

*Garantie-Overeenkomst, op 15 mei 1957 te Washington ondertekend, tussen het Koninkrijk der Nederlanden en de Internationale Bank voor Herstel en Ontwikkeling*

BRIEF VAN DE MINISTER VAN BUITENLANDSE ZAKEN

Nr. 1

Ter griffie van de Tweede Kamer der Staten-Generaal ontvangen: 20 mei 1957.

De wens, dat deze overeenkomst aan de uitdrukkelijke goedkeuring van de Staten-Generaal zal worden onderworpen, kan door of namens de Kamer of door ten minste dertig leden der Kamer te kennen worden gegeven uiterlijk op 19 juni 1957.

's-Gravenhage, 18 mei 1957.

Ter voldoening aan het bepaalde in artikel 60, lid 2, en onder verwijzing naar artikel 61, lid 3, van de Grondwet, de Raad van State gehoord, heb ik de eer U Hoogedelgestreng hiernevens over te leggen de tekst, alsmede de vertaling in het Nederlands, van de op 15 mei 1957 te Washington ondertekende Garantie-Overeenkomst tussen het Koninkrijk der Nederlanden en de Internationale Bank voor Herstel en Ontwikkeling.

Ter kennisneming van de leden der Kamer voeg ik hierbij de eveneens op 15 mei 1957 te Washington ondertekende leningsovereenkomst tussen genoemde bank en de Maatschappij tot financiering van het nationaal herstel N.V., op welke leningsovereenkomst de Garantie-Overeenkomst betrekking heeft, alsook de in artikel I, sectie 1, der Garantie-Overeenkomst bedoelde algemene kredietvoorwaarden.

Tevens gelieve U Hoogedelgestreng aan te treffen een toelichtende nota ter zake.

Wat het Koninkrijk der Nederlanden betreft, zal de Garantie-Overeenkomst gelden voor Nederland.

*De Minister van Buitenlandse Zaken,*  
J. LUNS.

**Toelichtende nota**

De Maatschappij tot Financiering van het Nationaal Herstel N.V. te 's-Gravenhage is in de gelegenheid geweest een overeenkomst af te sluiten met de Internationale Bank voor Herstel en Ontwikkeling te Washington, krachtens welke overeenkomst de Internationale Bank aan de Herstelbank een lening ter beschikking stelt, groot US \$ 15 mln.

De lening draagt een rente van 5 5/8 %. De looptijd is als volgt:

- \$ 3,5 miljoen tot 15 november 1959,
- \$ 3,5 miljoen tot 15 mei 1960,
- \$ 2 miljoen tot 15 november 1960,
- \$ 2 miljoen tot 15 mei 1961,
- \$ 2 miljoen tot 15 november 1961 en
- \$ 2 miljoen tot 15 mei 1962.

De Internationale Bank zal ernaar streven de lening voor een zo groot mogelijk gedeelte door te geven aan derden; voor dat gedeelte zal een lagere rente verschuldigd zijn. Waarschijnlijk zal de Internationale Bank voor een aanmerkelijk bedrag tot doorplaatsing in staat blijken.

Voor de lening is overeenkomstig de Statuten van de Internationale Bank de garantie van de Nederlandse Staat vereist. Krachtens het Besluit F 158 van 3 september 1945, houdende oprichting der naamloze vennootschap Maatschappij tot Financiering van het Nationaal Herstel N.V., artikel 7, is de Minister van Financiën gemachtigd om tegenover derden de betaling te garanderen van rente en aflossing op door de vennootschap

Aan  
de Heer Voorzitter van de Tweede Kamer  
der Staten-Generaal

te haren laste aangegane geldleningen. Aangezien de overeenkomst, waarin de onderhavige garantie is neergelegd, echter een overeenkomst is met een volkenrechtelijke organisatie en daarin tevens enige publiekrechtelijke elementen zijn vervat (met name belastingvrijdom en transfergarantie, zulks overigens met de Statuten van de Internationale Bank als grondslag), zijn de artikelen 60 en volgende van de Grondwet van toepassing en is parlementaire goedkeuring noodzakelijk.

De ondergetekenden achten het opnemen van deze lening in het buitenland gerechtvaardigd in verband met de bestaande krapte op de Nederlandse kapitaalmarkt, terwijl het deviezenaspect, dat aan de door de Herstelbank te verrichten financieringen is verbonden, doordat haar kredieten mede op invoer betrekking hebben, tegemoet komt aan de voorwaarden, volgens welke de Internationale Bank statutair leningen kan verstrekken. Gemeend wordt daarom, dat deze mogelijkheid om de kapitaalmarkt hier te lande enigszins te ontlasten, niet onbenut mag worden gelaten, reden waarom zij, voor zover hen betreft, aan de lening gaarne hun medewerking hebben verleend.

Indien de Internationale Bank tijdig tevoren naar haar genoegen kan zijn aangetoond, dat aan alle juridische vereisten voor het perfect worden van de lening en de garantie is voldaan, kan op 1 juli a.s. reeds op de lening worden getrokken. Op die datum vervalt een door de Herstelbank in Zwitserland opgenomen krediet, voor de aflossing waarvan anders een beroep op de door de Staat ingevolge de machtiging, vervat in artikel 249 A van Hoofdstuk VII B der Rijksbegroting 1957 aan de Herstelbank te verstrekken liquiditeitsgarantie waarschijnlijk onvermijdelijk zal zijn, hetgeen de eerstondergetekende bij voorkeur wenst te vermijden.

*De Minister van Financiën,*

HOFSTRA.

*De Minister van Buitenlandse Zaken,*

J. LUNS.

## GARANTIE-OVEREENKOMST

Overeenkomst, gedateerd 15 mei 1957, tussen het Koninkrijk der Nederlanden, hierna te noemen „Garant”, en de Internationale Bank voor Herstel en Ontwikkeling, hierna te noemen „de Bank”.

Overwegende, dat bij een overeenkomst van gelijke datum tussen de Bank en de Maatschappij tot Financiering van het Nationaal Herstel N.V., hierna te noemen „Geldneemster”, welke overeenkomst en de daarin vermelde bijlagen hierna worden genoemd de leningsovereenkomst, de Bank erin bewilligd heeft aan Geldneemster een lening ter beschikking te stellen in verschillende valuta's, overeenkomende met vijftien miljoen dollars (\$ 15 000 000,—), onder de bepalingen en voorwaarden in de leningsovereenkomst weergegeven, doch alleen op voorwaarde, dat Garant erin bewilligt de verplichtingen van Geldneemster met betrekking tot zodanige lening, in voege als hierna vermeld, te garanderen; en

Overwegende, dat Garant op grond van het aangaan van de leningsovereenkomst door de Bank met Geldneemster erin bewilligd heeft zodanige verplichtingen van Geldneemster aldus te garanderen;

Verklaren partijen bij deze overeenkomst hierbij te zijn overeengekomen als volgt:

### Artikel I

Paragraaf 1.01. Partijen bij deze Garantie-Overeenkomst aanvaarden alle bepalingen van de algemene kredietvoorwaarden nr. 4 van de Bank gedateerd 15 juni 1956, met inachtneming evenwel van de wijzigingen daarin, opgenomen in bijlage 2 bij de leningsovereenkomst (de aldus gewijzigde algemene kredietvoorwaarden nr. 4 worden hierna genoemd de algemene kredietvoorwaarden) met dezelfde geldigheid alsof zij in hun geheel in deze Overeenkomst waren opgenomen.

