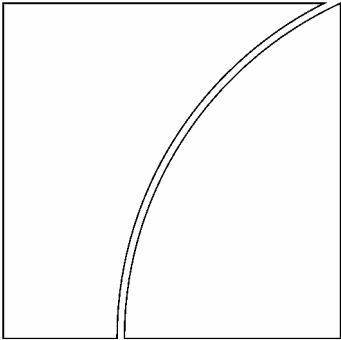




BANK FOR INTERNATIONAL SETTLEMENTS



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Convention respecting the Bank for International Settlements

(of 20 January 1930)¹

The duly authorised representatives of the Governments of Germany, of Belgium, of France, of the United Kingdom of Great Britain and Northern Ireland, of Italy and of Japan² of the one part

And the duly authorised representatives of the Government of the Swiss Confederation of the other part

Assembled at the Hague Conference in the month of January, 1930, have agreed on the following:

Article 1

Switzerland undertakes to grant to the Bank for International Settlements, without delay, the following Constituent Charter having force of law: not to abrogate this Charter, not to amend or add to it, and not to sanction amendments to the Statutes of the Bank referred to in Paragraph 4 of the Charter otherwise than in agreement with the other signatory Governments.

Article 2

Any dispute between the Swiss Government and any of the other signatory Governments relating to the interpretation or

¹ 104 League of Nations Treaty Series (LNTS) 441 (including Constituent Charter and Statutes); Compendium of Swiss Laws (Recueil systématique): 0.192.122.971 (including Constituent Charter).

² According to an announcement made by the Swiss Government on 26 December 1952, Japan renounced all rights, titles and interests acquired under the Convention.

application of the present Convention shall be submitted to the Arbitral Tribunal provided for by the Hague Agreement of January, 1930. The Swiss Government may appoint a member who shall sit on the occasion of such disputes, the President having a casting vote. In having recourse to this Tribunal the Parties may always agree between themselves to submit their dispute to the President or to one of the members of the Tribunal chosen to act as sole arbiter.

Article 3

The present Convention is entered into for a period of 15 years. It is entered into on the part of Switzerland under reserve of ratification and shall be put into force as soon as it shall have been ratified by the Government of the Swiss Confederation.

The instrument of ratification shall be deposited with the Ministry of Foreign Affairs at Paris. Upon the entry into force of the Convention, the Swiss Government will initiate the necessary constitutional procedure in order that the assent of the Swiss people may be obtained for the maintenance in force during the whole of the Bank's existence of the provisions of the present Convention. As soon as these measures have become fully effective the Swiss Government will notify the other signatory Governments and these provisions shall become valid during the Bank's existence.³

[Text of the Constituent Charter].

Done at The Hague, the 20th January, 1930.

³ On 10 June 1930 the Convention was prolonged for the existence of the Bank.

Constituent Charter of the Bank for International Settlements

(of 20 January 1930)¹

Whereas the Powers signatory to the Hague Agreement of January, 1930, have adopted a Plan which contemplates the founding by the central banks of Belgium, France, Germany, Great Britain, Italy and Japan and by a financial institution of the United States of America of an International Bank to be called the Bank for International Settlements;

And whereas the said central banks and a banking group including Messrs. J. P. Morgan & Company of New York, the First National Bank of New York, New York, and the First National Bank of Chicago, Chicago, have undertaken to found the said Bank and have guaranteed or arranged for the guarantee of the subscription of its authorised capital amounting to five hundred million Swiss francs equal to 145,161,290.32 grammes fine gold, divided into 200,000 shares;

And whereas the Swiss Federal Government has entered into a treaty with the Governments of Germany, Belgium, France, Great Britain, Italy and Japan whereby the said Federal Government has agreed to grant the present Constituent Charter of the Bank for International Settlements and not to repeal, amend or supplement the said Charter and not to sanction amendments to the Statutes of the Bank referred to in Paragraph 4 of the present Charter except in agreement with the said Powers;

¹ Text amended on account of the renumbering of the Articles of the Statutes and sanctioned on 10 December 1969 in accordance with the conditions laid down in Article 1 of the Convention respecting the Bank for International Settlements.

1. The Bank for International Settlements (hereinafter called the Bank) is hereby incorporated.
2. Its constitution, operations and activities are defined and governed by the annexed Statutes² which are hereby sanctioned.
3. Amendment of Articles of the said Statutes other than those enumerated in Paragraph 4 hereof may be made and shall be put into force as provided in Article 57 of the said Statutes and not otherwise.
4. Articles 2, 3, 8, 14, 19, 24, 27, 44, 51, 54, 57 and 58 of the said Statutes shall not be amended except subject to the following conditions: the amendment must be adopted by a two-thirds majority of the Board, approved by a majority of the General Meeting and sanctioned by a law supplementing the present Charter.
5. The said Statutes and any amendments which may be made thereto in accordance with Paragraphs 3 or 4 hereof respectively shall be valid and operative notwithstanding any inconsistency therewith in the provisions of any present or future Swiss law.
6. The Bank shall be exempt and immune from all taxation included in the following categories:
 - (a) stamp, registration and other duties on all deeds or other documents relating to the incorporation or liquidation of the Bank;
 - (b) stamp and registration duties on any first issue of its shares by the Bank to a central bank, financial institution, banking group or underwriter at or before the time of incorporation or in pursuance of Articles 5, 6, 8 or 9 of the Statutes;

² See text of the Statutes currently in force.

- (c) all taxes on the Bank's capital, reserves or profits, whether distributed or not, and whether assessed on the profits of the Bank before distribution or imposed at the time of distribution under the form of a coupon tax payable or deductible by the Bank. This provision is without prejudice to the State's right to tax the residents of Switzerland other than the Bank as it thinks fit;
- (d) all taxes upon any agreements which the Bank may make in connection with the issue of loans for mobilising the German annuities and upon the bonds of such loans issued on a foreign market;
- (e) all taxes on the remunerations and salaries paid by the Bank to members of its administration or its employees of non-Swiss nationality.

7. All funds deposited with the Bank by any Government in pursuance of the Plan adopted by the Hague Agreement of January, 1930, shall be exempt and immune from taxation whether by way of deduction by the Bank on behalf of the authority imposing the same or otherwise.

8. The foregoing exemptions and immunities shall apply to present and future taxation by whatsoever name it may be described, and whether imposed by the Confederation, or by the cantonal, communal or other public authorities.

9. Moreover, without prejudice to the exemptions specified above, there may not be levied on the Bank, its operation or its personnel any taxation other than that of a general character and to which other banking establishments established at Basle or in Switzerland, their operations and their personnel, are not subjected *de facto* and *de jure*.

10. The Bank, its property and assets and all deposits and other funds entrusted to it shall be immune in time of peace and in time of war from any measure such as expropriation, requisition, seizure, confiscation, prohibition or restriction of gold or currency export or import, and any other similar measures.

11. Any dispute between the Swiss Government and the Bank as to the interpretation or application of the present Charter shall be referred to the Arbitral Tribunal provided for by the Hague Agreement of January, 1930.

The Swiss Government shall appoint a member to sit on the occasion of such dispute, the President having a casting vote.

In having recourse to the said Tribunal the Parties may nevertheless agree to submit their dispute to the President or to a member of the Tribunal chosen to act as sole arbiter.

Statutes of the Bank for International Settlements

(of 20 January 1930; text as amended
on 27 June 2005)¹

Chapter I

Name, Seat and Objects

Article 1

There is constituted under the name of the Bank for International Settlements (hereinafter referred to as the Bank) a Company limited by shares.

Article 2

The registered office of the Bank shall be situated at Basle, Switzerland.

Article 3

The objects of the Bank are: to promote the co-operation of central banks and to provide additional facilities for

¹ Amendments to the original text of the Statutes of 20 January 1930 were adopted by Extraordinary General Meetings held on 3 May 1937, 12 June 1950, 9 October 1961, 9 June 1969, 10 June 1974, 8 July 1975, 14 June 1993, 13 September 1994, 8 November 1999, 8 January 2001, 10 March 2003 and 27 June 2005. The amendments adopted in 1969 and 1975 were sanctioned in accordance with the conditions laid down in Article 1 of the Convention respecting the Bank for International Settlements.

international financial operations; and to act as trustee or agent in regard to international financial settlements entrusted to it under agreements with the parties concerned.

Chapter II

Capital

Article 4

(1) The authorised capital of the Bank shall be three thousand million Special Drawing Rights (SDR), as defined from time to time by the International Monetary Fund.²

(2) It shall be divided into 600,000 shares of equal nominal value, consisting of three tranches of 200,000 shares each.

(3) The nominal value of each share and the amount remaining to be paid up shall be stated on the face of the share certificates which may be issued by the Bank pursuant to Article 16.

Article 5

The two first tranches of 200,000 shares each have already been issued.

² One SDR is the equivalent to the sum of US\$ 0.632, Euro 0.410, Japanese yen 18.4 and Pound sterling 0.0903 as approved by the Executive Board of the IMF, effective 1 January 2006; this decision is subject to revision every five years.

Article 6

The Board, upon a decision taken by a two-thirds majority, may, when it considers it advisable, issue on one or more occasions a third tranche of 200,000 shares and distribute them in accordance with the provisions of Article 8.

Article 7

(1) Twenty-five per cent. only of the value of each share shall be paid up at the time of subscription. The balance may be called up at a later date or dates at the discretion of the Board. Three months' notice shall be given of any such calls.

(2) If a shareholder fails to pay any call on a share on the day appointed for payment thereof the Board may, after giving reasonable notice to such shareholder, forfeit the share in respect of which the call remains unpaid. A forfeited share may be sold on such terms and in such manner as the Board may think fit, and the Board may execute a transfer in favour of the person or corporation to whom the share is sold. The proceeds of sale may be received by the Bank, which will pay to the defaulting shareholder any part of the net proceeds over and above the amount of the call due and unpaid.

Article 8

(1) The capital of the Bank may be increased or reduced on the proposal of the Board acting by a two-thirds majority and adopted by a two-thirds majority of the General Meeting.

(2) In the event of an increase in the authorised capital of the Bank and of a further issue of shares, the distribution among countries shall be decided by a two-thirds majority of the Board. The central banks of Belgium, England, France, Germany, Italy and the United States of America, or some other financial institution of the last-named country acceptable to the foregoing central banks, shall be entitled to subscribe or arrange for the subscription in equal proportions of at least fifty-five per cent. of such additional shares.

(3) In extending invitations to subscribe for the amount of the increase in capital not taken up by the banks referred to in clause (2), consideration shall be given by the Board to the desirability of associating with the Bank the largest possible number of central banks that make a substantial contribution to international monetary co-operation and to the Bank's activities.

Article 9

Shares subscribed in pursuance of Article 8 by the banks referred to in clause (2) of that Article may be placed at the Bank's disposal at any time for the purposes of cancellation and the issue of an equivalent number of shares. The necessary measures shall be taken by the Board by a two-thirds majority.

Article 10

No shares shall be issued below par.

Article 11

The liability of shareholders is limited to the nominal value of their shares.

Article 12

(1) The shares shall be registered and transferable in the books of the Bank.

(2) No share may be transferred without the prior consent of the Bank and of the central bank, or the institution acting in lieu of a central bank, by or through whom the shares in question were issued.

Article 13

The shares shall carry equal rights to participate in the profits of the Bank and in any distribution of assets under Articles 51, 52 and 53 of the Statutes.

Article 14

The ownership of shares of the Bank carries no right of voting or representation at the General Meeting. The right of representation and of voting, in proportion to the number of shares subscribed in each country, may be exercised by the central bank of that country or by its nominee. Should the central bank of any country not desire to exercise these rights, they may be exercised by a financial institution of widely recognised standing and of the same nationality, appointed by the Board, and not objected to by the central bank of the country in question. In cases where there is no central bank, these rights may be exercised, if the Board thinks fit, by an appropriate financial institution of the country in question appointed by the Board.

Article 15

Shares may be subscribed or acquired only by central banks, or by financial institutions appointed by the Board in accordance with the terms and conditions laid down in Article 14.

