

No. 7418

**AUSTRIA, HUNGARY, ITALY and YUGOSLAVIA
and
THE DANUBE-SAVE-ADRIATIC RAILWAY COMPANY
(FORMERLY THE SOUTHERN RAILWAY COMPANY)**

**Agreement (with Protocol and Declaration and annexed
bilateral agreements). Done at Rome, on 8 December
1962**

Official text: French.

Registered by Italy on 28 September 1964.

**AUTRICHE, HONGRIE, ITALIE et YOUGOSLAVIE
et
COMPAGNIE DES CHEMINS DE FER
DANUBE-SAVE-ADRIATIQUE (ANCIENNE COMPAGNIE
DES CHEMINS DE FER DU SUD)**

**Accord (avec Protocole et Déclaration et accords bilatéraux
annexés). Fait à Rome, le 8 décembre 1962**

Texte officiel français.

Enregistré par l'Italie le 28 septembre 1964.

[TRANSLATION — TRADUCTION]

No. 7418. AGREEMENT¹ BETWEEN THE REPUBLIC OF AUSTRIA, THE HUNGARIAN PEOPLE'S REPUBLIC, THE ITALIAN REPUBLIC, THE FEDERAL PEOPLE'S REPUBLIC OF YUGOSLAVIA AND THE DANUBE-SAVE-ADRIATIC RAILWAY COMPANY (FORMERLY THE SOUTHERN RAILWAY COMPANY), DRAWN UP WITH THE CONCURRENCE OF THE REPRESENTATIVES OF THE HOLDERS OF BONDS OF THE ABOVE COMPANY AND OF BONDS AND COUPONS ISSUED BY THE FORMER SOUTHERN RAILWAY COMPANY. DONE AT ROME, ON 8 DECEMBER 1962

Whereas :

Under the Treaties of Peace concluded on 10 February 1947 with Hungary² (article 26, paragraph 10) and with Italy³ (annex XIV, paragraph 15), and the State Treaty concluded on 15 May 1955 with Austria⁴ (article 25, paragraph 10), the said States undertook to participate with the other signatories of the Rome Agreement of 29 March 1923⁵ in any negotiations having the purpose of introducing into its provisions the modifications necessary to ensure the equitable settlement of the annuities which it provided;

The representatives of the said States and the representatives of the Federal People's Republic of Yugoslavia, having met in conference at Rome from 2 to 12 May 1958 with the representatives of the Danube-Save-Adriatic Railway Company (hereinafter referred to as the Company) and the representatives of the holders of bonds of the Company and of bonds and coupons issued by the former Southern Railway Company (hereinafter referred to as the representatives of the bondholders), were unable to reach agreement; desiring, however, to reach a final settlement of the debts of the above-mentioned States arising out of the Rome Agreement of 29 March 1923, they agreed to the proposal of the representatives of the bondholders that bilateral negotiations should be initiated with a view to such a settlement;

¹ In accordance with article 15, the Agreement came into force on 29 May 1964, the date of deposit with the Italian Government of the last instrument of ratification. The instruments were deposited as follows :

Hungary	22 November 1963	Yugoslavia	21 February 1964
Austria	1 February 1964	Italy	29 May 1964

² United Nations, *Treaty Series*, Vol. 41, p. 135.

³ United Nations, *Treaty Series*, Vol. 49 and 50.

⁴ United Nations, *Treaty Series*, Vol. 217, p. 223; Vol. 221, p. 439; Vol. 226, p. 382; Vol. 259, p. 445; Vol. 263, p. 424; Vol. 316, p. 350, and Vol. 420, p. 345.

⁵ League of Nations, *Treaty Series*, Vol. XXIII, p. 255.

These negotiations were successful, and bilateral agreements to that end were concluded by each of the States concerned with the representatives of the bondholders;

These agreements, being final and consolidated settlements, render inoperative the scheme for the amortization of the bonds of the Company and the scheme for the amortization of the other bonds issued by the former Southern Railway Company, and consequently render largely inoperative the functions which for that purpose the Rome Agreement of 29 March 1923 had assigned to the Committee of Bondholders established under that Agreement;

Lastly, the long period of time which has elapsed, and the events which have occurred, since the entry into force of the Rome Agreement of 29 March 1923 have rendered most of the provisions of that Agreement purposeless and have accordingly demonstrated the need for the conclusion of a new agreement adapted to existing conditions :

- The Federal President of the Republic of Austria,
- The Government of the Hungarian People's Republic,
- The President of the Italian Republic,
- The Government of the Federal People's Republic of Yugoslavia,

together with :

- The Danube-Save-Adriatic Railway Company (formerly the Southern Railway Company), and
- The National Association of French Holders of Securities,

have appointed as their representatives, invested with full powers :

The Federal President of the Republic of Austria :

