3. HUNGARY

The Treaty of Peace (Hungary) Order, 1948

1948 No. 116

Made - - -	*26th January*, 1948
Laid before Parliament	*28th January*, 1948
Coming into Operation	*2nd February*, 1948

At the Court at Buckingham Palace, the 26th day of January, 1948

Present,

The King's Most Excellent Majesty in Council

Whereas at Paris on the tenth day of February, nineteen hundred and forty-seven a Treaty of Peace with Hungary (hereinafter referred to as " the Treaty ") was signed on behalf of His Majesty:

And Whereas the Treaty contains amongst others the provisions set out in the First Schedule hereto:

And Whereas by Section 1 of the Treaties of Peace (Italy, Roumania, Bulgaria, Hungary and Finland) Act, 1947(a) (hereinafter referred to as " the Act ") it was provided that His Majesty might make such appointments, establish such offices, make such Orders in Council and do such things as appear to Him to be necessary for carrying out the Treaty, and for giving effect to any provisions of the Treaty, and that any Order in Council made under the Act might provide that persons contravening or failing to comply with provisions of the Order should be guilty of offences against that Section, and that (except in so far as any such Order might provide for lesser penalties) any person guilty of an offence against that Section should be liable to such penalties as were therein mentioned:

And Whereas the Treaty contained the provisions set out in the First Schedule to this Order, and it is expedient for giving effect to the aforesaid provisions of the Treaty that the provisions hereinafter contained should have effect:

And Whereas by Treaty, grant, usage, sufferance or other lawful means His Majesty has power and jurisdiction in the territories specified in the Second Schedule hereto which territories are in this Order together referred to as " Protected Territories ", and is pleased by virtue and in exercise of the power vested in Him by the Foreign Jurisdiction Act, 1890(b), or otherwise to extend the provisions of this Order to the Protected Territories.

Now, therefore, His Majesty, in pursuance of the said Section and of all other powers enabling Him in that behalf, is pleased, by and with the advice of His Privy Council, to order, and it is hereby ordered, as follows:—

1. So far as they are by their nature capable of so doing the provisions of the Treaty set out in the First Schedule hereto shall be and have effect

(a) 10 & 11 Geo. 6. c. 23. (b) 53 & 54 Vict. c. 37.

as law and for the purpose of carrying out those provisions the following provisions shall have effect:—

(1) In this Article the expression " property, rights or interests " includes real and personal property, and any estate or interest in real or personal property, any negotiable instrument, any debt or other chose in action, and any other right or interest, whether in possession or not;

(2) All property, rights or interests, being property, rights or interests to which this paragraph applies, are, subject to the provisions of paragraph 7 of this Article, hereby charged with the amounts due at the date when the Treaty came into force in respect of claims by His Majesty (otherwise than in the right of his Government in the Dominions) and by British nationals (other than British nationals ordinarily resident in any of the Dominions) against the Government of Hungary or Hungarian nationals including debts owing to Him or them by the Government of Hungary or Hungarian nationals, other than claims fully satisfied under any Articles of the Treaty other than Article 29;

Provided that any such property, rights or interests so charged as aforesaid or the proceeds thereof may (i) on the direction of the Treasury, be transferred by the Administrator hereinafter mentioned, free of any such charge in accordance with the provisions of any Agreement on the resolution of conflicting claims to Hungarian property, rights or interests to which His Majesty may be a party or in accordance with the terms of any other Agreement with the Government of Hungary affecting the said property, rights or interests to which His Majesty is or may be a party; and (ii) on the direction of the Board of Trade be released by the said Administrator from the said charge;

(3) Paragraph (2) of this Article applies to any property, rights or interests within His Majesty's dominions and Protected Territories (except the Dominions) belonging to or held or managed on behalf of the Government of Hungary or a Hungarian national and shall include:—

(i) Any such property, rights or interests in the possession of a Custodian of Enemy Property under or by virtue of an Order made by the Board of Trade under Section 7 of the Trading with the Enemy Act, 1939(a), and the net proceeds of the sale, liquidation or other dealings by a Custodian of Enemy Property with any such property, rights or interests that are or have been in his possession as aforesaid;

(ii) property, rights or interests which have been subject to control by reason of a state of war existing between Hungary and His Majesty,

but shall not include:—

(*a*) property, rights or interests specified in sub-paragraphs (*a*) to (*e*) of paragraph 5 of Article 29 of the Treaty;

(*b*) property, rights or interests acquired under any authority given under the Trading with the Enemy Act, 1939(a) ;

(*c*) property, rights or interests which would be forfeited or determined if so charged as aforesaid;

(4) With a view to making effective and enforcing such charge as aforesaid;

(a) 2 & 3 Geo. 6. c. 89.

