



NEW YORK

November 18, 1924

Mr. M. O. Nelson,  
The National City Company,  
Copenhagen, Denmark.

Re: Finnish Guaranteed  
Municipal Loan of 1924

Dear Mr. Nelson:

As we advised you in our cable No. 23, of October 16, 1924, upon examining the Contract at the time the temporary bonds of the above Loan were signed, our attorneys called our attention to certain ambiguities existing in the Loan Contract, as executed, which they felt should be clarified. This did not prevent the execution of the temporary bonds, but our attorneys advised that the parties to the Loan Contract should supplement and modify the same, with a view to clarifying certain provisions and of eliminating certain inconsistencies contained therein, before the permanent bonds are issued. They have accordingly prepared the enclosed Supplemental Agreement to the Loan Contract.

Briefly, the purpose of the provisions in this Agreement are as follows:

First. The title given the bonds in the contract as "Thirty Year Six and One Half Percent Sinking Fund External Gold Bonds" is not exactly correct, as this title conveys the impression that a 6 1/2% Sinking Fund is established. This, of course, is not intended; and in the Supplemental Agreement the title of the bonds is changed and they are designated as "Thirty Year Sinking Fund Six and One Half Per Cent. External Gold Bonds."

Second. The Supplemental Agreement modifies Article II of the Loan Contract so as to provide for the sealing of the bonds (in our practice a bond requires a seal) and to set forth the form and wording of the Government guarantee. It also eliminates the necessity of the guarantee appearing on each coupon, which the small size of the coupons would not permit. Further, the labor involved in signing each individual coupon would be enormous, and would also materially increase the cost of the bonds.

Third. Article III of the Loan Contract, as executed, provides for the optional redemption of the bonds at 100% flat, whereas Article IV provides for the redemption of bonds drawn for the Sinking Fund at



Mr. M. O. Nelson.

100% and accrued interest. The chief purpose of the third article of the Supplemental Agreement is to eliminate this inconsistency, by changing the third paragraph of Article IV of the Loan Contract and making the bonds drawn for the Sinking Fund also redeemable at 100% flat.

Fourth. Articles VI and VIII of the Loan Contract provide that the Associated Municipalities, Helsingfors and the Government will covenant certain things in the bonds. The bonds, however, are obligations of the Municipalities and not of the Government; so the Government cannot, strictly speaking, covenant anything in the bonds. The provision of the Supplemental Agreement, on this point, is designed to provide the equivalent of such a covenant.

Fifth. Article VII, as it reads in the Loan Contract, conveys the idea that if one or more of the smaller Municipalities participating in Series "A" should issue a future loan secured by lien on their revenues or assets, the bonds of Helsingfors would be secured equally thereby, or vice versa. This obviously was not intended, and the Supplemental Agreement clears this point.

In view of the above, it is requested that you have this Supplemental Agreement executed in duplicate (one copy for our records and one for the Municipalities) by Messrs. Ryti, Pulkkinen and Minni and yourself before the permanent bonds of the Loan are issued. You may interpret the authorization delegated to you to sign the Loan Contract as your authorization to sign the Supplemental Agreement in the form enclosed or as the same may be modified by agreement with the Municipalities and the Government.

We assume you may be leaving for Helsingfors within the next sixty days, when the Supplemental Agreement may be executed by all the parties concerned. However, we are anxious that it be signed as soon as possible, and it therefore might be more desirable for you to sign it on receipt and forward it to Finland for execution by the officials there. However, we leave this to your judgment.

At this time, we wish also to remind you that we have not received the tables of amortization which the Loan Contract requires be annexed to it. These we should also have promptly, as they are to be printed on the back of the permanent bonds.

Also please forward us as soon as possible three specimens, each, of the signatures of Mr. Ryti, Mr. Pulkkinen and Mr. Minni, facsimiles of which are to appear on the engraved bonds. It is also

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Mr. M. O. Nelson.

necessary for us to have quickly a clear and distinct impression of the seal of the Ministry of Finance, from which to make a facsimile seal for the bond. It is possible that, when the Loan Contract refers to such a seal, the seal of the Council of State is usually meant. If such is the case, we will be able to use the impression previously sent us.

Will you kindly attend to the above matters as promptly as possible so that the printing of the permanent bonds for the Loan need not be delayed.

Very truly yours,



Assistant Vice President.

V&K.  
Enclosure

Copy to Mr. Weeks.