to enfaced Bonds on the two immediately preceding interest dates.

(b) The City of Saarbrücken will be entitled to purchase enfaced Bonds at or below par plus the premium expressed to be payable on the Bonds and accrued interest but exclusive of expenses of purchase. To the extent to which on or prior to the 1st September in any financial year the City of Saarbrücken proves such purchases to the satisfaction of Guinness, Mahon and Co., the sum to be paid by the City of Saarbrücken in respect of the redemption of Bonds in that financial year will be reduced by the actual purchase price according to the relative Brokers' contract notes or other documents of sale (exclusive of accrued interest and expenses of purchase) paid by the City of Saarbrücken.

(c) All sums paid to Guinness, Mahon and Co. on the 1st September as mentioned above will be applied by Guinness, Mahon and Co. in the redemption in Sterling at par plus premium of Bonds which have been enfaced on or prior to the preceding 31st August. The Bonds so to be redeemed will be selected by drawings. Drawings will be made in respect of any year in which they are necessary between the 1st September and the 15th September at the office of Guinness, Mahon and Co., London, in such manner as Guinness, Mahon and Co. may deem expedient and equitable and (if so required by the City of Saarbrücken) in the presence of a representative of the City of Saarbrücken. Forthwith after any drawing, Guinness, Mahon and Co. will by advertisement in *The Times* notify the holders of Bonds drawn for redemption of such drawing and name a time and place for the presentation and payment of drawn Bonds complete with unmatured Coupons against payment of the principal sums and premiums due. No drawn Bond for the payment of which due provision has been made on the terms of this Memorandum will continue to carry interest after the due date for payment. All drawn Bonds will be due for payment of principal sums and premiums due thereon on the 1st October immediately following the date of drawing. Drawn Bonds presented for payment must have attached thereto all Coupons maturing after the date fixed for redemption, and in the event of one or more of such Coupons being absent the amount payable thereon at the rate of four and one-half per cent. per annum will be deducted in calculating the sum payable to the holder.

(d) As and when Bonds are enfaced as aforesaid after the 1st September, 1940, Guinness, Mahon and Co. will at convenient intervals notify to the City of Saarbrücken the amount required for redemption purposes in respect of such Bonds and attributable to preceding financial years, which amount would previously have been due to be provided under the provisions of this Memorandum had such Bonds been enfaced as aforesaid on the 1st September, 1940. Such amount will be added to and applied in like manner as the provisions to be made for redemption in the financial year in which the same is notified by Guinness, Mahon and Co. to the City of Saarbrücken.

(e) Provision for redemption in respect of the period from the 1st July, 1940, to the 30th September, 1940, will be made by the City of Saarbrücken on the 1st September, 1940, by payment to Guinness, Mahon and Co. of a sum calculated at the rate of one per cent. per annum for the period in question on the nominal value of all enfaced Bonds, and the conditions of paragraphs 4 (a), (b) and (c) shall apply to such sum.

5. (a) On the 1st October, 1953, or on any subsequent interest date the City of Saarbrücken may, on giving six months' previous notice by publication in *The Times*, redeem at par plus premium all the enfaced Bonds then outstanding. The City of Saarbrücken will provide Guinness, Mahon and Co. with the Sterling funds necessary to give effect to any redemption in accordance with the provisions of this paragraph not later than fifteen days before the date fixed for repayment. No bond for the payment of which due provision has been made on the terms of this paragraph will continue to carry interest after the date fixed for repayment.

(b) In addition to its rights under the preceding paragraph, but without prejudice to its obligations under paragraph 2 (c) above, the City of Saarbrücken may at any time present enfaced Bonds to Guinness, Mahon and Co. for cancellation.

6. New coupon sheets representing subsequently accruing interest will be made available by the City of Saarbrücken at the office of Guinness, Mahon and Co., London, on the 1st October, 1953, to the holders of enfaced Bonds which are then still outstanding and have not been drawn for redemption.

7. All Coupons paid and all Bonds redeemed in accordance with the terms of this Memorandum will be cancelled and will not be capable of re-issue.

8. All amounts due in respect of unrepresented Coupons or Bonds for the payment of which due provision has been made on the terms of this Memorandum shall at the expiration of six and thirty years respectively cease to be enforceable.