Article 16

The Bank may at its discretion issue share certificates to its shareholders.

Article 17

Ownership of shares of the Bank implies acceptance of the Statutes of the Bank.

Article 18

The registration of the name of a shareholder in the books of the Bank establishes the title to ownership of the shares so registered.

Article 18(A) (Transitional provisions)

In accordance with the resolutions of the Extraordinary General Meeting held on 8 January 2001 and in order to implement Article 15 of the Statutes as amended, the Bank will, on a compulsory basis, repurchase each share which, as of that date, is registered in the name of a shareholder other than a central bank (a "private shareholder"), against payment of compensation of CHF 16,000 for each share, as follows:

(1) On 8 January 2001, the registration of each private shareholder will be cancelled in the books of the Bank. As from this cancellation, every private shareholder will lose all rights appertaining to shares which are repurchased (including all rights to the payment of any future dividend), subject to the provisions of Article 54; every private shareholder will receive, in exchange for every share which is ipso jure transferred to the Bank, a statutory right to the payment of the amount of compensation referred to above.

(2) With a view to the payment of the compensation, the Bank will promptly send each private shareholder a notice inviting that private shareholder: (a) to provide written confirmation that he or she has not transferred or otherwise disposed of any share registered on 8 January 2001 in his or her name; (b) to provide written instructions for payment of the compensation by the Bank; and (c) to return the corresponding share certificates to the Bank.

(3) Upon receiving a complete response to the notice sent out pursuant to Article 18(A)(2), and after it has carried out all appropriate verifications, the Bank will pay each private shareholder the amount of compensation due to that shareholder. If a private shareholder has transferred or

otherwise disposed of any share for which he or she is the registered shareholder prior to 8 January 2001, and the Bank is aware of that transfer, the Bank will pay the amount of compensation due from it to the successor in title of the registered shareholder after it has carried out all appropriate verifications. If there is any doubt as to any entitlement to compensation in respect of any share, or if there is no response or only an incomplete response to the notice sent by the Bank pursuant to Article 18(A)(2), the Bank may, on such terms as it may deem appropriate, place in escrow the amount of compensation until such time as the interested parties appropriately establish their rights. Any transfer of a share which has not been notified to the Bank before the date on which the compensation is paid will have no effect with regard to the Bank.

(4) The Board will redistribute, in the manner in which it considers appropriate, the shares repurchased from private shareholders either (a) by offering them for sale to central bank shareholders against payment of an amount equal to that of the compensation paid to the private shareholders, or (b) by offering them for subscription as bonus shares by central bank shareholders in proportion to the number of shares held (including, if applicable, any share purchased pursuant to (a) above), it being understood that this redistribution may be achieved by a combination of (a) and (b).

(5) The Board is authorised to take all decisions it deems necessary in connection with the implementation of these transitional provisions, including delegating to the General Manager as appropriate responsibility for practical execution.

Chapter III

Powers of the Bank

Article 19

The operations of the Bank shall be in conformity with the monetary policy of the central banks of the countries concerned.

Before any financial operation is carried out by or on behalf of the Bank on a given market or in a given currency, the Board shall afford to the central bank or central banks directly concerned an opportunity to dissent. In the event of disapproval being expressed within such reasonable time as the Board shall specify, the proposed operation shall not take place. A central bank may make its concurrence subject to conditions and may limit its assent to a specific operation, or enter into a general arrangement permitting the Bank to carry on its operations within such limits as to time, character and amount as may be specified. This Article shall not be read as requiring the assent of any central bank to the withdrawal from its market of funds to the introduction of which no objection had been raised by it, in the absence of stipulations to the contrary by the central bank concerned at the time the original operation was carried out.

Any Governor of a central bank, or his alternate or any other Director specially authorised by the central bank of the country of which he is a national to act on its behalf in this matter, shall, if he is present at the meeting of the Board and does not vote against any such proposed operation, be deemed to have given the valid assent of the central bank in question.

If the representative of the central bank in question is absent or if a central bank is not directly represented on the Board, steps shall be taken to afford the central bank or banks concerned an opportunity to express dissent.

Article 20

The operations of the Bank for its own account shall only be carried out in currencies deemed suitable by the Board.

Article 21

The Board shall determine the nature of the operations to be undertaken by the Bank.

The Bank may in particular:

- (a) buy and sell gold coin or bullion for its own account or for the account of central banks;
- (b) hold gold for its own account under earmark in central banks;
- (c) accept the custody of gold for the account of central banks;
- (d) make advances to or borrow from central banks against gold, bills of exchange and other short-term obligations of prime liquidity or other approved securities;
- (e) discount, rediscount, purchase or sell with or without its endorsement bills of exchange, cheques and other short-term obligations of prime liquidity, including Treasury bills and other such government short-term securities as are currently marketable;
- (f) buy and sell exchange for its own account or for the account of central banks;
- (g) buy and sell negotiable securities other than shares for its own account or for the account of central banks;
- (h) discount for central banks bills taken from their portfolio and rediscount with central banks bills taken from its own portfolio;
- (i) open and maintain current or deposit accounts with central banks;
- (j) accept:

- (i) deposits from central banks on current or deposit account;
- (ii) deposits in connection with trustee agreements that may be made between the Bank and Governments in connection with international settlements;
- (iii) such other deposits as in the opinion of the Board come within the scope of the Bank's functions.

The Bank may also:

- (k) act as agent or correspondent of any central bank;
- (l) arrange with any central bank for the latter to act as its agent or correspondent. If a central bank is unable or unwilling to act in this capacity, the Bank may make other arrangements, provided that the central bank concerned does not object. If in such circumstances it should be deemed advisable that the Bank should establish its own agency, the sanction of a two-thirds majority of the Board will be required;
- (m) enter into agreements to act as trustee or agent in connection with international settlements, provided that such agreements shall not encroach on the obligations of the Bank towards third parties; and carry out the various operations laid down therein.

Article 22

Any of the operations which the Bank is authorised to carry out with central banks under the preceding Article may be carried out with banks, bankers, corporations or individuals of any country provided that the central bank of that country does not object.

Article 23

The Bank may enter into special agreements with central banks to facilitate the settlement of international transactions between them.

For this purpose it may arrange with central banks to have gold earmarked for their account and transferable on their order, to open accounts through which central banks can transfer their assets from one currency to another and to take such other measures as the Board may think advisable within the limits of the powers granted by these Statutes. The principles and rules governing such accounts shall be fixed by the Board.

Article 24

The Bank may not:

- (a) issue notes payable at sight to bearer;
- (b) “accept” bills of exchange;
- (c) make advances to Governments;
- (d) open current accounts in the name of Governments;
- (e) acquire a predominant interest in any business concern;
- (f) except so far as is necessary for the conduct of its own business, remain the owner of real property for any longer period than is required in order to realise to proper advantage such real property as may come into the possession of the Bank in satisfaction of claims due to it.

Article 25

The Bank shall be administered with particular regard to maintaining its liquidity, and for this purpose shall retain assets appropriate to the maturity and character of its liabilities. Its short-term liquid assets may include bank-notes, cheques payable on sight drawn on first-class banks, claims in course

of collection, deposits at sight or at short notice in first-class banks, and prime bills of exchange of not more than ninety days' usance, of a kind usually accepted for rediscount by central banks.

The proportion of the Bank's assets held in any given currency shall be determined by the Board with due regard to the liabilities of the Bank.

Chapter IV

Board and Management

Article 26

The Board shall determine the strategic and policy direction of the Bank, supervise the management, and fulfil the specific tasks given to it by these Statutes, and shall take the decisions necessary to carry out these responsibilities.

Article 27

The Board shall be composed as follows:

(1) The Governors for the time being of the central banks of Belgium, France, Germany, Great Britain, Italy and the United States of America (hereinafter referred to as *ex-officio* Directors).

Any *ex-officio* Director may appoint one person as his alternate who shall be entitled to attend and exercise the powers of a Director at meetings of the Board if the Governor himself is unable to be present.

(2) Six persons representative of finance, industry or commerce, appointed one each by the Governors of the

central banks mentioned in clause (1), and being of the same nationality as the Governor who appoints him.

If for any reason the Governor of any of the six institutions above mentioned is unable or unwilling to serve as Director, or to make an appointment under the preceding paragraph, the Governors of the other institutions referred to or a majority of them may invite to become members of the Board two nationals of the country of the Governor in question, not objected to by the central bank of that country.

Directors appointed as aforesaid, other than *ex-officio* Directors, shall hold office for three years but shall be eligible for reappointment.

(3) Not more than nine persons to be elected by the Board by a two-thirds majority from among the Governors of the central banks of countries in which shares have been subscribed but of which the central bank does not delegate *ex-officio* Directors to the Board.

The Directors so elected shall remain in office for three years but may be re-elected.

Article 28

In the event of a vacancy occurring on the Board for any reason other than the termination of a period of office in accordance with the preceding Article, the vacancy shall be filled in accordance with the procedure by which the member to be replaced was selected. In the case of Directors other than *ex-officio* Directors, the new Director shall hold office for the unexpired period only of his predecessor's term of office. He shall, however, be eligible for re-election at the expiration of that term.

Article 29

Directors must be ordinarily resident in Europe or in a position to attend regularly at meetings of the Board.

Article 30

No person shall be appointed or hold office as a Director who is a member or an official of a Government unless he is the Governor of a central bank and no person shall be so appointed or hold office who is a member of a legislative body unless he is the Governor or a former Governor of a central bank.

Article 31

(1) Meetings of the Board shall be held not less than six times a year. At least four of these shall be held at the registered office of the Bank.

(2) In addition, decisions of the Board may be taken by means of teleconferencing or videoconferencing, or by correspondence, unless at least five Directors request that the decisions be referred to a meeting of the Board.

Article 32

A member of the Board who is not present in person at a meeting of Directors may give a proxy to any other member authorising him to vote at that meeting on his behalf.

Article 33

Unless otherwise provided by the Statutes, decisions of the Board shall be taken by a simple majority of those present or represented by proxy. In the case of an equality of votes, the Chairman shall have a second or casting vote.

The Board shall not be competent to act unless a quorum of Directors is present. This quorum shall be laid down in a regulation adopted by a two-thirds majority of the Board.

Article 34

The members of the Board may receive, in addition to out-of-pocket expenses, a fee for attendance at meeting and/or a remuneration, the amounts of which will be fixed by the Board, subject to the approval of the General Meeting.

Article 35

The proceedings of the Board shall be summarised in minutes which shall be signed by the Chairman.

Copies of or extracts from these minutes for the purpose of production in a court of justice must be certified by the Chairman of the Board or any other person designated by the Board.

A record of decisions taken at each meeting shall be sent within eight days of the meeting to every member.

Article 36

The Board shall represent the Bank in its dealings with third parties and shall have the exclusive right of entering into engagements on behalf of the Bank. It may, however, delegate this right to the Chairman of the Board, to another member or other members of the Board, to the General Manager or to any other member or members of the permanent staff of the Bank, provided that it defines the powers of each person to whom it delegates this right.

Article 37

The Bank shall be legally committed *vis-à-vis* third parties by the signatures of the Chairman of the Board and another member of the Board, or by the signatures of the General Manager and a member of the staff of the Bank who has been duly authorised by the Board to sign on behalf of the Bank, or by the signatures of two members of the staff of the Bank who

have been duly authorised by the Board to sign on behalf of the Bank.

Article 38

The Board shall elect from among its members a Chairman and one or more Vice-Chairmen, one of whom shall preside at meetings of the Board in the absence of the Chairman.

At the meeting at which the Board elects its Chairman, the Chair shall be taken by the longest-serving member of the Board present.

The members of the Board so elected shall remain in office for a maximum of three years, and may be re-elected.

Article 39

(1) A General Manager and a Deputy General Manager shall be appointed by the Board on the proposal of the Chairman of the Board. Each appointment shall be made for a maximum of five years and may be renewed.

(2) The General Manager (chief executive officer) will carry out the policy determined by the Board and will be responsible to the Board for the management of the Bank.