(*a*) The Board of Trade may appoint on such terms as they may specify an Administrator who shall act under the general direction of the Board and shall have such powers and duties as are hereinafter provided;

(*b*) if an Administrator dies or for any other reason ceases to hold office as such, the Board of Trade may appoint a successor, and may by Order vest in such successor any property, rights or interests which were vested in the first-mentioned Administrator at the time of his dying or ceasing to hold office;

(*c*) the Administrator shall be assisted by such officers and servants as the Board of Trade, subject to the consent of the Treasury, determine and there shall be paid to the Administrator and to such officers and servants such salaries or other remuneration as the Treasury may determine;

(5) (*a*) If any person without the consent of the Administrator, transfers, disposes of, or otherwise deals with any property, rights or interests subject to the charge, or pays any debt subject thereto, he shall be guilty of an offence against Section 1 of the Act, and any such transfer, disposal, dealing or payment shall be void; provided that it shall be a defence for any person charged with an offence under this sub-paragraph to prove that he did not know and had reasonable cause for not knowing that the property, right or interest was subject to the charge or that he had reasonable cause for believing that any necessary consents had been obtained;

(*b*) no property, rights or interests subject to the charge shall be liable to be attached or taken in execution;

(*c*) every person holding or having the control or management of any property, rights or interests, or owing any debt, subject to the charge (including when the property, rights or interests consist of shares, stock or other securities issued by a company, municipal authority or other body, or any right or interest therein, such company, authority or body) shall, unless particulars thereof have already been furnished to a Custodian of Enemy Property in accordance with the Trading with the Enemy Act, 1939(a), or Orders made thereunder, within three months from the date upon which this Order comes into operation by notice in writing communicate the fact to the Administrator and shall furnish the Administrator with such particulars in relation thereto as the Administrator may require, and if any person knowingly fails to do so or furnishes any information false to his knowledge in a material particular he shall be guilty of an offence against Section 1 of the Act;

(*d*) the Court may on the application of the Administrator require any person known or suspected to have in his possession or under his control any property, rights or interests subject to the charge, including any person known or suspected to owe a debt to the Hungarian Government or to a Hungarian national, or any person whom the Court may consider capable of giving information with respect to the same, subject to payment or tender of reasonable expenses of his attendance, to attend as a witness and to give evidence or produce documents before the Court or before such officer as the Court may appoint for the purpose of examining into the matter, who shall have power to take evidence and administer oaths, and if any person fails without reasonable excuse to comply with any of the provisions of the order he shall be

(a) 2 & 3 Geo. 6. c. 89.

guilty of an offence against Section 1 of the Act and on any such examination the Administrator shall be entitled to appear and be represented and to examine any such person;

for the purposes of this sub-paragraph " the Court " means the High Court or in Scotland the Court of Session;

the Lord Chancellor, or in Scotland, the Court of Session may make rules for regulating the procedure under this sub-paragraph;

(*e*) when the property charged consists of property transferable by delivery, any person having the possession, control or management of the property shall, on being so required by the Administrator, deliver the property to him, and the Administrator shall have power to sell or otherwise deal with the property so delivered to him;

(*f*) when the property charged consists of any sum of money due to the Government of Hungary or a Hungarian national it shall be paid to the Administrator who shall have power to enforce the payment thereof, and for that purpose shall have all such rights and powers as if he were the creditor;

(*g*) a certificate by the Administrator that any property, rights or interests are subject to the charge shall be prima facie evidence of the facts stated in the certificate, and where any requirement or demand for payment by the Administrator as aforesaid is accompanied by such a certificate, the person in possession of the property transferable by delivery, or the person by whom a sum of money is due, shall comply with the requirement or demand and shall not be liable to any action or legal proceeding in respect of such compliance, but if it is subsequently proved that the property, rights or interests were not subject to the charge, the owner thereof shall be entitled to recover the same from the Administrator, or if it has been sold, the proceeds of sale, but not to any other remedy;

(*h*) (i) the Board of Trade may by Order vest in the Administrator any property, rights or interests subject to the charge, or the right to transfer the same. Any Order so made by the Board is hereinafter referred to as a " Vesting Order ";

(ii) the Administrator shall have such rights, powers, duties and liabilities with regard to the property, rights or interests, or the right to transfer the property, rights or interests, vested in him by a Vesting Order as are prescribed by the Vesting Order;

(iii) a Vesting Order as respects property of any description shall be of the like purport and effect as a vesting order as respects property of the same description made by the High Court under the Trustee Act, 1925(a), and shall be sufficient to vest in the Administrator any property or the right to transfer any property as provided by the Vesting Order without the necessity for any further conveyance, assurance or document;

(iv) the Administrator shall not be bound by any provision in any article of association, bye-law or other rule governing a company or other body which restricts the right to transfer shares, stock or other securities or imposes any conditions as to the price at which, or the person to whom, shares, stock or other securities are to be offered or sold. Where in exercise of the powers conferred on him the Administrator executes a transfer of any shares, stock or securities the company or other body in whose book the shares, stock or securities are registered shall, upon the receipt of the transfer so executed by the Administrator and upon being required by him so to do, register the shares, stock or securities in the name of the

(a) 15 & 16 Geo. 5. c. 19.