9. The principal, premium and interest of all enfaced Bonds will be paid without deduction of all present and future German taxes, stamp or other duties, dues or public charges regardless of the nationality, domicile or residence of the holders thereof. Provided that nothing in this paragraph will have the effect of exempting a holder whose domicile, usual residence or place of business is in Germany, from liability to such German taxes, stamp or other duties, dues or public charges as would otherwise be due from him in respect of the interest or premium on or the principal of the Bonds.

10. For the purpose of this Memorandum the definition of "British holders" contained in Article 4 of the Anglo-German Transfer Agreement of the 1st July, 1938, in respect of Bonds denominated in Sterling, will be applied: that is to say (1) persons ordinarily resident or ordinarily carrying on business in the United Kingdom, (2) British subjects wherever resident, (3) corporations incorporated by or under the laws of the United Kingdom or of any other territory under the sovereignty of His Majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate, and (4) persons under His Majesty's protection and ordinarily resident or ordinarily carrying on business in the United Kingdom or any other of the territories aforesaid.

II. In consideration of the German Government's undertakings contained in the Anglo-German Transfer Agreement of the 1st July, 1938, and of the undertakings of the City of Saarbrücken contained in this Memorandum, the holders of enfaced Bonds will be deemed to have agreed to be subject to the provisions set out in this Memorandum and payment to a holder of Bonds or Coupons in accordance with the terms of this Memorandum will constitute full discharge of such Bonds or Coupons.

ANNEX.

The text to be enfaced on Bonds presented to Guinness, Mahon and Co. by Bondholders assenting to the terms of the annexed Memorandum will be substantially as follows :

“ This Bond has been certified as being in British ownership on the 1st July, 1938, and the holder is subject to the terms of the Anglo-German Transfer Agreement of the 1st July, 1938, and the relative Memorandum scheduled to the Supplementary Agreement of the 13th August, 1938, and published in *The Times* on _____, 1938. ”

The text to be enfaced on Coupons attached to enfaced Bonds will be as follows :

“ Reduced to 4½ percent. ”

SCHEDULE E. — AUSTRIAN GOVERNMENT CREDIT ANSTALT BONDS, 1936.

Memorandum of August 13th, 1938.

Detailed Arrangements made for the Application of Sterling Funds to be provided by the German Government in accordance with the Terms of the Anglo-German Transfer Agreement signed in London on July 1st, 1938, for the Purchase of Capital Coupons attached to Bonds of the Issue shown to the Satisfaction of the Government of the United Kingdom to have been in the Beneficial Ownership of British Holders on July 1st, 1938.

1. Austrian Government Credit Anstalt Bonds, 1936, shown to the satisfaction of the Government of the United Kingdom to have been in the beneficial ownership of British Holders on the 1st July, 1938, and which have been enfaced in the form annexed to this Memorandum are referred to in this Memorandum as “ enfaced Bonds ”.

2. The following provisions will have effect with regard to the provision by the German Government through the Reichsbank of the sums required for the purchase of Capital Coupons :

(a) Coupons maturing on and after the 1st September, 1938, attached to enfaced Bonds will be purchased on maturity in Sterling at a price equal to the amount expressed to be payable thereon on surrender of the appropriate Coupons at the office of Morgan Grenfell and Co., Limited, London, except that, in the case of Bonds which are presented for enfacement after the 15th August,

1938, purchase of the Coupons may be deferred, pending receipt by Morgan Grenfell and Co., Limited, of the corresponding amounts.

(b) On the 15th day of February and August in each year commencing with the 15th August, 1938, Morgan Grenfell and Co., Limited, will give notice to the Reichsbank of the sum required to provide for the purchase of Coupons attached to enfaced Bonds falling due on the next succeeding maturity date, and the Reichsbank will within seven days after receiving such notice pay to Morgan Grenfell and Co., Limited, the sum so required.

(c) As and when Bonds are enfaced after the 15th August, 1938, Morgan Grenfell and Co., Limited, will at convenient intervals claim from the Reichsbank the amount required for the purchase of the Coupons of such Bonds which have then matured, and on receipt thereof and enfacement of the Bonds in question Morgan Grenfell and Co., Limited, will effect the purchase of the Coupons accordingly.

