

instalments falling due on or after the 15th September, 1928, as exceeds the sum of one million pounds (£1,000,000) to any subsequent 15th March or 15th September, not more than two years distant from its due date, but only on condition that in case Italy shall at any time exercise this option as to the payment of any instalment, the instalments falling due in the second succeeding year cannot be postponed at all unless and until the instalments due two years and one year previous thereto shall actually have been paid in full. All such postponed payments shall bear interest at the rate of 5 per cent. per annum, payable half-yearly.

5. The accounts relating to the war debt of Italy to Great Britain, including the accounts in connection with the Wheat Executive and War Risks Insurance schemes, shall be finally closed, and the British Treasury shall be entitled to retain any sums credited or to be credited to Italy in respect of such accounts. Save as provided in this Agreement, the contracting parties and their agents reciprocally renounce all claims or counter-claims against the other contracting party or their agents in respect of the above-mentioned accounts or the services and supplies to which they relate.

Great Britain likewise renounces all claims outstanding against Italy in respect of the hire of ex-enemy shipping.

6. If at any time it appears that the aggregate payments effectively received by Great Britain under Allied War Debt Funding Agreements and on account of reparations or of Liberation bonds exceed the aggregate payments effectively, made by Great Britain to the Government of the United States of America in respect of war debts, an account shall be drawn up by the British Treasury, interest at 5 per cent. being allowed on both sides of the account; and if that account shows that the receipts exceed the payments, Great Britain will credit Italy against the payments next due by Italy under Article 1 of this Agreement with such proportion of that excess as the payments effectively made by Italy under Article 1 of this Agreement bear to the aggregate sums effectively received by Great Britain under all Allied War Debt Funding Agreements. Thereafter, a similar account will be drawn up by the British Treasury each year, and any further excess of the receipts over the payments shall each year give rise to a credit to Italy of a proportion of such excess calculated in the manner indicated above. On the other hand, any deficit shall be made good by an increase in the payments next due by Italy up to a similar proportion of such deficit within the limit of the total amount of the credits already allowed to Italy under this Article.

For the purpose of this Article any capital sums which may hereafter be realised by Great Britain in respect of Reparations or of Liberation Bonds will be taken at their annual value, taking account of amortisation.