Administrator or other transferee notwithstanding any regulation or stipulation of the company or other body, and notwithstanding that the Administrator is not in possession of the certificate, scrip or other document of title relating to the shares, stock or securities transferred, but such registration shall be without prejudice to any lien or charge in favour of the company or other body, or to any other lien or charge of which the Administrator has notice;

(v) any power conferred by this Order to make a Vesting Order shall be construed as including a power, exerciseable in the like manner, to vary or revoke the Order;

(i) if any person called upon to pay any money or to transfer or otherwise to deal with any property, rights or interests has reason to suspect that the same are subject to such charge as aforesaid he shall before paying, transferring or dealing with the same report the matter to the Administrator and shall comply with any directions that the Administrator may give with respect thereto;

(6) The Board of Trade may from time to time make general rules and may prescribe forms for carrying into effect the provisions of this Order;

(7) The Administrator shall retain out of the property, rights or interests or the proceeds thereof vested in or collected or received by him under this Order such sum as, subject to the consent of the Treasury, he may consider necessary to cover expenses and the amount for which he may be liable in respect of any proceedings or claims, and subject thereto shall hold and deal with the said property, rights or interests, and the proceeds thereof and the sums received by him in such manner as the Treasury shall direct;

(8) The Administrator may sue and be sued by the name of the Administrator of Hungarian Property; and no action brought shall abate or be affected by any change in the person nominated as Administrator;

(9) Every document purporting to be a certificate, direction or other instrument issued by the Administrator or to be signed by him or by any other person authorised by him shall be received in evidence and shall be deemed to be such certificate, direction or instrument without further proof unless the contrary is shown, and in any proceedings by the Administrator to recover a debt, a statement of facts verified by an affidavit made by the Administrator or any other person authorised by him shall be prima facie evidence of the facts therein stated;

(10) A certificate signed by the Administrator or any person authorised by him that an order or other instrument purporting to be made or issued by the Treasury or the Board of Trade is so made or issued shall be conclusive evidence of the facts so certified.

2. The time at which the periods of prescription or limitation of right of action or of the right to take conservatory measures in respect of relations affecting persons or property referred to in paragraph 1 of Part B of Annex V of the Treaty shall begin again to run, shall be the date of the coming into force of the Treaty, subject, in the case of any period of limitation of right of action, to any provision of the Limitation (Enemies and War Prisoners) Act, 1945(a), fixing a later date.

3. The period to be allowed within which presentation of negotiable instruments for acceptance or payment and notice of non-acceptance or non-payment or protest may be made under paragraph 2 of Part C of Annex V of the Treaty shall be the period ending the 15th day of September, nineteen hundred and forty-eight.

(a) 8 & 9 Geo. 6. c. 16.

4.—(1) There shall be imposed on rights or interests with respect to industrial property acquired before the coming into force of the Treaty, by the Government or nationals of Hungary such limitations, conditions and restrictions as the Board of Trade may deem necessary in the national interest and may prescribe and any transfer or other dealing with any industrial property so acquired as aforesaid effected since the 8th day of April, 1941, shall, if and so far as it is inconsistent with any limitations, conditions or restrictions so imposed, be void.

(2) So far as may be necessary for the purpose of Article 29 (4) of the Treaty, Sections 1 (2) and 2 of the Patents, Designs, Copyright and Trade Marks (Emergency) Act, 1939(a), shall, in relation to the Government of Hungary and Hungarian nationals, continue in force as if reference therein to an enemy or an enemy subject included references to the Government of Hungary and a Hungarian national.

(3) The Comptroller-General of Patents, Designs and Trade Marks shall have power to refuse any application for the grant of a patent for any invention relating to any article of the nature specified in Annex III of the Treaty, being an invention referred to in paragraph 6 of Annex IVA of the Treaty or to revoke a patent for any such invention provided that he shall not exercise that power adversely to an applicant or patentee without giving the applicant or patentee an opportunity of being heard, if the applicant or patentee so requires.

5.—(1) For the purposes of the provisions of this Order—the expression "the Dominions" means a Dominion within the meaning of the Statute of Westminster, 1931(b), except Newfoundland, but including India, Pakistan and Ceylon and also including any territory administered by the Government of that Dominion. The expression "nationals" in relation to any State includes the Sovereign or former Sovereign and the subjects or citizens of that State and any body of persons constituted or incorporated according to the laws of that State or of any of its colonies or Protected Territories and in the case of a Protected Territory includes a British protected person.

(2) The Interpretation Act, 1889(c), applies for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

6.—(1) If any person, for the purpose of obtaining any authority or sanction under this Order, or in giving any information for the purposes of this Order or any Vesting Order, knowingly or recklessly makes a statement which is false in a material particular, he shall be guilty of an offence against Section 1 of the Act.

(2) Where any offence against Section 1 of the Act committed by a body corporate is proved to have been committed with the consent or connivance of, or to have been attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, he, as well as the body corporate, shall be deemed to be guilty of that offence, and shall be liable to be proceeded against and punished accordingly.

7.—(1) This Order shall apply to the whole of His Majesty's dominions and Protected Territories except the Dominions.

(2) In its application to the parts of His Majesty's dominions, which are outside the United Kingdom of Great Britain and Northern Ireland, the Channel Islands and the Isle of Man and in its application to Protected Territories, this Order shall be subject to such modifications as may be made by the legislatures of those parts or those Protected Territories for adapting to the circumstances thereof the provisions of this Order.

(a) 2 & 3 Geo. 6. c. 107. (b) 22 & 23 Geo. 5. c. 4. (c) 52 & 53 Vict. c. 63.

(3) In the application of this Order to any part of His Majesty's dominions or Protected Territories (except the Dominions) any reference to "Board of Trade" or "Treasury", "property, rights or interests" and "Administrator" shall be construed respectively as a reference to the Governor or Officer administering the Government of the territory in question, the property, rights or interests within that territory, and the Administrator appointed for that territory.