Paragraaf 1.02. Tenzij het zinsverband een andere uitleg eist, wordt, wanneer in deze Garantie-Overeenkomst wordt gesproken van 1° „moederland van Garant”, „grondgebied van Garant” of „zijn grondgebied”, hieronder verstaan het gebied van Garant op het vasteland van Europa, en 2° onder orgaan: ieder orgaan of instelling van Garant of van welk staatkundig onderdeel ook van Garant in het moederland en omvat iedere instantie of organisatie, welke direct of indirect toebehoort aan of wordt beheerd door Garant of enig staatkundig onderdeel van Garant.

### Artikel II

Paragraaf 2.01. Zonder enige beperking of voorbehoud ten aanzien van enige andere verplichting van zijn zijde, genoemd in deze Overeenkomst, garandeert Garant hierbij onvoorwaar-

delijk als hoofdschuldenaar, en niet uitsluitend als borg, de behoorlijke en stipte betaling van de hoofdsom en de rente en andere kosten van de lening, de hoofdsom en de rente van de obligaties, de boeten, zo deze verschuldigd worden, op de vervroegde terugbetaling van de lening of de vervroegde aflossing van de obligaties en de stipte nakoming van alle verplichtingen en toezeggingen van Geldneemster, alle zoals weergegeven in de leningsovereenkomst en op de obligaties.

### Artikel III

Paragraaf 3.01. Het is de wederzijdse opzet van Garant en de Bank dat geen andere buitenlandse schuld enige voorrang zal hebben boven de lening, wat betreft verband op activa van de Regering. Te dien einde neemt Garant op zich, dat, tenzij met de Bank anders wordt overeengekomen, indien enig actief van Garant of van enig staatkundig onderdeel van Garant's moederland of van enig orgaan, als zekerheid voor enige buitenlandse schuld verbonden wordt, zodanig verband ipso facto gelijkelijk en pro rata zal strekken tot zekerheid van de terugbetaling van de hoofdsom van de rente en andere kosten op de lening en de obligaties en dat bij het aangaan van zodanig verband uitdrukkelijk een bepaling, welke het vorenstaande inhoudt, zal worden opgenomen; met dien verstande evenwel, dat de voorgaande bepalingen van deze paragraaf niet van toepassing zijn op 1) het verbinden van eigendom, op het ogenblik van het aankopen daarvan uitsluitend tot zekerheid van de betaling van de koopprijs van zodanig eigendom; 2) het verbinden van handelsgoederen, tot zekerheid van de betaling van schuld, welke een looptijd heeft van niet langer dan één jaar na de datum waarop de schuld is aangegaan, en welke schuld zal worden terugbetaald uit de opbrengst van de verkoop van zodanige handelsgoederen; of 3) enig verband tot zekerheid (anders dan van activa aan Geldneemster toebehorende) ontstaande in de loop van normale banktransacties en strekkende tot zekerheid van de terugbetaling van een schuld, vervallen binnen een jaar na dagtekening.

Paragraaf 3.02. (a) Garant en de Bank zullen volledig samenwerken teneinde te bewerkstelligen, dat het doel van de lening zal worden vervuld. Te dien einde zal ieder van hen aan de ander alle zodanige inlichtingen verstrekken als deze in redelijkheid zal vragen met betrekking tot de algemene status van de lening. Aan de zijde van Garant omvatten zodanige inlichtingen gegevens met betrekking tot de financiële en economische omstandigheden op het grondgebied van Garant en de internationale betalingsbalans-positie van Garant.

(b) Garant en de Bank zullen van tijd tot tijd van gedachten wisselen door middel van hun vertegenwoordigers met betrekking tot aangelegenheden welke verband houden met het

doel van de lening en het nakomen van de dienst der lening. Garant zal de Bank terstond op de hoogte stellen van iedere omstandigheid welke het vervullen van het doel van de lening of van het nakomen van de dienst der lening bemoeilijkt of dreigt te zullen bemoeilijken.

(c) Garant zal aan geaccrediteerde vertegenwoordigers van de Bank alle redelijke mogelijkheid geven om enig deel van het grondgebied van Garant te bezoeken voor doeleinden welke betrekking hebben op de lening.

Paragraaf 3.03. Het is de bedoeling van partijen dat de hoofdsom, de rente en andere kosten van de lening en van de obligaties zullen worden betaald zonder aftrek voor en vrij van alle belastingen, heffingen, leges of rechten van welke aard dan ook, welke reeds bestaan of op enig ogenblik hierna zullen worden opgelegd krachtens de wetten van Garant of wetten van kracht op zijn grondgebied. Te dien einde verplicht Garant zich, de Bank en de houder of houders te eniger tijd van uitgegeven obligaties te vrijwaren tegen aansprakelijkheid voor alle zodanige belastingen, heffingen, leges of rechten, met dien verstande evenwel dat de bepalingen van deze paragraaf niet van toepassing zullen zijn op belastingen, heffingen, leges of rechten, welke verschuldigd worden op betalingen ingevolge een obligatie aan een houder daarvan, niet zijnde de Bank, wanneer de uiteindelijk rechthebbende op zodanige obligatie is een natuurlijk of rechtspersoon, ingezetene van Garant.

Paragraaf 3.04. Deze Overeenkomst, de leningsovereenkomst en de obligaties zullen vrij zijn van alle belastingen of heffingen die zullen worden opgelegd krachtens de wetten van Garant of wetten van kracht op het grondgebied van Garant op of in verband met het aangaan, het uitgeven, leveren of registreren daarvan.

Paragraaf 3.05. De hoofdsom van en de rente en andere kosten van de lening en de obligaties zullen worden betaald vrij van alle beperkingen opgelegd krachtens de wetten van Garant of wetten van kracht op het grondgebied van Garant.

#### Artikel IV

Paragraaf 4.01. Garant zal in overeenstemming met de bepalingen van de algemene kredietvoorwaarden de afgegeven garantie doen aantekenen op de door Geldneemster op te stellen en uit te geven obligaties. De Minister van Financiën van Garant en zodanige persoon of personen als deze schriftelijk zal aanwijzen, worden aangewezen als gevolmachtigde vertegenwoordigers van Garant voor het bepaalde in paragraaf 6.12 (b) van de algemene kredietvoorwaarden.

#### Artikel V

Paragraaf 5.01. Voor het bepaalde in paragraaf 8.01 van de algemene kredietvoorwaarden worden de volgende adressen vastgesteld:

Voor Garant: Koninkrijk der Nederlanden,  
Ministerie van Financiën,  
Kneuterdijk 22,  
's-Gravenhage,  
Nederland

Telegramadres:  
Ministerie van Financiën  
Den Haag  
Nederland.

Voor de Bank: Internationale Bank voor  
Herstel en Ontwikkeling,  
1818 H Street, N.W.  
Washington 25, D.C.  
Ver. Staten van Amerika  
Telegramadres:  
Intbafrad  
Washington D.C.

Paragraaf 5.02. De Minister van Financiën van Garant wordt aangewezen voor het bepaalde in paragraaf 8.03 van de algemene kredietvoorwaarden.

Ten blijk van waarvan partijen bij deze Overeenkomst handelende door middel van hun daartoe behoorlijk gevolmachtigde vertegenwoordigers deze Garantie-Overeenkomst namens hen hebben doen ondertekenen en doen geven in het District Columbia, Ver. Staten van Amerika op de dag en in het jaar hierboven het eerst genoemd.