(3) The Deputy General Manager will assist the General Manager in the management of the Bank and will exercise the responsibilities of the General Manager in his absence.

(4) Neither the General Manager nor the Deputy General Manager shall hold any other office which, in the judgement of the Board, might interfere with his duties to the Bank.

(5) Unless otherwise determined by the Board, the General Manager and Deputy General Manager shall be entitled to attend and speak at all meetings of the Board. When attending Board meetings, the General Manager, or in his absence, the Deputy General Manager, shall also be entitled to make proposals to the Board and, if he so desires, to have his opinions specially recorded in the minutes.

Article 40

(1) The departmental organisation of the Bank shall be approved by the Board on the proposal of the General Manager.

(2) The Heads of Departments and any other officers of similar rank shall be appointed by the Board on the proposal of the General Manager.

(3) The remainder of the staff shall be appointed by the General Manager.

Article 41

In carrying out his responsibilities, the General Manager shall be assisted by an advisory committee (Executive Committee). The committee will be chaired by the General Manager and will further comprise the Deputy General Manager, the Heads of Department, and all other officers of similar rank appointed by the Board. The terms of reference for the committee shall be approved by the Board.

Article 42

Except in respect of the core responsibilities of the Board, including those matters for which a two-thirds majority of the Board is required under these Statutes, the Board may, on a temporary basis, delegate certain of its powers to one or more committees chosen from among its members.

Article 43

The Board may appoint one or more advisory committees chosen wholly or partly from among its members.

Chapter V

General Meeting

Article 44

General Meetings of the Bank may be attended by nominees of the central banks or other financial institutions referred to in Article 14.

Voting rights shall be in proportion to the number of shares subscribed in the country of each institution represented at the meeting.

The Chair shall be taken at General Meetings by the Chairman of the Board or in his absence by a Vice-Chairman.

At least three weeks' notice of General Meetings shall be given to those entitled to be represented.

Subject to the provisions of these Statutes, the General Meeting shall decide upon its own procedure.

Article 45

Within four months of the end of each financial year of the Bank, an Annual General Meeting shall be held upon such date as the Board may decide.

The meeting shall take place at the registered office of the Bank.

Voting by proxy will be permitted in such manner as the Board may have provided in advance by regulation.

Article 46

The Annual General Meeting shall be invited:

- (a) to approve the Annual Report, the Balance Sheet upon the Report of the Auditors, and the Profit and Loss

Account, and any proposed changes in the remuneration, fees or allowances of the members of the Board;

- (b) to make appropriations to reserve and to special funds, and to consider the declaration of a dividend and its amount;
- (c) to elect the Auditors for the ensuing year and to fix their remuneration; and
- (d) to discharge the Board from all personal responsibility in respect of the past financial year.

Article 47

Extraordinary General Meetings shall be summoned to decide upon any proposals of the Board:

- (a) to amend the Statutes;
- (b) to increase or decrease the capital of the Bank;
- (c) to liquidate the Bank.

Chapter VI

Accounts and Profits

Article 48

The financial year of the Bank will begin on 1st April and end on 31st March. The first financial period will end on 31st March, 1931.

Article 49

The Bank shall publish an Annual Report, and at least once a month a Statement of Account in such form as the Board may prescribe.

The Board shall cause to be prepared a Profit and Loss Account and Balance Sheet of the Bank for each financial year in time for submission to the Annual General Meeting.

Article 50

The Accounts and Balance Sheet shall be audited by independent auditors. The Auditors shall have full power to examine all books and accounts of the Bank and to require full information as to all its transactions. The Auditors shall report to the Board and to the General Meeting and shall state in their Report:

- (a) whether they have obtained all the information and explanations they have required; and
- (b) whether, in their opinion, the Balance Sheet and the Profit and Loss Account dealt with in the Report are properly drawn up so as to exhibit a true and fair view of the state of the Bank's affairs according to the best of their information and the explanations given to them, and as shown by the books of the Bank.

Article 51

The yearly net profits of the Bank shall be applied as follows:

- (1) Five per cent. of such net profits, or such proportion of five per cent. as may be required for the purpose, shall be paid to a reserve fund called the Legal Reserve Fund until that Fund reaches an amount equal in value to ten per cent. of the amount of the paid-up capital of the Bank for the time being.
- (2) Thereafter the net profits shall be applied in or towards payment of the dividend which is declared by the General Meeting on the proposal of the Board. The portion of the net

profits so applied shall take into account the amount (if any) which the Board decides to draw from the Special Dividend Reserve Fund of the Bank pursuant to Article 52.

(3) After making provision for the foregoing, one-half of the yearly net profits then remaining shall be paid into the General Reserve Fund of the Bank until it equals the paid-up capital. Thereafter forty per cent. shall be so applied until the General Reserve Fund equals twice the paid-up capital; thirty per cent. until it equals three times the paid-up capital; twenty per cent. until it equals four times the paid-up capital; ten per cent. until it equals five times the paid-up capital; and from that point onward, five per cent.

In case the General Reserve Fund, by reason of losses or by reason of an increase in the paid-up capital, falls below the amounts provided for above after having once attained them, the appropriate proportion of the yearly net profits shall again be applied until the position is restored.

(4) The disposal of the remainder of the net profits shall be determined by the General Meeting on the proposal of the Board, provided that a portion of such remainder may be allotted to the shareholders by way of a transfer to the Special Dividend Reserve Fund.

Article 52 Reserve Funds

The General Reserve Fund shall be available for meeting any losses incurred by the Bank. In case it is not adequate for this purpose, recourse may be had to the Legal Reserve Fund provided for in clause (1) of Article 51.

The Special Dividend Reserve Fund shall be available, in case of need, for paying the whole or any part of the dividend declared pursuant to clause (2) of Article 51.

These reserve funds, in the event of liquidation, and after the discharge of the liabilities of the Bank and the costs of liquidation, shall be divided among the shareholders.

Chapter VII

General Provisions

Article 53

(1) The Bank may not be liquidated except by a three-fourths majority of the General Meeting.

(2) In the event of the liquidation of the Bank, the obligations assumed by the Bank under the Staff Pension Scheme and any related special funds, in particular the corresponding liability as published in the latest Balance Sheet or Statement of Account, shall enjoy priority over the discharge of any other liabilities of the Bank, irrespective of whether or not the pension fund of the Bank, which covers the relevant obligations, has separate legal personality at the time of liquidation.

Article 54

(1) If any dispute shall arise between the Bank, on the one side, and any central bank, financial institution, or other bank referred to in the present Statutes, on the other side, or between the Bank and its shareholders, with regard to the interpretation or application of the Statutes of the Bank, the same shall be referred for final decision to the Tribunal provided for by the Hague Agreement of January, 1930.

(2) In the absence of agreement as to the terms of submission either party to a dispute under this Article may refer the same to the Tribunal, which shall have power to decide all questions (including the question of its own jurisdiction) even in default of appearance by the other party.

(3) Before giving a final decision and without prejudice to the questions at issue, the President of the Tribunal, or, if he is unable to act in any case, a member of the Tribunal to be designated by him forthwith, may, on the request of the first

party applying therefor, order any appropriate provisional measures in order to safeguard the respective rights of the parties.

(4) The provisions of this Article shall not prejudice the right of the parties to a dispute to refer the same by common consent to the President or a member of the Tribunal as sole arbitrator.

Article 55

(1) The Bank shall enjoy immunity from jurisdiction, save:

- (a) to the extent that such immunity is formally waived in individual cases by the Chairman of the Board, the General Manager, the Deputy General Manager, or their duly authorised representatives; or
- (b) in civil or commercial suits, arising from banking or financial transactions, initiated by contractual counterparties of the Bank, except in those cases in which provision for arbitration has been or shall have been made.

(2) Property and assets of the Bank shall, wherever located and by whomsoever held, be immune from any measure of execution (including seizure, attachment, freeze or any other measure of execution, enforcement or sequestration), except if that measure of execution is sought pursuant to a final judgment rendered against the Bank by any court of competent jurisdiction pursuant to sub-paragraph 1(a) or (b) above.

(3) All deposits entrusted to the Bank, all claims against the Bank and the shares issued by the Bank shall, without the express prior agreement of the Bank, wherever located and by whomsoever held, be immune from any measure of execution (including seizure, attachment, freeze or any other measure of execution, enforcement or sequestration).

Article 56

For the purposes of these Statutes:

- (a) central bank means the bank or banking system in any country to which has been entrusted the duty of regulating the volume of currency and credit in that country; or, in a cross-border central banking system, the national central banks and the common central banking institution which are entrusted with such duty;
- (b) the Governor of a central bank means the person who, subject to the control of his Board or other competent authority, has the direction of the policy and administration of the bank;
- (c) a two-thirds majority of the Board means not less than two-thirds of the votes (whether given in person or by proxy) of the whole directorate;
- (d) country means a sovereign state, a monetary zone within a sovereign state or a monetary zone extending over more than one sovereign state.

Article 57

Amendments of any Articles of these Statutes other than those enumerated in Article 58 may be proposed by a two-thirds majority of the Board to the General Meeting and if adopted by a majority of the General Meeting shall come into force, provided that such amendments are not inconsistent with the provisions of the Articles enumerated in Article 58.

Article 58

Articles 2, 3, 8, 14, 19, 24, 27, 44, 51, 54, 57 and 58 cannot be amended except subject to the following conditions: the amendment must be adopted by a two-thirds majority of the Board, approved by a majority of the General Meeting and sanctioned by a law supplementing the Charter of the Bank.

Protocol regarding the immunities of the Bank for International Settlements

(of 30 July 1936)¹

The duly authorised representatives of the Government of His Majesty the King of the Belgians, the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of Canada, the Government of the Commonwealth of Australia, the Government of New Zealand, the Government of the Union of South Africa, the Government of India, the Government of the French Republic, the Government of His Majesty the King of the Hellenes, the Government of His Majesty the King of Italy, the Government of His Majesty the Emperor of Japan, the Government of the Republic of Poland, the Government of the Republic of Portugal, the Government of His Majesty the King of Roumania, the Government of the Swiss Confederation, the Government of His Majesty the King of Yugoslavia;

Whereas

In accordance with Article X, paragraph 2 of the Agreement with Germany², which was signed at The Hague on the 20th January 1930 and has duly come into force, their respective Governments (with the exception of the Swiss Confederation) have conferred upon the Bank for International Settlements, the establishment of which was laid down by the

¹ 197 LNTS 31.

² Art. X, paragraph 2 of The Hague Agreement with Germany reads as follows: "The Bank, its property and assets, and also the deposits of other funds entrusted to it, on the territory of, or dependent on the administration of, the Parties shall be immune from any disabilities and from any restrictive measures such as censorship, requisition, seizure or confiscation, in time of peace or war, reprisals, prohibition or restriction of export of gold or currency and other similar interferences, restrictions or prohibitions."

Experts' Plan of the 7th June 1929, certain immunities regarding its property and assets as well as those which might be entrusted to it;

And whereas by a Convention, signed at The Hague on the same date as that above-mentioned and having acquired the force of law in Switzerland, the Government of the Swiss Confederation has undertaken towards the Governments of Germany, Belgium, France, the United Kingdom of Great Britain and Northern Ireland, Italy and Japan to grant to the said Bank for International Settlements, in the event of its establishment at Basle, a Constituent Charter conferring upon it in accordance with Article 10 immunities similar to those laid down by Article X paragraph 2 of the Agreement with Germany;

And whereas, since Article X paragraph 2 of the Agreement with Germany and Article 10 of the Constituent Charter consecutive to the Convention with the Swiss Confederation only imperfectly express the intention of the contracting Parties and are liable to give rise to difficulties of interpretation, it is important to define the scope of the said Articles and to substitute for the terms employed expressions which are clearer and more capable of assuring to the operation of the Bank for International Settlements the immunities which are indispensable to the accomplishment of its task;

Have agreed as follows:

Article 1

The Bank for International Settlements, its property and assets as well as all the property and assets which are or will be entrusted to it, whether coin or other fungible goods, gold bullion silver or any other metal, precious objects, securities or any other objects the deposit of which is admissible in accordance with banking practice, are exempt from the provisions or measures referred to in paragraph 2 of Article X of the Agreement with Germany and in Article 10 of the

Constituent Charter consecutive to the Convention with Switzerland, of the 20th January 1930.