(4) In its application to the Channel Islands, this Order shall have effect subject to the following modifications:

(*a*) References to the Trading with the Enemy Act, 1939(**a**), shall be construed as references to that Act as extended to the Channel Islands by the Trading with the Enemy (Channel Islands) Order in Council, 1940(**b**);

(*b*) in sub-paragraph (*d*) of paragraph (5) of Article 1 references to the Court shall be construed as references to the Royal Court of Jersey or the Royal Court of the Bailiwick of Guernsey, as the case may be, and rules for regulating the procedure under that sub-paragraph may be made, as regards Jersey, by the Superior Number of the Royal Court, and, as regards the Bailiwick of Guernsey, by the Royal Court of that Island;

(*c*) For clause (iii) of sub-paragraph (*h*) of paragraph (5) of Article 1, there should be substituted the following clause—

> 'A Vesting Order as respects property of any description shall upon registration by the Royal Court be sufficient to vest in the Administrator any property or the right to transfer any property as provided by the Vesting Order without the necessity for any further conveyance, assurance or document.';

and all orders and rules made, and all forms prescribed, by the Board of Trade under this Order shall be communicated to the Bailiff of Jersey or Guernsey, as the case may be, and shall be presented by him to the Royal Court of Jersey or the Royal Court of the Bailiwick of Guernsey, as the case may be, for registration, and no such order or rules shall come into force until so registered.

(5) In its application to the Isle of Man, in sub-paragraph (*d*) of paragraph (5) of Article 1 references to the Court shall be construed as references to the High Court of Justice in the Isle of Man and rules for regulating the procedure under that sub-paragraph may be made as regards the Isle of Man by the Governor.

(6) In its application to Northern Ireland, in sub-paragraph (*d*) of paragraph (5) of Article 1 references to the Court shall be construed as references to the High Court of Justice in Northern Ireland and rules for regulating the procedure under that sub-paragraph may be made as regards Northern Ireland by the Lord Chief Justice of Northern Ireland.

8. This Order shall come into operation on the 2nd day of February, 1948.

9. This Order may be cited as the Treaty of Peace (Hungary) Order, 1948.

E. C. E. Leadbitter.

THE FIRST SCHEDULE

PART V—REPARATION AND RESTITUTION

Article 24

1. Hungary accepts the principles of the United Nations Declaration of January 5, 1943, and shall return, in the shortest possible time, property removed from the territory of any of the United Nations.

2. The obligation to make restitution applies to all identifiable property at present in Hungary which was removed by force or duress by any of the Axis

(**a**) 2 & 3 Geo. 6. c. 89. (**b**) S.R. & O. 1940 (No. 87) I, p. 1045.

Powers from the territory of any of the United Nations, irrespective of any subsequent transactions by which the present holder of any such property has secured possession.

3. If, in particular cases, it is impossible for Hungary to make restitution of objects of artistic, historic or archaeological value, belonging to the cultural heritage of the United Nation from whose territory such objects were removed by force or duress by Hungarian forces, authorities or nationals, Hungary shall transfer to the United Nation concerned objects of the same kind as, and of approximately equivalent value to, the objects removed, in so far as such objects are obtainable in Hungary.

4. The Hungarian Government shall return the property referred to in this Article in good order and, in this connection, shall bear all costs in Hungary relating to labour, materials and transport.

5. The Hungarian Government shall co-operate with the United Nations in, and shall provide at its own expense all necessary facilities for, the search for and restitution of property liable to restitution under this Article.

6. The Hungarian Government shall take the necessary measures to effect the return of property covered by this Article held in any third country by persons subject to Hungarian jurisdiction.

7. Claims for the restitution of property shall be presented to the Hungarian Government by the Government of the country from whose territory the property was removed, it being understood that rolling stock shall be regarded as having been removed from the territory to which it originally belonged. The period during which such claims may be presented shall be six months from the coming into force of the present Treaty.

8. The burden of identifying the property and of proving ownership shall rest on the claimant Government, and the burden of proving that the property was not removed by force or duress shall rest on the Hungarian Government.

Part VI—Economic Clauses

Article 26

1. In so far as Hungary has not already done so, Hungary shall restore all legal rights and interests in Hungary of the United Nations and their nationals as they existed on September 1, 1939, and shall return all property in Hungary of the United Nations and their nationals as it now exists.

2. The Hungarian Government undertakes that all property, rights and interests passing under this Article shall be restored free of all encumbrances and charges of any kind to which they may have become subject as a result of the war and without the imposition of any charges by the Hungarian Government in connection with their return. The Hungarian Government shall nullify all measures, including seizures, sequestration or control, taken by it against United Nations property between September 1, 1939, and the coming into force of the present Treaty. In cases where the property has not been returned within six months from the coming into force of the present Treaty, application shall be made to the Hungarian authorities not later than twelve months from the coming into force of the Treaty, except in cases in which the claimant is able to show that he could not file his application within this period.

3. The Hungarian Government shall invalidate transfers involving property, rights and interests of any description belonging to United Nations nationals, where such transfers resulted from force or duress exerted by Axis Governments or their agencies during the war.

In the case of Czechoslovak nationals, this paragraph shall also include transfers after November 2, 1938, which resulted from force or duress or from measures taken under discriminatory internal legislation by the Hungarian Government or its agencies in Czechoslovak territory annexed by Hungary.

