

MULTILATERAL

AGREEMENT AMONG AMERICAN, BRITISH, FRENCH, GERMAN, JAPANESE
AND RUSSIAN BANKING GROUPS, IN REGARD TO REORGANIZATION LOAN

AN AGREEMENT made the 18th day of June 1912 Between the HONG KONG & SHANGHAI BANKING CORPORATION having its office at 31 Lombard Street in the city of London (hereinafter called "the Hong Kong Bank") of the first part, THE DEUTSCH-ASIATISCHE BANK having its office at 31 Unter den Linden, Berlin (hereinafter called "the German Bank") of the second part, THE BANQUE DE L'INDO-CHINE having its office at 15 bis Rue Lafitte, Paris (hereinafter called "the French Bank") of the third part, MESSRS. J. P. MORGAN & CO., MESSRS KUHN, LOEB & Co., THE FIRST NATIONAL BANK and the NATIONAL CITY BANK all of New York (hereinafter called "the American Group") acting as to the United Kingdom by Messrs. Morgan, Grenfell & Co. of 22 Old Broad Street in the city of London, as to Germany by Messrs. M.M. Warburg & Co. of Hamburg and as to France by Messrs. Morgan, Harjes & Co. of Paris and Messrs. M.M. Warburg & Co. (all hereinafter collectively called "the American Agents") of the fourth part, THE: RUSSO-ASIATIC BANK having its office at 62 Nevsky Prospect, St. Petersburg in Russia (hereinafter called "the Russian Bank") of the fifth part, and THE YOKOHAMA SPECIE BANK LIMITED having its office at Yokohama Japan (hereinafter called "the Japanese Bank") of the sixth part.

WHEREAS negotiations have for some time past been carried on between the first four parties hereto and the Chinese Government with a view to the issue by such first four parties of a Chinese Government Reorganization Loan for £60,000,000 or thereabouts AND WHEREAS the first four parties hereto have already made to or on account of the Chinese Government certain preliminary advances AND WHEREAS it has been agreed that the Russian Bank and the Japanese Bank shall participate on an equal footing with the first four parties hereto in the Reorganization Loan which shall be deemed to include the said preliminary advances which have already been made by the first four parties hereto and in further preliminary advances which shall be made by the parties hereto

NOW IT IS HEREBY AGREED by and between the parties hereto as follows:

1.—In the matter of this agreement the German Bank is acting on behalf of the German syndicate for Chinese business consisting of the parties whose names are set forth in the first schedule hereto, and the French Bank is acting on behalf of the French syndicate for Chinese business consisting of the parties whose names are set forth in the second schedule hereto, and the American Agents are acting on behalf of the American Group. The Russian Bank is acting on behalf of the Russian syndicate for Chinese business consisting of the parties whose names are set forth in the third schedule hereto. The French Bank, the German Bank, the American Group and the Russian Bank reserve to themselves respectively the right of increasing or reducing in each special case the number of parties interested in the French and German syndicates, the American Group and the Russian

syndicate respectively and a similar right is reserved to the Hong Kong Bank and to the Japanese Bank respectively, but so that any party dropping out shall remain bound by the restrictive provisions hereof and any party coming in shall become subject to the restrictive provisions hereof and so that hereafter none of the parties hereto shall (without the consent of the others) be entitled to admit to its group a new member who is not of its nationality and domiciled in its market.

2.— This agreement relates to the Reorganization Loan and to the future business hereinafter in this clause mentioned and is made on the principle of complete equality in every respect between the parties hereto and each of the parties hereto shall take an equal share in all operations and jointly sign all contracts and shall bear in equal shares all charges in connection with any business (except stamp duties and any charges of and in connection with the realization by each of the parties hereto in their respective markets of its share in the operations) and each of the parties hereto shall conclude all contracts with equal rights and obligations as between themselves and each party shall have the same rights, privileges, prerogatives advantages, responsibilities and obligations of every sort and kind. The said preliminary advances shall accordingly be borne by each of the parties hereto in equal shares and any sums which may have already been paid by the first four parties hereto in respect of preliminary advances or otherwise in connection with the said Reorganization Loan shall as soon as may be after the execution hereof be adjusted on the abovementioned basis of equality. Until the Reorganization Loan shall have been issued or until a majority of the parties hereto shall have decided not to proceed further with the issue thereof or until a period of five years from the date hereof shall have elapsed, whichever event shall first happen, each of the parties hereto will offer to other parties hereto an equal participation with itself in any loan or advance business into which it may after the date of this agreement enter with the Chinese Government, with any of the provinces forming part of China, with Chinese Government departments or with companies having Chinese Government or Provincial Government guaranties, it being understood that there are excepted from this provision (1) current banking business as well as small financial operations coming within the scope of the same and (2) loans or advances to companies having Chinese Government or Provincial Government guaranties, provided that such loans or advances do not involve an issue during the currency of this agreement to the public of bonds or other securities. Should one or more of the parties hereto decline a participation in any such future loan or advance business as aforesaid, or in the Reorganization Loan or any part thereof, the party or parties accepting a participation therein shall be free to undertake the same but shall issue on its or their markets only. Where one or more of the parties who have accepted a participation in any such future loan or advance business notifies the other parties who have also accepted a participation, of its intention not to issue its or their participation, the party or parties to whom such notice shall be addressed will issue the participation of the party or parties giving such notice upon the same terms and conditions *mutatis mutandis* as are hereinafter contained with regard to the Residuary Participation in the Reorganization Loan.