Dr. Eduard Heilingsetzer, former Minister, Permanent Under-Secretary in the Ministry of Finance, and Dr. Rainer Reinöhl, former Permanent Under-Secretary in the Ministry of Transport;

The Government of the Hungarian People's Republic :

Mr. Károly Reti, Permanent Under-Secretary in the Ministry of Finance;

The President of the Italian Republic :

Ambassador Francesco Babuscio Rizzo and Dr. Angelo Di Nola, President of the Honorary Section of the State Council;

The Government of the Federal People's Republic of Yugoslavia :

Mr. Ivo Vejevoda, Ambassador of the Federal People's Republic of Yugoslavia at Rome;

together with :

The Danube-Save-Adriatic Railway Company (formerly the Southern Railway Company) :

Dr. Erasmo Caravale, Honorary President of the State Council, and Dr. August Weissel, former General Manager of the Company;

The National Association of French Holders of Securities :

Mr. Robert Dunant

Mr. Pierre Haour

Dr. Robert Lang

Mr. Léon Martin,

who participate in this Agreement, according to the statement of the French Ministry of Foreign Affairs dated 14 August 1962 accrediting them and under the mandate arising out of the above-mentioned Treaties of Peace and State Treaty;

Who, having communicated their full powers, found in good and due form, have agreed as follows :

Article 1

The bilateral agreements concluded by each of the States concerned with the representatives of the bondholders are hereby recognized and shall entirely replace the provisions of the Rome Agreement of 29 March 1923 concerning the payment of annuities and all other State obligations to the holders of bonds and of outstanding coupons (Lombard scrip).

The provisions of these bilateral agreements shall bring about a novation of the rights of the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of coupons that fell due from 1 October 1914 to 1 January 1923 on the bonds of the former Southern Railway Company of Austria (Lombard scrip). They shall have the effect of a compulsory and ratified arrangement.

These bilateral agreements are attached as annexes¹ to the present Agreement and shall form an integral part thereof.

Where a State has made the principal payments owing under the bilateral agreement concluded by it with the representatives of the bondholders, it shall be completely and finally discharged from all debts arising out of the Rome Agreement of 29 March 1923, and the holders of bonds and coupons shall no longer be entitled to advance claims against it in respect of rents, arrears or interest in arrears, or on any other ground.

For the purposes of the bilateral agreements in which gold francs are mentioned, "gold francs" shall be taken to mean the twentieth part of a gold coin weighing 6.45161 grammes and 900/1000 fine. It is understood that only payments effected in the currency or currencies indicated in these agreements shall be allowable, the parity of these currencies being established on the basis

¹See pp. 257, 261, 265 and 271, respectively, of this volume.

stated by the International Monetary Fund and, for the Swiss franc, on the basis of the legal definition of that currency.

Article 2

The holders of bonds and outstanding coupons (Lombard scrip) as a body shall be represented by the Committee of Bondholders composed of four members appointed by the National Association of French Holders of Securities. In the event of other similar associations of bondholders being formed, which jointly or separately represent the interests of the holders of at least one quarter of the bonds issued by the Company, the right of appointing these four members shall belong proportionately to the above National Association and to such other associations. This Committee shall be the exclusive representative of the holders of bonds and of outstanding coupons (Lombard scrip).

The Committee of Bondholders may, at the appropriate moment, apply for capital distribution to bondholders the balances of the accounts in the bond amortization fund, including the balance of the account entitled "Reserve relating to 866,674 bonds of the Brioni Régime still at issue" and the balance of the account entitled "Amortization and interest of the Brioni Agreement Régime".

The bonds delivered by Germany pursuant to the Brioni Agreement and the bonds assigned by Italy to the Committee of Bondholders, being cancelled, shall be excluded from any distribution.

The balance of the special fund for the payment of arrears, which according to the figure supplied by the Committee is now gold fr 2,222,019, shall be distributed *pro rata* among the holders of outstanding coupons (Lombard scrip).

Article 3

Henceforth, claims arising out of possession of bonds or of coupons may be advanced only under the terms of this Agreement and may be made only against the bond amortization fund or the special fund for the payment of arrears, respectively.

These two funds shall be administered and represented before the courts by the above-mentioned Committee, which in the performance of its functions shall be entitled to sue and be sued.

The Committee of Bondholders may, if necessary and at the appropriate time, appoint one or more liquidators with a view to winding up its operations.

The Committee of Bondholders shall communicate its annual accounts concerning the management of the assets of the funds to the four States concerned, not later than the end of the first six months of the following year.

Should the balance remaining after the final accounting be so insignificant as to be unsuitable for distribution to the bondholders, such balance shall be used after consultation with the States and the Company.

Article 4

French law and jurisdiction shall continue to be applicable in respect of protests and claims relating to destroyed, lost or stolen bonds and coupons of the Company. Any notices required in this connexion shall be delivered in Paris at the address selected by the Committee of Bondholders or, where appropriate, at the address of the liquidator or liquidators whom it shall have appointed.