4.—(*a*) The Hungarian Government shall be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where, as a result of the war, a United Nations national has suffered a loss by reason of injury or damage to property in Hungary, he shall receive from the Hungarian Government compensation in Hungarian currency to the extent of two-thirds of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded to Hungarian nationals.

(*b*) United Nations nationals who hold, directly or indirectly, ownership interests in corporations or associations which are not United Nations nationals within the meaning of paragraph 9 (*a*) of this Article, but which have suffered a loss by reason of injury or damage to property in Hungary, shall receive compensation in accordance with sub-paragraph (*a*) above. This compensation shall be calculated on the basis of the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interests of such nationals in the corporation or association bear to the total capital thereof.

(*c*) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Hungary but shall be subject to the foreign exchange control regulations which may be in force in Hungary from time to time.

(*d*) The Hungarian Government shall accord to United Nations nationals the same treatment in the allocation of materials for the repair or rehabilitation of their property in Hungary and in the allocation of foreign exchange for the importation of such materials as applies to Hungarian nationals.

(*e*) The Hungarian Government shall grant United Nations nationals an indemnity in Hungarian currency at the same rate as provided in sub-paragraph (*a*) above to compensate them for the loss or damage due to special measures applied to their property during the war, and which were not applicable to Hungarian property. This sub-paragraph does not apply to a loss of profit.

5, The provisions of paragraph 4 of this Article shall apply to Hungary in so far as the action which may give rise to a claim for damage to property in Northern Transylvania belonging to the United Nations or their nationals took place during the period when this territory was subject to Hungarian authority.

6. All reasonable expenses incurred in Hungary in establishing claims, including the assessment of loss or damage, shall be borne by the Hungarian Government.

7. United Nations nationals and their property shall be exempted from any exceptional taxes, levies or imposts imposed on their capital assets in Hungary by the Hungarian Government or any Hungarian authority between the date of the Armistice and the coming into force of the present Treaty for the specific purpose of meeting charges arising out of the war or of meeting the costs of occupying forces or of reparation payable to any of the United Nations. Any sums which have been so paid shall be refunded.

8. The owner of the property concerned and the Hungarian Government may agree upon arrangements in lieu of the provisions of this Article.

9. As used in this Article:

(*a*) " United Nations nationals " means individuals who are nationals of any of the United Nations, or corporations or associations organised under the laws of any of the United Nations, at the coming into force of the present Treaty, provided that the said individuals, corporations or associations also had this status at the date of the Armistice with Hungary.

The term " United Nations nationals " also includes all individuals, corporations or associations which, under the laws in force in Hungary during the war, have been treated as enemy;

(*b*) " Owner " means the United Nation, or the United Nations national as defined in sub-paragraph (*a*) above, entitled to the property in question, and includes a successor of the owner, provided that the successor is also a United Nation, or a United Nations national as defined in sub-paragraph (*a*). If the successor has purchased the property in its damaged state, the transferor shall retain his rights to compensation under this Article, without prejudice to obligations between the transferor and the purchaser under domestic law;

(*c*) " Property " means all movable or immovable property, whether tangible or intangible, including industrial, literary and artistic property, as well as all rights or interests of any kind in property.

10. The Hungarian Government recognizes that the Brioni Agreement of August 10, 1942, is null and void. It undertakes to participate with the other signatories of the Rome Agreement of May 29, 1923, in any negotiations having the purpose of introducing into its provisions the modifications necessary to ensure the equitable settlement of the annuities which it provides.

Article 29

1. Each of the Allied and Associated Powers shall have the right to seize, retain, liquidate or take any other action with respect to all property, rights and interests which at the coming into force of the present Treaty are within its territory and belong to Hungary or to Hungarian nationals, and to apply such property or the proceeds thereof to such purposes as it may desire, within the limits of its claims and those of its nationals against Hungary or Hungarian nationals, including debts, other than claims fully satisfied under other Articles of the present Treaty. All Hungarian property, or the proceeds thereof, in excess of the amount of such claims, shall be returned.

2. The liquidation and disposition of Hungarian property shall be carried out in accordance with the law of the Allied or Associated Power concerned. The Hungarian owner shall have no rights with respect to such property except those which may be given him by that law.

3. The Hungarian Government undertakes to compensate Hungarian nationals whose property is taken under this Article and not returned to them.

4. No obligation is created by this Article on any Allied or Associated Power to return industrial property to the Hungarian Government or Hungarian nationals, or to include such property in determining the amounts which may be retained under paragraph 1 of this Article. The Government of each of the Allied and Associated Powers shall have the right to impose such limitations, conditions and restrictions on rights or interests with respect to industrial property in the territory of that Allied or Associated Power, acquired prior to the coming into force of the present Treaty by the Government or nationals of Hungary, as may be deemed by the Government of the Allied or Associated Power to be necessary in the national interest.