*Voor het Koninkrijk der Nederlanden*

onder voorbehoud van goedkeuring door de  
Staten-Generaal,

(w.g.) S. G. M. VAN VOORST TOT VOORST  
*Gevolmachtigd Vertegenwoordiger.*

*Voor de Internationale Bank voor Herstel en  
Ontwikkeling,*

(w.g.) W. A. B. ILIFF  
*Vice-President.*

## GUARANTEE AGREEMENT

Agreement, dated May 15, 1957, between Kingdom of the Netherlands (hereinafter called the Guarantor) and International Bank for Reconstruction and Development (hereinafter called the Bank).

Whereas by an agreement of even date herewith between the Bank and Maatschappij tot Financiering van het Nationaal Herstel N.V. (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifteen million dollars (\$ 15,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

Whereas the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

Now therefore the parties hereto hereby agree as follows:

### Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956, subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require: (i) the term "metropolitan areas of the Guarantor" shall mean the territory of the Guarantor on the continent of Europe, "territories of the Guarantor" or "its territories" shall mean the territory of the Guarantor on the continent of Europe; and (ii) the term "Agency" shall mean any agency or instrumentality of the Guarantor or of any political subdivision of the Guarantor in its metropolitan areas and shall include any institution or organization which is owned or controlled directly or indirectly by the Guarantor or by any such political subdivision of the Guarantor.

### Article II

Section 3.01. It is the mutual intention of the Guarantor the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

### Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or of any of its political subdivisions in its metropolitan areas or of any Agency as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure debt maturing by its terms not more than one year after the date on which it is incurred and to be paid

out of the proceeds of sale of such commercial goods; or (iii) any lien (other than a lien on assets of the Borrower) arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. It is the intention of the parties that the principal of and interest and other charges on the Loan and the Bonds shall be paid without deduction for and free from any taxes, fees, imposts, levies or duties of any nature now or at any time hereafter imposed under the laws of the Guarantor or laws in effect in its territories. To that end, the Guarantor covenants to hold harmless the Bank and the holder or holders from time to time of Bonds outstanding from and against liability for any such taxes, fees, imposts, levies or duties; provided, however, that the provisions of this Section shall not apply to taxation of or imposts, levies, duties or fees upon payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

### Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

### Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Guarantor:

Kingdom of the Netherlands  
Ministry of Finance  
Kneuterdijk 22  
The Hague  
The Netherlands



Alternative address for cablegrams and radiograms:

Ministry of Finance  
The Hague  
The Netherlands

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington 25, D.C.  
United States of America

Alternative address for cablegrams and radiograms:

Intbafrad  
Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

In witness whereof, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

*Kingdom of the Netherlands*

Subject to approval by the States General  
by S. G. M. VAN VOORST TOT VOORST  
Authorized Representative

*International Bank for Reconstruction and  
Development*

by W. A. B. ILIFF  
Vice-President

## LOAN AGREEMENT

Agreement, dated May 15, 1957, between International Bank for Reconstruction and Development (hereinafter called the Bank) and Maatschappij tot Financiering van het Nationaal Herstel N.V. (hereinafter called the Borrower).

### Article I

#### Loan Regulations

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

### Article II

#### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million dollars (\$ 15,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of five and five-eighths per cent ( $5\frac{5}{8}$  %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

### Article III

#### Purpose of the Loan and Use of Proceeds

Section 3.01. The purpose of the Loan is to provide additional capital to the Borrower to enable it to meet commitments arising as a result of its loans to enterprises in industry, transport and commerce in the Kingdom of the Netherlands. The Borrower shall cause the proceeds of the Loan or the equivalent thereof to be used to meet such commitments.

### Article IV

#### Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. Any two members of the management of the Borrower and such person or persons as they shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

### Article V

#### Particular Covenants

Section 5.01. (a) The Borrower shall operate its undertaking and conduct its affairs in accordance with sound business and financial practices.

(b) The Borrower shall at all times take all steps necessary to maintain its corporate existence and right to carry on operations and shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

Section 5.02. The Borrower shall maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; shall enable the Bank's representatives to inspect any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the operations and financial condition of the Borrower.

Section 5.03 (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.04. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Section 5.05. The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.06. The Borrower shall pay or cause to be paid all taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

#### Article VI Remedies of the Bank

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

#### Article VIII Miscellaneous

Section 7.01. The Closing Date shall be December 31, 1957.

Section 7.02. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Borrower:

Maatschappij tot Financiering van het Nationaal  
Herstel N.V. Willem Frederiklaan 5, The Hague,  
the Netherlands; or  
Maatschappij tot Financiering van het Nationaal  
Herstel N.V. 1470 Euclid Street, N.W.  
Washington 9, D. C.  
United States of America

Alternative address for cablegrams and radiograms:

Herstelbank  
The Hague  
  
The Netherlands

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N. W.  
Washington 25, D. C.  
United States of America

Alternative address for cablegrams and radiograms:

Intbafrad  
Washington, D. C.

In witness whereof, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

*International Bank for Reconstruction and  
Development,*

By W. A. B. ILIFF,

*Vice-President.*

*Maatschappij tot Financiering van het  
Nationaal Herstel N.V.*

By L. SOUTENDIJK,

*Authorized Representative.*

#### Schedule 1

##### Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
November 15, 1959 .....	\$ 3,500,000
May 15, 1960 .....	3,500,000
November 15, 1960 .....	2,000,000
May 15, 1961 .....	2,000,000
November 15, 1961 .....	2,000,000
May 15, 1962 .....	2,000,000

##### Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

Time of Prepayment or Redemption	Premium
Not more than 1 year before maturity .....	½ of 1 %
More than 1 year but not more than 2 years before maturity .....	2 %
More than 2 years but not more than 3 years before maturity .....	3½ %
More than 3 years but not more than 4 years before maturity .....	4½ %
More than 4 years before maturity .....	5½ %

\*) To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## Schedule 2

### Modifications of Loan Regulations No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows:

- (a) Section 2.02 shall be deleted.
- (b) The first two sentences of Section 3.01 shall be deleted, and the following shall be substituted therefor:  
„The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in dollars or Canadian dollars.”
- (c) The following sentence shall be added to Section 3.05:  
„For purposes of withdrawal, the value of the currency of the Guarantor in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank.”
- (d) Section 4.01 shall be amended to read as follows:  
„The Borrower shall, subject to the provisions of these Re-

gulations, withdraw from the Loan Account from time to time as the Borrower and the Bank shall agree, funds needed by the Borrower to enable it to meet its estimated financial requirements.”

- (e) Section 4.02 shall be deleted.
- (f) Section 4.03 shall be amended to read as follows:  
„When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request.”
- (g) Section 5.04 shall be deleted.
- (h) Section 9.01(b)(i) shall be amended to read as follows:  
„(i) the execution and delivery of the Guarantee Agreement on behalf of the Guarantor have been duly authorized or ratified by all necessary governmental action (including approval by the Parliament of the Guarantor in accordance with Article 60, paragraph 2 of the Constitution) and”.
- (i) Paragraph 13 of Section 10.01 shall be deleted.

## International Bank for Reconstruction and Development

### LOAN REGULATIONS No. 4

#### Applicable to Loans Made by the Bank to Borrowers Other than Member Governments

Dated June 15, 1956

### Article I

#### Purpose; Application to Loan and Guarantee Agreements

Section 1.01. *Purpose.* The purpose of these Regulations is to set forth certain terms and conditions generally applicable to loans made by the Bank to borrowers other than its members.