3. The Reichsbank may at any time present enfaced Bonds to Morgan Grenfell and Co., Limited, for cancellation.

4. The following provisions will have effect with regard to the provision and application of the Sterling sums to be provided for the purchase of Capital Coupons denominated in a currency other than Sterling :

(a) Amounts claimed by Morgan Grenfell and Co., Limited, for the purchase of Capital Coupons will be calculated at the rates of exchange ruling on the 15th February or the 15th August (as the case may be) preceding the due date of maturity of such Coupons, and Coupons will be purchased at prices calculated accordingly.

(b) The rate of exchange ruling on any day will be deemed to be the middle rate certified by the Bank of England as current in London for telegraphic transfers at noon on the day in question.

5. All Coupons purchased in accordance with the terms of this Memorandum will be cancelled and will not be capable of re-issue.

6. The purchase price of Coupons will be paid without deduction of all present and future German taxes, stamp or other duties, dues or public charges, regardless of the nationality, domicile or residence of the holders thereof. Provided that nothing in this paragraph will have the effect of exempting a holder whose domicile, usual residence or place of business is in Germany from liability to such German taxes, stamp or other duties, dues or public charges as would otherwise be due from him in respect of the Bonds.

7. For the purpose of this Memorandum the definition of " British holders " contained in Article 4 of the Anglo-German Transfer Agreement of the 1st July, 1938, will be applied : that is to say, as regards Bonds denominated in Sterling (1) persons ordinarily resident or ordinarily carrying on business in the United Kingdom, (2) British subjects wherever resident, (3) corporations incorporated by or under the laws of the United Kingdom or of any other territory under the sovereignty of His Majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate, and (4) persons under His Majesty's protection and ordinarily resident or ordinarily carrying on business in the United Kingdom or any other of the territories aforesaid ;

And as regards Bonds denominated in a currency other than Sterling all individuals of any nationality ordinarily resident or ordinarily carrying on business in the United Kingdom and all corporations incorporated under the laws of the United Kingdom.

8. In consideration of the German Government's undertakings contained in the Anglo-German Transfer Agreement of the 1st July, 1938, and in this Memorandum, the holders of enfaced Bonds will be deemed to have agreed to be subject to the provisions set out in this Memorandum and payment of purchase price to a holder of Coupons in accordance with the terms of this Memorandum will constitute full discharge of such Coupons.

ANNEX.

The text to be enfacéd on Bonds presented to Morgan Grenfell and Co., Limited, by Bondholders assenting to the terms of the annexed Memorandum will be substantially as follows :

“ This Bond has been certified as being in British ownership on the 1st July, 1938, and the holder is subject to the terms of the Anglo-German Transfer Agreement of the 1st July, 1938, and the relative Memorandum scheduled to the Supplementary Agreement of the 13th August, 1938, and published in *The Times* on , 1938. ”

The text to be enfacéd on Coupons attached to enfacéd Bonds will be as follows :

“ Subject to the Anglo-German Transfer Agreement 1938. ”

SCHEDULE F. — KONVERSIONSKASSE FÜR DEUTSCHE AUSLANDSSCHULDEN.

German (including formerly Austrian) Long and Medium Term “ Non-Reich ” Debts (as defined in Article 2 (i) (f) of the Anglo-German Transfer Agreement of July 1st, 1938).

1. In pursuance of the Anglo-German Transfer Agreement of the 1st July, 1938, the Konversionskasse für Deutsche Auslandsschulden has been authorised by the German Government to make provision of certain sums in Sterling for the purchase of interest instalments relating to long and medium term “ Non-Reich ” debts, including interest, distributed profits, rents on leases (*Mietzinsen* and *Pachtzinsen*) and similar payments of a recurring nature in respect of credit balances, credits, loans, mortgages, participations and other investments in respect of which corresponding payments in Reichsmarks have been made to the Konversionskasse by German (including formerly Austrian) debtors.