5. The property covered by paragraph 1 of this Article shall be deemed to include Hungarian property which has been subject to control by reason of a state of war existing between Hungary and the Allied or Associated Power having jurisdiction over the property, but shall not include:

(*a*) Property of the Hungarian Government used for consular or diplomatic purposes;

(*b*) Property belonging to religious bodies or private charitable institutions and used for religious or charitable purposes;

(*c*) Property of natural persons who are Hungarian nationals permitted to reside within the territory of the country in which the property is located or to reside elsewhere in United Nations territory, other than Hungarian property which at any time during the war was subjected to measures not generally applicable to the property of Hungarian nationals resident in the same territory;

(*d*) Property rights arising since the resumption of trade and financial relations between the Allied and Associated Powers and Hungary, or arising out of transactions between the Government of any Allied or Associated Power and Hungary since January 20, 1945;

(*e*) Literary and artistic property rights.

Article 31

1. The existence of the state of war shall not, in itself, be regarded as affecting the obligation to pay pecuniary debts arising out of obligations and contracts which existed, and rights which were acquired, before the existence of the state of war, which became payable prior to the coming into force of the present Treaty, and which are due by the Government or nationals of Hungary to the Government or nationals of one of the Allied and Associated Powers to the Government or nationals of Hungary.

2. Except as otherwise expressly provided in the present Treaty, nothing therein shall be construed as impairing debtor-creditor relationships arising out of pre-war contracts concluded either by the Government or nationals of Hungary.

Article 32

1. Hungary waives all claims of any description against the Allied and Associated Powers on behalf of the Hungarian Government or Hungarian nationals arising directly out of the war or out of actions taken because of the existence of a state of war in Europe after September 1, 1939, whether or not the Allied or Associated Power was at war with Hungary at the time, including the following:

(*a*) Claims for losses or damages sustained as a consequence of acts of forces or authorities of Allied or Associated Powers;

(*b*) Claims arising from the presence, operations or actions of forces or authorities of Allied or Associated Powers in Hungarian territory;

(*c*) Claims with respect to the decrees or orders of Prize Courts of Allied or Associated Powers, Hungary agreeing to accept as valid and binding all decrees and orders of such Prize Courts on or after September 1, 1939, concerning Hungarian ships or Hungarian goods or the payment of costs;

(*d*) Claims arising out of the exercise or purported exercise of belligerent rights.

2. The provisions of this Article shall bar, completely and finally, all claims of the nature referred to herein, which will be henceforward extinguished, whoever may be the parties in interest. The Hungarian Government agrees to make equitable compensation in Hungarian currency to persons who furnished supplies or services on requisition to the forces of Allied or Associated Powers in Hungarian territory and in satisfaction of non-combat damage claims against the forces of Allied or Associated Powers arising in Hungarian territory.

3. Hungary likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Hungarian Government or Hungarian nationals against any of the United Nations whose diplomatic relations with Hungary were broken off during the war and which took action in co-operation with the Allied and Associated Powers.

4. The Hungarian Government shall assume full responsibility for all Allied military currency issued in Hungary by the Allied military authorities, including all such currency in circulation at the coming into force of the present Treaty.

5. The waiver of claims by Hungary under paragraph 1 of this Article includes any claims arising out of actions taken by any of the Allied and Associated Powers with respect to Hungarian ships between September 1, 1939, and the coming into force of the present Treaty, as well as any claims and debts arising out of the Conventions on prisoners of war now in force.

Article 35

1. Any disputes which may arise in connection with Articles 24, 25 and 26 and Annexes IV, V and VI of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Hungarian Government. If agreement has not been reached within three months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commission, and failing agreement between the two Governments on the selection of this member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

2. The decision of the majority of the members of the Commission shall be the decision of the Commission and shall be accepted by the parties as definitive and binding.

Part VIII—Final Clauses

Article 39

1. For a period not to exceed eighteen months from the coming into force of the present Treaty, the Heads of the Diplomatic Missions in Budapest of the Soviet Union, the United Kingdom and the United States of America, acting in concert, will represent the Allied and Associated Powers in dealing with the Hungarian Government in all matters concerning the execution and interpretation of the present Treaty.

2. The Three Heads of Mission will give the Hungarian Government such guidance, technical advice and clarification as may be necessary to ensure the rapid and efficient execution of the present Treaty both in letter and in spirit.

3. The Hungarian Government shall afford the said Three Heads of Mission all necessary information and any assistance which they may require in the fulfilment of the tasks devolving on them under the present Treaty.

Article 40

1. Except where another procedure is specifically provided under any Article of the present Treaty, any dispute concerning the interpretation or execution of the Treaty, which is not settled by direct diplomatic negotiations, shall be referred to the Three Heads of Mission acting under Article 39, except that in this case the Heads of Mission will not be restricted by the time limit provided in that Article. Any such dispute not resolved by them within a period of two months shall, unless the parties to the dispute mutually agree upon another means of settlement, be referred at the request of either party to the dispute to a Commission composed of one representative of each party and a third member selected by mutual agreement of the two parties from nationals of a third country. Should the two parties fail to agree within a period of one month upon the appointment of the third member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

2. The decision of the majority of the members of the Commission shall be the decision of the Commission, and shall be accepted by the parties as definitive and binding.

ANNEX IV

Special Provisions Relating to Certain Kinds of Property

A. Industrial, Literary and Artistic Property

1.—(*a*) A period of one year from the coming into force of the present Treaty shall be accorded to the Allied and Associated Powers and their nationals without extension fees or other penalty of any sort in order to enable them to accomplish all necessary acts for the obtaining or preserving in Hungary of rights in industrial, literary and artistic property which were not capable of accomplishment owing to the existence of a state of war.

