

SUB-ANNEX TO ANNEX II

Interpretation of the second paragraph of Section 1 of Article IX of Annex II

The Tripartite Commission on German Debts,
29 Chesham Place, S.W. 1.

Gentlemen,

12th November, 1952.

Our attention has been drawn to a misunderstanding which has arisen as to the meaning of the second paragraph of Section 1 of Article IX of Appendix 4 to the Report of the Conference on German External Debts. This paragraph reads:—

“
The decision of the Committee shall be binding on both parties. The debtor shall be obliged to offer to his creditors the terms set forth in such decision. The creditor shall be obliged to *accept such terms*, or, in the case of a bond issue where the bondholders are represented pursuant to the provisions of Article VIII of this Agreement, the creditors' representative shall be obliged to recommend acceptance of the offer by the bondholders.
.....”

The words in italics, “accept such terms,” have given rise to the misunderstanding. The proper interpretation would be clear if they were replaced by the words: “recognise such terms as being in accordance with the provisions of this Agreement.”

We shall be grateful if the Tripartite Commission will take note that the above-quoted second paragraph of Section 1 of Article IX of Appendix 4 properly has the sense it would have if it were expressed in this changed wording, *i.e.*, if it read:—

“The decision of the Committee shall be binding on both parties. The Debtor shall be obliged to offer to his creditors the terms set forth in such decision, and the creditor shall be obliged to *recognise such terms as being in accordance with the provisions of this Agreement*, or, in the case of a bond issue where the bondholders are represented pursuant to the provisions of Article VIII of this Agreement, the creditors' representative shall be obliged to recommend acceptance of the offer by the bondholders.”

Yours faithfully,

(Signed) N. LEGGETT,

Chairman of Negotiating Committee B at
the Conference on German External
Debts.

(Signed) HERMANN J. ABS,

Head of the German Delegation for
External Debts.