

1876.

NEW ZEALAND.

# INSCRIPTION OF STOCK BY THE BANK OF ENGLAND

(FURTHER PAPERS RELATING TO THE PROPOSED).

*Presented to both Houses of the General Assembly by Command of His Excellency.*

Mr. J. MACKRELL to the Hon. Sir JULIUS VOGEL.

(Unofficial.)

MY DEAR SIR JULIUS,—

21, Cannon Street, London, E.C., 27th July, 1876.

In continuation of my unofficial report to you of the 7th July last, I now send you a report of what has been done with reference to the Inscribed Stocks Bill, and the present position of the matter.

After my letter to you, I saw Mr. Jenkyns, the Counsel of the Treasury, and discussed with him some of the questions upon the Bill, and was afterwards requested to arrange a conference between himself and Mr. Reilly.

At the conference, the amendments upon the Bill, except as regards stamp duties, were discussed and to some extent arranged, and the question of stamp duties remained over until the Treasury gave further instructions, as they had not yet received the report of the Commissioners of Inland Revenue, whom it was suggested we might see upon the subject. Accordingly, I attended at Somerset House, and found that the Commissioners had that day made a report to the Treasury, conceding the alterations we had requested, except on two points—one, the allowing the 2s. 6d. paid on the issue of debentures for existing loans to be deducted from the composition; and the other, as to the stamp upon stock certificates, which the Commissioners had recommended should be fixed at 7s. 6d. in cases where the stamp has not been compounded. We had a long discussion upon these two points, but we were unable to change the views of the Commissioners upon the first point, as they considered it a principle upon which all commutation under the Stamp Acts was allowed, that three times the amount of the duty should be paid, and in no case had they ever allowed stamps already paid to be treated as a payment on account; and they declined to recommend to the Treasury a departure from this principle.

They expressed themselves, however, influenced by the arguments we had used with reference to stock certificates, and promised to reconsider the question; and led us to believe that they would consent to reduce the stamp to 2s. 6d., to be payable only in the event of the composition not having been paid.

We were requested to ask the Treasury not to act upon the Commissioners' report until they heard further, which I did.

The Bank of England were not satisfied with the result of the conference between Mr. Jenkyns and Mr. Reilly, and I attended, with Mr. Freshfield, a meeting at the Bank, when the points objected to were discussed, and the Bank gave us to understand that they would not work under the Bill unless their objections were removed.

We had a long discussion with Mr. Welby, at the Treasury, upon the points, and at an interview which we subsequently had with Mr. Jenkyns, he consented to amend the Bill, so as to meet the objections of the Bank in all points but one, namely, the giving to stockholders a right to inspect the register. As to this point, he proposed a modification of the clause empowering the Registrar to make regulations with reference to such inspection, and requested me to ascertain if the Bank would be satisfied with this.

I obtained a print of the Bill as it was proposed it should be, and sent the same to the Bank, to ascertain their views upon it.

In the meantime, it appeared that the Treasury had received no further communication from the Commissioners of Inland Revenue, and they therefore instructed Mr. Jenkyns to settle the Bill according to their first report.

I at once communicated with the Commissioners, and found that a supplemental report had gone in; and I ascertained from Mr. Welby that this had been received, and that it recommended the reducing the stamp on stock certificates to 2s. 6d., instead of 7s. 6d.

The Bank of England still adhered to their objection to allow inspection of the register; and Mr. Smith, the Under Secretary of State, invited Mr. Freshfield and myself to a conference on Monday, at the Treasury; but Mr. Freshfield was out of town, and I discussed the matter with Mr. Smith, Mr. Welby, and Mr. Jenkyns, when the Bill was practically agreed to, subject to the question as to inspection, the clause as to which the Treasury were very anxious to maintain.

I explained to Mr. Smith that unless the Bill could be taken in a form which the Bank of England would work under, it would be practically valueless to the colonies, and it would fail to carry out the purpose for which the Bill was originally solicited by you, and for which it was promised by the Treasury; and that it would be better to make the Bill simply an echo of the Canadian Bill, leaving the question of regulations either to be dealt with by future Imperial legislation, or to be regulated by each colony for itself. It was agreed that it would be much better to make the Bill a perfect Bill, if possible, particularly as certain of its provisions, such as that Trusts should not be recognized, could not be made effective by colonial legislation.

