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## HONGRIE ET ITALIE

Convention pour les dettes et créances et protocole final contenant une déclaration relative à cette convention, signés à Budapest, le 27 mars 1924.

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## HUNGARY AND ITALY

Agreement relating to Debts and Credits and Final Protocol containing a Declaration relative to this Agreement, signed at Budapest, March 27, 1924.

<sup>1</sup> TRADUCTION. — TRANSLATION.No. 1099. — AGREEMENT<sup>2</sup> BETWEEN HUNGARY AND ITALY RELATING TO DEBTS AND CLAIMS, SIGNED AT BUDAPEST, MARCH 27, 1924.

*French official text communicated by the "Chargé des Affaires" of the Royal Hungarian Delegation accredited to the League of Nations and by the Italian Minister for Foreign Affairs. The registration of this Agreement took place February 24, 1926.*

*Article 1.**Maturity.*

(1) All claims in Austro-Hungarian crowns which fell due before July 26, 1921, between Hungarian nationals who on November 3, 1918, had their place of residence or business in that part of the territory of Hungary the frontiers of which were fixed by the Treaty of Trianon of the one part, and Italian nationals who at the said date had their place of residence or business in the territory of the Kingdom of Italy, including the territory which has been annexed, of the other part, shall be settled direct, as between the creditors and debtors, in Italian currency on the basis of the rates of exchange mentioned in Article 231 paragraph (*d*) and in Article 254 of the Treaty of Trianon.

(2) These stipulations shall not in any way prejudice the right of ownership of the State domain of the Kingdom of Italy in respect of claims acquired by virtue of the right of devolution mentioned in the Treaty of Trianon.

*Article 2.**Nationality.*

As regards claims to be settled in accordance with the provisions of Article 1,

- (a) Banks, savings banks, credit establishments and commercial associations of all kinds, together with institutions possessing juridical personality, which have their head office in the territory of one of the High Contracting Parties shall be deemed to be nationals of the State in question ;
- (b) Juridical persons, including the persons referred to in the preceding paragraph, established in the territory transferred to Italy and recognised as such, either by the Italian administrative authorities or by an Italian judicial decision, shall in all cases be deemed to be Italian in accordance with the provisions of Article 75 of the Treaty of St. Germain ;
- (c) Persons who have acquired Italian nationality as of right, by election or option, by virtue of the Peace Treaties or the laws or decrees promulgated in connection with the execution thereof, shall be deemed to be Italian nationals.

Persons who have opted for Hungary shall be deemed to be Hungarian nationals.

<sup>1</sup> Traduit par le Secrétariat de la Société des Nations.

<sup>1</sup> Translated by the Secretariat of the League of Nations.

<sup>2</sup> The exchange of ratifications took place at Budapest, December 5, 1924.

*Article 3.**Branch offices.*

(1) As regards the obligations — to be settled in accordance with the provisions of Article 1 — of the branch offices of juridical persons or of commercial associations, in cases in which such branch offices are situated in the territory of one of the High Contracting Parties and the head office is situated in the territory of the other High Contracting Party, the situation of the branch office shall be decisive, and not that of the head office. In cases in which the branch offices are situated outside the territory of the High Contracting Parties, the situation of the head office shall be decisive and not that of the branch office.

(2) Branch offices to which the Royal Decree of September 1, 1920, No. 1236, applies shall be deemed to be Italian nationals for the purposes of the present Agreement, in the absence of a special agreement between the State where the head office is situated and the State to which the creditor or debtor of the branch office in question belongs.

*Article 4.**Removals.*

Changes in places of residence or business which took place between May 25, 1915, and November 3, 1918, shall not be taken into consideration if the national concerned has again taken up his place of residence or business since November 3, 1918, in the present territory of the State in which he resided before his removal.

*Article 5.**Transfer of Claims.*

(1) The provisions of Article 1 shall only apply to claims arising before May 25, 1915, if the creditor or debtor is a national of the former Kingdom of Italy, and also to claims arising before November 3, 1918, if the creditor or debtor is a national under one of the categories in paragraphs (b) and (c) of Article 2.