2. Such payments in Sterling will be made :

(a) In respect of interest instalments payable in Sterling on Sterling Bonds and other Sterling securities issued or domiciled in London, and also

(b) In respect of other interest instalments irrespective of currency of payment, provided that the holder can show to the satisfaction of the Government of the United Kingdom that he is at the date on which he presents his claim a British holder as defined in Article 4 of the Anglo-German Transfer Agreement of the 1st July, 1938, and provided either :

(i) That such holder can similarly show that at no time since the 1st January, 1937, in the case of German indebtedness, or the 1st July, 1938, in the case of Austrian indebtedness, has any person other than a British holder (as so defined) or a person or corporation from whom a British holder has since acquired the right to receive such instalment through inheritance or the distribution of assets on a liquidation of such corporation been beneficially entitled to the relative interest instalment, or

(ii) That the Konversionskasse has consented to the payment of Sterling in respect of the instalments in question after it has been shown that the right of the British holder to receive such instalments arises from the re-investment of the proceeds of sale (not being a sale directly to another

British holder) or redemption of an asset any instalments arising out of which would themselves (if the asset had not been sold or redeemed) have complied with the provisions of this paragraph (b).

The provisions of the preceding sub-paragraph (ii) also apply to interest instalments arising from assets which have been acquired out of the proceeds of sale of tax vouchers (" Steuergutscheine ") distributed to the holder on or after the 1st July, 1938, under the German Laws and Decrees relating to Anleihestock, provided that the interest instalments arising from the shares or other investments in respect of which such distribution is made themselves fall within the provisions of this § 2 or are exempted from the Transfer Moratorium.

3. Such payments will be made in respect of interest instalments :

(a) Which fall due within the period of these arrangements, provided the relative amounts are paid to the Konversionskasse on or prior to the date of the termination of such arrangements, or

(b) Which fell due prior to the 1st July, 1938, provided the relative amounts are paid to the Konversionskasse within the period of these arrangements, or

(c) Which have arisen in respect of Austrian indebtedness, provided the relative amounts were paid to the Konversionskasse within the period from the 30th April, 1938, to the 30th June, 1938.

4. The purchase price of any interest instalment falling within these arrangements will be a sum in Sterling equal to fifty per cent. of the Sterling amount, or the Sterling equivalent of the amount calculated as provided in § 5 below, of such instalment in respect of which the relative amount has been paid to the Konversionskasse ; provided that :

(a) In the case of interest, dividends and distributed profits, which are based on a specific capital amount, the sum or sums so paid in Sterling shall not exceed in the aggregate a sum equal to 4 per cent. per annum of such capital amount, or its Sterling equivalent calculated as provided in § 5 below, and

(b) Where the creditor has voluntarily reduced the rate of interest on an advance which has not yet fallen due or where an advance has fallen due and been prolonged or converted into a new advance for a fixed term under the existing German regulations (but excluding short-term deposits on blocked account and cases where a matured advance is continued from day to day), the sum or sums so paid in Sterling shall in the aggregate be at least equal to 2 ½ per cent. per annum of the capital amount, or its Sterling equivalent calculated as provided in § 5 below, of such advance (but not exceeding the relative amount paid to the Konversionskasse).

In the case of rents on leases (*Mietzinsen* and *Pachtzinsen*) and distributed profits, which are not based on any specific capital amount, the maximum and minimum rates of transfer mentioned in paragraphs (a) and (b) above will not be applied.

5. Where the relative interest instalment is payable in a currency other than Sterling or Reichsmarks the amount to be paid in Sterling will be ascertained in accordance with the official Berlin middle rates ruling on the working day next preceding the day on which such instalment is paid by the Debtor to the Konversionskasse. Where the relative interest instalment is expressed in Reichsmarks the amount to be paid in Sterling will be ascertained in accordance with the official Berlin middle rate ruling on the working day next preceding the day on which the creditor presents his claim to the Paying Agent.

6. Any creditor will be deemed to have refused the Sterling payment now offered to him unless he shall have claimed such payment within six months of the due date of the relative interest instalment or the date upon which the Konversionskasse shall have advised that the appropriate payment has been made to it by the debtor (whichever date be the later), but his contractual rights will remain unaffected.

7. Acceptance by the creditor of the Sterling payment now offered to him will extinguish his claim to the relative interest instalment.