The Bank of England were strongly of opinion that the inspection of the register would lead to fraud, and Mr. Smith requested that I should ascertain the experience of the various railway companies as to any loss by reason of the right given to the shareholders to inspect their registers.

I communicated the result of this meeting to Sir William Power, and it was thought desirable to invite the representatives of the other colonies to a conference, at which I reported the steps which had been taken, and which met with the full approval of all the Agents-General; and they were unanimous in objecting to give a right of inspection, as being uncalled for by any public necessity, and as being likely to prove mischievous; and I was instructed to ask Mr. Smith to make the Bill an echo of the Canada Stock Bill, if he could not see his way to meet the views of the Bank of England.

It was thought desirable to suggest to the Bank, for their consideration, a modification of the clause, by only allowing inspection of the names and addresses; and on Mr. Freshfield's return to town yesterday, I discussed this with him, and afterwards attended a meeting at the Bank, when, although it was not absolutely decided, it being left for the Court to consider, it seemed clear that the Bank would not work under a Bill that gave any right whatever of inspection.

I afterwards saw Mr. Smith upon the subject at the House, and found that he was in communication with the Bank upon the question, and that he was expecting a letter from the Governor upon the subject; and I strongly urged upon him, out of regard for the interest of the colonies, not to insist upon a clause for which there seemed no real public necessity, and which would render the Bill valueless for the purpose for which it was originally desired.

I received from Mr. Jenkyns, this morning, a letter proposing a modification of the clause somewhat as had been suggested at the meeting of the Agents-General, and submitted it to Mr. Freshfield, who undertook to lay it before the Court, who were to meet this morning.

I therefore thought it right to write a letter fully explaining the views entertained by the representatives of the colonies, and showing how all the existing legislation upon the subject with reference to companies was for purposes none of which were applicable to the cases of colonial stock, and urged upon the Government either to concede the Bill without the objectionable clause, or to leave the question of regulations for future legislation, or to be settled by the colonies, giving us a Bill to carry out the promise made to you.

I afterwards received from Mr. Freshfield a letter explaining the views of the Bank, and declining to assent to the clause or any modification of it.

I at once sent a copy of this letter to Mr. Jenkyns, and urged a settlement of the question, if possible to-day, that I might communicate with you by this mail; and Sir William Power very kindly went to the Colonial Office, to ask them to do what they could to remove the difficulty.

I have just received a telegram from Mr. Jenkyns as follows:—"Received your letter. Smith regrets that he cannot give an answer to it to-day."

From what has been told me at the Treasury, I have no doubt that if the Bill can be introduced this week, we can get it through this session; and I have been making every effort possible to get the Bill settled and introduced.

By the next Brindisi mail, I hope to inform you the result.

I send enclosed the last revise of the Bill, which you must please not consider as final, as some verbal amendments will doubtless be made in it.

I write in haste to catch this mail.

I have, &c.,

JNO. MACKRELL.

The Hon. Sir Julius Vogel, K.C.M.G.

## (Enclosure.)

BILL No. 2.

## COLONIAL STOCK BILL.

## ARRANGEMENT OF CLAUSES.

*Application of Act.*

1. Registration by colony with Commissioners of Inland Revenue of colonial stock to which this Act applies.

*Stamp Duty on Colonial Stock to which this Act applies.*

2. Stamp duty on stock to which this Act applies.
3. Composition for stamp duty on transfer of stock to which this Act applies.

*Transfers.*

4. Transfer of colonial stock to which this Act applies.
5. Closing of register for dividend.
6. Dividends in case of infancy, &c. of a joint stockholder.

*Stock Certificates to Bearer.*

7. Stock certificate to bearer.
8. Stamp duty on stock certificate to bearer.
9. Renewal of coupons or certificate.
10. Conversion into nominal stock of stock in certificate to bearer.