(2) If a claim susceptible of valorisation has been transferred after the dates mentioned above to a person who is not qualified under the terms of the preceding Articles, the transfer shall not in any way prejudice the right of the present creditor to demand payment on the conditions on which it was due to the creditor who was qualified on November 3, 1918 to demand valorisation, and, on the other hand, if a claim which is not susceptible of valorisation under the terms of the preceding Articles has been transferred since the above-mentioned dates to a qualified creditor, the debtor shall only be required to pay the debt to the extent to which, and in the currency in which, it was due on November 3, 1918, to the creditor who has transferred his claim.

(3) The rate of exchange mentioned in Article 231 of the Treaty of Trianon shall only apply in the case of claims affecting nationals of the former Kingdom of Italy or institutions which belonged to Italy before the coming into force of the Treaty of St. Germain.

*Article 6.**Insurance.*

(1) Obligations arising out of insurance policies shall be settled separately. It is, nevertheless, hereby stipulated that debts due to Hungarian nationals or to persons resident in Hungary contracted by Italian insurance companies with branch offices in Hungary, and arising out of insurance policies expressed in terms of Austro-Hungarian crowns, shall be paid in Hungarian crowns at par.

(2) No valorisation of the private bonds and claims of Italian insurance companies which have branch offices in Hungary shall take place. These insurance companies shall furnish the Hungarian

Finance Ministry, within a short period, with detailed information (number and nominal value) with regard to private bonds in their possession on November 3, 1918.

(3) In the actuarial reserves of the branch offices of these companies in Hungary shall be included Hungarian private bonds to bearer or claims against Hungarian nationals, provided that such bonds or claims form part of the property of the companies concerned.

(4) Branch offices of Italian insurance companies established in Hungary at the date of the ratification of the present Agreement shall be treated in the same way as Hungarian insurance companies.

#### Article 7.

##### *Maturity. Bonds.*

(1) All claims of which the payment can be demanded after the giving of notice, and which failing such notice did not fall due before July 26, 1921, shall be regarded as having fallen due before July 26, 1921.

(2) In consequence, claims arising out of savings deposits (including savings deposits with the Hungarian Post-office Savings Bank) or out of current accounts shall be included among the claims to be valorised in accordance with Article 1, provided that the conditions laid down in Articles 1-5 are fulfilled as regards the claimants.

(3) Claims of which the payment could be demanded before July 26, 1921, based upon bonds (coupons which have fallen due and bonds which have been drawn in respect of mortgages or other fixed-interest-bearing obligations) are to be valorised in the case of nationals of the former Kingdom of Italy if the conditions laid down in Articles 1-5 are fulfilled as regards the claimant, and if the claimant can prove that he acquired possession of the bonds before May 25, 1915, or if he can prove that possession was transferred to him by a holder who was duly qualified under the terms of the said Articles at that date.

(4) Claims of which the payment can be demanded in virtue of bonds to bearer which belong to the nationals referred to in paragraphs (b) and (c) of Article 2 and in respect of which the Hungarian Government does not agree to valorisation, shall form the subject of separate negotiations. In the absence of an agreement within six months from the coming into force of the present Agreement, any dispute between the persons concerned with regard to these claims shall be settled by the Italo-Hungarian Mixed Arbitration Tribunal. The High Contracting Parties declare that in that event the provisions of the present Agreement shall not constitute a precedent.

(5) Claims of which the payment can be demanded after July 26, 1921, and which are based upon private security bonds shall be repaid to Italian nationals who are similarly situated in accordance with the same conditions, without distinction, as shall be laid down in respect of Hungarian nationals or nationals of the most favoured nation, either by Hungarian laws and regulations or by conventions.

Collective decisions, regulating such repayment in respect of nationals of the former Austro-Hungarian Monarchy, given by arbitrators at the request of a third State or of its nationals against Hungary or her nationals, shall be valid according to the principle of the most favoured nation in respect of the Italian nationals mentioned in paragraphs (b) and (c) of Article 2.

The rights of nationals of the former territories of the Kingdom of Italy in respect of the repayment of private securities shall not be modified by the present Agreement in cases in which they are settled by the Treaty of Trianon.

The competence of the Mixed Arbitral Tribunals and of the other arbitral bodies referred to in the Treaty of Trianon shall not be modified by the present Agreement as regards disputes relating to the repayment of private securities (bonds) in the possession of nationals of the former territories of the Kingdom of Italy.

*Article 8.**Judicial deposit.*

(1) The present Agreement shall apply with retroactive effect if the debt in question was paid after November 3, 1918, by means of a judicial deposit in consequence of the settlement of a dispute by a judicial or arbitral award, not rendered as the result of an application by the creditor. The deposit shall be deemed to be annulled.