Article 5

No distributions may be made by the Committee of Bondholders for the settlement of the Company's bonds by virtue of these provisions more than ten years after the entry into force of this Agreement or, where appropriate, after the first payment, if that payment is later. In the case of outstanding coupons (Lombard scrip), the period shall be five years. The right to repayment of the 4 per cent Series E bonds of the Southern Railway Company of Austria shall expire on 1 January 1967; the right to exchange the bonds of the former Southern Railway Company of Austria shall also expire on that date.

Article 6

The Committee of Bondholders shall immediately take the necessary steps, if such steps have not yet been taken, to secure the cancellation of the liens and mortgages provided for in article 43 of the Rome Agreement of 29 March 1923 on each section of the railway lines, together with its accessories and the rolling stock allocated to the section operated by the State in question.

The liens and mortgages shall no longer be joint.

Article 7

Immediately after the entry into force of this Agreement, the Company shall transfer, to each signatory State which has made the principal payments owing to the Committee of Bondholders under the bilateral agreement concluded by it with the representatives of the bondholders and has obtained from the latter a final statement of discharge, the ownership of all the railway lines together with accessories and rolling stock, if such ownership has not yet passed to that State.

The railway lines, together with accessories and rolling stock, shall be transferred in the condition in which they are at the date of the said transfer of ownership, and no complaint or claim of any kind may be advanced against the

Company in connexion therewith. The transfer shall also include lines which the Company has held on concession under special agreements.

Article 8

The private property of the Company shall remain entirely exempt from all obligations arising out of the Rome Agreement of 29 March 1923 or the preceding Agreements.

No complaint or claim arising out of the said Agreements may be advanced against the Company or its private property by the holders of bonds and coupons, the representatives of the bondholders, or the Contracting States, by reason of liabilities which have fallen due before or after 1923 or which may still fall due, Provisional Régime debts and debts assimilated thereto, or any other obligations arising out of these Agreements.

Article 9

The tax treatment of the Company's income and property shall be regulated by the Protocol¹ concluded between Austria, Italy and the Company, which is attached as an annex to this Agreement and shall form an integral part thereof.

Article 10

Upon the entry into force of this Agreement, existing concessions of railway lines held by the Company shall be extinguished.

The Company shall deliver the documents pertaining to the concessions forthwith to the State which originally granted the concession. If the railway lines in question are no longer situated, even in part, on the territory of the State which granted the concession, the relevant documents shall be delivered to the State on whose territory all or the greater part of these railway lines are situated.

The State which receives the documents shall send a photostat copy thereof to the other States concerned, including the State which granted the concession.

Article 11

After the entry into force of this Agreement, the Company, having lost the special character conferred upon it by the Rome Agreement, shall convene a meeting of shareholders to adapt its articles of association to the new situation and to elect new administrative organs.

¹ See p. 253 of this volume.

The latter shall begin to function immediately, and thereafter the present administrative organs shall cease to function.

Article 12

This Agreement shall regulate, *de novo* and finally, all the legal relationships between the signatories thereof which are based on the Rome Agreement of 29 March 1923 or arise out of that Agreement.

Upon the entry into force of this Agreement, the Rome Agreement of 29 March 1923, its annexes A, B, C, and D and its protocols, the greater part of their provisions having become purposeless, and the Convention¹ for the regulation of transit and communications on the system of the Company, also dated 29 March 1923, shall finally cease to be in force.

Nevertheless, nothing in this Agreement may be interpreted as restoring rights expressly renounced in the Rome Agreement of 29 March 1923.

Article 13

This Agreement, the documents necessary for its execution and the payments made by the States under the bilateral agreements attached as annexes to this Agreement shall be exempt from all taxes, duties and charges.

Article 14

By this Agreement, the signatory States have fulfilled the obligations arising out of the Treaties of Peace concluded with Hungary (article 26, paragraph 10) and Italy (annex XIV, paragraph 15) and the State Treaty (article 25, paragraph 10) concluded with Austria. The representatives of the bondholders and the Company take note of this fact.

Article 15

This Agreement shall be ratified as soon as possible.

Each State shall transmit its ratification to the Italian Government, which shall notify the fact to the other signatory Parties.

The instruments of ratification shall be deposited in the archives of the Italian Government.

This Agreement shall come into force on the date of the last ratification.

IN WITNESS WHEREOF the following Representatives have signed this Agreement.

¹ League of Nations, *Treaty Series*, Vol. XXIII, p. 377.

DONE at Rome on 8 December 1962 in French in a single copy, which shall remain deposited in the archives of the Italian Government, and true copies of which shall be transmitted to the Government of all the States represented at the Conference, as well as to the Company and to the representatives of the bondholders.