11. Conversion of stock certificate to bearer into nominal certificate.
12. Trustee not to apply for stock certificate to bearer.
13. Loss of stock certificate to bearer.
14. Stock in certificate to bearer to have incidents of other stock, except as to transfer, &c.

*Register.*

15. Notice of trust.
16. Entry in register of conditions and regulations.
17. Register to be evidence.
18. Inspection of register.

*Miscellaneous.*

19. Forgery of transfers of stock and of stock certificates, and personation of owners of stock, &c.
20. Stock to which Act applies to be personal estate.
21. Fees.
22. Control of discretion of Registrar.
23. Saving for transfer of stock to colony.
24. Definitions.
25. Short Title.

*Draft of a Bill to amend the Law with respect to the Transfer of Stock forming part of the Public Debt of any Colony, and the Stamp Duty on such Transfer.*

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

## APPLICATION OF ACT.

1. Where provision has been made by the Legislature of a colony and otherwise for the inscription and transfer, in a register kept in the United Kingdom by some bank, colonial officer, or person (which bank, officer, or person is in this Act referred to as "the Registrar"), of any stock forming the whole or part of the public debt of such colony, the Government of such colony may cause a declaration under the seal of such colony, or by some person in that behalf authorized under the seal of the colony, stating such provision, and identifying the stock with respect to which it has been made, to be left with the Commissioners of Inland Revenue, who, upon payment of the proper fee, shall record the same; and such record and declaration shall be open to inspection at all reasonable times, in manner directed by the said Commissioners, upon payment of the proper fee.

Upon such declaration being recorded, this Act shall apply to the stock specified in the declaration, and this Act shall not apply to any colonial stock not specified in a declaration recorded as provided by this section.

The proper fee for the purposes of this section shall be such fee not exceeding in the case of recording a declaration five pounds, and in the case of inspection five shillings, as the Commissioners of Her Majesty's Treasury from time to time fix.

## STAMP DUTY ON COLONIAL STOCK TO WHICH THIS ACT APPLIES.

2. On the transfer in the register, whether on sale or otherwise, of colonial stock to which this Act applies, there shall be charged a stamp duty of two shillings and sixpence for every full sum of one hundred pounds, and also for every fraction less than one hundred pounds or over and above one hundred pounds, or any multiple of one hundred pounds, of the nominal amount of stock transferred.

Provided that a transfer made for effectuating the appointment of a new trustee shall not be charged with any higher duty than ten shillings.

3. Upon payment to the Commissioners of Inland Revenue by the Government of a colony, by way of composition for the stamp duty on the transfer of the stock of that colony to which this Act applies, of seven shillings and sixpence for every full sum of one hundred pounds, and for every fraction over and above one hundred pounds, or a multiple of one hundred pounds, of the nominal amount of such stock inscribed in the name of each and every stockholder, the transfer in the register of the stock in respect of which such composition has been paid shall be exempt from stamp duty.

The Registrar shall from time to time give to the Commissioners of Inland Revenue such information as they may require respecting the stock of any colony inscribed in the register kept by him.

## TRANSFERS.

4. Colonial stock to which this Act applies, while inscribed in a register kept in the United Kingdom, shall be transferred as follows:—

- (1.) The transfer shall be made only in the register, and shall be signed by the transferor, or, if he is absent, by his attorney thereunto lawfully authorized by some writing executed under his hand and seal and duly attested:
- (2.) The transferee may, if he thinks fit, underwrite his acceptance of the transfer:
- (3.) The executors or administrators of a deceased stockholder shall alone be recognized by the Registrar as having any title to the stock or any dividend thereon:
- (4.) The person becoming entitled to any stock or dividend thereon, in consequence of the death, bankruptcy, or marriage of the stockholder, or of any devolution in law from the stockholder, or otherwise than by transfer of the stock, shall produce such evidence of his title as may be reasonably required by the Registrar; but the person so becoming entitled to any stock may transfer such stock to another person without being registered himself.

5. The Registrar may, for such period not exceeding fourteen days as he may from time to time fix previous to each payment of dividend on any colonial stock to which this Act applies, close the register of that stock as regards transfers, upon giving not less than seven days' notice by advertisement of such closing.