Section 1.02. *Application of Regulations.* Any loan agreement between the Bank and a borrower other than a member and any guarantee agreement between the Bank and a member may provide that the parties thereto accept the provisions of these Regulations. To the extent so provided in any such agreement, these Regulations shall apply thereto and shall govern the rights and obligations thereunder of the parties thereto with the same force and effect as if they were fully set forth therein. These Regulations do not apply to any loan made directly to a member.

Section 1.03. *Revocation or Amendment.* These Regulations are subject to revocation or amendment by the Bank at any time without prior notice, but no such revocation or amendment shall be effective in respect of any loan agreement or guarantee agreement previously entered into unless the parties thereto shall so agree.

Section 1.04. *Inconsistency with Loan and Guarantee Agreements.* If any provision of a loan agreement or guarantee agreement is inconsistent with a provision of these Regulations, the provision of the loan agreement or guarantee agreement, as the case may be, shall govern.

### Article II

#### Loan Account; Interest and Other Charges; Repayment; Place of Payment

Section 2.01. *Loan Account.* The amount of the Loan shall be credited to a Loan Account which the Bank shall open on its books in the name of the Borrower.

Section 2.02. *Commitment Charge.* A commitment charge at the rate specified in the Loan Agreement shall be payable on the amount of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the Effective Date, or from a

date 60 days after the date of the Loan Agreement, whichever shall be the earlier, or from such other date as may be specified in the Loan Agreement for the purpose of this Section, to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV or shall be cancelled pursuant to Article V.

Section 2.03. *Interest.* Interest at the rate specified in the Loan Agreement shall be payable on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

Section 2.04. *Computation of Interest and Other Charges.* In all cases in which it shall be necessary to compute the amount of interest or any other charge which shall have accrued under the Loan Agreement for a period of less than six months, such computation shall be made on a daily basis using a 365-day factor. For even periods of six months, such computation shall be made on an annual basis.

#### Section 2.05. *Repayment.*

(a) The principal amount of the Loan withdrawn from the Loan Account shall be repayable in accordance with the amortization schedule to the Loan Agreement.

(b) The Borrower shall have the right, upon payment of all accrued charges for interest and payment of the premium specified in said amortization schedule, and upon not less than 45 days' notice to the Bank, to repay in advance of maturity (i) all of the principal amount of the Loan at the time outstanding or (ii) all of the principal amount of any one or more maturities, provided that on the date of such prepayment there shall not be outstanding any part of the Loan maturing after the part to be prepaid. However, if Bonds shall have been delivered pursuant to Article VI in respect of any part of the Loan to be prepaid, the terms and conditions of prepayment of that part of the Loan shall be those set forth in Section 6.16 and in such Bonds.

(c) It is the policy of the Bank to encourage the repayment of its loans prior to maturity. Accordingly, the Bank will sympathetically consider, in the light of all circumstances then



existing, any request of the Borrower to waive the payment of any premium payable under paragraph (b) of this Section or under Section 6.16 on repayment of any portions of the Loan or Bonds which the Bank has not sold or agreed to sell.

Section 2.06. *Place of Payment.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid at such places as the Bank shall reasonably request, except that payments under any Bonds held by others than the Bank shall be made at the places specified in the Bonds.

### Article III

#### Currency Provisions

Section 3.01. *Currencies in Which Proceeds of Loan Are to Be Withdrawn.* The Borrower shall use reasonable efforts to assure that payment for goods financed out of the proceeds of the Loan is made in the currencies of the countries from which such goods are acquired. The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for. The Bank shall be under no obligation to permit the proceeds of the Loan to be withdrawn in any currency except the currency in which the Loan is denominated. Where the amount of the Loan is expressed in any one of the following manners:

- (a) in a specified currency (e.g. "\_\_\_\_\_ dollars"),  
or
- (b) in a specified currency or the equivalent thereof in other currencies (e.g. "\_\_\_\_\_ dollars or the equivalent thereof in currencies other than dollars"),  
or
- (c) in various currencies equivalent to an amount in a specified currency (e.g. "an amount in various currencies equivalent to \_\_\_\_\_ dollars"),

then for the purposes of this Article, the Loan shall be deemed to be denominated in such specified currency (dollars in each of the above examples).

Section 3.02. *Currency in Which Principal Is Repayable; Amount of Repayment; Maturities.* The principal of the Loan shall be repayable in the several currencies withdrawn from the Loan account and the amount repayable in each currency shall be the amount withdrawn in that currency. The foregoing provision is subject to one exception, namely: if withdrawal shall be made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, the part of the Loan so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase. Except as the Bank and the Borrower shall otherwise agree, the portion of the Loan to be repaid, under the provisions of this Section, in any particular currency shall be repayable in such instalments, not inconsistent with the instalments set forth in the amortization schedule to the Loan Agreement, as the Bank shall specify. Any premium payable under Section 2.05 on prepayment of any part of the Loan, or under Section 6.16 on redemption of any Bond, shall be payable in the currency in which the principal of such part of the Loan, or of such Bond, is repayable.

Section 3.03. *Currency in Which Interest Is Payable.* Interest on any part of the Loan shall be payable in the currency in which the principal of such part of the Loan is repayable.

Section 3.04. *Currency in Which Commitment Charge Is Payable.* The commitment charge shall be payable in the currency in which the Loan is denominated.

Section 3.05. *Valuation of Currencies.* For the purpose of determining the equivalent (in terms of the currency in which the Loan is denominated) of any part of the Loan withdrawn in another currency, the value of such other currency shall be as reasonably determined by the Bank.

Section 3.06. *Exchange Restrictions.* Any payment required under the Loan Agreement to be made to the Bank in the currency of any country shall be made in such manner, and in currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such currency to the account of the Bank with a depository of the Bank in such country.

### Article IV

#### Withdrawal of Proceeds of Loans

Section 4.01. *Withdrawal from the Loan Account.* The Borrower shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account (i) such amounts as shall have been expended for the reasonable cost of goods to be financed under the Loan Agreement; and (ii), if the Bank shall so agree, such amounts as shall be required to meet the reasonable cost of such goods. Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the Effective Date or (b) expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor or (c) expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories. \*)

Section 4.02. *Special Commitments by the Bank.* Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Bank and the Borrower, the Bank may enter into special commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods notwithstanding any subsequent suspension or cancellation pursuant to Article V.

Section 4.03. *Applications for Withdrawal or for Special Commitment.* When the Borrower shall desire to withdraw any amount from the Loan Account or to request the Bank to enter into a special commitment pursuant to Section 4.02, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. Since the rate at which Loan proceeds are withdrawn affects the cost to the Bank of holding funds at the Borrower's disposal, applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to delivery of goods (or in the case of advance and progress payments to suppliers, in relation to such payments).

Section 4.04. *Supporting Evidence.* The Borrower shall furnish to the Bank such documents and other evidence in support of the application as the Bank shall reasonably request, whether before or after the Bank shall have permitted any withdrawal requested in the application.

Section 4.05. *Sufficiency of Applications and Documents.* Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to withdraw from the Loan Account the amount applied for and that the amount to be withdrawn from the Loan Account is to be used only for the purposes specified in the Loan Agreement.

Section 4.06. *Payment by Bank.* Payment by the Bank of amounts which the Borrower is entitled to withdraw from the Loan Account shall be made to or on the order of the Borrower.

\*) The Executive Directors have decided that, in view of the special relationship established between the Bank and Switzerland by the Agreement of June 29, 1951, the Bank should agree, if so requested by borrowers, to permit loan proceeds to be used to finance expenditures in the territories of Switzerland or for goods produced in (including services supplied from) such territories.