For the Republic of Austria :

HEILINGSETZER

REINÖHL

For the Government of the Hungarian People's Republic :

RÉTI Károly

For the Italian Republic :

Francesco BABUSCIO RIZZO

Angelo DI NOLA

For the Government of the Federal People's Republic of Yugoslavia :

Ivo VEJVODA

For the Danube-Save-Adriatic Railway Company
(formerly the Southern Railway Company) :

Erasmus CARVALE

August WEISSEL

For the National Association of French Holders of Securities :

R. DUNANT

HAOUR

LANG

L. MARTIN

PROTOCOL¹ BETWEEN THE REPUBLIC OF AUSTRIA, THE ITALIAN REPUBLIC AND THE DANUBE-SAVE-ADRIATIC RAILWAY COMPANY, FORMERLY THE SOUTHERN RAILWAY COMPANY, CONCERNING THE TAX TREATMENT OF THE COMPANY

The Republic of Austria, the Italian Republic and the Danube-Save-Adriatic Railway Company, formerly the Southern Railway Company (hereinafter referred to as the Company), desirous of regulating the tax treatment of the Company, pursuant to the Agreement signed this day,² have agreed as follows :

Article 1

In both States the Company shall be subject, in principle, to the prevailing tax system, except where the following articles provide for different treatment.

Article 2

The Company shall not be subjected by either Italy or Austria to discriminatory provisions in the matter of taxes, duties or other charges which are not or will not subsequently be levied on any other company of the State in question.

Article 3

1. Should the Company decide to transfer its property to one or more joint stock companies to be formed subsequently, both States shall give their assent to this arrangement if the laws of the respective countries require such assent.

2. No taxes, charges or duties shall be levied in either State as a result of the first such transfer or for the conversion of the gold franc balance into local currency. These privileges shall be valid only for five years from the date of entry into force of the Agreement to which this Protocol is attached as an annex.

Article 4

1. Subject to the following paragraph, dividends on the shares which are held by the Company shall be taxable in each of the two Contracting States under its domestic laws.

2. Should the dividends, as a result of the provisions of the preceding paragraph, be taxed in both States, the State of the Company's domicile shall deduct from its tax the tax collected in the other State on those dividends. Nevertheless, the amount of such deduction may not exceed that part of the tax which relates to the proportion of total income represented by those dividends.

Article 5

The provisions of the Italo-Austrian Convention against double taxation, which governs or may subsequently govern taxes on income and property, shall apply now or subsequently to all matters not mentioned in this Protocol.

¹ Came into force on 29 May 1964, in accordance with the second paragraph of article 5.

² See p. 237 of this volume.

This Protocol shall form an integral part of the Agreement signed this day and shall enter into force concurrently with that Agreement.

IN WITNESS WHEREOF the following Representatives have signed this Protocol.

DONE at Rome on 8 December 1962 in French in a single copy, which shall remain deposited in the archives of the Italian Government, and true copies of which shall be transmitted to the Governments of all the States represented at the Conference, as well as to the Company and to the representatives of the bondholders.

For the Republic of Austria :

HEILINGSETZER

REINÖHL

For the Italian Republic :

Francesco BABUSCIO RIZZO

Angelo DI NOLA

For the Danube-Save-Adriatic Railway Company
(formerly the Southern Railway Company) :

Erasmus CARVALE

August WEISSEL

STATEMENT OF THE COMMITTEE OF BONDHOLDERS

Acting within the scope of its authority, the Committee of Bondholders, established by the Rome Agreement of 29 March 1923, accedes to the Agreement concluded this day between the signatories of the said Rome Agreement under the conditions contemplated by the Treaties of Peace concluded on 10 February 1947 with Hungary (article 26, paragraph 10) and with Italy (annex XIV, paragraph 15) and by the State Treaty concluded with Austria on 15 May 1955 (article 25, paragraph 10).

It undertakes, in so far as it may be concerned, to give effect to the provisions of the said Agreement.

IN WITNESS WHEREOF the following Representatives have signed this Statement.

DONE at Rome on 8 December 1962 in French in a single copy, which shall remain deposited in the archives of the Italian Government, and true copies of which shall be transmitted to the Governments of all the States represented at the Conference, as well as to the Company and to the representatives of the bondholders.

For the Committee of Bondholders :

Robert DUNANT

Pierre HAOUR

Robert LANG

Léon MARTIN

*BILATERAL AGREEMENTS ANNEXED TO THE AGREEMENT¹
OF 8 DECEMBER 1962*

VARIABLE INTEREST BONDS OF THE DANUBE-SAVE-ADRIATIC RAILWAY COMPANY
AND LOMBARD SCRIP

PROTOCOL CONCERNING THE OFFER OF SETTLEMENT
OF AUSTRIA'S DEBT

In reference to the offer of settlement of Austria's debt, which was the subject of letters dated 21 November 1961 and 24 January 1962 from His Excellency the Austrian Federal Minister of Finance addressed to the Committee of Bondholders of the Danube-Save-Adriatic Railway Company (hereinafter referred to as "the Committee"):

I. BONDS

1. The Austrian Government shall, not later than 18 October 1962, pay into a special account to the order of the Committee the sum of Swiss fr 42,419,201.38 representing, at the exchange rate of Swiss fr 1.428 to one gold franc, the exchange value of gold fr 29,705,323.10 specified, in the above-mentioned letter dated 21 November 1961 from the Austrian Federal Minister of Finance, for the settlement of 1,900,000 variable interest bonds of the Danube-Save-Adriatic Railway Company. This payment shall be applied to the repayment of Austria's portion of the principal of the bonds, excluding all interest due or becoming due.

