

ments falling due on or after the 15th September, 1928, as the sum of one million pounds (£1,000,000) to any sub-  
 15th March or 15th September, not more than two years  
 from its due date, but only on condition that in case Italy  
 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  
 for 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.

The accounts relating to the war debt of Italy to Great  
 Britain, including the accounts in connection with the Wheat  
 Purchase and War Risks Insurance schemes, shall be finally  
 settled, and the British Treasury shall be entitled to retain any  
 amount 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  
 facilities to which they relate.

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

If at any time it appears that the aggregate payments  
 actually received by Great Britain under Allied War Debt  
 Funding Agreements and on account of reparations or of  
 indemnification bonds exceed the aggregate payments effectively  
 made by Great Britain to the Government of the United States  
 and 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  
 with the payments next due by Italy under Article 1 of this  
 Agreement with such proportion of that excess as the payments  
 actually made by Italy under Article 1 of this Agreement bear  
 to the aggregate sums effectively received by Great Britain under  
 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,  
 if a deficit shall be made good by an increase in the payments  
 due by Italy up to a similar proportion of such deficit within  
 the limit of the total amount of the credits already allowed to  
 be made 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  
 Indemnification Bonds will be taken at their annual value, taking  
 account of amortisation.