



## **Convention relating to Stops on Bearer Securities in International Circulation**

The Hague, 28.V.1970

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The member States of the Council of Europe, signatory hereto,

Considering that the aim of the Council of Europe is to achieve a closer union among its members, in particular by the adoption of common rules in the legal field;

Considering that the number of bearer securities in circulation in several countries is steadily growing and that the widening circulation of such securities is making it increasingly difficult to protect a person who has been dispossessed of a security of this kind;

Considering that it is now appropriate to introduce a uniform procedure enabling a person who is dispossessed of a bearer security in international circulation to place a stop with effect in the territories of all the Contracting Parties;

Considering that it is also appropriate to take account of the legitimate interests of the current holder of the security and in particular to allow him to have the stop rapidly removed,

Have agreed as follows:

### **Article 1**

An international stop may be placed in accordance with the provisions of this Convention on a bearer security in international circulation of which a person has been dispossessed either by loss, or by theft, wrongful conversion, fraud or any other unlawful act.

### **Article 2**

For the purposes of this Convention, the expression "bearer security" means:

- a a security other than a banknote and which by virtue of its characteristics is capable of being dealt in on a stock exchange, provided that it is itself a bearer security in the accepted sense, or a security which according to the rules governing its transferability may circulate as a bearer security;
- b a sheet of coupons or a coupon of such a security, except where such coupon or coupons confer entitlement to an amount in cash only.

### **Article 3**

- 1 For the purpose of this Convention, a security is deemed to be in international circulation only if it is a security which appears in a list drawn up and kept up to date by the Secretary General of the Council of Europe, after consultation with the International Federation of Stock Exchanges.

- 2 This list shall comprise bearer securities which, in at least two States being members of the Council of Europe or having acceded to this Convention, are either quoted on a stock exchange or have a market with regularly published prices.

#### **Article 4**

A stop placed under this Convention shall be the subject of international publication.

#### **Article 5**

- 1 The Regulations appended to this Convention lay down the procedures for the publication and distribution of the list referred to in Article 3 and for the international publication of a stop provided for in Article 4. The said Regulations may provide for the establishment of a Central Office, to be designated by the Committee of Ministers of the Council of Europe.
- 2 Such Regulations may be amended at any time by the Committee of Ministers of the Council of Europe, at meetings limited to the representatives of member States which have ratified or accepted the Convention, after consultation with such States as may have acceded to the Convention pursuant to Article 23; a decision to this effect shall be by a two-thirds majority of the votes cast.

#### **Article 6**

- 1 The Council of Europe shall bear the expenses connected with the list referred to in Article 3.
- 2 Each Contracting Party shall bear the expenses connected with the establishment and operations of the national authority referred to in Article 7.
- 3 The Contracting Parties shall bear the other expenses incurred in the application of this Convention and of the Regulations; such expenses shall be shared between them according to the rules of paragraph b of Article 38 of the Statute of the Council of Europe.

#### **Article 7**

Each Contracting Party shall notify to the Secretary General of the Council of Europe the name and address of the national authority in its territory which has been entrusted with the functions assigned to it by this Convention.

#### **Article 8**

- 1 An application for international publication of a stop may be made to any one of the national authorities provided for in Article 7. Such application shall specify:
  - a the nature and description of the security and, where applicable, its series and nominal value and, in respect of each category, its number or, where applicable, numbers in ascending order and any other particulars necessary for identification;
  - b the applicant's name and the address to which any notification to him under this Convention may be sent;
  - c the capacity in which the applicant held the security or the rights asserted by him in respect thereof;
  - d the circumstances in which the applicant was dispossessed of the security and at least the approximate date of the loss or the unlawful act;

- e where known, the name and address of the current holder of the security.
- 2 An application shall be rejected by the national authority where manifestly:
- a it is not in accordance with the provisions of this Convention; or
  - b it contains inaccuracies.
- 3 An application may be rejected where international publication is subject to the payment of fees in advance and the applicant has not paid them.

#### **Article 9**

When a security is already the subject of a stop under this Convention, a subsequent stop on the same security applied for by a different person shall be treated as a separate stop and shall be given international publication in accordance with the procedure laid down in the Regulations.

#### **Article 10**

A request by a national authority for the international publication of a stop shall contain the particulars referred to in paragraph 1.a of Article 8.

#### **Article 11**

- 1 The international publication of the particulars supplied by a national authority shall be effected as soon as possible.
- 2 The international publication shall specify the national authority requesting the publication. Any person may request such national authority to communicate to him the name and address of the person who placed the stop.
- 3 If the national authority which has requested the publication of a stop on a security accepts another stop on the same security, it shall ex officio communicate the name and address of the person who has placed such other stop to any person who has asked for information about the previous stop.
- 4 The termination of an international stop shall also be published as soon as possible, according to the procedure laid down in the Regulations.