The persons who on the day of such closing are inscribed as stockholders shall, as between them and their transferees of colonial stock, be entitled to the dividend then next payable thereon.

6. Where colonial stock to which this Act applies is standing in the name of an infant or person of unsound mind, jointly with any person not under legal disability, a letter of attorney for the receipt of the dividends on the stock shall be sufficient authority in that behalf, if given under the hand and seal of the person not under disability, and duly attested.

The Registrar, before acting on the letter of attorney, may require proof to his satisfaction of the alleged infancy or unsoundness of mind, by the declaration of competent persons made under the Statutory Declarations Act, 1835, or in such other manner as he may reasonably require.

#### STOCK CERTIFICATES TO BEARER.

7. The Registrar, if so authorized by the Government of a colony issuing stock to which this Act applies, shall, on application and payment of the fees and stamp duty, if any, chargeable in respect of the certificate, grant to a stockholder a certificate (in this Act called a stock certificate to bearer) which shall entitle the bearer to the stock therein described, and shall be transferable by delivery.

There shall be attached to such certificate coupons entitling the bearer of or person named in the coupons to the dividends on the stock for a limited period.

Any stock in respect of which a stock certificate to bearer has been so issued shall, so long as such certificate is outstanding, cease to be dealt with through the medium of the register.

A coupon so issued shall be deemed to be a cheque on a banker within the meaning of any law or enactment for the time being in force relating to cheques, other than any enactment relating to stamp duties.

8. Where a composition has not been paid in respect of the stamp duty chargeable on the transfer of any stock to which this Act applies, a stock certificate to bearer issued in respect of that stock shall be charged with a stamp duty of two shillings and sixpence for every full sum of one hundred pounds, and also for every fraction over and above one hundred pounds, or any multiple of one hundred pounds, of the nominal amount of stock described in such certificate.

9. On the expiration of the period for which the coupons attached to a stock certificate to bearer have been issued under this Act, the certificate may be exchanged for another certificate, with coupons for a further period: Provided that the certificate issued in exchange, if the stamp duty has not been compounded, shall be duly stamped; but in such case the whole amount of the stamp duty on the former certificate shall be repaid or allowed on surrender of that certificate.

10. On delivery to the Registrar of a stock certificate to bearer issued under this Act, and of all unpaid coupons belonging thereto, the Registrar shall enter the bearer in the register as an owner of the stock described in the certificate, and thereupon that stock shall become transferable, and the dividends thereon payable as if no stock certificate to bearer had been issued in respect of that stock.

11. If the bearer of a stock certificate to bearer issued under this Act insert therein the name, address, and quality of some person, such certificate shall cease to be transferable, and the person so named, or some person deriving the title from him by devolution in law, shall alone be recognized by the Registrar as entitled to the stock described in the certificate, and shall be entitled to be entered in the register as holder of that stock in like manner as if he were the bearer of a stock certificate to bearer, but if deriving his title by devolution in law shall produce such evidence of his title as the Registrar may reasonably require.

12. A trustee shall not apply for or hold a stock certificate to bearer issued under this Act, unless authorized to do so by the terms of his trust, and any contravention of this provision by a trustee shall be deemed a breach of trust: but this provision shall not impose on the Registrar an obligation to inquire whether a person applying for a stock certificate to bearer is or is not a trustee, or subject the Registrar to any liability in the event of his issuing a stock certificate to bearer to a trustee, or invalidate any stock certificate to bearer issued.

13. If any stock certificate to bearer issued under this Act is lost, mislaid, or destroyed, the Registrar shall, on such indemnity being given as he may require, and on payment of the expense of the issue, issue a fresh stock certificate to bearer in the place of the certificate so lost, mislaid, or destroyed.

14. Stock described in a stock certificate to bearer issued under this Act shall, save as relates to the mode of transfer and payment of dividends, be subject to the same incidents in all respects as if it had continued to be transferable in the register.

#### REGISTER.

15. No notice of any trust in respect of any colonial stock, or any certificate thereof, or any coupon annexed to such certificate, shall be entered in the register, or receivable by the Registrar or by the Government of the colony.