The amounts paid by Austria as instalments, pursuant to the Provisional Agreement of 20 June 1953, shall not be included in the above-mentioned sum, so that, when these instalments are taken into account, Austria's total settlement for the bonds shall be gold fr 31,655,323.

2. The Austrian Government shall pay to the order of the Committee and according to its instructions, within fifteen days after each request and in the currency designated by the Committee, the exchange value of gold fr 15.63438 for every bond that may be legally presented in excess of the 1,900,000 bonds covered above. This payment shall likewise be applied to the repayment of Austria's portion of the principal of the bonds, excluding all interest due or becoming due.

3. The Austrian Government confirms that it renounces all rights to the 866,674 bonds delivered by Germany pursuant to the Brioni Agreement. This renunciation is linked to Italy's renunciation of the 395,644 bonds acquired by the Italian Treasury under the Brioni Régime.

4. The Austrian Government undertakes to pay to the order of the Committee of Bondholders, after verification and as soon as practicable, for every bond that is recognized as valid, the exchange value of gold fr 15.63438, in the currency designated by the Committee.

II. LOMBARD SCRIP

1. The Austrian Government shall, not later than 18 October 1962, pay into a special account to the order of the Committee the sum of Swiss fr 971,471.25 representing,

¹ See p. 237 of this volume.

at the rate of Swiss fr 1.428 to one gold franc, the exchange value of the sum of gold fr 680,302 specified, in the above-mentioned letter dated 24 January 1962 from the Austrian Federal Minister of Finance, for the settlement of outstanding coupons (Lombard scrip), it being understood that, should the number of outstanding coupons (Lombard scrip) after five years from the first payment be less than the number of paid-up coupons, the Committee shall refund to the Austrian Government the unused amounts of the reserve.

2. The Austrian Government shall pay to the order of the Committee and according to its instructions, within fifteen days after each request and in the currency designated by the Committee, the exchange value of gold fr 0.193 or gold fr 0.135 for every outstanding coupon of the bonds of the former Southern Railway Company of Austria, legally presented in excess of the coupons covered by the above-mentioned reserve, that fell due from 1 October 1914 to 1 January 1919 or from 1 April 1919 to 1 January 1923, respectively.

3. The Austrian Government undertakes to pay to the order of the Committee, after verification and as soon as practicable, the exchange value of gold fr 0.193 or gold franc 0.135 for every outstanding coupon recognized as valid that fell due from 1 October 1914 to 1 January 1919 or from 1 April 1919 to 1 January 1923, respectively, in the currency to be designated by the Committee.

III. DISCHARGE

Considering that the Austrian Government's offer was made on the condition that Austria would be finally discharged from all indebtedness to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of outstanding coupons (Lombard scrip),

Considering also that this offer was accepted by 1,187,166 votes to 13,838 with 33,629 abstentions at the general meeting of shareholders, which met in Paris at third call on 15 March 1962,

The undersigned, Léon Martin, Pierre Haour, Robert Dunant and Robert Lang, as representatives of the bondholders appointed by the National Association of French Holders of Securities, in accordance with article 5, sub-paragraph (b), of the Rome Agreement of 29 March 1923, and taking into account the provisions of article 25, paragraph 10, of the Treaty of 15 May 1955 for the re-establishment of an independent and democratic Austria, declare that they accept Austria's offer of a consolidated and final settlement of its debt to the holders of bonds and outstanding coupons (Lombard scrip).

This Statement shall be tantamount to a final discharge, as to principal and interest, of Austria's debt to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of outstanding coupons (Lombard scrip).

DONE at Vienna, on 9 October 1962

J. KLAUS

R. DUNANT

P. HAOUR

R. LANG

L. MARTIN

STATEMENT OF THE COMMITTEE CONCERNING THE MORTGAGES

The Committee of Bondholders, within the scope of its authority, accedes to the Protocol concluded this day in application of article 25, paragraph 10, of the Treaty of 15 May 1955 for the re-establishment of an independent and democratic Austria, which Protocol concerns the settlement, as to principal and interest, of Austria's debt to the holders of bonds of the Danube-Save-Adriatic Railway Company and to the holders of outstanding coupons (Lombard scrip). In consideration of this situation, the Committee undertakes to take all necessary steps to secure, as soon as practicable, the assent of the other signatories of the Rome Agreement to the retiring of the mortgages on the section of the Company's lines on Austrian territory and, consequently, to retire these mortgages.

