

II External Loans Funding issues

Contributed by Webmaster
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Polish External Bonds issued after 1936 Foreign Exchange Act
 Republic of Poland, 3% Funding Bonds of 1936 & 1937

3% funding bond due 1956 (conversion of interest coupons for all US Dollar loans funding bond due 1956, special tranche (conversion of interest coupons for Province of Silesia stabilisation loan series (only for conversion of 1927 Stabilisation Loan interest fractional certificate exchangeable until October 1, 1939	except Stabilisation Loan of 1927) Loan of 1928 only)	3% 3% funding bond due 1956, 3% funding bond due 1956, into actual bonds. Underlying and unclaimed bonds were sold and proceeds paid to fractional certificate owners at the rate of few cents per \$1 of the face value.
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These bonds have been issued in 1936 and 1937 in order to convert certain interest arrears on interest coupons from US Dollar external bonds issued or guaranteed by the State. In 1936 after introduction of currency controls in Poland, external loans ceased to be serviced in foreign currencies, but instead the monies due were paid in Polish Zloty into blocked accounts. Currency controls served as a good reason to force lenders to negotiate lower interest payments which were quite excessive considering market rates at that time. On that occasion 2 separate series of funding bonds have been issued. Each serie contained 2 separate tranches for dollar bonds and for bonds denominated in pounds. 3% funding bonds due 1956, dated 1 october 1936 were used for conversion of interest coupons on all dollar loans except 1927 Stabilisation Loan. Holders of 1928 Province of Silesia Loan had an option to exchange due interest coupons for funding bonds of special tranche denominated both in dollars and pounds in order to comply with the original loan provisions. For conversion of 1927 Stabilisation Loan interest coupons 3% funding bonds due 1956, dated 1 April 1937 were authorised as two separate tranches, first denominated in dollars and second in pounds. Dollar bonds have definitely been issued but funding bonds denominated in pounds were probably abandoned.