3.— All contracts shall so far as possible be made so as not to impose joint liability on the parties hereto but each of the parties hereto shall severally liquidate its own engagements or liabilities towards the Chinese Government. The parties hereto will so far as possible come to an understanding with regard to the realization of the operations, but so

that such realization in whatever manner this may take place shall be for the separate benefit of each of the parties hereto as regards their respective participation therein and so that each of the parties hereto shall be entitled to realize its participation in the operations only in its own market, it being understood that the issues in the respective markets are to be made at substantial parity. For the purposes of this agreement, the Belgian market shall be considered as part of the market of the Russian Bank, subject only to this restriction; viz: that the Russian Bank shall not issue in Belgium more than one-third of its participation and only by one or more of the present members of its group. Notwithstanding the provisions of this clause, each party reserves to itself the right to share its operations (other than the issuing operations) with the present members of its own group irrespective of their nationality.

4.— Any one or more of the parties hereto who shall have accepted its or their participation in the Reorganization Loan or any part of such loan shall be entitled, by notice in writing, to call upon the other or others of the parties hereto who propose to issue their own respective participations to issue for the account of the party or parties giving such notice or notices either all or one-half of the amount which may constitute the participation in the Reorganization Loan or in such part thereof as the parties hereto may from time to time agree to issue of the party or parties giving such notice or notices and the party or parties so called upon shall issue the said amount or amounts (hereinafter called “the Residuary Participation”) specified in such notice or notices upon and subject to the terms and conditions following, viz:

(1) Such notice or notices must be received by the other or others of the parties hereto before execution of the final agreement with the Chinese Government for the issue of the loan (or in case of an issue of a part only of the loan) of so much thereof as the parties hereto may from time to time agree to issue.

(2) The party or parties to whom such notice or notices shall have been given shall be entitled to decide among themselves and without reference to the party or parties giving such notice or notices as to which one or more of them shall issue the Residuary Participation, but in default of any such decision they shall issue the same equally between them.

(3) In issuing the Residuary Participation no distinction shall be made between the Residuary Participation and the amount or amounts issued on its or their own account by the bank or banks issuing the Residuary Participation, which shall in all respects be subject to the conditions of the respective Syndicates which may be formed for the purpose of effecting the issue.

(4) Each of the banks issuing the Residuary Participation shall be entitled to decide for itself and without reference to the party or parties giving such notice or notices as to what expenses shall be incurred in relation to the issue of the total amount issued by such bank.

(5) The banks issuing the Residuary Participation shall be entitled between them to charge the party or parties giving such notice or notices with a commission of not exceeding 1 1/2% on the nominal amount of the Residuary Participation and also with a *pro rata* share of the total expenses which such banks may in their sole discretion incur in relation to the

whole issue and being in the proportion which the Residuary Participation bears to the total nominal amount of the issue.

(6) The bank or banks issuing the Residuary Participation shall not by virtue of this Agreement incur any responsibility to subscribe for the Residuary Participation or to cause the same to be subscribed.

(7) Each bank issuing the Residuary Participation shall apply all subscriptions received by it *pro rata* between the Residuary Participation issued by it and the amount issued by such bank on its own account.

(8) Each of the banks issuing the Residuary Participation will apply for and use its best endeavors to obtain a quotation on its market for the total amount issued by it.

(9) No issue of the Residuary Participation or any part thereof shall be made by the party or parties giving such notice or notices until mutually agreed by the parties hereto.

5.—No participation shall be given by any one of the parties hereto outside its own market except to the present members of its own group. Any participation given in its own market by any one of the parties hereto shall be for its own account only or in the event of the issue including any of the Residuary Participation for the account *pro rata* of the issuing bank and the party or parties giving such notice or notices as aforesaid; and in giving any such participation, the party giving the same shall use its best endeavors to secure that no part of such participation shall be transferred to parties outside the market of the party giving the same. Any other participation shall be given only with the consent of all parties hereto and shall be borne in equal shares by the parties hereto.

IN WITNESS whereof the duly authorized representatives of the respective parties hereto have set their hands the day and year first above written.

THE FIRST SCHEDULE

Direction der Disconto-Gesellschaft	Berlin
S. Bleichroder	"
Deutsche-Bank	"
Berliner Handels-Gesellschaft	"
Bank für Handel & Industrie	"
Mendelssohn & Co.	"
Dresdner Bank	"
A. Schauffhausen'scher Bankverein	"
Nationalbank für Deutschland	"
Deutsch-Asiatische Bank	Shanghai
Jacob S.H. Stern	Frankfort a/Main
Sal. Oppenheim Jr. & Cie.	Köln
Norddeutsche Bank in Hamburg	Hamburg
L. Behrens & Söhne	"
Bayerische Hypotheken und Wechsel-bank	München

THE SECOND SCHEDULE

Banque de l'Indo-Chine	Paris
Banque de Paris et des Pays-Bas	"
Comptoir National d'Escompte de Paris	"
Credit Lyonnais	"
Société Générale pour favoriser le développement du Commerce et de l'Industrie en France	"
Société Générale de Crédit Industriel & Commercial	"
Banque de l'Union Parisienne	"
Banque Française pour le Commerce et l'Industrie	"
Crédit Mobilier Français	"

THE THIRD SCHEDULE

Banque Russo-Asiatique
A. Spitzer & Co.
J. Henry Schroeder & Co.
Eastern Bank Limited
Banque Sino-Belge
Société Belge d'études de Chemins de Fer en Chine
Société Générale de Belgique
Banque d'Outremer

For the Hong Kong & Shanghai Banking Corporation:

C.S. ADDIS.

For the Deutsch-Asiatische Bank:

URBIG.REBDERS.

For the Banque de l'Indo-Chine:

ULLMAN. ST. SIMON.

For the American Group:

H.P. DAVISON MORTIMER L. SCHIFF.

For the Russo-Asiatic Bank:

M. VERSTRAETE.

For the Yokohama Specie Bank, Ltd.:

K. TAKEUCHI.