## Article V

### Cancellation and Suspension

Section 5.01. *Cancellation by the Borrower.* The Borrower may by notice to the Bank cancel all or any part of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice.

Section 5.02. *Suspension by the Bank.* If any of the following events shall have happened and be continuing, the Bank may by notice to the Borrower suspend the right of the Borrower to make withdrawals from the Loan Account:

- (a) A default shall have occurred in the payment of principal or interest or any other payment required under the Loan Agreement or the Bonds.
- (b) A default shall have occurred in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any loan agreement or under any guarantee agreement between the Guarantor and the Bank.
- (c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds.
- (d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantor will be able to perform its obligations under the Loan Agreement or the Guarantee Agreement.
- (e) The Borrower shall have taken or permitted to be taken any action or proceeding whereby any of its property shall or may be assigned or in any manner transferred or delivered to any receiver, assignee, liquidator or other person, whether appointed by the Borrower or by a court or by the Guarantor or by authority of any law, whereby such property shall or may be distributed among the creditors of the Borrower.
- (f) The Guarantor or any governmental authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Borrower or for the suspension of its operations.
- (g) The Guarantor shall have been suspended from membership in or ceased to be a member of the Bank.
- (h) The Guarantor shall have ceased to be a member of the International Monetary Fund or shall have become ineligible to use the resources of said Fund under Section 6 of Article IV of the Articles of Agreement of said Fund or shall have been declared ineligible to use said resources under Section 5 of Article V, Section 1 of Article VI or Section 2(a) of Article XV of the Articles of Agreement of said Fund.
- (i) After the date of the Loan Agreement and prior to the Effective Date any action shall have been taken which would have constituted a violation of any covenant contained in the Loan Agreement or Guarantee Agreement relating to the creation of liens as security for debt if the Loan Agreement and Guarantee Agreement had been effective on the date such action was taken.
- (j) Any other event specified in the Loan Agreement for the purposes of this Section shall have occurred.

The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier.

Section 5.03. *Cancellation by the Bank.* If any of the events described in Section 5.02 shall have happened and be continuing, or if the Borrower shall not at the Closing Date have withdrawn from the Loan Account the full amount of

the Loan, the Bank may by notice to the Borrower terminate the right of the Borrower to make withdrawals from the Loan Account. Upon the giving of such notice the unwithdrawn amount of the Loan shall be cancelled.

Section 5.04. *Application of Cancellation or Suspension to Amounts Subject to Special Commitment.* Notwithstanding the provisions of Sections 5.01, 5.02 and 5.03, no cancellation or suspension pursuant to this Article shall apply to amounts subject to any special commitment entered into by the Bank pursuant to Section 4.02 except as expressly provided in such commitment.

Section 5.05. *Application of Cancellation to Maturities of the Loan.* Except as otherwise agreed between the Bank and the Borrower, any cancellation pursuant to this Article shall be applied *pro rata* to the several maturities of the principal amount of the Loan as set forth in the amortization schedule to the Loan Agreement, except that no such cancellation shall be applied to Bonds theretofore delivered or requested pursuant to Article VI, or to Bonds or portions of the Loan which the Bank has theretofore sold or agreed to sell.

Section 5.06. *Effectiveness of Provisions after Suspension or Cancellation.* Notwithstanding any cancellation or suspension pursuant to this Article, all the provisions of these Regulations, the Loan Agreement and the Guarantee Agreement shall continue in full force and effect except as in this Article specifically provided.

## Article VI

### Bonds

Section 6.01. *Delivery of Bonds.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan and the Guarantor shall endorse its guarantee thereon, all as hereinafter in this Article provided.

Section 6.02. *Payments on Bonds.* The payment of the principal of any Bonds shall *pro tanto* discharge the obligation of the Borrower to repay the principal of the Loan; and the payment of interest on any Bonds and of the service charge, if any, provided for in Section 6.04, shall *pro tanto* discharge the obligation of the Borrower to pay interest on the Loan.

Section 6.03. *Time of Delivery of Bonds.* If and as the Bank shall from time to time request, the Borrower shall, as soon as practicable and within such period not less than 60 days after the date of any request therefor as the Bank shall specify in such request, execute and deliver to or on the order of the Bank Bonds in the aggregate principal amount specified in such request, not exceeding, however, the aggregate principal amount of the Loan which shall have been withdrawn and shall be outstanding at the time of such request and for which Bonds shall not theretofore have been so delivered or requested.

Section 6.04. *Interest on Bonds; Service Charge.* The Bonds shall bear interest at such rate or rates as the Bank shall request, not in excess, however, of the rate of interest on the Loan. If the rate of interest on any Bond shall be less than the rate of interest on the Loan, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of the Loan represented by such Bond at a rate equal to the difference between the interest rate on the Loan and the interest rate on such Bond. Such service charge shall be payable on the dates on which and in the currency in which such interest is payable.

Section 6.05. *Currency in Which Bonds Are Payable.* The Bonds shall be payable as to principal and interest in the several currencies in which the Loan is repayable. Each Bond delivered pursuant to any request under Section 6.03 shall be payable in such currency as the Bank shall specify in such request except that the aggregate principal amount of Bonds payable in any currency shall at no time exceed the outstanding amount of the Loan repayable in such currency.

Section 6.06. *Maturities of Bonds.* The maturities of the Bonds shall correspond to the maturities of instalments of the principal amount of the Loan set forth in the amortization schedule to the Loan Agreement. The Bonds delivered pursuant to any request under Section 6.03 shall have such maturities as the Bank shall specify in such request except that the aggregate principal amount of Bonds of any maturity shall at no time exceed the corresponding instalment of the principal amount of the Loan.

Section 6.07. *Form of Bonds.* The Bonds shall be fully registered bonds without coupons (hereinafter sometimes called registered Bonds) or bearer bonds with coupons for semi-annual interest attached (hereinafter sometimes called coupon Bonds). Bonds delivered to the Bank shall be registered Bonds or coupon Bonds as the Bank shall request. Registered Bonds payable in dollars shall be substantially in the form set forth in Schedule 1 to these Regulations. Coupon Bonds payable in dollars and the coupons attached thereto shall be substantially in the forms set forth in Schedule 2 to these Regulations. All Bonds shall have the guarantee of the Guarantor endorsed thereon substantially in the form set forth in Schedule 3 to these Regulations. Bonds payable in any currency other than dollars and the guarantee endorsed thereon shall be substantially in the forms set forth in Schedules 1 and 3 or 2 and 3 to these Regulations, as the case may be, except that they shall (a) provide for payment of principal, interest and premium on redemption, if any, in such other currency, (b) provide for such place of payment as the Bank shall specify, and (c) contain such other modifications as the Bank shall reasonably request in order to conform to the laws or to the financial usage of the place where they are payable.

Section 6.08. *Printing or Engraving of Bonds.* Except as the Bank and the Borrower shall otherwise agree and subject to the provisions of Section 6.11(c), the Bonds shall be either (a) printed or lithographed on an engraved base having an engraved border or (b) fully engraved in conformity with the requirements of the leading securities exchange in the country in whose currency such Bonds are payable.

Section 6.09. *Date of Bonds.* Each registered Bond shall be dated the semi-annual interest payment date on which or next preceding the date on which it shall be executed and delivered. Each coupon Bond shall be dated six months prior to the first semi-annual interest payment date after the Effective Date except as the Bank and the Borrower shall otherwise agree, and shall be delivered with all unmatured coupons attached. Upon any delivery of Bonds appropriate adjustment shall be made so that there shall be no loss to the Bank or to the Borrower in respect of commitment charge or interest and service charge, if any, on the principal amount of the Loan represented by such Bonds.