#### **Article 12**

- 1 The national authority which requested the international publication of a stop shall ask for such publication to be terminated:
  - a when the person who placed the stop declares that he does not wish to maintain such international publication;
  - b when the current holder of the security has requested such national authority to communicate his name and address to the person who placed the stop and the latter does not, within two months of such communication, show proof of having instituted legal proceedings against such current holder;
  - c when such national authority concludes that the maintenance of the international publication is manifestly ill-founded.

- 2 The national authority of the Contracting Party in whose territory the market where the current holder acquired the security is situated shall ask for the international publication of the stop to be terminated if such national authority concludes that the current holder manifestly acquired in good faith a good title to the security before such publication.
- 3 For the purpose of the foregoing paragraph, the deposit of a security with any organisation whose function is to ensure the circulation of securities by their transfer from one account to another and which may deliver like securities without identity of number, shall be deemed to be an acquisition of the security on a market. The name and address of any such organisation must have been previously notified to the Secretary General of the Council of Europe by the Contracting Party in whose territory it is situated.
- 4 Any Contracting Party may provide in its law that a decision by its national authority under the provisions of paragraphs 1.c, 2 and 3 of this article shall be based on a judicial decision given in proceedings instituted upon an ex parte application by the current holder or in accordance with any other simple and expeditious procedure.
- 5 Subject to the provisions of the preceding paragraphs of this article, the circumstances in which a national authority which has requested the international publication of a stop may or shall request the termination of such publication may be specified in the law of the Contracting Party of such national authority.
- 6 A national authority which has requested the termination of the international publication of a stop shall inform the person who placed the stop of such termination. This information shall state the facts on which the termination was based. In the case of termination under the provisions of paragraphs 2 and 3 of this article, this information shall be transmitted through the national authority which requested the international publication of the stop.

### **Article 13**

- 1 The courts of the Contracting Parties within whose jurisdiction:
  - a the national authority which requested the international publication of the stop is situated;
  - b the current holder has his habitual residence;
  - c the person who placed the stop has his habitual residence;
  - d the issuing body has its registered office;
  - e the market where the current holder acquired the security is situatedshall be competent to decide the termination of international publication of a stop. The current holder of the security shall have a choice between these courts.
- 2 The national authority of the Contracting Party in whose territory a court is seized of the matter shall request the termination of international publication of the stop if such termination is ordered by an enforceable decision.
- 3 The courts referred to in paragraph 1 of this article may subordinate the continuation or termination of the international publication of the stop to conditions to be fulfilled either by the person who placed the stop or by the current holder.

**Article 14**

A professional intermediary may refuse to act in the purchase or sale of a security which is the subject of international publication of a stop.

**Article 15**

- 1 A professional intermediary who, in execution of a sale of unspecified securities, has delivered a security which on the day of delivery is the subject of international publication of a stop shall deliver to the buyer, whether a professional intermediary or not, another security of the same kind in exchange for the stopped security. This provision shall apply whenever the intermediary acts in his own name, whether for his own account or for the account of another.
- 2 The provisions of the foregoing paragraph are without prejudice to any other rights of the buyer under the law applicable.

**Article 16**

- 1 When a security which is the subject of international publication of a stop is handed to a professional intermediary or depositary, whether personally or to his employees, after the day on which the international publication reached him or could have reached him, he must, if he receives the security, communicate the name and address of the person who handed it to him to the national authority which requested the international publication of the stop; he shall make this communication either directly or through his own national authority.

This provision applies only to securities handed to a professional intermediary or depositary:

- a subsequent to a purchase, or
  - b with a view to sale, or
  - c by way of pledge, or
  - d for the purpose of deposit, except where the deposit involves merely the safe-custody of the security.
- 2 A professional intermediary or depositary who does not comply with the provisions of the preceding paragraph shall be liable for the loss or damage caused thereby.
  - 3 Any Contracting Party may provide that paragraph 1 of this article shall not apply to the case of a professional intermediary or depositary who receives a security from another professional intermediary or depositary in his country, provided only that the professional intermediary or depositary who receives the security shall remain liable for the loss or damage due to the fact that the information referred to in paragraph 1 of this article was not communicated.
  - 4 Any Contracting Party may provide in its law that the communication referred to in paragraph 1 shall be subject to the consent of the person who handed him the security, and that in the absence of such consent, the professional intermediary or depositary shall refuse receipt of such security.

### **Article 17**

Where, under the law applicable, title to a stopped security depends on the good faith of a professional intermediary who obtained the security from a person who was not entitled to dispose of it, good faith shall not be recognised if the time at which that professional intermediary is required to have been in good faith is subsequent to the day on which the international publication of the stop reached him or could have reached him.

