



BANK FOR INTERNATIONAL SETTLEMENTS

To all former registered private shareholders  
of the BIS

27 November 2002

**Withdrawal of all BIS shares held by private shareholders  
Hague Arbitral Tribunal decision of 22 November 2002**

Dear Sir/Madam

On 10 January 2001, the BIS wrote to you as a former registered owner of BIS shares regarding payment of compensation due to you following the withdrawal of all BIS shares held by private shareholders. As you will recall, on 8 January 2001, the Extraordinary General Meeting of the BIS had decided to restrict the right to hold shares in the BIS exclusively to central banks and approved the mandatory repurchase of all BIS shares held by private shareholders against payment of compensation of CHF 16,000 per share.

The mandatory repurchase was challenged by three former private shareholders who initiated proceedings before the Arbitral Tribunal in The Hague, which has sole jurisdiction in this matter. In its decision of 22 November 2002, the Tribunal confirmed that the compulsory repurchase by the BIS was legally valid and consistent with its public interest mandate as an international organisation. The Tribunal nevertheless concluded that the compensation should be increased, ruling that the claimants are entitled to receive a proportionate share of the net asset value of the Bank, subject, however, to a 30% discount. The precise additional amount to be paid by the Bank will be determined by the Tribunal at a later date.

In accordance with its earlier declaration, the BIS will voluntarily apply to all former private shareholders the decision of the Arbitral Tribunal increasing the original compensation. Consequently, the BIS will make an additional payment in final settlement of all claims with respect to the withdrawn shares. You need not take any action at this time. The BIS will contact you in connection with the payment as soon as the Tribunal has determined the precise amount (not expected before early next year).

Please note that further information on the shares withdrawal (including the press releases issued following the Tribunal's decision and earlier correspondence to former private shareholders) and on the Hague Arbitral Tribunal decision can be found on the website of the BIS at [www.bis.org](http://www.bis.org). The Tribunal's website can be found at <http://pca-cpa.org/RPC/#Bank>. Additional questions or requests for written documentation may be addressed to the BIS by phone (+41 61 280 8990) or by fax (+41 61 280 9100).

Yours sincerely

BANK FOR INTERNATIONAL SETTLEMENTS

*[signed]*

*[signed]*

André Icard  
Deputy General Manager

Gunter D Baer  
Secretary General

PS: In order to facilitate the payment of the additional compensation once the precise amount is determined by the Tribunal, please inform the BIS of any address change, so that any future correspondence can reach you without delay.

Annex: BIS Press Release of 25 November 2002



## Press release

Press enquiries: +41 61 280 8188  
press.service@bis.org  
www.bis.org

Ref no: 28/2002E

25 November 2002

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### **Hague Arbitral Tribunal decision regarding the repurchase of privately held shares of the Bank for International Settlements**

Today, the Arbitral Tribunal in The Hague made public its decision regarding the mandatory withdrawal of all 72,648 shares of the Bank for International Settlements (BIS) formerly held by private shareholders.

On 8 January 2001, the Extraordinary General Meeting of the BIS had decided to restrict the right to hold shares in the BIS exclusively to central banks and approved the mandatory repurchase of all BIS shares held by private shareholders against payment of compensation of CHF 16,000 per share. Three former private shareholders had challenged the repurchase by initiating proceedings before the Hague Arbitral Tribunal, which has sole jurisdiction in this matter.

The Arbitral Tribunal confirmed that the compulsory repurchase by the BIS was legally valid and consistent with its public interest mandate as an international organisation. The Tribunal nevertheless concluded that the compensation should be increased, ruling that each shareholder is entitled to receive a proportionate share of the net asset value of the Bank, subject, however, to a 30% discount. This formula is equivalent to that which has been applied by the BIS to new central bank subscriptions of shares. As a consequence, the Bank will be called upon to make an additional payment of about half of the amount already paid (which in total will represent approximately 3 to 4% of the Bank's net assets). The precise amount will be determined by the Tribunal at a later date. The decision of the Tribunal is final and is not subject to appeal.

As already announced, the Bank will apply this decision consistently to all former private shareholders in final settlement of all claims. The former private shareholders will be contacted directly in writing.

Further information can be found on the websites of the BIS ([www.bis.org](http://www.bis.org)) and the Permanent Court of Arbitration (<http://pca-cpa.org/RPC/#Bank>). Requests for information may also be addressed to the BIS:

Tel: (+41 61) 280 8188 (general information)  
(+41 61) 280 8990 (information for former private shareholders)  
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