

Creditors of Germany have agreed on the conversion and settlement of the foreign goldmark bonds of German Municipalities in the following terms:—

- (1) It is agreed that the conversion and settlement of the service of the Reichsmark bonds issued and payable abroad, provided in paragraph 7 (1) (f) of Appendix 3 of the Report of the Debt Conference, do not refer to the loans of Municipalities in Federal Germany expressed in goldmarks or in Reichsmarks with a gold clause.
- (2) The principle is agreed that bonds of those goldmark loans or Reichsmark loans with a gold clause of German Municipalities in Federal Germany, which have a specific foreign character, shall be converted into Deutschemarks on the basis of 1 goldmark or 1 Reichsmark with a gold clause=1 Deutschemark. The determination of the characteristics which denote a specific foreign character of such bonds shall comply with the regulations resulting from the discussions which are foreseen in the reservations contained in Article V, paragraph 3, of Appendix 4, and in Article 6 of Appendix 6, of the Report of the Debt Conference.
- (3) The liabilities of the German Municipalities in Federal Germany arising out of such goldmark bonds or Reichsmark bonds with a gold clause which have a specific foreign character, shall be settled in accordance with the recommendations of paragraph 7, section (1), (a) to (e) and (g) to (j) of Appendix 3 of the Report of the Conference referring to external bonds issued or guaranteed by the States (Länder), Municipalities and similar public bodies, within the territory of the Federal Republic of Germany.

We would ask you to approve our agreement as set forth above, and to attach the text of this letter as sub-annex to Annex No. I of the Debt Agreement.

Accept, Mr. Chairman, the assurance of our highest esteem,

(Signed) HERMANN J. ABS.

(Signed) O. NIEMEYER.

Head of the German Delegation
for External Debts.

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

SUB-ANNEX E TO ANNEX I

Agreement on the Settlement of the Liabilities of the "Konversionskasse für Deutsche Auslandsschulden" resulting from Payments made by Debtors in the Saar Territory and in Austria, France, Luxembourg and Belgium

German Delegation
for External Debts.

243-18 Del. 38-1934/52.

To

Sir Otto Niemeyer,
c/o Council of Foreign Bondholders,
17 Moorgate,
London, E.C.2.

Dear Sir Otto,

London, 14th November, 1952.

I have the honour to summarise the agreement reached in our discussions on 20th October and 14th November, 1952, as follows:—

With regard to the implementation of the obligation assumed under the terms of paragraph 14 of Appendix 3 to the Final Report of the Conference,