(2) This stipulation shall not apply to payments made in consequence of an agreement or friendly arrangement; nor shall it apply — without prejudice to the right to demand compensation from the Kingdom of Hungary — to deposits made during the war before November 3, 1918.

*Article 9.**Notification.*

(1) In order to assert their claim to valorisation as provided for in the preceding Articles, Italian creditors shall notify their claims by registered letter to their debtors and to the Hungarian Ministry of Finance within a period of six months from the coming into force of the present Agreement. Hungarian creditors shall also notify their claims to their debtors. Applications for the valorisation of claims which have not been notified within this period will not be granted except in the case of the claims mentioned in paragraph (2) of Article 1.

(2) If the Hungarian Government does not recognise by registered letter the claim which has been notified within a period of three months after notification, the creditor shall be entitled to demand judgment against the Hungarian State by the Italo-Hungarian Mixed Arbitral Tribunal within a period of six months after the date of the notification of the claim.

*Article 10.**Responsibility of the State.*

(1) The Kingdom of Hungary shall be responsible for the payment of the debts of its nationals which are settled by the present Agreement and recognised by it or by an award of the Mixed Arbitral Tribunal rendered in accordance with paragraph (2) of Article 9, except in cases in which the debtors were bankrupt or in a state of actual or declared insolvency before the war or in which the debt was payable by a company whose affairs were liquidated during the war in accordance with exceptional war legislation.

(2) Failing payment of the sums due to creditors who are Italian nationals, such creditors shall have the right to demand payment from the Kingdom of Hungary in accordance with the provisions of the following Article.

*Article 11.**Time-limits.*

(1) A Hungarian debtor shall have the right to pay the nominal amount of the debt in Austro-Hungarian crowns as recognised by him or by an award of the Mixed Arbitral Tribunal and converted into lire in accordance with the provisions of Article 1, by means of bonds to bearer expressed in terms of lire issued by the Hungarian Government.

(2) The aggregate nominal value of the bonds must be equal to the value of the converted debt. Such value shall be determined on the basis of the contractual rate of interest or, in the absence of any stipulation with regard to the legal rate of interest, of a maximum rate of 5 % per annum up to the date of maturity and of 3 ½ % per annum from the date of maturity up to January 1st, 1925.

(3) The bonds shall be issued for sums of 50, 100, 1,000 and 10,000 lire. Each bond shall be furnished with eighteen coupons. Repayment shall only be made on the basis of the coupons. One coupon shall be repayable each year on January 1. The first coupon shall be payable on January 1, 1925.

(4) The amount expressed on the coupons shall be one-eighteenth part of the nominal value of the bond, plus interest at 3 % per annum for one year in respect of the amount of the coupon in question and of the amount of the coupons which mature subsequently.

(5) The Hungarian Government shall place at the disposal of the Hungarian debtors or of the creditors the necessary bonds to meet the above-mentioned obligations. The debtors shall have the right to pay the value converted into lire in instalments. The relations between the Hungarian debtors and the Hungarian State in this respect together with such right of recourse arising therefrom as the Hungarian State may exercise against its nationals shall be regulated by Hungarian internal law.

(6) A creditor shall have the right to present the coupons to his debtor, to the Treasury of the Hungarian State or to the credit establishments specified by the Hungarian Finance Ministry. The debtor shall only be required to pay the amount of the coupons which have fallen due if they are presented to him by the original creditor.

(7) Without prejudice to the provisions of paragraph (2) of Article 1, Italian debtors shall have the right to pay their debts to Hungarian nationals with the bonds referred to in this Article calculated at their original nominal value, less such payments as may have been made on capital account. The said debtors shall have this right even if they have acquired the bonds in question by purchase in the market.

(8) Italian debtors who are creditors of Hungarian nationals shall have the right to pay their debts with their liquid claims, even if their creditor is not the same person as their debtor ; for this purpose an Italian national may, instead of making payment, transfer the whole or part of his claims to his Hungarian creditor, provided that the claim is one which is recognised by the Hungarian State or by an award of the Mixed Arbitral Tribunal and which is guaranteed by the Hungarian State under the terms of Article 10.