Section 6.10. *Denominations of Bonds.* The Borrower shall authorize the issuance of Bonds in such denominations as the Bank shall reasonably request. The Bonds delivered pursuant to any request under Section 6.03 shall be in such authorized denominations as the Bank shall specify in such request.

Section 6.11. *Exchange of Bonds.* The Borrower shall, as soon as practicable after the Bank shall so request, execute and deliver to or on the order of the Bank, in exchange for Bonds theretofore executed and delivered to it, new Bonds in accordance with the following provisions:

- (a) Bonds bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on the Loan. The Bank shall reimburse the Borrower for the reasonable cost of any such exchange.
- (b) Registered Bonds in large denominations may be exchanged without charge to the Bank for registered or coupon Bonds in smaller authorized denominations for purposes of sale by the Bank.

(c) Bonds initially issued which are not fully engraved in accordance with the provisions of Section 6.08(b) may be exchanged without charge to the Bank for such fully engraved Bonds.

The foregoing rights of exchange are in addition to any rights of exchange provided in the Bonds. Except as in this Section expressly provided, exchanges of Bonds pursuant to this Section shall be subject to all provisions of the Bonds relating to exchanges.

Section 6.12. *Execution of Bonds and Guarantee.*

(a) The Bonds shall be signed in the name and on behalf of the Borrower by its authorized representative or representatives designated in the Loan Agreement for the purposes of this Section. The signature of any such representative may be a facsimile signature if the Bonds are also manually countersigned by an authorized representative of the Borrower. Coupons attached to coupon Bonds shall be authenticated by the facsimile signature of an authorized representative of the Borrower. If any authorized representative of the Borrower whose manual or facsimile signature shall be affixed to any Bond or coupon shall cease to be such authorized representative, such Bond or coupon may nevertheless be delivered, and shall be valid and binding on the Borrower, as though the person whose manual or facsimile signature shall have been affixed to such Bond or coupon had not ceased to be such authorized representative.

(b) The guarantee on the Bonds shall be signed in the name and on behalf of the Guarantor by its authorized representative or representatives designated in the Guarantee Agreement for the purposes of this Section. The signature of any such representative may be a facsimile signature if such guarantee is also countersigned manually by an authorized representative of the Guarantor. If any authorized representative of the Guarantor whose manual or facsimile signature shall be affixed to any such guarantee shall cease to be such authorized representative, the Bond on which such guarantee is endorsed may nevertheless be delivered under the Loan Agreement and such guarantee shall be valid and binding on the Guarantor as though the person whose manual or facsimile signature shall have been affixed to such guarantee had not ceased to be such authorized representative.

Section 6.13. *Registration and Transfer of Registered Bonds.* The Borrower shall maintain, or cause to be maintained, books for the registration and transfer of registered Bonds.

Section 6.14. *Qualification and Listing of Bonds.* The Borrower and the Guarantor shall promptly furnish to the Bank such information and execute such applications and other documents as the Bank shall reasonably request in order to enable the Bank to sell any of the Bonds in any country, or to list any of the Bonds on any securities exchange, in compliance with applicable laws and regulations. To the extent necessary to comply with the requirements of any such exchange, the Borrower and the Guarantor shall, if the Bank shall so request, appoint and maintain an agency for authentication of such Bonds.

Section 6.15. *Guarantee by the Bank of Payments on Bonds.* If the Bank shall sell any Bond and shall guarantee any payment thereunder, the Borrower shall reimburse the Bank for any amount paid by the Bank under such guarantee by reason of any failure of the Borrower and the Guarantor to make payment in accordance with the terms of such Bond.

Section 6.16. *Redemption of Bonds.*

(a) The Bonds shall be subject to redemption prior to their maturity by the Borrower in accordance with their terms, at a redemption price equal to the principal amount thereof plus the interest accrued and unpaid thereon to the date fixed for the redemption thereof plus as a premium the percentages of said principal amount specified in the amortization schedule to the Loan Agreement.



(b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the Loan, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid to such date on the principal amount of the Loan represented by such Bond.

Section 6.17. *Rights of Holders of Bonds.* No holder (other than the Bank) of any Bond shall, by virtue of being the holder thereof, be entitled to exercise any rights under the Loan Agreement or the Guarantee Agreement or be subject to any of the conditions or obligations imposed upon the Bank thereby. The provisions of this Section shall not impair or affect any rights or obligations under the terms of any Bond or of any guarantee endorsed thereon.

Section 6.18. *Delivery of Promissory Notes in Lieu of Bonds.* At the request of the Bank the Borrower shall execute and deliver to the Bank promissory notes in lieu of Bonds. Each note shall be payable to the order of such payee or payees, and at such place within the country in which the note is payable, as the Bank shall specify, and shall be dated the interest payment date next preceding the date of its delivery. Such note shall be in such customary form as the Bank and the Borrower shall mutually agree upon in order to conform to the laws or financial usage of the place where it is payable. Except as otherwise expressly provided in this Section or where the context otherwise requires, references in these Regulations and the Loan Agreement and Guarantee Agreement to Bonds shall include any promissory notes executed and delivered under this Section.

## Article VII

### Enforceability of Loan Agreement and Guarantee Agreement; Failure to Exercise Rights; Arbitration

Section 7.01. *Enforceability.* The rights and obligations of the Bank, the Borrower and the Guarantor under the Loan Agreement, the Guarantee Agreement and the Bonds shall be valid and enforceable in accordance with their terms notwithstanding the law of any state, or political subdivision thereof, to the contrary. Neither the Bank nor the Borrower nor the Guarantor shall be entitled in any proceeding under this Article to assert any claim that any provision of these Regulations or of the Loan Agreement, the Guarantee Agreement or the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank or for any other reason.

Section 7.02. *Obligations of Guarantor.* The obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower, and shall not be impaired by any of the following: any extension of time, forbearance or concession given to the Borrower; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement contemplated by the terms thereof; any failure of the Borrower to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or agency of the Guarantor.

Section 7.03. *Failure to Exercise Rights.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under the Loan Agreement or Guarantee Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

### Section 7.04. Arbitration.

(a) Any controversy between the parties to the Loan Agreement or the parties to the Guarantee Agreement and any claim by any such party against any other such party arising under the Loan Agreement, the Guarantee Agreement or the Bonds which shall not be determined by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Bank on the one side and the Borrower and the Guarantor on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Bank; a second arbitrator shall be appointed by the Borrower and the Guarantor or, if they shall not agree, by the Guarantor; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of the United Nations. If either side shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with the Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other parties. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration and the nature of the relief sought. Within 30 days after the giving of such notice, each side shall notify the other side of the arbitrator appointed by it.

(e) If, within 60 days after the giving of such notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, any party may request the appointment of an Umpire, as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement and the Guarantee Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. The Bank, the Borrower and the Guarantor shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided and borne equally between the Bank on the one side and the Borrower and Guarantor on the other. Any question concerning the division of the costs of the Ar-



bitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of controversies between the parties to the Loan Agreement and Guarantee Agreement or any claim by any such party against any other such party arising thereunder or under the Bonds.

