

(b) In the event of the security becoming enforceable the proceeds thereof shall be divided amongst the German Bank Debtor and the Foreign Bank Creditors as nearly as possible in accordance with the provisions which would have been applicable to such division under the 1939 Agreement.

(c) The German Bank Debtors shall continue, whenever it appears to them necessary for the protection of the interests of themselves and the Foreign Bank Creditors, to obtain security from their clients and to maintain it at an appropriate amount.

(d) Each German Bank Debtor shall furnish his Foreign Bank Creditors with confirmation in writing of the holding of security in trust for them pursuant to the provisions of this sub-Clause and supply to his Foreign Bank Creditors upon general or specific request statements in the standard form agreed upon by the German Committee with the Foreign Bankers' Committees and made up as at the 30th June and the 31st December showing (i) by an estimated percentage figure, the extent to which any short-term credit referred to in paragraph (a) of this sub-Clause is secured, (ii) the total amount of the short-term credits owed by the German Bank Debtor to the Foreign Bank Creditor to whom the statement is supplied, (iii) the estimated value of the *pro rata* share of the Foreign Bank Creditor in the security mentioned in (i) above, and (iv) details of the security so held showing the nature thereof and the extent to which security is held for the obligations of any particular clients.

(2) In the case of short-term credits for account of German Commercial or Industrial Debtors the German Commercial and Industrial Debtor shall provide collateral security in favour of a Foreign Bank Creditor as follows :—

(a) Where and so far as under the arrangement existing under the latest of the previous Agreements applicable to the relative short-term credit the German Commercial or Industrial Debtor was under obligation to provide security, he shall continue to provide security of the same character and to the same extent during the period of this Agreement.

(b) Where and so far as the giving of security is consonant with the business of the German Commercial or Industrial Debtor and such security can be given without endangering the position of his other creditors.

(3) A German Debtor shall promptly upon demand furnish to any of his Foreign Bank Creditors a copy of his last audited Balance Sheet and such other particulars relating to his financial position as the Foreign Bank Creditor may reasonably require.

(4) A Foreign Bank Creditor may with the consent of the Bank deutscher Laender realise outside the Federal Republic any security in existence at the date of this Agreement in respect of a short-term credit and apply the net proceeds of such realisation (after payment of all expenses incurred in effecting realisation) in permanent reduction or discharge of the relative short-term credit. Provided that he shall be obligated to secure the best terms and conditions reasonably obtainable in the interest of the German Debtor.

7. Switching of Creditors

A Foreign Bank Creditor shall have the right to transfer any short-term credit or part thereof (i) to another Foreign Bank Creditor or (ii) to any other person, firm or corporation approved for that purpose by the Foreign Bankers' Committee of the country of the transferor and the German Committee; provided that

(a) no such transfer shall (except by agreement with the German Debtor in question) involve any change in the terms attaching to such credit or part of a credit;