The property and assets of third parties, held by any other institution or person, on the instructions, in the name or for the account of the Bank for International Settlements, shall be considered as entrusted to the Bank for International Settlements and as enjoying the immunities laid down by the Articles above-mentioned by the same right as the property and assets which the Bank for International Settlements holds for the account of others, in the premises set apart for this purpose by the Bank, its branches or agencies.

Article 2

The present Protocol will come into force, for each contracting Party, on the date of deposit of its instrument of ratification at the Belgian Ministry for Foreign Affairs and Foreign Trade. It will come into force immediately in respect of such contracting Parties as may declare at the time of signing the Convention that they renounce the procedure of ratification.

Article 3

The non-signatory Governments which are or may be Parties to the Agreement with Germany, signed at The Hague on the 20th January 1930 may accede to the present Convention.

Any Government desiring to accede must notify its intention in writing to the Belgian Government, transmitting the document notifying its accession.

Article 4

The Governments not signatories of the Agreement with Germany signed at The Hague on the 20th January 1930, may become Parties to the present Convention by signing, subject to ratification if necessary, the original of this Convention which will remain deposited in the archives of the Belgian Ministry for Foreign Affairs and Foreign Trade. The signature

thus appended by a Government not a signatory to the Agreement with Germany will imply accession to Articles X and XV of the Agreement with Germany of the 20th January 1930, as well as to Annex XII of the same Agreement, laying down the procedure before the Arbitral Tribunal, to whose jurisdiction the Governments in question will thus have submitted themselves, so far as concerns the application and interpretation of the said Article X and of the present Convention.

Article 5

The Belgian Government will forward to all signatory Governments, as well as to the Bank for International Settlements, a certified copy of the present Convention, of the report of the depositing of the first ratifications, the later ratifications and the notifications of accession contemplated by the preceding Article.

Article 6

The present Convention has been drawn up in the French and English languages in one single copy which will remain deposited in the archives of the Belgian Government.

Done at Brussels on the 30th July 1936.

**Agreement
between the Swiss Federal Council
and the Bank for International Settlements
to determine the Bank's legal status
in Switzerland**

(of 10 February 1987; text as amended
effective 1 January 2003 by the exchange of letters
of 18 December 2002/13 January 2003)¹

The Swiss Federal Council
of the one part, and

The Bank for International Settlements
of the other part.

Having regard to the Convention of 20th January 1930 respecting the Bank for International Settlements, the Constituent Charter and Statutes of the Bank, and the Protocol of 30th July 1936 regarding the immunities of the Bank for International Settlements;

Desiring, in the light of the practice followed since 1930, to settle their mutual relationships in a Headquarters Agreement;

Have agreed upon the following provisions:

¹ Compendium of Swiss Laws (Recueil systématique): 0.192.122.971.3.

I. Status, privileges and immunities of the Bank

Article 1

Legal personality

The Swiss Federal Council acknowledges the international legal personality and the legal capacity within Switzerland of the Bank for International Settlements (hereinafter referred to as “the Bank”).

Article 2

Freedom of action of the Bank

1. The Swiss Federal Council shall guarantee to the Bank the autonomy and freedom of action to which it is entitled as an international organisation.
2. In particular, it shall grant to the Bank, as well as to its member institutions in their relations with the Bank, absolute freedom to hold meetings, including freedom of discussion and decision.

Article 3

Inviolability

1. The buildings or parts of buildings and surrounding land which, whoever may be the owner thereof, are used for the purposes of the Bank shall be inviolable. No agent of the Swiss public authorities may enter therein without the express

consent of the Bank. Only the President,² the General Manager of the Bank, or their duly authorised representative shall be competent to waive such inviolability.

2. The archives of the Bank and, in general, all documents and any data media belonging to the Bank or in its possession, shall be inviolable at all times and in all places.

3. The Bank shall exercise supervision of and police power over its premises.

Article 4

Immunity from jurisdiction and execution

1. The Bank shall enjoy immunity from jurisdiction, save:

- (a) to the extent that such immunity is formally waived in individual cases by the President,² the General Manager of the Bank, or their duly authorised representatives;
- (b) in civil or commercial suits, arising from banking or financial transactions, initiated by contractual counterparties of the Bank, except in those cases in which provision for arbitration has been or shall have been made;
- (c) in the case of any civil action against the Bank for damage caused by any vehicle belonging to or operated on behalf of the Bank.

2. Disputes arising in matters of employment relations between the Bank and its Officials or former Officials, or persons claiming through them, shall be settled by the Administrative Tribunal of the Bank. The Board of Directors of the Bank shall determine the constitution of the Administrative

² The reference in the Agreement to the President of the Bank is no longer relevant as this position was abolished by decision of the Extraordinary General Meeting of the Bank on 27 June 2005.

Tribunal, which shall have exclusive and final jurisdiction. Matters of employment relations shall be deemed to include in particular all questions relating to the interpretation or application of contracts between the Bank and its Officials concerning their employment, of the regulations to which the said contracts refer, including the provisions governing the Bank's pension scheme and other welfare arrangements provided by the Bank.

3. The Bank shall enjoy, in respect of its property and assets, wherever located and by whomsoever held, immunity from any measure of execution (including seizure, attachment, freeze or any other measure of execution, enforcement or sequestration, and in particular of attachment within the meaning of Swiss law), except:

- (a) in cases where execution is claimed on the basis of a final judgment rendered by a court which has jurisdiction over the Bank in accordance with paragraph 1(a), (b) or (c) above;
- (b) in cases of execution of an award made by an arbitral tribunal pursuant to Article 27 of this Agreement.

4. All deposits entrusted to the Bank, all claims against the Bank and the shares issued by the Bank shall, without the express prior agreement of the Bank, wherever located and by whomsoever held, be immune from any measure of execution (including seizure, attachment, freeze or any other measure of execution, enforcement or sequestration, and in particular of attachment within the meaning of Swiss law).

Article 5

Communications

1. The Bank shall benefit, in respect of its official communications, from treatment at least as favourable as that which is granted to other international organisations in Switzerland, insofar as such treatment is compatible with the

International Telecommunication Convention of 6th November 1982.

2. The Bank shall have the right to use codes for its official communications. It shall also have the right to send and receive correspondence, including data media, by duly identified couriers or bags enjoying the same privileges and immunities as diplomatic couriers or bags.

3. Official correspondence and other official communications of the Bank, when duly identified, may not be subject to censorship.

4. The use of telecommunication equipment shall be coordinated at the technical level with the Swiss postal and telecommunications administration.

Article 6

Publications and data media

1. The importation of publications for the Bank's use and the exportation of the Bank's publications shall not be subject to any restriction.

2. The provisions of the preceding paragraph shall also extend to data media of all kinds.

Article 7

Tax exemptions

1. The Bank, its assets, income and other property shall be exempt from direct Federal, cantonal and communal taxes. With regard to buildings, however, such exemption shall apply only to those owned by the Bank and occupied by its services, and to income deriving therefrom. The Bank shall not be subject to taxation on the rent it pays for premises rented by it and occupied by its services.

2. The Bank shall be exempt from indirect Federal, cantonal and communal taxes. With regard to the Federal

turnover tax included in prices or separately charged, exemption shall apply only to articles purchased for the official use of the Bank, provided that the amount invoiced for one and the same purchase exceeds five hundred Swiss francs.

3. The operations of the Bank shall be exempt within Switzerland from all taxes and dues to the extent that such operations take place outside the Swiss market or are undertaken in the interests of international monetary cooperation; the procedure for such exemption shall be mutually agreed with the competent Swiss authorities.

4. The Bank shall be exempt from all Federal, cantonal and communal dues, except dues charged as the price of actual services rendered.

5. Where appropriate, the exemptions mentioned above may take the form of reimbursement at the request of the Bank and according to a procedure to be determined by the Bank and the competent Swiss authorities.

Article 8

Customs treatment

The treatment by customs authorities of articles intended for the Bank shall be governed by the Ordinance of 13th November 1985 concerning the preferential customs treatment of international organisations, of States in their relations with such organisations and of the special missions of foreign States.

Article 9

Free disposal of funds and freedom to conduct operations

1. The Bank may receive, hold, convert and transfer all funds, gold, currency, cash and other transferable securities, and dispose freely thereof, and generally carry out without any restriction all the operations permitted by its Statutes, both within Switzerland and in its relations with foreign countries.

2. As regards its operations on the Swiss market, the Bank shall nevertheless be obliged to confer with the Swiss National Bank in accordance with Article 19 of the Bank's Statutes.

Article 10

Pension funds and special funds

1. The pension fund of the Bank, which is administered under the auspices of the Bank for its official purposes, shall enjoy, irrespective of whether or not the fund has separate legal personality, the same exemptions, privileges and immunities as those enjoyed by the Bank itself with regard to its movable property. The said pension fund consists of earmarked assets guaranteeing the Bank's obligations pursuant to the pension scheme established for the benefit of its Officials engaged in a permanent capacity.

2. The provisions of the preceding paragraph shall also extend to any special funds which may be created by the Bank in connection with other welfare arrangements provided by the Bank, in particular in order to accumulate reserves in relation thereto.

Article 11

Social security

1. The Bank, in its capacity as an employer, shall not be subject to Swiss legislation regarding old-age and surviving-dependants insurance, incapacity insurance, unemployment insurance, the compensation for loss of income scheme, and compulsory provision of occupational pension schemes for old age, surviving relatives and incapacity.

2. Those Officials of the Bank who do not have Swiss nationality shall not be subject to the legislation referred to in the preceding paragraph.

3. The Officials of the Bank shall not be subject to cantonal or communal insurance against illness, whenever such

insurance is compulsory, to the extent that the Bank offers them equivalent protection in respect of illness, accident or maternity.

4. The Officials of the Bank shall not be subject to the Swiss scheme for compulsory insurance against accident to the extent that the Bank offers them equivalent protection in respect of accident, whether employment-related or not, and employment-related illnesses.

II. Privileges and immunities granted to persons who are called upon by the Bank in an official capacity

Article 12

Status of the members of the Board of Directors and of the representatives of the Bank's member central banks

The members of the Board of Directors of the Bank, together with the representatives of those central banks which are members of the Bank, shall enjoy while carrying out their duties in Switzerland and throughout their journey to or from the place where a meeting is held, the following privileges and immunities:

- (a) immunity from arrest or imprisonment and immunity from seizure of their personal baggage, save in flagrant cases of criminal offence;
- (b) inviolability of all papers and documents;
- (c) immunity from jurisdiction, even after their mission has been accomplished, for acts carried out in the discharge of their duties, including words spoken and writings;
- (d) the customs privileges and facilities granted pursuant to the Ordinance of 13th November 1985 concerning the preferential customs treatment of international organisations, of States in their relations with such

organisations and of the special missions of foreign States;

- (e) exemption for themselves, their spouses and children from any immigration restrictions, from any formalities concerning the registration of aliens and from any obligations relating to national service in Switzerland;
- (f) the same facilities as regards monetary or exchange regulations as those granted to the representatives of foreign governments on a temporary official mission;
- (g) the right to use codes in official communications or to receive or send documents or correspondence by means of couriers or diplomatic bags.

Article 13

Status of the President, the General Manager and Senior Officials

1. The President,² the General Manager of the Bank, and those Senior Officials who are designated by the latter with the consent of the Federal Department for Foreign Affairs shall enjoy such privileges and immunities, exemptions and facilities as are granted to diplomatic agents in accordance with the law of nations and international custom.

2. Customs privileges and facilities shall be granted pursuant to the Ordinance of 13th November 1985 concerning the preferential customs treatment of international organisations, of States in their relations with such organisations and of the special missions of foreign States.