16. The Registrar may, before the inscription of any stock, make with respect to the transfer of such stock, or otherwise in relation to such stock, reasonable regulations not inconsistent with the provisions of this Act.

A printed copy of the authority for and conditions of the issue of stock to which this Act applies, and of all regulations with respect to the transfer of such stock, or otherwise for carrying this Act into effect, shall be entered in the register of the stock.

17. The register kept in pursuance of this Act shall be evidence of all matters entered therein, and, as regards persons entered therein as owners of colonial stock to which this Act applies, of the title of those persons to that stock.

18. Any person holding or interested in any colonial stock to which this Act applies, may, subject to such reasonable regulations as may be made under this Act with respect to such stock, inspect the register of that stock, kept in pursuance of this Act, at any reasonable time, upon payment of such fee, not exceeding two shillings and sixpence, as may be fixed by the regulations, and shall be entitled to obtain from the Registrar copies or extracts certified by him, or by some officer appointed for the purpose, to be true copies or extracts of such register (including any conditions and regulations required by this Act to be entered therein), upon payment of such fee, not exceeding two shillings and sixpence, and twopence for every folio of seventy-two words, as the Registrar may from time to time fix.

Any copy or extract purporting to be so certified shall be admissible in evidence in like manner as the register.

#### MISCELLANEOUS.

19. For the purposes of the Act of the session of the twenty-fourth and twenty-fifth years of the reign of Her present Majesty, chapter ninety-eight, intituled "An Act to consolidate and amend the Statute Law of England relating to Indictable Offences by Forgery," colonial stock to which this Act applies shall be deemed to be capital stock of a body corporate.

The Forgery Act, 1870, shall apply to a stock certificate and a coupon issued in pursuance of this Act, and to stock to which this Act applies, and any share or interest of or in such stock, in like manner as if the same were a stock certificate, coupon, or stock mentioned in that Act.

20. Colonial stock to which this Act applies shall be personal estate, and shall not be liable to any foreign attachment by the custom of London or otherwise.

21. The Registrar may charge such fees (if any) in respect of any certificate issued under this Act, with reference to colonial stock, and in respect of any transfer thereof in the register, and otherwise in respect of any act done by the Registrar with respect to such stock, as may be fixed by the Government issuing the stock, not exceeding in any case five shillings.

22. Any discretion or power vested by this Act in the Registrar, shall be exercised subject to and in accordance with the directions of the Government of the colony issuing the stock inscribed in the register kept by such Registrar.

23. Nothing in this Act shall prevent any colonial stock inscribed in the register being transferred upon the application of the stockholder to a register in the colony or elsewhere.

24. In this Act, unless the context otherwise requires,—

The expression "colony" means any colony, plantation, island, territory, or settlement situate within Her Majesty's dominions, and not being within the United Kingdom, the Channel Islands, or the Isle of Man, nor forming part of India for the purposes of the Acts for the time being in force relating to the Government of India, and for the purposes of this Act all colonies, plantations, islands, territories, and settlements under one Legislature as hereinafter defined, are deemed to be one colony:

The expression "legislature" means any house or houses of assembly, or other body of persons or person who can exercise legislative authority in a colony, and where there are local legislatures as well as a central legislature, includes both each of the local legislatures and the central legislature:

The expression "colonial stock" includes any share or interest in colonial stock:

The expression "stockholder" means a person holding colonial stock, being entered as proprietor thereof in the register kept under this Act:

The expression "person" includes corporation:

The Act of the session of the fifth and sixth years of the reign of Her present Majesty, chapter sixty-two, intituled "An Act to repeal an Act of the present Session of Parliament, intituled 'An Act for the more effectual Abolition of Oaths and Affirmations taken and made in various Departments of the State, and to substitute Declarations in lieu thereof, and for the more entire Suppression of voluntary and extra-judicial Oaths and Affidavits'; and to make other provisions for the Abolition of unnecessary Oaths," is in this Act referred to, and may be cited in any declaration made thereunder for the purposes of this Act, as the Statutory Declarations Act, 1835.

25. This Act may be cited as the Colonial Stock Act, 1876.