#### *Article 12.*

##### *War Debt.*

The Hungarian Government recognises that the payment of the bonds of the public war debt which were in the possession of Italian nationals on June 4, 1920, must be effected at one and the same time whether they are in the possession of Italian nationals of the former Kingdom of Italy or whether they are in the possession of Italian nationals who have acquired Italian nationality by virtue of the Peace Treaties or of the laws for the execution of those Treaties. The settlement shall in no case be effected on terms less favourable than those which have been or which may in the future be adopted in respect of Hungarian nationals.

#### *Article 13.*

##### *Compensation.*

(1) As regards all cases of damage or prejudice for which the Italian Government considers that the Kingdom of Hungary is responsible in accordance with the Treaty of Trianon, but for which the Hungarian Government does not feel that it can assume responsibility, the Hungarian Government agrees to accept the decision of the Italo-Hungarian Mixed Arbitral Tribunal, to which the persons concerned shall have the right to address themselves.

(2) The Hungarian Government shall repay the amounts deducted on the occasion of the conversion and stamping of Austro-Hungarian crown notes to Italian nationals — including the nationals referred to in Article 2 — who were possessors of such notes, Austro-Hungarian crowns being first converted into Hungarian crowns at par.

*Article 14.**Prescription.*

(1) Time-limits with regard to prescription, foreclosure and the institution of proceedings, as also time-limits relating to dates of maturity in respect of the payment of coupons, interest or dividends, to the repayment of drawn bonds or of bonds repayable on some other ground, to the payment of bills of exchange, to the notice of acceptance or of payment, to the protesting of bills or to the accomplishment of any formality whatever, which have been suspended or prolonged by Articles 235 and 236 of the Treaty of Trianon, and all time-limits mentioned in the said Articles, shall recommence to run as from a date three months (90 days) after the coming into force of the present Agreement.

(2) This stipulation shall also apply in the annexed territories in respect of the above-mentioned time-limits which have been suspended or prolonged in accordance with Article 252 of the Treaty of Trianon, or with the laws in force in those territories before the coming into force of the present Agreement. For the purpose of the application of the present paragraph, the period from November 3, 1918, to July 26, 1921, the date of the coming into force of the Treaty of Trianon, shall be deemed to be a period during which a state of war existed.

*Article 15.**Arbitral Tribunal.*

(1) All disputes between the Kingdom of Hungary or Hungarian nationals, of the one part, and Italian nationals — including the nationals referred to in Article 2 — of the other part, concerning the accomplishment of obligations which are to be fulfilled on the basis of the present Agreement, shall be submitted for decision to the Italo-Hungarian Mixed Arbitral Tribunal.

(2) In the event of a decision of the ordinary courts being contrary to the provisions of the Peace Treaties, or of the present Agreement, the aggrieved party shall have a right to appeal to the said Mixed Arbitral Tribunal.

*Article 16.**Disputes.*

(1) The provisions of the present Agreement shall not affect the rights of persons who, under the Treaty of Trianon, may claim more favourable treatment, provided that the exercise of such rights is not expressly regulated in the present Agreement or in the special Conventions referred to in Articles 6 and 7.

(2) Failing an agreement between the Hungarian State and the persons concerned, or between the debtors and the creditors, the Italo-Hungarian Mixed Arbitral Tribunal shall determine the disputes, and all such disputes shall be within the competence of that Tribunal.

*Article 17.**Taxes.*

The industrial tax on commercial undertakings which have their headquarters within the new frontiers of Italy — a tax which must be apportioned on the basis of the balance-sheets of all the years up to 1918 inclusive — shall be calculated and sub-divided at Trieste in accordance with the old system for determining the amounts of the taxes due by the various branch-offices of the said undertakings.

The sub-division and direct assessment of the tax in Hungary on the basis of the special balance-sheets for each territory shall only be permitted in the case of the balance-sheet for the year 1919 (the tax for 1920) and subsequent balance-sheets.

*Article 18.*

The present Agreement shall be ratified and shall come into force on the date of the exchange of ratifications.

Done at Budapest on March 27, 1924, in two copies, one of which has been transmitted to each of the High Contracting Parties.

For Hungary :

(Signed) ALADÁR DE STEIGER,

For Italy :

(Signed) LUIGI ORAZIO VINCI.