Article 14

Privileges and immunities granted to all Officials

The Officials of the Bank, whatever their nationality, shall

- (a) enjoy immunity from jurisdiction for acts accomplished in the discharge of their duties, including words spoken

and writings, even after such persons have ceased to be Officials of the Bank;

- (b) enjoy exemption from all Federal, cantonal and communal taxes on salaries, fees and allowances paid to them by the Bank; however, Switzerland may take these emoluments into account for the purpose of determining the tax payable on income from other sources; this exemption shall apply to Officials of Swiss nationality, provided the Bank operates an internal taxation scheme;
- (c) enjoy exemption, at the time of payment, from all Federal, cantonal and communal taxes on capital payments due in whatever circumstances by the Bank; the same shall apply to any capital payments which may be made to Officials of the Bank by way of indemnity for sickness, accidents, etc.; however, income derived from such capital payments, as well as annuities and pensions paid to former Officials of the Bank, shall not be entitled to such exemption.

Article 15

Privileges and immunities granted to non-Swiss Officials

Officials of the Bank who do not have Swiss nationality shall:

- (a) be exempt from all obligations relating to national service in Switzerland;
- (b) together with their spouses and dependent members of their families, not be submitted to the provisions restricting immigration and formalities concerning the registration of aliens;
- (c) enjoy, with respect to exchange facilities and facilities for the transfer of their assets and property in Switzerland and abroad, the same privileges as those granted to the Officials of other international organisations;

- (d) together with the dependent members of their families and their household staff, benefit from the same repatriation facilities as Officials of other international organisations;
- (e) enjoy the customs privileges and facilities granted pursuant to the Ordinance of 13th November 1985 concerning the preferential customs treatment of international organisations, of States in their relations with such organisations and of the special missions of foreign States.

Article 16

Military service of Swiss Officials

1. The General Manager of the Bank shall furnish the Swiss Federal Council with a list of those Officials who have Swiss nationality and who are subject to the performance of military duties.
2. The General Manager of the Bank and the Swiss Federal Council shall draw up an agreed restrictive list of those Officials who have Swiss nationality and who, by reason of their functions, shall be accorded foreign leave of absence (dispensation from military service).
3. In the event of the call-up of Swiss Officials, the Bank may, through the intermediary of the Federal Department for Foreign Affairs, request dispensation or change of date of military service.

Article 17

Exceptions to the immunity from jurisdiction and execution

The persons referred to in Articles 12, 13 and 14 of the present Agreement shall not benefit from immunity from jurisdiction nor, where applicable, from immunity from execution, in the event of legal proceedings against them with

respect to damage occasioned by a vehicle in their ownership or control, or in the event of their contravening the Federal laws in force regarding road traffic which may give rise to the imposition of a spot fine.

Article 18

Experts

Experts who do not have Swiss nationality and who carry out temporary missions for the account of the Bank shall, for the duration of such mission, be treated as Officials of the Bank, so far as the privileges and immunities enjoyed by such Officials are concerned.

Article 19

Purpose of immunity

1. The privileges and immunities provided for in the present Agreement are not established for the personal benefit of those persons in whose favour they are granted. Their purpose is solely to ensure, in all circumstances, the freedom of action of the Bank and the complete independence of the persons concerned in the carrying-out of their duties with respect to the Bank.

2. The President² and the General Manager of the Bank shall have not only the right but also the duty to waive the immunity of any Official when they consider that such immunity would hinder the normal course of justice, and that it is possible to waive such immunity without prejudicing the interests of the Bank. In respect of the President² and the General Manager themselves, the Board of Directors shall have the power to waive immunity.

Article 20

Access, residence and departure

The Swiss authorities shall take all the necessary steps to facilitate the entry into, departure from and residence in Swiss territory of all persons, irrespective of their nationality, who are to attend the Bank in an official capacity, namely:

- (a) the members of the Board of Directors of the Bank, their spouses and children;
- (b) the representatives of central banks which are members of the Bank, their spouses and children;
- (c) the President,² the General Manager and the Officials of the Bank, as well as the dependent members of their respective families;
- (d) experts;
- (e) any other person, irrespective of his nationality, who is to attend the Bank in an official capacity.

Article 21

Identity cards

1. The Federal Department for Foreign Affairs shall transmit to the Bank an identity card, with a photograph of the holder, for each Official and each dependent member of his family living with him and having no gainful occupation. This card shall be authenticated by the Federal Department for Foreign Affairs and by the Bank and shall serve to identify the holder for the purpose of any Federal, cantonal or communal authority.

2. The Bank shall regularly communicate to the Federal Department for Foreign Affairs the list of the Officials of the Bank, and of the members of their families, indicating, in respect of each, date of birth, nationality, domicile in Switzerland, and category or class of employment.

Article 22

Prevention of abuse of privileges

The Bank and the Swiss authorities shall cooperate at all times to facilitate the satisfactory administration of justice, to ensure the observance of police regulations and to prevent any abuse of the privileges, immunities, facilities and exemptions provided for in the present Agreement.

Article 23

Disputes of a private nature

The Bank shall take the necessary steps to ensure the satisfactory settlement of:

- (a) disputes arising out of contracts to which the Bank is a party and other disputes on private law matters, where the Bank enjoys immunity from jurisdiction pursuant to Article 4, paragraph 1 above;
- (b) disputes involving any Official of the Bank who, pursuant to Articles 13 and 14, benefits from immunity, where immunity has not been waived in accordance with the provisions of Article 19.

III. Non-responsibility and security of Switzerland

Article 24

Non-responsibility of Switzerland

Switzerland shall not, on account of the Bank's activities on its territory, assume any international responsibility for acts or omissions of the Bank or for those of the Bank's Officials.

Article 25

Security of Switzerland

1. Nothing in this Agreement shall affect the right of the Swiss Federal Council to apply all appropriate safeguards in the interests of the security of Switzerland.
2. Should the Federal Council consider it necessary to apply the provisions of the first paragraph of the present Article, it shall, as promptly as circumstances permit, establish contact with the Bank in order to decide jointly upon such measures as may be necessary to protect the interests of the Bank.
3. The Bank shall cooperate with the Swiss authorities to prevent any prejudice to the security of Switzerland on account of any activity of the Bank.

IV. Final provisions

Article 26

Implementation of the Agreement by Switzerland

The Federal Department for Foreign Affairs shall be the Swiss authority responsible for the application of this Agreement.

Article 27

Settlement of disputes

1. Any difference of opinion concerning the application or interpretation of this Agreement which direct consultations between the parties have failed to settle may be referred, by either party, to the Arbitral Tribunal provided for by the Hague Agreement of 20th January 1930 referred to in Paragraph 11 of the Bank's Constituent Charter.

2. The parties to this Agreement may nevertheless agree to submit such difference of opinion to an ad hoc arbitral tribunal consisting of three members. In this event, the Swiss Federal Council and the Bank will each appoint one member of that tribunal, and the persons so appointed shall select a president. Should the members of the tribunal be unable to agree upon who should be selected as president, he shall be appointed by the President of the International Court of Justice at the request of the members of the tribunal, or, if he is unable to exercise this function, by the Vice-President, or failing him by the most senior member of the Court. The said ad hoc tribunal shall fix its own rules of procedure.

Article 28

Amendment of the Agreement

1. This Agreement may be revised at the request of either party.
2. In such a case, the parties shall jointly examine any appropriate changes in the provisions of the present Agreement.

Article 29

Withdrawal from the Agreement

Either party may withdraw from this Agreement upon giving the other party two years' notice of withdrawal.

Article 30

Existing immunities and privileges

The present Agreement shall not be deemed to affect in any way the privileges and immunities granted to the Bank pursuant to the Convention of 20th January 1930 respecting the Bank for International Settlements, the Constituent Charter

and Statutes of the Bank, or the immunities set forth in the Brussels Protocol of 30th July 1936.

Article 31

Entry into force

The present Agreement shall enter into force on the date of its signature, and shall be applied with effect from 1st January 1987.

Done at Berne on 10th February 1987 in two copies in the French language.

**Host Country Agreement Between
the Bank for International Settlements and the
Government of the People's Republic of China
Relating to the Establishment and Status
of a Representative Office of the
Bank for International Settlements in the
Hong Kong Special Administrative Region of the
People's Republic of China**

(of 11 May 1998)

The Bank for International Settlements (hereinafter referred to as "the Bank") and the Government of the People's Republic of China (hereinafter referred to as "the Government");

Having regard to the Convention of 20 January 1930 respecting the Bank, the Constituent Charter and Statutes of the Bank, and the Protocol of 30 July 1936 regarding the immunities of the Bank;

Taking into account that the Bank has decided to establish a Representative Office (hereinafter referred to as "the Representative Office") in the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter referred to as "the HKSAR") in order to assist in performing its objects, notably in Asia and the Pacific region, and that the Government supports the Bank's decision;

Considering the special status of the HKSAR as described in the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China adopted on 4 April 1990 (hereinafter referred to as "the Basic Law");

Desiring to settle, in light of international practice relating to the privileges and immunities of international organizations, the status of the Representative Office in the HKSAR,

Have agreed as follows:

I. Status, Privileges and Immunities of the Bank, Including the Representative Office

Article 1

Legal Personality and Capacity

The Government acknowledges the international legal personality and the legal capacity of the Bank within the People's Republic of China, including the HKSAR.

Article 2

Establishment and Seat of the Representative Office

1. The Representative Office in the HKSAR shall be headed by a senior resident representative, and shall be staffed with such other personnel as are appointed or assigned by the Bank. The Bank shall notify the Government of the nomination of the senior resident representative prior to his or her appointment. The Bank shall not be subject to any quota with respect to hiring or employing personnel to work for the Representative Office in the HKSAR for the purpose of carrying out the Bank's activities.

2. The Bank shall be entitled to lease or acquire movable or immovable property for the Representative Office and for the accommodation of its personnel in the HKSAR, as well as such other facilities (including services and utilities) as may be necessary for the official purposes of the Bank and its personnel.

3. The Bank shall be entitled to display its flag and emblem, if any, on the premises of the Representative Office.

Article 3

Freedom of Action of the Bank

1. The Government shall guarantee to the Bank the autonomy and freedom of action to which it is entitled as an international organization of central banks and monetary authorities based on international treaties between States.
2. In particular, the Government shall grant to the Bank, including to the Representative Office, as well as to the members of the Bank and other institutions in their relations with the Bank, absolute freedom to hold meetings in the HKSAR in connection with the Bank's objects and functions (including freedom of discussion and decision).
3. The Government shall facilitate access to the Representative Office for any person, irrespective of nationality, who fulfils any function for the Bank or who is invited by the Bank in connection with any official Bank activities.
4. The Bank shall have the power to make rules and regulations operative within the Representative Office for the full and independent exercise of its activities and performance of its functions.
5. The Bank shall not be subject to any form of financial or banking supervision or obliged to implement any form of accounting standard, or to comply with any form of licensing or registration requirement.

Article 4

Inviolability

1. All or any part of the premises, regardless of ownership, occupied from time to time as offices by the Representative Office shall be considered as premises of the Bank in the HKSAR and shall be inviolable; such premises shall be under the control and authority of the Bank. No representative of the Government or of other authorities, including the HKSAR

authorities, may enter upon the premises of the Representative Office to perform any duty without the express consent of, and under the conditions, if any, agreed to by the President¹ of the Bank, or the General Manager of the Bank, or the Assistant General Manager of the Bank, or the senior resident representative, or their duly authorized representative. Consent of the senior resident representative may, however, be assumed in the case of fire or other disaster requiring prompt protective action, if he or she cannot be reached in time.

2. All archives and records of the Bank and, in general, all documents and any data or data media belonging to the Bank or in its possession, shall be inviolable at any time and in any place.

3. The Bank shall exercise supervision of and security control over the premises of the Representative Office.

4. The Representative Office shall be accorded the same protection against any intrusion or damage and any disturbance of law and order in or at the Representative Office as that granted by the Government to any Specialized Agency of the United Nations in the HKSAR.