### **Article 18**

- 1 A professional intermediary or depositary who has received a security handed to him in the circumstances set out in paragraph 1 of Article 16, and who, by any act makes the recovery of the security by the person who placed the stop impossible or more difficult, shall be liable for the loss or damage caused to the person who placed the stop.
- 2 A professional intermediary or depositary shall not be liable under the terms of the foregoing paragraph by reason of:
  - a the return of the security to the person who handed it to him;
  - b acts of mere administration.

### **Article 19**

The provisions of Articles 16 and 18 shall not prevent a Contracting Party from introducing or retaining in its law provisions which impose additional obligations or responsibilities on a professional intermediary or depositary.

### **Article 20**

- 1 This Convention shall not prevent a Contracting Party from introducing or retaining in its law other procedures, in particular for national stops or for the cancellation of securities, in order to protect a person dispossessed of a security to which this Convention applies.
- 2 In respect of such a security, each national authority shall request the international publication, in accordance with the provisions of Article 11 and the Regulations, of national stops, cancellations or proceedings relating to such cancellations which have been published in accordance with the law of the Contracting Party to which the national authority belongs. Such international publication shall be for information and shall not have the legal effects specified by this Convention. However, any Contracting Party may attribute to procedures or measures instituted in the territory of another Contracting Party, or to their publication, the legal consequences it deems appropriate.
- 3 The Regulations shall determine whether any, and, if so, what securities, being the subject of a national publication effected prior to the entry into force of this Convention, shall be the subject of international publication.

### **Article 21**

- 1 Where the Regulations provide that international publication shall be effected by the national authorities, any Contracting Party may restrict its edition of the international publication to those securities which in its territory are quoted on a stock exchange or have a market with regularly published prices.

- 2 For the purposes of Articles 16 and 17, the day on which the international publication could have reached the professional intermediary or depositary shall, in relation to a stop on a security which does not appear in such restricted edition, be the day on which such national authority itself received notification of the stop.
- 3 The restriction of an edition of the international publication in accordance with paragraph 1 of this article shall apply equally to information published in accordance with paragraphs 2 and 3 of Article 20.

#### **Article 22**

- 1 This Convention shall be open to signature by the member States represented at the Committee of Ministers of the Council of Europe. It shall be subject to ratification or acceptance. Instruments of ratification or acceptance shall be deposited with the Secretary General of the Council of Europe.
- 2 This Convention shall enter into force six months after the date of deposit of the fourth instrument of ratification or acceptance.
- 3 In respect of a signatory State ratifying or accepting subsequently, the Convention shall come into force three months after the date of deposit of its instrument of ratification or acceptance.

#### **Article 23**

- 1 After the entry into force of this Convention, the Committee of Ministers of the Council of Europe may, upon such terms and conditions as it deems appropriate, invite any non-member State to accede thereto.
- 2 Such accession shall be effected by depositing with the Secretary General of the Council of Europe an instrument of accession which shall take effect three months after the date of its deposit.

#### **Article 24**

- 1 Any Contracting Party may, at the time of signature or when depositing its instrument of ratification, acceptance or accession, specify the territory or territories to which this Convention shall apply.
- 2 Any Contracting Party may, when depositing its instrument of ratification, acceptance or accession or at any later date, by declaration addressed to the Secretary General of the Council of Europe, extend this Convention to any other territory or territories specified in the declaration and for whose international relations it is responsible or on whose behalf it is authorised to give undertakings.
- 3 Any declaration made in pursuance of the foregoing paragraph may, in respect of any territory mentioned in such declaration, be withdrawn according to the procedure laid down in Article 26 of this Convention.

#### **Article 25**

No reservation may be made to the provisions of this Convention and of the Regulations.

#### **Article 26**

- 1 This Convention shall remain in force indefinitely.

- 2 Any Contracting Party may, in so far as it is concerned, denounce this Convention by means of a notification addressed to the Secretary General of the Council of Europe.
- 3 Such denunciation shall take effect six months after the date of receipt by the Secretary General of such notification.

**Article 27**

The Secretary General of the Council of Europe shall:

- 1 communicate to each Contracting Party and to the national authorities referred to in Article 7 of this Convention the information received pursuant to the said article;
- 2 notify the member States represented at the Committee of Ministers of the Council of Europe and any State which accedes to this Convention of:
  - a each signature;
  - b the deposit of each instrument of ratification, acceptance or accession;
  - c each date of entry into force of this Convention pursuant to Article 22;
  - d any amendment to the Regulations provided for in Article 5;
  - e any notification received pursuant to paragraph 3 of Article 12;
  - f any declaration received pursuant to Article 24;
  - g any notification received pursuant to Article 26 and the date on which denunciation takes effect.

In witness whereof the undersigned, being duly authorised thereto, have signed this Convention.

Done at The Hague, this 28th day of May 1970, in English and French, both texts being equally authoritative, in a single copy which shall remain deposited in the archives of the Council of Europe. The Secretary General of the Council of Europe shall transmit certified copies to each of the signatory and acceding States.