## FINAL PROTOCOL.

On the occasion of the signing of the two Conventions with regard to debts and claims and with regard to the consolidation of the coupons due for payment and the bonds due for redemption of the pre-war Hungarian debt issued in Italy, the undersigned Plenipotentiaries of the High Contracting Parties have made the following declarations :

## DECLARATION CONCERNING THE CONVENTION RELATING TO DEBTS AND CLAIMS.

(1) It is understood that the provisions of the Convention relating to debts and claims shall not in any way affect the question whether the provisions of the Treaty of Trianon referred to in Article 1 of the said Convention (Articles 231 and 254) are applicable under present conditions to debts and claims in currencies other than the Austro-Hungarian crown.

(2) It is understood that the rights of the parties to assert the rights or to put forward the exceptions which in their opinion derive from the Peace Treaties, and to bring such objections as they see fit to urge, in their own interests, before the Mixed Tribunals, in connection with the disputes referred to in paragraph (5) of Article 7 of the Convention relating to debts and claims, are not affected.

## DECLARATION CONCERNING THE CONVENTION FOR THE CONSOLIDATION OF THE ARREARS OF THE PUBLIC DEBT.

(1) Whereas the payment of the pre-war Hungarian public debt is regulated by the Franco-Hungarian Convention<sup>1</sup> of January 31, 1921, and by the contract concerning the grant of a moratorium to the Hungarian Government by its French creditors on December 21, 1923, and by the Declaration<sup>2</sup> of the British Office for the Administration of Enemy Property made at Paris on December 11, 1923, and by the Anglo-Hungarian Convention<sup>3</sup> concluded in London on December 20, 1921, modified by the above-mentioned Declaration, it is understood that all the clauses must be considered together as a whole for the purpose of determining whether the Hungarian Government has, or has not, granted more favourable treatment in respect of the claims for which it is responsible under Sections 3, 4, 5, 6 and 7 of Part X of the Treaty of Trianon and under the above-mentioned Conventions — by virtue of the obligation which it has undertaken — than the treatment which is provided for in the Convention regarding the consolidation of the coupons due for payment and the bonds due for redemption of the pre-war Hungarian Public Debt issued in Italy, concluded this day between the Kingdom of Italy and the Kingdom of Hungary.

<sup>1</sup> Vol. XV, page 221, of this Series.

<sup>2</sup> Vol. XXIII, page 119, of this Series.

<sup>3</sup> Vol. X, page 437, of this Series.



(2) In consequence, the Italian Delegation, having taken note of the above-mentioned Conventions and Declarations, declares that in its opinion the afore-mentioned stipulations could not be invoked in order to demand the application, in favour of the Italian holders of bonds of the Hungarian Public Debt, of Article 10 of the above-mentioned Convention regarding the consolidation of the pre-war Hungarian Public Debt issued in Italy.

(3) The Hungarian Delegation declares in its turn that the friendly agreements which the Hungarian Government may conclude as a result of the above-mentioned Conventions or analogous Conventions shall be in conformity with the obligation of the Hungarian Government referred to in paragraph (1), and that in the contrary event the Hungarian Government undertakes to grant to Italian creditors equivalent advantages. In consequence, Italian holders who do not wish to accept the conditions of the Convention regarding the consolidation of the coupons due for payment and the bonds due for redemption of the pre-war Hungarian Public Debt issued in Italy retain the right to demand, if they so desire, to be treated in accordance with the provisions of the Conventions referred to in paragraph (1) or of the instruments amending them.

#### DECLARATION CONCERNING THE WAR DEBT.

The Hungarian Delegation declares that the Royal Hungarian Government assumes responsibility under the provisions of Article 12 of the Convention relating to debts and claims for bonds of the public war debt in possession of Italian nationals, in consequence of the fact that under the Treaty of Trianon no territory of the former Kingdom of Hungary was attributed to the Kingdom of Italy. It is understood that this only applies to bonds of the Hungarian Public War Debt which were on June 4, 1920, and which still are, in the possession of Italian nationals.

The present Final Protocol, which shall be ratified at the same time as the two Conventions above referred to, concluded on this day, shall be deemed to constitute an integral part of the said Conventions and shall therefore possess the same force and validity.

Done at Budapest on March 27, 1924, in two copies, one of which has been transmitted to each of the High Contracting Parties.

For Hungary :

(Signed) ALADÁR DE STEIGER.

For Italy :

(Signed) LUIGI ORAZIO VINCI.