(*b*) Allied and Associated Powers or their nationals who had duly applied in the territory of any Allied or Associated Power for a patent or registration of a utility model not earlier than twelve months before the outbreak of the war with Hungary or during the war, or for the registration of an industrial design or model or trade mark not earlier than six months before the outbreak of the war with Hungary or during the war, shall be entitled within twelve months after the coming into force of the present Treaty to apply for corresponding rights in Hungary, with a right of priority based upon the previous filing of the application in the territory of that Allied or Associated Power.

(*c*) Each of the Allied and Associated Powers and its nationals shall be accorded a period of one year from the coming into force of the present Treaty during which they may institute proceedings in Hungary against those natural or juridical persons who are alleged illegally to have infringed their rights in industrial, literary or artistic property between the date of the outbreak of the war and the coming into force of the Treaty.

2. A period from the outbreak of the war until a date eighteen months after the coming into force of the present Treaty shall be excluded in determining the time within which a patent must be worked or a design or trade mark used.

3. The period from the outbreak of the war until the coming into force of the present Treaty shall be excluded from the normal term of rights in industrial, literary and artistic property which were in force in Hungary at the outbreak of the war or which are recognized or established under part A of this Annex and belong to any of the Allied and Associated Powers or their nationals. Consequently, the normal duration of such rights shall be deemed to be automatically extended in Hungary for a further term corresponding to the period so excluded.

4. The foregoing provisions concerning the rights in Hungary of the Allied and Associated Powers and their nationals shall apply equally to the rights in the territories of the Allied and Associated Powers of Hungary and its nationals. Nothing, however, in these provisions shall entitle Hungary or its nationals to more favourable treatment in the territory of any of the Allied and Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Hungary be thereby required to accord to any of the Allied and Associated Powers or its nationals more favourable treatment than Hungary or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.

5. Third parties in the territories of any of the Allied and Associated Powers or Hungary who, before the coming into force of the present Treaty, had bona fide acquired industrial, literary or artistic property rights conflicting with rights restored under part A of this Annex or with rights obtained with the priority provided thereunder, or had bona fide manufactured, published, reproduced, used or sold the subject matter of such rights, shall be permitted, without any liability for infringement, to continue to exercise such rights and to continue or to resume such manufacture, publication, reproduction, use or sale which had been bona fide acquired or commenced. In Hungary, such permission shall take the form of a non-exclusive licence granted on terms and conditions to be mutually agreed by the parties thereto or, in default of agreement, to be fixed by the Conciliation Commission established under Article 35 of the present Treaty. In the territories of each of the Allied and Associated Powers, however, bona fide third parties shall receive such protection as is accorded under similar circumstances to bona fide third parties whose rights are in conflict with those of the nationals of other Allied and Associated Powers.

6. Nothing in part A of this Annex shall be construed to entitle Hungary or its nationals to any patent or utility model rights in the territory of any of the Allied and Associated Powers with respect to inventions, relating to any article listed by name in Annex III of the present Treaty, made, or upon which applications were filed, by Hungary, or any of its nationals, in Hungary or in the territory of any other of the Axis Powers, or in any territory occupied by the Axis forces, during the time when such territory was under the control of the forces or authorities of the Axis Powers.

7. Hungary shall likewise extend the benefits of the foregoing provisions of this Annex to France, and to other United Nations which are not Allied or Associated Powers, whose diplomatic relations with Hungary have been broken off during the war and which undertake to extend to Hungary the benefits accorded to Hungary under the said provisions.

8. Nothing in part A of this Annex shall be understood to conflict with Articles 26, 29 and 31 of the present Treaty.

B. Insurance

1. No obstacles, other than any applicable to insurers generally, shall be placed in the way of the resumption by insurers who are United Nations nationals of their former portfolios of business.

2. Should an insurer, who is a national of any of the United Nations, wish to resume his professional activities in Hungary, and should the value of the guarantee deposits or reserves required to be held as a condition of carrying on business in Hungary be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Hungarian Government undertakes to accept, for a period of eighteen months, such securities as still remain as fulfilling any legal requirements in respect of deposits and reserves.

ANNEX V

Contracts, Prescription and Negotiable Instruments

A. Contracts

1. Any contract which required for its execution intercourse between any of the parties thereto having become enemies as defined in part D of this Annex, shall, subject to the exceptions set out in paragraphs 2 and 3 below, be deemed to have been dissolved as from the time when any of the parties thereto became enemies. Such dissolution, however, is without prejudice to the provisions of Article 31 of the present Treaty, nor shall it relieve any party to the contract from the obligation to repay amounts received as advances or as payments on account and in respect of which such party has not rendered performance in return.

2. Notwithstanding the provisions of paragraph 1 above, there shall be excepted from dissolution and, without prejudice to the rights contained in Article 29 of the present Treaty, there shall remain in force such parts of any contract as are severable and did not require for their execution intercourse between any of the parties thereto, having become enemies as defined in part D of this Annex. Where the provisions of any contract are not so severable, the contract shall be deemed to have been dissolved in its entirety. The foregoing shall be subject to the application of domestic laws, orders or regulations made by any of the Allied and Associated Powers having jurisdiction over the contract or over any of the parties thereto and shall be subject to the terms of the contract.

