

The Hague Agreements and the Swiss charter

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The Young Plan was adopted by the governments at two conferences in The Hague in August 1929 and January 1930. The second conference concluded the Hague Agreements of 20 January 1930, which included a convention between the creditor powers and Switzerland on the establishment of the Bank for International Settlements in Switzerland. Under this convention, Switzerland granted the bank a Constituent Charter, which gave it legal personality under Swiss law, exempted it from Swiss taxation and protected its assets against seizure and confiscation, including in time of war.¹

The legal construction of the BIS was unusual. The bank was a company limited by shares, incorporated under Swiss law by a special charter, with shareholders that were central banks and private banking groups. It was at the same time an international organisation, created by a treaty among states and enjoying privileges and immunities. This hybrid character, a company with the status of an international organisation, has remained a distinctive feature of the BIS. The Headquarters Agreement concluded with the Swiss Federal Council in 1987, which Part A mentioned, completed its legal status in Switzerland.

The protection of the BIS's assets against seizure in time of war was a remarkable provision. It meant that the assets that the central banks deposited with the BIS in Basel would be safe even if the countries concerned were at war with each other. The provision reflected the experience of the First World War, when the assets of enemy states and their nationals had been seized, and the desire of the central bankers to create a neutral space for international finance. It would be tested within a decade.

1 Notes

1. Convention respecting the Bank for International Settlements of 20 January 1930 between Switzerland and the creditor powers, and the Constituent Charter of the BIS granted by Switzerland on the same date (SR 0.192.122.971.1 and related instruments). On the immunities, see Art. 10 of the Constituent Charter. To be verified. ↩

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