Article 5

Immunities from Jurisdiction and Execution

1. All deposits entrusted to the Bank, all claims against the Bank and the shares issued by the Bank shall, without the express prior agreement of the Bank, wherever located and by whomsoever held, be immune from any form of seizure, attachment, sequestration, execution, requisition, confiscation,

¹ The reference in the Agreement to the President of the Bank is no longer relevant as this position was abolished by decision of the Extraordinary General Meeting of the Bank on 27 June 2005.

expropriation, freeze or any other form of seizure by executive, judicial or legislative action.

2. The Bank, including the Representative Office, shall enjoy immunity from every form of legal process in the People's Republic of China, including the HKSAR, except:

- (a) with respect to contracts relating to real estate in the HKSAR or to the supply of goods or services for the Representative Office, which are concluded with a person resident or a body incorporated or having its principal place of business or domicile in the HKSAR at the time of the conclusion of the contract, unless otherwise agreed; or
- (b) in the case of any civil action brought by a third party for damage resulting from an accident caused by a motor vehicle belonging to, or operated on behalf of the Bank, or in respect of a motor traffic offence involving such a vehicle.

3. The immunity provided for above may be expressly waived in individual cases by the President,¹ the General Manager or the Assistant General Manager of the Bank or their duly authorized representative, in writing or in a duly authenticated telecommunication or by the terms of a contract.

4. Property and assets of the Bank shall be exempt from any measure of compulsory execution in the People's Republic of China, including the HKSAR, except for any final judgment rendered by any HKSAR court which has jurisdiction over the Bank pursuant to paragraph 2 above.

5. The Administrative Tribunal of the Bank (as described in Article 4.2 of the Headquarters Agreement of the 10th February 1987 determining the legal status of the Bank in Switzerland) shall have exclusive and final jurisdiction over all disputes arising in connection with employment, welfare and pension matters between the Bank and its personnel or its former personnel, or persons claiming through them.

Article 6

Communications

1. All official correspondence and communications to or from the Representative Office, by whatever means and in whatever form transmitted or received, shall be immune from censorship and any other form of interception or interference.

2. The Bank shall be entitled to use codes and encryption for its official communications. The Bank shall also be entitled to send and receive official correspondence and communications, on any form of data media, including by duly identified couriers or in sealed bags, which shall have privileges and immunities as accorded to the Specialized Agencies of the United Nations. The Bank shall in particular be entitled to unfettered access to world-wide telecommunication links of its choice. The Bank may, with the consent of the relevant HKSAR authority regarding technical requirements, use a wireless transmitter in the HKSAR and install and operate in the HKSAR point-to-point telecommunication facilities and such other telecommunications and transmission facilities as may be necessary to facilitate communications with the Representative Office both from within and outside the HKSAR.

3. The Bank shall benefit, in respect of all official communications, from the same treatment as granted by the Government to any Specialized Agency of the United Nations insofar as such treatment is compatible with the International Telecommunication Convention.

Article 7

Publications, Data and Data Media

The importation of publications and all kinds of data or data media for the Bank's use, and the exportation of the Bank's publications and all kinds of data or data media, shall not be subject to any restriction.

Article 8

Tax Exemptions

1. The Bank, its assets, income and other property shall be exempt from all direct taxes and other taxes, dues, duties or rates of any kind except:
 - (a) excise duties, taxes on the sale of movable and immovable property and taxes on the provision of services which form part of the price to be paid; nevertheless when the Bank makes important purchases for official use of property or of services on which such duties and taxes have been charged or are chargeable, the HKSAR authorities will, whenever possible, make appropriate administrative arrangements for the remission or return of the amount of duty or tax;
 - (b) charges for specific services rendered to the Representative Office, provided such charges are non-discriminatory and generally levied; and
 - (c) the government rent levied by the Government of the HKSAR under Article 121 of the Basic Law or the terms of land leases.
2. The Bank shall not be subject to taxation on the rent or lease for any premises rented by it and occupied by its services or personnel.
3. The operations of the Bank shall be exempt from all taxes, dues, duties or rates of any kind.
4. The Bank shall not be liable for the collection or payment of any tax, due, duty or rate of any kind.

Article 9

Customs Treatment

1. The Bank shall be exempt in the HKSAR from all customs duties, license fees, taxes and other levies, and from economic restrictions on imports and exports, on all goods and

articles, including motor vehicles, spare parts, publications, data and data media, which are imported or exported by the Bank for its official use, and from any obligation for the payment, withholding or collection of any customs duty. Goods or articles imported into the HKSAR by the Bank under such exemptions can be disposed of locally in accordance with applicable laws or administrative regulations.

2. The Bank shall receive the same preferential customs treatment as that granted by the Government to any Specialized Agency of the United Nations in the HKSAR.

Article 10

Free Disposal of Funds and Freedom to Conduct Operations

1. The Bank may receive, hold, convert and transfer all funds, gold, currency, cash and other transferable securities, and dispose freely thereof, and generally carry out without any restriction all operations permitted by its Statutes within the HKSAR and in the Bank's relations with other financial markets, subject to Article 19 of its Statutes. In particular, in connection with expenses directly arising from the Representative Office's activities, the Bank shall have the unrestricted right to transfer local currency, or to convert local currency into or from any other currency.

2. The Bank shall have the unrestricted right to transact business with any financial or other institution located outside the HKSAR.

Article 11

Pension and Special Funds

The pension fund of the Bank (and any special fund created by the Bank in connection with other welfare arrangements provided by it, in particular in order to accumulate reserves) shall enjoy, irrespective of whether or not the fund has a

separate legal personality, the same exemptions, privileges and immunities as are enjoyed by the Bank itself with regard to its property. These funds are exempt only to the extent that they are exclusively for the benefit of the Bank or its personnel or its former personnel or persons claiming through them.

Article 12

Social Welfare

1. The Bank, as an employer, shall be exempt from the Employment Ordinance, the Employees' Compensation Ordinance, the Mandatory Provident Fund Schemes Ordinance and any legislation applicable in the HKSAR regarding old-age and surviving-dependents insurance, or incapacity insurance, or unemployment insurance, or insurance for health care or against accident, or occupational pension schemes, or welfare systems of any kind, save in respect of any person who is engaged by the Representative Office as a local employee.
2. The Representative Office's personnel, other than any person who is engaged by the Representative Office as a local employee, shall be exempt from such legislation as is referred to in paragraph 1 above and, in particular, from any mandatory contribution to any insurance or welfare scheme, unless an agreement to the contrary is reached between the Bank and the relevant HKSAR authorities. This exemption does not apply in relation to the employment of any person by personnel of the Representative Office in their private capacity.
3. The Bank shall ensure that all personnel of the Representative Office are covered by adequate social security protection.

II. Privileges and Immunities Granted to Persons Carrying out Official Bank Activities

Article 13

Privileges, Immunities and Exemptions of Members of the Board of Directors, the President of the Bank, the General Manager and Assistant General Manager of the Bank and Representatives of the Bank's Member Central Banks

Members of the Board of Directors of the Bank, the President¹ of the Bank, the General Manager of the Bank, the Assistant General Manager of the Bank and representatives of the central banks which are members of the Bank shall enjoy the following privileges, immunities and exemptions while carrying out official Bank activities and throughout their journey to or from the place where a meeting is held in the HKSAR:

- (a) immunity from arrest or imprisonment and immunity from inspection or seizure of personal baggage, except in flagrant instances of criminal offence;
- (b) immunity from inspection or seizure of official baggage;
- (c) inviolability of all papers, documents, data or data media;
- (d) immunity from the jurisdiction of any People's Republic of China, including the HKSAR, court or tribunal with respect to things done or omitted to be done in connection with official Bank activities, including words spoken and writings, even after their mission has been accomplished;
- (e) the same customs privileges and facilities as those granted by the Government to officials of comparable rank of any Specialized Agency of the United Nations in the HKSAR;

- (f) the same immigration facilities relating to issue of visas and conditions of stay for these officials and their respective spouse and dependent children under the age of 21 as those granted by the Government to officials of comparable rank of any Specialized Agency of the United Nations in the HKSAR and exemption from any formality concerning the registration of aliens and from any obligation relating to national service in the HKSAR;
- (g) the same facilities as regards monetary or exchange regulations as those granted by the Government to officials of comparable rank of any Specialized Agency of the United Nations in the HKSAR on a temporary official mission; and
- (h) the right to use codes or encryption in official communications, and the right to receive or send official documents or correspondence by means of duly identified couriers or sealed bags.

Article 14

Status of the Senior Resident Representative and Senior Officials of the Representative Office

The senior resident representative, as well as such senior officials as are designated by the General Manager of the Bank, or the Assistant General Manager of the Bank, and who are neither Chinese nationals nor permanent residents of the HKSAR, upon the notification of their designation to the relevant HKSAR authorities, shall enjoy the same privileges, immunities, exemptions and facilities as those granted by the Government to officials of comparable rank of any Specialized Agency of the United Nations in the HKSAR. In particular, such persons shall be granted, by the appropriate government authorities, the same customs privileges and facilities as those granted to officials of comparable rank of any Specialized Agency of the United Nations in the HKSAR.

Article 15

Privileges, Immunities and Exemptions Granted to All Personnel of the Representative Office

All personnel of the Representative Office, regardless of nationality or permanent residence status, shall be immune from the jurisdiction of any HKSAR court or tribunal with respect to things done or omitted to be done while carrying out official Bank activities, including words spoken and writings, even when such persons are no longer employed by the Bank.

Article 16

Privileges, Immunities and Exemptions Granted to Personnel of the Representative Office Who Are neither Chinese Nationals nor HKSAR Permanent Residents

Personnel of the Representative Office together with their respective spouse and dependent children under the age of 21, who are neither Chinese nationals nor permanent residents of the HKSAR, shall:

- (a) be exempt from any obligation relating to national service or any kind in the HKSAR;
- (b) be afforded the same immigration facilities in relation to issue of visas as those granted by the Government to personnel of any Specialized Agency of the United Nations in the HKSAR, shall not be subject to any restriction on conditions of stay and shall not be subject to any formality concerning the registration of aliens, or to any restriction regarding employment or access to educational institutions, and shall promptly be provided by the HKSAR authorities with any clearance or document which may be required by the usual immigration procedures;
- (c) with respect to exchange facilities and facilities for the transfer of assets and property in the HKSAR and abroad, enjoy the same privileges as those granted by

the Government to the personnel of any Specialized Agency of the United Nations in the HKSAR;

- (d) benefit from the same repatriation facilities as those granted by the Government to the personnel of any Specialized Agency of the United Nations in the HKSAR;
- (e) enjoy immunity from inspection or seizure of official baggage;
- (f) enjoy the same customs privileges and facilities as those granted by the Government to the personnel of comparable rank of any Specialized Agency of the United Nations in the HKSAR;
- (g) be exempt from any tax on salaries, fees, emoluments and allowances paid to them by the Bank; and
- (h) be exempt, at the time of payment, from any tax on capital payments, if any, paid to them by the Bank, including capital payments paid to them by way of indemnity for sickness or accident; income derived from such capital payments, as well as annuities and pensions paid to former personnel of the Bank, shall not be exempt from tax.

Article 17

National Service of Personnel of the Representative Office Who Are Permanent Residents of the HKSAR

If permanent residents of the HKSAR who are personnel of the Representative Office are, or become, subject to any military or other national service obligation, the appropriate authorities shall, on request of the Bank, grant dispensation or leave to the extent necessary to permit those persons to perform their functions for the Bank.

Article 18

Experts

1. Experts who are neither Chinese nationals nor permanent residents of the HKSAR and who carry out temporary missions for the Bank shall, in connection with their missions, be assimilated to the personnel of the Representative Office with respect to the privileges, immunities and exemptions specified in Articles 15 and 16 of this Agreement.
2. Experts who are Chinese nationals or permanent residents of the HKSAR and who carry out temporary missions for the Bank shall, in connection with their missions, enjoy the privileges, immunities and exemptions specified in Article 15 of this Agreement.