3. Nothing in part A of this Annex shall be deemed to invalidate transactions lawfully carried out in accordance with a contract between enemies if they have been carried out with the authorization of the Government of one of the Allied and Associated Powers.

4. Notwithstanding the foregoing provisions, contracts of insurance and re-insurance shall be subject to separate agreements between the Government of the Allied or Associated Power concerned and the Government of Hungary.

B. Periods of Prescription

1. All periods of prescription or limitation of right of action or of the right to take conservatory measures in respect of relations affecting persons or property, involving United Nations nationals and Hungarian nationals who, by reason of the state of war, were unable to take judicial action or to comply with the formalities necessary to safeguard their rights, irrespective of whether these periods commenced before or after the outbreak of war, shall be regarded as having been

suspended, for the duration of the war, in Hungarian territory on the one hand, and on the other hand in the territory of those United Nations which grant to Hungary, on a reciprocal basis, the benefit of the provisions of this paragraph. These periods shall begin to run again on the coming into force of the present Treaty. The provisions of this paragraph shall be applicable in regard to the periods fixed for the presentation of interest or dividend coupons or for the presentation for payment of securities drawn for repayment or repayable on any other ground.

2. Where, on account of failure to perform any act or to comply with any formality during the war, measures of execution have been taken in Hungarian territory to the prejudice of a national of one of the United Nations, the Hungarian Government shall restore the rights which have been detrimentally affected. If such restoration is impossible or would be inequitable, the Hungarian Government shall provide that the United Nations national shall be afforded such relief as may be just and equitable in the circumstances.

C. Negotiable Instruments

1. As between enemies, no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present the instrument for acceptance or payment, or to give notice of non-acceptance or non-payment to drawers or endorsers, or to protest the instrument, nor by reason of failure to complete any formality during the war.

2. Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or endorser, or within which the instrument should have been protested, has elapsed during the war, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment has failed to do so during the war, a period of not less than three months from the coming into force of the present Treaty shall be allowed within which presentation, notice of non-acceptance or non-payment, or protest may be made.

3. If a person has, either before or during the war, incurred obligations under a negotiable instrument in consequence of an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of these obligations, notwithstanding the outbreak of war.

D. Special Provisions

1. For the purposes of this Annex, natural or juridical persons shall be regarded as enemies from the date when trading between them shall have became unlawful under laws, orders or regulations to which such persons or the contracts were subject.

2. Having regard to the legal system of the United States of America, the provisions of this Annex shall not apply as between the United States of America and Hungary.

THE SECOND SCHEDULE

(i) British protectorates.

(ii) Territories in respect of which a mandate from the League of Nations was accepted by His Majesty being a territory under the sole administration of His Majesty's Government in the United Kingdom.

(iii) Territories administered under the trusteeship system of the United Nations being territories under the sole administration of His Majesty's Government in the United Kingdom.

(iv) British protected states.

(v) Other places in which, by treaty, capitulation, grant, usage, sufferance or other lawful means, His Majesty has jurisdiction over British subjects.

EXPLANATORY NOTE

(This Note is not part of the Order, but is intended to indicate its general purport.)

The Treaty of Peace with Hungary gave the United Kingdom, as one of the Allied and Associated Powers, the right to seize all property, rights and interests, with certain exceptions, which on the coming into force of the Treaty (September 15, 1947) were within its territory and belonged to Hungary or Hungarian nationals. The Treaty also provided that such property may be applied to such purposes as H.M. Government may desire within the limits of its claims and those of British nationals against Hungary or Hungarian nationals, including debts, other than claims fully satisfied under other Articles of the Treaty. The present Order in Council charges the property, rights and interests in question with the amounts due at the date when the Treaty came into force in respect of the claims of H.M. Government and British nationals against Hungary and Hungarian nationals. The Order in Council also gives effect, as far as this is possible, to certain other Articles of the Treaty.

The Treaty of Peace (Hungary) Vesting Order, 1948

1948 No. 2093

Made - - - - 14th September, 1948

The Board of Trade in exercise of the powers conferred upon them by the Treaty of Peace (Hungary) Order, 1948(a), and of all other powers enabling them in that behalf hereby make the following Order:—

1. There shall vest in the Administrator appointed pursuant to the terms of the said Order the following property, rights or interests subject to the charge imposed by the said Order namely:—

All property, rights or interests existing by virtue of any will, settlement or other trust or by virtue of any contract or agreement of any kind whatsoever, including the right to receive, recover and be paid any moneys payable presently or at any future time in respect of any such trust, will, settlement, contract or agreement: Provided nevertheless that if the vesting to be effected by this Order would cause a forfeiture or determination of any such property, right or interest as aforesaid then in any such case this Order shall not have the effect of vesting the same in the said Administrator, and Provided also that there shall be excepted from the vesting to be effected by this Order

(*a*) any estate or interest in land and

(*b*) the property, rights and interests within the United Kingdom belonging to or held or managed on behalf of any individual of Hungarian Nationality resident in territory which has at no time been Enemy Territory as defined by the Trading with the Enemy Act, 1939(b), other than property, rights or interests which have

---

(a) S.I. 1948 No. 116, p. 3211 above. (b) 2 & 3 Geo. 6. c. 89.