(k) If, within 30 days after counterparts of the award shall be delivered to the parties, the award shall not be complied with, any party may enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party, may enforce such judgment by execution or may pursue any other appropriate remedy against such other party for the enforcement of the award, the provisions of the Loan Agreement or the Bonds. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Guarantor except as such procedure may be available against the Guarantor otherwise than by reason of the provisions of this Section.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made upon the Bank, upon the Borrower and (to the extent that such proceeding is available against the Guarantor) upon the Guarantor in the manner provided in Section 8.01. The parties to the Loan Agreement and the Guarantee Agreement waive any and all other requirements for the service of any such notice or process.

### Article VIII

#### Miscellaneous Provisions

Section 8.01. *Notices and Requests.* Any notice or request required or permitted to be given or made under the Loan Agreement or Guarantee Agreement and any agreement between any of the parties contemplated by the Loan Agreement or the Guarantee Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in the Loan Agreement or Guarantee Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

Section 8.02. *Evidence of Authority.* The Borrower and the Guarantor shall furnish to the Bank sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article IV and the Bonds or who will, on behalf of the Borrower or the Guarantor, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under the Loan Agreement or by the Guarantor under the Guarantee Agreement, and the authenticated specimen signature of each such person.

Section 8.03. *Action on Behalf of Guarantor.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Guarantee Agreement on behalf of the Guarantor may be taken or executed by the representative of the Guarantor designated in the Guarantee Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Guarantee Agreement may be agreed to on behalf of the Guarantor by written instrument executed on behalf of the Guarantor by the representative so designated or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations

of the Guarantor under the Guarantee Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Guarantee Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Guarantor thereunder.

Section 8.04. *Execution in Counterparts.* The Loan Agreement and the Guarantee Agreement may each be executed in several counterparts, each of which shall be an original. All such counterparts of either Agreement shall collectively be but one instrument.

### Article IX

#### Effective Date; Termination

Section 9.01. *Conditions Precedent to Effectiveness of Loan Agreement and Guarantee Agreement.* The Loan Agreement and Guarantee Agreement shall not become effective until:

- (a) evidence satisfactory to the Bank shall have been furnished to the Bank that (i) the execution and delivery of the Loan Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary corporate and governmental action, and (ii) all other events specified in the Loan Agreements as conditions to its effectiveness have occurred; and
- (b) evidence satisfactory to the Bank shall have been furnished to the Bank that (i) the execution and delivery of the Guarantee Agreement on behalf of the Guarantor have been duly authorized or ratified by all necessary governmental action, and (ii) all other events relating to the Guarantor and specified in the Loan Agreement as conditions to its effectiveness have occurred.

Section 9.02. *Legal Opinions.* As part of the evidence to be furnished pursuant to Section 9.01, there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank showing:

- (a) that the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms;
- (b) that the Bonds when executed and delivered in accordance with the Loan Agreement will constitute valid and binding obligations of the Borrower in accordance with their terms and that, except as stated in such opinion, no signatures or formalities other than those provided for in the Loan Agreement are required for that purpose;
- (c) that the Guarantee Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Guarantor and constitutes a valid and binding obligation of the Guarantor in accordance with its terms;
- (d) that the guarantee on the Bonds when executed and delivered in accordance with the Guarantee Agreement will constitute a valid and binding obligation of the Guarantor in accordance with its terms and that, except as stated in such opinion, no signatures or formalities other than those provided for in the Guarantee Agreement are required for that purpose; and
- (e) such other matters as shall be specified in the Loan Agreement.

Section 9.03. *Effective Date.* Except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date when the Bank notifies the Borrower and the Guarantor of its acceptance of the evidence required by Section 9.01.

Section 9.04. *Termination of Loan Agreement and Guarantee Agreement for Delay in Becoming Effective.* If all acts required to be performed pursuant to Section 9.01 shall not

have been performed before the date specified in the Loan Agreement for the purposes of this Section or such other date as shall be agreed upon by the Bank and the Borrower, the Bank may at any time thereafter at its option terminate the Loan Agreement and Guarantee Agreement by notice to the Borrower and the Guarantor. Upon the giving of such notice the Loan Agreement and the Guarantee Agreement and all obligations of the parties thereunder shall forthwith terminate.

Section 9.05. *Termination of Loan Agreement and Guarantee Agreement on Full Payment.* If and when the entire principal amount of the Loan and the Bonds and the premium, if any, on the prepayment of the Loan and on the redemption of all Bonds called for redemption (as the case may be) and all interest and other charges which shall have accrued on the Loan and the Bonds shall have been paid, the Loan Agreement and the Guarantee Agreement and all obligations of the parties thereunder shall forthwith terminate.

## Article X

### Definitions; Headings

Section 10.01. *Definitions.* Except where the context otherwise requires, the following terms have the following meanings wherever used in these Regulations or any Schedule hereto or in a loan agreement or guarantee agreement to which these Regulations have been made applicable:

1. The term "Bank" means International Bank for Reconstruction and Development.
2. The term "member" means a member of the Bank.
3. The term "Loan Agreement" means the particular loan agreement to which these Regulations shall have been made applicable, as amended from time to time; and such term includes all agreements supplemental to the Loan Agreement and all schedules to the Loan Agreement.
4. The term "Loan" means the loan provided for in the Loan Agreement.
5. The term "Guarantee Agreement" means the agreement between a member and the Bank providing for the guarantee of the Loan; and such term includes all agreements supplemental to the Guarantee Agreement and all schedules to the Guarantee Agreement.
6. The term "Borrower" means the party to the Loan Agreement to which the Loan is made; and the term "Guarantor" means the member of the Bank which is a party to the Guarantee Agreement.
7. The term "United States" means the United States of America.
8. The term "currency" means such coin of currency as at the time referred to is legal tender for the payment of public and private debts in the territories of the government referred to, whether or not such government is a member. Whenever reference is made to the currency of the Guarantor, the term "currency" includes the currencies of all colonies and territories on whose behalf at the time referred to the Guarantor has accepted membership in the Bank.
9. The term "dollars" and the sign "\$" mean dollars in currency of the United States.
10. The term "Bonds" means bonds executed and delivered by the Borrower pursuant to the Loan Agreement; and such term includes any such bonds issued in exchange for, or on transfer of, Bonds as herein defined.
11. The term "Loan Account" means the account on the books of the Bank to which the amount of the Loan is to be credited as provided in Section 2.01.
12. The term "Project" means the project or projects or program or programs for which the Loan is granted, as described in the Loan Agreement and as the description

thereof shall be amended from time to time by agreement between the Bank and the Borrower.

13. The term "goods" means equipment, supplies and services which are required for the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Guarantor.
14. The term "external debt" means any debt payable in any medium other than currency of the Guarantor, whether such debt is payable absolutely or at the option of the creditor in such other medium.
15. The term "Closing Date" means the date specified in the Loan Agreement as the Closing Date, or such other date as shall be agreed upon by the Bank and the Borrower as the Closing Date.
16. The term "Effective Date" means the date on which the Loan Agreement and Guarantee Agreement shall come into force and effect as provided in Section 9.03.
17. The term "lien" shall include mortgages, pledges, charges, privileges and priorities of any kind.
18. The term "assets" shall include revenues and property of any kind.
19. The terms "tax" and "taxes" shall include imposts, duties and levies of any kind, whether in effect at the date of the Loan Agreement or Guarantee Agreement or thereafter imposed.
20. Wherever reference is made to the incurring of debt such reference shall include the assumption and guarantee of debt.

References in these Regulations to Articles or Sections are to Articles or Sections of these Regulations; references in a Loan Agreement or a Guarantee Agreement to Articles or Sections are to Articles or Sections of such Agreement.