Article 19

Purpose of, Waiver of, and Exceptions to, Immunity

1. The privileges, immunities, exemptions, facilities, assurances and other rights referred to in this Agreement are solely granted to ensure, in all circumstances, the freedom of action of the Bank and the complete independence of persons performing official activities for the Bank, and are not granted for the personal benefit of those persons.
2. Without prejudice to the privileges and immunities conferred by this Agreement, it is the duty of all persons enjoying such privileges and immunities to respect the laws and regulations in force in the HKSAR.
3. The President¹ of the Bank, or the General Manager of the Bank, or the Assistant General Manager of the Bank shall, if they consider that the immunity of any member of the personnel of the Representative Office or expert is being used to hinder the normal course of justice, and that it is possible to waive such immunity without prejudicing the interests of the Bank, waive that immunity.

4. Where immunity is not waived in accordance with this Article, the Bank shall do its best to ensure the satisfactory settlement of disputes involving any third party and any member of the personnel of the Representative Office or expert who, pursuant to Articles 14, 15, 16 or 18 benefits from immunity.

5. No person enjoying the privileges, immunities or exemptions referred to in this Agreement shall be immune from jurisdiction or, where applicable, from execution, in the event of legal proceedings against them with respect to damage occasioned by a motor vehicle in their ownership or control.

6. The Bank and the Government shall co-operate to facilitate the satisfactory administration of justice, to ensure the observance of police regulations, if any, and road traffic legislation in force in the HKSAR, and to prevent any abuse of the privileges, immunities, facilities and exemptions provided for in this Agreement.

III. General and Final Provisions

Article 20

Non-responsibility of the Government

The Government shall not, as a result of the Bank's activities in the HKSAR, assume any responsibility for any act or omission by the Bank or by its personnel.

Article 21

Security of the HKSAR

1. Nothing in this Agreement shall affect the right of the Government to apply any appropriate safeguard in the interests of the security of the HKSAR. If any such safeguard is considered necessary, the Government shall immediately

contact the Bank to determine jointly with the Bank any appropriate measure to protect the interests of the Bank.

2. The Bank shall co-operate with the appropriate Government authorities to prevent any prejudice, as a result of any activity of the Representative Office, to the security of the HKSAR.

Article 22

Scope and Implementation

1. Unless otherwise provided, the provisions in this Agreement shall apply to the HKSAR only.

2. All commitments undertaken and privileges, immunities, exemptions, facilities, assurances and other rights provided for in this Agreement shall, as the case may be, apply to:

- (a) the Bank;
- (b) the Representative Office and any branch and any wholly owned subsidiary established and carrying out activities in the performance of the Bank's objects;
- (c) any investment fund or similar fund which is established and maintained by the Bank in the performance of the Bank's objects and which is wholly controlled by the Bank; and
- (d) subsidiaries of the Bank which are not wholly owned by the Bank but are carrying out activities in the performance of the Bank's objects, and which are approved by the Government for these purposes.

3. For the purpose of the implementation of this Agreement, the necessary administrative arrangements shall be made between the HKSAR Government and the Bank in the form of a memorandum of administrative arrangements.

4. Unless otherwise provided in this Agreement, the privileges and immunities conferred on the Bank by this Agreement shall be no less than those granted by the

Government to the Specialized Agencies of the United Nations under the Convention on the Privileges and Immunities of the Specialized Agencies of 21st November, 1947.

Article 23

Settlement of Disputes

1. In case of any dispute arising from the interpretation or application of this Agreement, the Government and the Bank shall enter into consultations with a view to reaching an amicable settlement.

2. If any such dispute cannot be resolved in accordance with paragraph 1 of this Article, it shall be referred at the instigation of either party to the Arbitral Tribunal provided for in the Hague Agreement of 20th January 1930 for final settlement.

Article 24

Existing Privileges and Immunities

This Agreement shall in no way affect the privileges and immunities granted to the Bank pursuant to the Convention of 20th January 1930 respecting the Bank, the Constituent Charter and Statutes of the Bank, and the Brussels Protocol of 30th July 1936.

Article 25

Amendment

This Agreement may be amended at the request of either party. Following any such request, the parties shall jointly examine and agree to appropriate changes to the provisions of this Agreement.

Article 26

Termination

1. Either party may terminate this Agreement upon giving the other party one year's written notice of termination.
2. Relevant provisions of this Agreement shall continue to be applied after its termination for the time reasonably required for the settlement of the affairs of the Bank and the disposal of its property in the HKSAR as well as for the repatriation of personnel from the HKSAR.

Article 27

Entry Into Force

This Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the undersigned, duly authorized respectively thereto by the Bank and the Government, have signed this Agreement.

Done in duplicate at Basle on 11th May 1998 in the English and Chinese languages, both texts being equally authentic.

**Host Country Agreement Between
the Bank for International Settlements and
the United Mexican States Relating to
the Establishment and Status of a
Representative Office of the
Bank for International Settlements in Mexico**

(of 5 November 2001)¹

The Bank for International Settlements (hereinafter referred to as “the Bank”) and the United Mexican States (hereinafter referred to as “the State”);

Having regard to the Convention of 20th January 1930 respecting the Bank, the Constituent Charter and Statutes of the Bank, and the Protocol regarding the immunities of the Bank of 30th July 1936;

Taking into account that the Bank wishes to establish a Representative Office for the Americas (hereinafter referred to as “the Representative Office”) in the State in order to assist in performing its objects, notably in the Americas, and that the State supports the Bank’s decision;

Desiring to settle, in the light of international practice relating to the privileges and immunities of intergovernmental organisations, the status of the Representative Office in the State,

Have agreed as follows:

¹ Official Gazette of the Federation (Mexico) (Diario Oficial de la Federación), 20 June 2002, page 3.

I. Status, Privileges and Immunities of the Bank, including the Representative Office

Article 1

Objective

The objective of this Agreement is to assist the Bank in performing its objects, notably in the Americas, and to settle, in the light of international practice relating to the privileges and immunities of intergovernmental organisations, the status of the Representative Office in the State.

Article 2

Legal Personality and Capacity

The State acknowledges the international legal personality and the legal capacity of the Bank within the State.

The State shall at all times ensure that the Bank benefits from or is granted in all respects treatment at least as favourable as that granted by the State to any other intergovernmental organisation in the State. With regard to fiscal matters the Bank shall benefit from treatment at least as favourable as that granted generally by the State to intergovernmental organisations in the State, taking due account of the specific function of the Representative Office to promote monetary and financial cooperation in the Americas.

Article 3

Establishment and Seat of the Representative Office

The Representative Office shall be headed by a Senior Resident Representative, and shall be staffed with such officials and other personnel as are appointed or assigned at the discretion of the Bank.

The Bank shall be entitled to lease or acquire movable property for the Representative Office and for the accommodation of its personnel in the State as may be necessary for the official purposes of the Bank and its personnel.

The Bank shall be entitled to lease immovable property for the Representative Office and for the accommodation of its personnel in the State, as well as such other facilities (including services and utilities) as may be necessary for the official purposes of the Bank and its personnel.

The Bank shall be entitled to acquire immovable property in accordance with the provisions of the Constitution of the State.

The Bank shall be entitled to display its flag and emblem, if any, on the premises of the Representative Office.

Article 4

Immunity of the Bank, its Goods and Assets

The Bank, including the Representative Office, shall enjoy immunity from every form of legal process in the State, except:

- (a) To the extent that such immunity has been expressly waived in individual cases by the President,² the General Manager or the Deputy General Manager of the Bank or their duly authorised representative, in writing or in a duly authenticated telecommunication or by the terms of a contract; or
- (b) In the case of any civil action brought by a third party for damage resulting from an accident occurring in the State and caused by a motor vehicle belonging to, or

² The reference in the Agreement to the President of the Bank is no longer relevant as this position was abolished by decision of the Extraordinary General Meeting of the Bank on 27 June 2005.

operated on behalf of the Bank, or in respect of a motor traffic offence in the State involving such a vehicle.

The Bank shall do its best to ensure that appropriate procedures are available for the satisfactory settlement of private law disputes involving the Representative Office and a person resident in or a body incorporated in the State.

Property and assets of the Bank shall be exempt from any measure of compulsory execution in the State, except for any final judgement rendered by any court of the State which has jurisdiction over the Bank pursuant to the first paragraph of this Article.

All deposits entrusted to the Bank, all claims against the Bank and the shares issued by the Bank shall, without the express prior agreement of the Bank, wherever located and by whomsoever held, be immune from any form of seizure, attachment, sequestration, execution, requisition, confiscation, expropriation, freeze or any other form of seizure by executive, judicial or legislative action.

The Administrative Tribunal of the Bank (as described in Article 4.2 of the Headquarters Agreement of 10th February 1987 determining the legal status of the Bank in Switzerland) shall have exclusive and final jurisdiction over all disputes in connection with employment, welfare and pension matters between the Bank and its personnel (or its former personnel) employed outside the State and the officials of the Representative Office duly accredited by the Ministry of Foreign Affairs in accordance with Article 16 of this Agreement (or its former officials), or persons claiming through them.

Article 5

Inviolability of the Premises and Archives of the Bank

In addition to the provisions set forth in Article 4 of this Agreement, the premises, regardless of ownership, used from time to time by the Representative Office shall be considered as premises of the Bank in the State and shall be inviolable; such premises shall be under the control and authority of the

Bank. No representative of the State or of other authorities may enter upon said premises to perform any duty without the express consent of, and under the conditions, if any, agreed to by the President² of the Bank, or the General Manager of the Bank, or the Deputy General Manager of the Bank, or the Senior Resident Representative, or their duly authorised representative. The consent of the Senior Resident Representative may, however, be assumed in the case of fire or other disaster requiring prompt protective action if he or she cannot be reached in time.

All archives and records of the Bank and, in general, all documents and any data or data media belonging to the Bank or in its possession shall be inviolable at any time and in any place.

The Bank shall exercise supervision of and security control over the premises of the Representative Office.

The premises of the Representative Office and its immediate surroundings shall be accorded the same protection against any intrusion or damage and any disturbance of law and order in or at the Representative Office at least as favourable as that granted by the State to any other intergovernmental organisation in the State.

Article 6

Freedom of Action of the Bank

The State shall guarantee to the Bank the autonomy and freedom of action to which it is entitled as an intergovernmental organisation of central banks and monetary authorities based on international treaties between States.

In particular, the State shall grant to the Bank, including to the Representative Office, as well as to the members of the Bank and other institutions in their relations with the Bank, absolute freedom to hold meetings in the State in connection with the Bank's objects and functions including freedom of discussion and decision.

The State shall grant access to its territory for any person, irrespective of nationality, who fulfils any function for the Bank or who is invited by the Bank in connection with any official Bank activities. In this regard, the State shall take appropriate measures to facilitate the entry of such persons into, departure from and freedom of movement within the State, notably by granting, upon request by or supported by the Bank, such visas, free of charge, if applicable, as may be necessary and by providing such further assistance as may be required by the Bank.

The Bank shall have the power to make rules and regulations operative within the Representative Office for the full and independent exercise of its activities and performance of its functions.

The Bank shall not be subject to any form of financial or banking supervision or obliged to implement any form of accounting standard, or to comply with any form of licensing or registration requirement.

Article 7

Communications

All official correspondence and communications to or from the Representative Office, by whatever means and in whatever form transmitted or received, shall be immune from censorship and any other form of interception or interference.

In the context of its official duties and without any interference, the Representative Office shall be entitled to unfettered access to world-wide telecommunication links of its choice and to freely use any communication facilities that it considers most appropriate to establish contacts with the Bank, central banks, international organisations, governmental offices, other institutions and any other person.

The Representative Office shall benefit, in respect of all official communications, from treatment at least as favourable as that granted by the State to any other intergovernmental organisation in the State.

The Bank shall be entitled to use codes and encryption for its official communications. The Bank shall also be entitled to send and receive official correspondence and communications, on any form of data media, including by duly identified couriers or in sealed bags, which shall have privileges and immunities no less favourable than those customarily accorded to diplomatic couriers and bags.