DONE at Vienna, on 9 October 1962

R. DUNANT
P. HAOUR
R. LANG
L. MARTIN

PROTOCOL CONCERNING THE SETTLEMENT OF HUNGARY'S DEBT TO
THE HOLDERS OF BONDS OF THE DANUBE-SAVE-ADRIATIC RAIL-
WAY COMPANY AND THE HOLDERS OF OUTSTANDING COUPONS
(LOMBARD SCRIP)

With a view to a final and consolidated settlement of the Hungarian Government's portion of the debt to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of coupons that fell due from 1 October 1914 to 1 January 1923 on the bonds of the former Southern Railway Company of Austria (Lombard scrip), the following agreement has been reached :

Article 1

The Hungarian Government shall make available to the Committee of Bondholders, for the purposes of capital distribution to the bondholders—excluding all interest due or becoming due, which shall be cancelled—the amount of \$US 520,000, which shall be paid in accordance with the provisions of article 2.

Article 2

Immediately after the conclusion of the final convention settling all question between the signatory States of the Rome Agreement and the representatives of the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of bonds and coupons issued by the former Southern Railway Company of Austria, the Hungarian Government shall, subject to the French Government's assent, give the necessary instructions to the Banque de France for the payment to the order of the Committee of Bondholders of the sum of N.F. 1,975,210.19—the exchange value of \$US 400,089—deposited to pay Hungary's debt to the bond amortization fund (Franco-Hungarian Agreement of 22 November 1947 and protocols annexed to that Agreement).

On or before 1 January 1964, the Hungarian Government shall pay to the order of the Committee of Bondholders the amount of N.F. 592,061.01 (exchange value of \$US 119,911).

Article 3

With respect to the coupons that fell due from 1 October 1914 to 1 January 1923 on the bonds of the former Southern Railway Company of Austria, the Hungarian Government shall pay to the order of the Committee of Bondholders, not later than 1 January 1964, for the purposes of distribution among the holders of these coupons, the amount of N.F. 148,111.80 (exchange value of \$US 30,000).

Article 4

The payments which shall be made by the Hungarian Government shall constitute a final and consolidated settlement, as to principal and interest, of its debt, arising out of the Rome Agreement, to the bond amortization fund and to the holders of Danube-Save-Adriatic bonds and Lombard scrip.

Article 5

The entry into force of this Protocol shall be conditional upon the final settlement of all pending questions between the signatory States of the Rome Agreement, the representatives of the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of bonds and coupons issued by the former Southern Railway Company of Austria, and upon the conclusion of the final convention.

Article 6

The provisions of this Protocol shall be included in the international convention to be established by the Conference of the signatories of the Rome Agreement, which is provided for by article 26, paragraph 10, of the Treaty of Peace with Hungary.

Rome, 26 November 1962

For the Government
of the Hungarian People's Republic:
RÉTI Károly

The representatives of the bondholders
appointed by the National Association
of French Holders of Securities:

R. DUNANT
P. HAOUR
R. LANG
L. MARTIN

STATEMENT OF THE COMMITTEE OF BONDHOLDERS

The Committee of Bondholders, within the scope of its authority, accedes to the Protocol concluded this day for the final and consolidated settlement of Hungary's debt to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of coupons that fell due from 1 October 1914 to 1 January 1923 on the bonds of the former Southern Railway Company of Austria (Lombard scrip).

Rome, 26 November 1962

R. DUNANT
P. HAOUR
R. LANG
L. MARTIN

AGREEMENT CONCERNING THE SETTLEMENT OF ITALY'S DEBT TO
THE HOLDERS OF BONDS OF THE DANUBE-SAVE-ADRIATIC RAIL-
WAY COMPANY AND THE HOLDERS OF OUTSTANDING COUPONS
(LOMBARD SCRIP)

Article 1

The Italian Government undertakes to pay to the Committee of Bondholders, within one month after the entry into force of the general Agreement of this date, the exchange value in Italian lire of gold fr 10,980,000 as a complete and final settlement of Italy's portion of the debt to the holders of bonds of the Danube-Save-Adriatic Railway Company. This payment shall be applied to the repayment of the principal amount of the bonds, excluding all interest due or becoming due, which shall be cancelled.

It further undertakes to assign to the Committee within the same period of time, without compensation and as part of the same settlement, 395,644 Danube-Save-Adriatic Railway Company bonds which it owns.

The sum of gold fr 10,980,000 having been calculated for 1,900,000 bonds, the Italian Government undertakes to pay to the Committee of Bondholders, as soon as possible after each request, the exchange value in Italian lire of gold fr 5.77895 for every validly presented bond in excess of the 1,900,000 bonds in question.