Section 10.02. *Headings.* The headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these Regulations.

### Schedule 1

#### Form of Registered Bond without Coupons Payable in Dollars

\$ 000	\$ 000
No. 000	No. 000

[Name of Borrower]

Guaranteed Serial Bond due

[Name of Borrower] (hereinafter called [the Borrower]), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at the office or agency of [the Borrower] in the Borough of Manhattan, in The City of New York, the sum of \_\_\_\_\_ Dollars in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay interest thereon from the date hereof at said office or agency in like coin or currency at the rate of \_\_\_\_\_ per centum ( \_\_\_\_\_ %) per annum, payable semi-annually on \_\_\_\_\_ and \_\_\_\_\_ until payment of said principal sum has been made or duly provided for.

This Bond is one of an authorized issue of bonds of the aggregate principal amount of \_\_\_\_\_ (or the equivalent thereof payable in other currencies), known as the Guaranteed Serial Bonds of [the Borrower] (hereinafter called the Bonds), issued or to be issued under a Loan Agreement dated \_\_\_\_\_ between [the Borrower] and International Bank for Reconstruction and Development (hereinafter called the Bank) and guaranteed by [name of Guarantor] in accor-



dance with the terms of a Guarantee Agreement dated

between [name of Guarantor] and the Bank. No reference herein to said Agreements shall confer upon the holder hereof any rights thereunder or impair the obligation of [the Borrower], which is absolute and unconditional, to pay the principal and interest on this Bond at the times and place and in the amounts and in the currency herein prescribed.

This Bond is transferable by the registered holder hereof, or by his attorney duly authorized in writing, at said office or agency of [the Borrower] in the Borough of Manhattan, upon payment, if [the Borrower] shall so require, of a charge calculated to reimburse [the Borrower] for the cost of the transfer and upon surrender of this Bond for cancellation, duly endorsed or accompanied by a proper instrument or instruments of assignment and transfer. Upon any such transfer a new fully registered Bond or Bonds, without coupons, of authorized denominations, of the same maturity and in the same aggregate principal amount, will be issued to the transferee in exchange for this Bond.

Upon payment, if [the Borrower] shall so require, of a charge calculated to reimburse [the Borrower] for the cost of the exchange (1) bearer Bonds with interest coupons attached (hereinafter called coupon Bonds) of any maturity, together with all unmaturing coupons thereto appertaining, may be exchanged upon presentation and surrender thereof at said office or agency in the Borough of Manhattan for coupon Bonds of other authorized denominations with all unmaturing coupons thereto appertaining, or for fully registered Bonds without coupons (hereinafter called registered Bonds) of any authorized denominations, or both, of the same maturity and in the same aggregate principal amount; and (2) registered Bonds of any maturity may be exchanged upon presentation and surrender at said office or agency, duly endorsed or accompanied by a proper instrument or instruments of assignment and transfer, for registered Bonds of other authorized denominations or for coupon Bonds of any authorized denominations with all unmaturing coupons thereto appertaining, or both, of the same maturity and in the same aggregate principal amount.

[The Borrower] shall not be required to make transfers or exchanges of any Bonds for a period of ten days next preceding any interest payment date thereof or of any Bonds called for redemption.

The Bonds are subject to redemption at the election of [the Borrower], as hereinafter provided, at a redemption price for each Bond equal to the principal amount thereof, plus the interest accrued and unpaid thereon to the date fixed for the redemption thereof, plus as a premium the following respective percentages of such principal amount: [insert percentages set forth in the amortization schedule to the Loan Agreement]. All the Bonds at the time outstanding may be so redeemed at any time. All the Bonds at the time outstanding of any one or more maturities may be so redeemed at any time, provided that, at the date fixed for the redemption of such Bonds, there shall not be outstanding any Bonds maturing after the Bonds to be redeemed. If [the Borrower] shall elect to redeem Bonds it shall give notice of intention to redeem all the Bonds or all the Bonds of one or more designated maturities as hereinabove provided, as the case may be. Such notice shall designate the redemption date and shall state the redemption price or prices, determined as hereinbefore provided. Such notice shall be given by publication in two daily news papers printed in the English language and published and of general circulation in said Borough of Manhattan at least once a week for three successive weeks, the first publication to be not less than 45 nor more than 60 days prior to said redemption date. Notice of election to redeem having been given as above provided, the Bonds so called for redemption shall become due and payable on said redemption date at their redemption price or prices, and upon presentation and surrender thereof on or after such date at said office or agency in said Borough of Manhattan, together with any appurtenant coupons maturing after said redemption

date, shall be paid at the redemption price or prices aforesaid. All unpaid interest instalments represented by coupons which shall have matured on or prior to said redemption date shall continue to be payable to the bearers of such coupons severally and respectively, and the redemption price payable to the holders of coupon Bonds presented for redemption shall not include such unpaid instalments of interest unless coupons representing such instalments shall accompany the Bonds presented for redemption. From and after said redemption date, if payment is made or duly provided for pursuant thereto, the Bonds so called for redemption shall cease to bear interest and any appurtenant coupons maturing after said redemption date shall be void.

In certain events provided in said Loan Agreement, the Bank, at its option, may declare the principal of all the Bonds then outstanding (if not already due) to be due and payable immediately, and upon any such declaration such principal shall be due and payable immediately.

The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature or any restrictions now or at any time hereafter imposed under the laws of [name of Guarantor] or laws in effect in its territories; *provided, however, that the provisions of this paragraph shall not apply to the taxation of payments made under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of [name of Guarantor].*

*[The Borrower] may deem and treat the bearer of any coupon Bond, and the bearer of any coupon for interest on any Bond, and the registered owner of any registered Bond, as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to such bearer or to or on the order of such registered owner, as the case may be, shall be valid and effectual to discharge the liability of [the Borrower] upon such coupon Bond, such coupon or such registered Bond to the extent of the sum or sums so paid.*

*This Bond shall not be valid or become obligatory for any purpose until it shall have been [insert appropriate reference to authentication, signature or attestation].*

In Witness Whereof [the Borrower] has caused this Bond to be signed in its name by [here insert reference to official or officials signing Bonds, to countersignatures, attestation and seal, if used, and, if any signature is a facsimile signature, make reference thereto].

[Signature, attestation,  
authentication, as may  
be appropriate]

Dated

Note: Italicized provisions may be omitted if Borrower desires.

#### Form of Assignment and Transfer

For Value Received

hereby sell, assign and transfer unto

the within Bond issued by [Name of Borrower] and hereby irrevocably authorize said [Borrower] to transfer said Bond on its books.

Dated

Witness:





**Form of Coupon**

On the                    day of                    , 19                    , unless the Bond mentioned below shall have been called for previous redemption and payment duly provided therefor, [Name of Borrower] will pay to bearer, upon surrender of this coupon, at the office or agency of said [Borrower] in the Borough of Manhattan in The City of New York                    dollars in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, being six months' interest then due on its Serial Bond, No.                    due

[facsimile signature]

**Schedule 3****Form of Guarantee**

[Name of Guarantor], for value received, as a primary obligor and not as surety merely, hereby absolutely and unconditionally guarantees, and pledges its full faith and credit for, the due and punctual payment of the principal and redemption price of the within Bond and the interest thereon, free from taxes and restrictions as therein provided, prior notice to, demand upon or action against the obligor on said Bond or [name of Guarantor] being waived.

[Name of Guarantor]

by

Authorized Representative

Dated