Article 8

Free Disposal of Funds and Freedom to Conduct Operations

The Bank may receive, deposit, hold, convert and transfer all currency, funds, cash, gold and other transferable securities, and dispose freely thereof, and generally carry out without any restriction all operations permitted by its Statutes within the State and in the Bank's relations with other financial markets, subject to Article 19 of its Statutes. The procedures for such operations shall be in accordance with the legal provisions in effect within the State.

The Bank shall have the unrestricted right to transact business with any financial or other institution located outside the State.

Article 9

Fiscal Provisions Regarding the Bank and the Representative Office

In the context of the Bank's official activities, the Bank, including the Representative Office, its assets, income and other property shall benefit from the following privileges and exemptions:

- (a) Exemption from all direct taxes;
- (b) Exemption from all indirect taxes. Concerning Value Added Taxes which may be included in the public sale price of any good, the Representative Office shall be entitled to claim reimbursement of the amount of such

taxes in accordance with the attached Protocol and the operating procedures established in the applicable fiscal provisions;

However, the Representative Office shall not be entitled to claim for any exemption or reimbursement related to charges for public services rendered to the Representative Office (such as utility charges), provided such charges are non-discriminatory and generally levied.

- (c) Exemption from any liability regarding tax collection or withholding;
- (d) The Representative Office shall be exempt from all custom duties on imports or exports, on all goods and articles, including publications, data, data media and audiovisual material for its official use. Nevertheless, the Representative Office shall comply with the operating procedures established in the applicable fiscal provisions;
- (e) The Representative Office shall be exempt from all custom duties on the importation of motor vehicles, as well as be entitled to a reimbursement of Value Added Tax on the acquisition of motor vehicles in the national market. With regard to such exemption and reimbursement, the Representative Office shall comply with the operating procedures established in the applicable fiscal provisions.

II. Privileges and Immunities Granted to Persons Carrying out Official Bank Activities

Article 10

Immunities of Bank Officials and All Personnel of the Representative Office

Members of the Board of Directors of the Bank, the President² of the Bank, the General Manager of the Bank, the Deputy General Manager of the Bank, while carrying out official Bank activities and throughout their journey to or from the place where a meeting is held in the State, shall enjoy the following immunities:

- (a) Immunity from jurisdiction of any court or tribunal in the State, in particular with respect to civil, administrative and criminal matters, with respect to things done or omitted to be done including words spoken and writings, even after their mission has been accomplished or they are no longer employed with the Bank, except in the case where the Bank waives immunity in accordance with Article 17 of this Agreement;
- (b) Immunity from inspection or seizure of official baggage;
- (c) Immunity from arrest or imprisonment and immunity from inspection or seizure of personal baggage (except in flagrant cases of criminal offence);
- (d) Inviolability of all papers, documents, data or data media;
- (e) The right to use codes and encryption of any kind in official communications; and
- (f) The right to receive or send official documents or correspondence by means of couriers or diplomatic bags.

The Senior Resident Representative and all personnel of the Representative Office, duly accredited by the Ministry of Foreign Affairs in accordance with Article 16 of this Agreement, shall, while carrying out official Bank activities, enjoy the immunities referred to in (a) and (b) above.

The Senior Resident Representative and all personnel of the Representative Office shall enjoy privileges (including exemptions), immunities, and facilities at least as favourable as those granted by the State to officials of comparable rank of any other intergovernmental organisation in the State.

Article 11

Fiscal Privileges and Exemptions Granted to All Personnel of the Representative Office who are not Nationals of the State

The Senior Resident Representative and all personnel of the Representative Office, duly accredited by the Ministry of Foreign Affairs in accordance with Article 16 of this Agreement, as well as their spouses, partners, and dependant members of their families who are their direct ascendant or descendant relatives in the first degree and who live with them in the State, who are not nationals of the State, shall benefit from the following privileges and exemptions:

- (a) Exemption from any tax on their wages, any income, fees, allowances or emoluments, paid to them by the Bank;
- (b) Exemption, at the time of the payment, from any tax on capital payments, if any, paid to them by the Bank, including capital payments paid to them by way of indemnity for sickness or accident; income derived from such capital payments, as well as annuities and pensions paid to former personnel of the Bank, shall not be exempt from tax;
- (c) Exemption from tax on any income whose source is located outside the State;

- (d) They shall be entitled to import one motor vehicle of their property, exempt from all custom duties, as well as to a reimbursement of Value Added Tax on the acquisition of one motor vehicle in the national market, for personal use, in accordance with the operating procedures established in the applicable fiscal provisions;
- (e) They shall be entitled to import their baggage, household and personal effects, free of any duties, in accordance with the procedural requirements applicable in the State.

Article 12

Facilities Granted to all Personnel of the Representative Office who are not Nationals of the State

The State shall take all measures required to guarantee to the members of the Board of Directors of the Bank, the President² of the Bank, the General Manager of the Bank, the Deputy General Manager of the Bank, the Senior Resident Representative and all personnel of the Representative Office, their spouses, partners and dependant members of their families who are their direct ascendant or descendant relatives in the first degree and who live with them in the State, who are not nationals of the State, all necessary facilities for the performance of their duties, in particular regarding:

- (a) Their accreditation, if applicable, before the Ministry of Foreign Affairs in accordance with Article 16 of this Agreement;
- (b) The granting of visas, free of charge, if applicable;
- (c) The freedom of transit to, within and from the State;
- (d) In case of domestic disturbances or international conflict, all facilities necessary to leave the country, if they wish to, by whatever means they consider safer and speedier; and

- (e) Exemption from restrictions on immigration and any formality concerning the registration of persons who are not nationals of the State, and exemption from all obligations relating to personal public, civil or military service.

Article 13

Free Disposal of Funds

Members of the Board of Directors of the Bank, the President² of the Bank, the General Manager of the Bank, the Deputy General Manager of the Bank and the Senior Resident Representative and all personnel of the Representative Office, their spouses, partners and dependent members of their families, who are their direct ascendant or descendant relatives in the first degree and who live with them in the State, who are not nationals of the State, may convert and transfer currency from the State to any other country and vice versa, on conditions at least as favourable as those granted by the State to officials of comparable rank of any other intergovernmental organisation in the State. The procedures for such operations shall be in accordance with the legal provisions in effect within the State.

Article 14

Labour Relations

Considering the international status of the Bank referred to in Articles 1 and 2 of this Agreement, the State recognises that the labour relations between the Bank and its personnel employed outside the State and officials of the Representative Office duly accredited by the Ministry of Foreign Affairs in accordance with Article 16 of this Agreement, are governed by rules based on international law and subject to the jurisdiction of the Administrative Tribunal of the Bank in accordance with Article 4.

The Bank and its officials, duly accredited by the Ministry of Foreign Affairs, in their capacity as international civil servants, shall not be subject to social welfare and labour legislation in force in the State.

Personnel not mentioned in the preceding paragraph, hired by the Representative Office in the State, shall be subject to social welfare and labour legislation in force in the State, and to the jurisdiction of courts or tribunals of the State in their employment relations with the Bank. The Bank shall be exempt from any liability for the collection or withholding of any tax or contribution, except contributions for social welfare with regard to personnel subject to social welfare in the State.

The Bank shall ensure that all personnel of the Representative Office are granted adequate labour conditions and social welfare protection.

Article 15

Experts

Experts who are not nationals of the State, on temporary assignment in the State duly accredited by the Ministry of Foreign Affairs shall, in connection with their mission, be assimilated to the personnel of the Representative Office and be afforded all the immunities and facilities granted under Articles 10 to 14 of this Agreement, as applicable.

Experts who are nationals of the State, on temporary assignment in the State, shall, in connection with their missions, be afforded the immunities referred to in subparagraphs (a) to (b) of Article 10 of this Agreement.

Article 16

Accreditation Procedure and Identity Cards of Bank Personnel

For the purpose of accreditation in the State, the Bank shall inform the Ministry of Foreign Affairs, through the Directorate

General of Protocol, of the name, date of birth, nationality, domicile in the State and category of employment of the officials of the Representative Office and of other personnel hired by the Representative Office in the State. The same details, as applicable, shall be provided for any official's spouse, partner or dependant members of their families, who are their direct ascendant or descendant relatives in the first degree and who live with them in the State.

After reviewing the information provided by the Bank in accordance with the above paragraph, the Ministry of Foreign Affairs of the State shall duly accredit the officials of the Representative Office, and their spouse or partner and dependants as well as other personnel hired by the Representative Office in the State, and issue identity cards to identify these persons before any authority in the State.

Article 17

Purpose of, Waiver of, and Exceptions to, Immunity

The privileges, immunities, exemptions, facilities, assurances and other rights referred to in Part II of this Agreement are solely granted to ensure, in all circumstances, the freedom of action of the Bank and the complete independence of persons performing official activities for the Bank, and are not granted for the personal benefit of those persons.

The President² of the Bank, or the General Manager of the Bank, or the Deputy General Manager of the Bank shall, if they consider that the immunity of any member of the personnel of the Representative Office or experts on temporary assignment is being used to hinder the normal course of justice, and that it is possible to waive such immunity without prejudicing the interests of the Bank, waive that immunity.

Where immunity is not waived in accordance with this Article, the Bank shall do its best effort to ensure the satisfactory settlement of disputes involving any third party and any member of the personnel of the Representative Office or any

expert on temporary assignment who, pursuant to Part II of this Agreement, benefits from immunity.

The Bank and the State shall cooperate in order to avoid any abuse of the immunities, privileges, exemptions and facilities established in this Agreement and to ensure the observance of police regulations in force in the State.

III. General and Final Provisions

Article 18

Settlement of Disputes

In case of any dispute arising from the interpretation or application of this Agreement, the State and the Bank shall enter into consultations with a view to reaching an amicable settlement.

If any such dispute cannot be resolved in accordance with the procedure established in the previous paragraph, unless the parties agree to adopt another settlement mechanism, it shall be referred at the instigation of either party to the Arbitral Tribunal provided for in the Hague Agreement of 20th January 1930 for final settlement.

Article 19

Non-responsibility of the State

The State shall not, as a result of the Bank's activities in the State, assume any international responsibility for any act or omission by the Bank or by its personnel.

Article 20

Security of the State

Nothing in this Agreement shall affect the right of the State to apply any appropriate safeguard in the interests of the security of the State. If any such safeguard is considered necessary, the State shall immediately contact the Bank to determine jointly with the Bank any appropriate measure to protect the interests of the Bank.

The Bank shall cooperate with the appropriate State authorities to prevent any prejudice, as a result of any activity of the Representative Office, to the security of the State.

Article 21

Implementation

The Ministry of Foreign Affairs shall provide its assistance to the Bank with regard to the implementation of this Agreement by the State and in making such practical arrangements as may be necessary.

The Bank shall carry out its activities within the State in accordance with the legal provisions in force within the State, subject to the provisions of this Agreement.

Whenever necessary, the operating procedures referred to in this Agreement shall be the subject of an exchange of letters between the Bank and the relevant authority of the State at the appropriate time.

Article 22

Existing Privileges and Immunities

This Agreement shall in no way affect the privileges and immunities granted to the Bank pursuant to the Convention of 20th January 1930 respecting the Bank, the Constituent Charter and Statutes of the Bank, and the Protocol regarding the immunities of the Bank of 30th July 1936.

Article 23

Entry Into Force

This Agreement shall enter into force thirty days after the parties have exchanged notifications communicating that the respective requirements to this effect have been fulfilled.

Article 24

Amendment

This Agreement may be amended at the request of either party. Following any such request, the parties shall jointly examine and agree to appropriate changes to the provisions of this Agreement. The amendments shall enter into force in the same manner as mentioned in Article 23.

Article 25

Termination

Either party may terminate this Agreement upon giving the other party six months' written notice of termination.

Relevant provisions of this Agreement shall continue to be applied after its termination for the time reasonably required for the settlement of the affairs of the Bank and the disposal of its property in the State as well as for the repatriation of personnel from the State.

IN WITNESS WHEREOF, the undersigned, duly authorised respectively thereto by the Bank and the State, have signed this Agreement.

Done in duplicate at Mexico City on 5th November 2001 in the English and Spanish languages, both texts being equally authentic.