Article 2

With respect to coupons which fell due from 1 October 1914 to 1 January 1923 on bonds of the former Southern Railway Company of Austria (Lombard scrip), the Italian Government undertakes to contribute to their amortization by paying to the Committee of Bondholders, within one month after the entry into force of the general Agreement of today's date, the exchange value in Italian lire of gold fr 358,395, less the sum represented by 192,806 coupons, which the Italian Government shall assign to the Committee of Bondholders within the same period without compensation, each coupon with

a nominal value of two gold francs being valued at gold fr 0.105 and each coupon with a nominal value of gold fr 1.40 being valued at gold fr 0.073.

Should the number of coupons, including the above-mentioned 192,806 coupons, exceed 68 per cent of the theoretical circulation set aside in order to determine the above reserve, the Italian Government undertakes to pay to the Committee of Bondholders, as soon as possible after each request, the exchange value in Italian lire of gold fr 0.105 and gold fr 0.073 for each additional two-gold-franc coupon and 1.40-gold-franc coupon respectively.

Should on the other hand the coupons presented for repayment amount to less than the said 68 per cent of theoretical circulation, the reserve for which the Italian Government is to be responsible would be reduced proportionately, again on the basis of gold fr 0.105 and gold fr 0.073 for two-gold-franc coupons and 1.40-gold-franc coupons, nominal value, respectively.

It is understood that the Italian Government, for the payment of the reserve of gold fr 358,395, may use part or all of the amount standing to its credit in the accounts of the bond amortization fund, under the heading "Italian Ministry of the Treasury (Protocol of 12 June 1954)".

Article 3

The undersigned representatives of the bondholders, appointed by the National Association of French Holders of Securities according to the statement of the French Ministry of Foreign Affairs dated 14 August 1962 accrediting them, formally state and acknowledge that, when the payments provided for in articles 1 and 2 of this Agreement have been made, the Italian Government shall be completely discharged from all its debts and obligations to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of outstanding coupons (Lombard scrip). These bondholders, therefore, shall no longer be entitled to advance claim against it on any ground and for any reason whatever.

The present Statement shall be tantamount to a final discharge, as to principal and interest, of Italy's debt to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of outstanding coupons (Lombard scrip), and the said final discharge shall retire the security and mortgages connected with that debt.

Article 4

The provisions of this Agreement, together with the Statement of the Committee of Bondholders and the Statement of the Danube-Save-Adriatic Railway Company, attached hereto as annexes, shall be included in the general Agreement of this date.

Rome, 8 December 1962

For the Government
of the Italian Republic:

Angelo DI NOLA
Domenico BRANCATISANO

The representatives
of the bondholders:

R. DUNANT
P. HAOUR
R. LANG
L. MARTIN

STATEMENT ATTACHED AS AN ANNEX TO THE AGREEMENT CONCERNING THE SETTLEMENT OF ITALY'S DEBT TO THE HOLDERS OF BONDS OF THE DANUBE-SAVE-ADRIATIC RAILWAY COMPANY AND THE HOLDERS OF OUTSTANDING COUPONS (LOMBARD SCRIP)

The Danube-Save-Adriatic Railway Company (DOSAG), referring to the Agreement of this date concerning the settlement of Italy's debt to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of outstanding coupons (Lombard scrip), takes note thereof and accedes thereto.

At the same time, while reserving the question of the costs of administration which it has hitherto borne, it declares that, when it receives from the representatives of the bondholders an official communication indicating that the principal payments have been made by the Italian Government in accordance with articles 1 and 2 of the said Agreement, and when the general Agreement of this date has entered into force, it will transfer to the Italian Government the ownership of the railway lines and installations in the section operated by the Italian Government, in the condition in which the said lines and installations are at the date of transfer.

The said transfer shall be made on the understanding that the above-mentioned general Agreement will confirm the complete and final discharge of the Company's private property from liability in respect of any complaints or claims on any ground whatever against the Company itself by the holders of bonds and coupons, by the Committee representing the said bondholders, or by the States which are parties to the general Agreement.

Rome, 8 December 1962

Erasmus CARVALE

August WEISSEL

STATEMENT OF THE COMMITTEE OF BONDHOLDERS

The Committee of Bondholders, within the scope of the authority granted to it by the Rome Agreement of 29 March 1923, accedes to the Agreement concluded this day for the consolidated and final settlement of Italy's debt to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of outstanding coupons (Lombard scrip). It undertakes to take all necessary steps to secure, as soon as practicable, the assent of the other signatories of the Rome Agreement of 29 March 1923 to the retiring of the liens and mortgages on the section of the Company's lines operated by Italy, together with its accessories and rolling stock. It acknowledges, moreover, that there is no longer any reason for a joint lien and mortgage of the kind established in article 43, paragraph 3, sub-paragraph (b) of the Rome Agreement of 29 March 1923.