8. The purchase of interest instalments on long or medium term " Non-Reich " debts as aforesaid will be effected :

(a) In the case of interest on loans which are payable through paying agents in London, by the agents concerned, and

(b) In the case of all other interest instalments, by Messrs. J. Henry Schröder and Co., 145 Leadenhall Street, London E.C. 3, who have been appointed by the Konversionskasse as its agents for this purpose.

BERLIN, August 13th, 1938.

Article 4 of the Anglo-German Transfer Agreement of July 1st, 1938.

For the purpose of this Agreement the expression "British holders" means as regards obligations in Sterling (1) persons ordinarily resident or ordinarily carrying on business in the United Kingdom, (2) British subjects wherever resident, (3) corporations incorporated by or under the laws of the United Kingdom or of any other territory under the sovereignty of His Majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate, and (4) persons under His Majesty's protection and ordinarily resident or ordinarily carrying on business in the United Kingdom or any other of the territories aforesaid ;

And as regards other issues or debts, all individuals of any nationality ordinarily resident or ordinarily carrying on business in the United Kingdom and all corporations incorporated under the laws of the United Kingdom.

TRADUCTION. — TRANSLATION.

N° 4527. — ACCORD COMPLÉMENTAIRE ENTRE LE GOUVERNEMENT DU REICH ALLEMAND ET LE GOUVERNEMENT DU ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD RELATIF A L'EXÉCUTION DE L'ARTICLE 2 DE L'ACCORD DE TRANSFERT DU 1^{er} JUILLET 1938. SIGNÉ A BERLIN, LE 13 AOÛT 1938.

Considérant qu'aux termes de l'article 2 (i) de l'Accord de Transfert signé à Londres le 1^{er} juillet 1938 entre le Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord et le Gouvernement du Reich allemand (désigné dans le présent accord sous le nom d'« Accord de Transfert »), le Gouvernement allemand s'engage à fournir, sur la base dudit article, des montants en sterling pour le service de certaines obligations,

Qu'aux termes de l'article 2 (iii) de l'Accord de Transfert, les gouvernements contractants doivent aussitôt que possible arrêter d'un commun accord les dispositions de détail en vue de l'exécution de cet article,

Les soussignés, dûment autorisés à cet effet par le Gouvernement du Royaume-Uni et par le Gouvernement du Reich allemand, sont convenus des dispositions ci-après :

Les dispositions de l'article 2 de l'accord de transfert seront exécutées conformément aux stipulations des sections A à F du présent accord.

En foi de quoi les soussignés, dûment autorisés par leurs gouvernements respectifs, ont signé le présent accord et y ont apposé leurs sceaux.

Fait à Berlin, en double expédition, le 13 août 1938, en langues anglaise et allemande, les deux textes faisant également foi.

Pour le Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord :

(L. S.) NEVILLE HENDERSON.

Pour le Gouvernement du Reich allemand :

(L. S.) E. WIEHL.

SECTION A. — EMPRUNT EXTÉRIEUR ALLEMAND DE 1924.

(*Emprunt Dawes.*)

Mémoire du 13 août 1938.

Réglemement de détail concernant l'utilisation des montants en sterling que doit fournir le Gouvernement allemand, conformément aux dispositions de l'Accord de Transfert anglo-allemand signé à Londres le 1^{er} juillet 1938, au titre du service des obligations de l'emprunt pour lesquelles il a été prouvé à la Banque d'Angleterre qu'elles appartenaient effectivement à des porteurs britanniques à la date du 15 juin 1934.

1. a) Les obligations de l'emprunt pour lesquelles il aura été fourni à la Banque d'Angleterre la preuve qu'elles appartenaient effectivement à des porteurs britanniques à la date du 15 juin 1934 sont désignées dans le présent mémorandum sous le nom d'« obligations certifiées ».

b) Les obligations certifiées qui auront été présentées à la Banque d'Angleterre pour estampillage et qui sont revêtues de la formule jointe en annexe au présent mémorandum sont désignées dans celui-ci sous le nom « d'obligations estampillées ».

2. a) La période du service de l'emprunt sera divisée en exercices prenant fin le 14 octobre de chaque année et le Gouvernement allemand fournira, pour chaque exercice, une somme en sterling calculée à raison de 7 pour cent du montant nominal de toutes les obligations certifiées,