Rome, 8 December 1962

R. DUNANT

P. HAOUR

R. LANG

L. MARTIN

N° 7418

PROTOCOL CONCERNING THE SETTLEMENT OF YUGOSLAVIA'S DEBT TO THE HOLDERS OF BONDS OF THE DANUBE-SAVE-ADRIATIC RAILWAY COMPANY AND THE HOLDERS OF COUPONS THAT FELL DUE FROM 1 OCTOBER 1914 TO 1 JANUARY 1923 ON THE BONDS OF THE FORMER SOUTHERN RAILWAY COMPANY OF AUSTRIA (LOMBARD SCRIP)

During the negotiations which were held from 29 June to 19 July 1962 in Paris between the Yugoslav delegation and the representatives of the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of coupons that fell due from 1 October 1914 to 1 January 1923 on the bonds of the former Southern Railway Company of Austria (Lombard scrip), with a view to a final and consolidated settlement of Yugoslavia's debt to these bondholders, the following agreement was reached :

1. For the capital of 1,900,000 bonds and as a supplement to the amount already paid out under the Franco-Yugoslav Agreements of 14 April 1951 and 27 July 1955, payment of an aggregate amount of \$US 935,000.

2. For the reserve of 68 per cent of the theoretical circulation of outstanding coupons in circulation of the bonds of the former Southern Railway Company of Austria (Lombard scrip) that fell due from 1 October 1914 to 1 January 1923, payment of an aggregate amount of \$US 65,000.

3. The amounts mentioned above have been fixed according to the present ratio between the United States dollar and the currency agreed upon in the Rome Agreement of 29 March 1923.

Should the ratio between the United States dollar and the currency agreed upon in the Rome Agreement be changed before the final convention contemplated by the Treaties of Peace is signed, negotiations would be opened with a view to adjusting the amounts mentioned above so as to take account of such change.

The currency in which the amounts owed by the Yugoslav Government are to be paid shall be established when this final convention is signed.

4. The amounts mentioned above, viz. :

\$US 935,000

\$US 65,000

were fixed on the basis of 1,900,000 Danube-Save-Adriatic bonds and 68 per cent of the Lombard scrip.

Should the number of bonds or Lombard scrip prove, during the execution of the Agreement, to be greater or smaller than the figures cited above, the necessary adjustments would be made on the following basis, which takes account also, for the bonds, of the amount of gold fr 1,264,443.66 already paid in application of the Franco-Yugoslav Agreements of 14 April 1951 and 27 July 1955 :

\$US 0.709524 per bond

\$US 0.0059819 per two-gold-franc coupon

\$US 0.0041883 per 1.40-gold-franc coupon.

5. The payments to be made by the Yugoslav Government shall constitute a final and consolidated settlement, as to principal and interest, of its debt arising out of the Rome Agreement to the bond amortization fund and to the holders of Danube-Save-

Adriatic bonds and Lombard scrip. The Committee of Bondholders shall support no claim whatever outside the arrangement established by the present Agreement.

6. The consolidated sum of \$US 1 million shall be paid according to the following schedule :

On 1 January 1964 : \$US 150,000, \$US65,000 of which shall be for the settlement of Lombard scrip

On 1 January 1965 : \$US 150,000

On 1 January 1966 : \$US 350,000

On 1 January 1967 : \$US 350,000.

This payment schedule is established in anticipation of the signing before 1 March 1963 of the final convention regulating the relations between the debtor States and the other signatories of the Rome Agreement.

The amount of gold fr 1,264,443.66 already paid under the Franco-Yugoslav Agreements of 14 April 1951 and 27 July 1955 shall be available to the Committee for distribution to the bondholders immediately after the signing of the final convention contemplated by the Treaties and shall be regarded as the Yugoslav Government's first payment.

7. The payment referred to in paragraph 1 and the payments already made in application of the Franco-Yugoslav Agreements of 14 April 1951 and 27 July 1955 shall be applied to the repayment of the principal amount of the bonds, excluding any settlement of the interest due or becoming due, which shall be and remain cancelled.

8. The entry into force of the present Agreement shall be conditional upon the final settlement of all pending questions between the signatories of the Rome Agreement and upon the conclusion of the final convention.

Rome, 27 November 1962

For the Government
of the Federal People's Republic
of Yugoslavia :

Dr. L. SERB

The representatives of the bondholders
appointed by the National Association
of French Holders of Securities :

R. DUNANT

P. HAOUR

R. LANG

L. MARTIN

STATEMENT OF THE COMMITTEE OF BONDHOLDERS

The Committee of Bondholders, within the scope of its authority, accedes to the Protocol concluded this day for the final and consolidated settlement of Yugoslavia's debt to the holders of bonds of the Danube-Save-Adriatic Railway Company and the holders of coupons that fell due from 1 October 1914 to 1 January 1923 on the bonds of the former Southern Railway Company of Austria (Lombard scrip).

Rome, 27 November 1962

R. DUNANT
P. HAOUR
R. LANG
L. MARTIN