

colonial stock and issue certificates to bearer. You will remember, probably, that at the outset Imperial legislation was not proposed, and I at the time (1875) was very averse to any such legislation, except in respect to the composition of stamp duties; but our counsel, Mr. Reilly, advised that it was necessary to protect the Bank, and to give the necessary facilities for issuing certificates to bearer.

To resume: after a long consultation with Mr. Mackrell, it was agreed between us that, in order to furnish the Colonial Office with the views of the colony and the Bank as to the necessity for legislation, we should first meet Mr. Reilly, and afterwards bring about a consultation between Mr. Reilly and the Bank counsel. Mr. Mackrell and I had a long consultation with Mr. Reilly, and subsequently, in accordance with an arrangement made by Mr. Mackrell, with the Bank solicitors, Messrs. Freshfield, Mr. Freshfield and Mr. Cotton, the counsel for the Bank of England, met Mr. Reilly, Mr. Mackrell, and me. A long consultation ensued; the Bill was critically examined clause by clause; the counsel both agreed that legislation was necessary. They considered each point to meet which it was required; and, in conclusion, they undertook to furnish a joint opinion. This opinion they forwarded, after very little delay, and it was sent on to Mr. Malcolm, with a covering letter from Mr. Mackrell, written after consultation with me. I forward you copy of opinion and covering letter, and of Messrs. Mackrell and Co.'s letter to me.

So the matter stands now. There can be no doubt the Bank requires legislation for its own protection, and the Colonial Office and Treasury both seem to recognize that the Bank should be satisfied, *i.e.* enabled to carry out its arrangement.

It is fortunate that Mr. Herbert takes a warm interest in the matter. I have received from him every facility; he has given me interviews at all times, although I believe there is great pressure of work at the Colonial Office.

Mr. Mackrell exerts himself most arduously in the matter, and, if we succeed with the Bill, we shall owe it very much to his exertions.

I have, &c.,

The Hon. the Premier, Wellington.

JULIUS VOGEL, Agent-General.

Enclosure 1.

Mr. MACKRELL to the COLONIAL OFFICE.

Colonial Stocks Bill.

MY DEAR SIR,—

21, Cannon Street, London, E.C., 9th February, 1877.

We have, as requested, carefully considered the provisions of this Bill, with a view to enable you to report to the Treasury what provisions are necessary in order to induce the Bank of England to become the registrars of colonial stocks under the Bill; and, with our counsel, Mr. Reilly, we have had a consultation with Mr. Cotton and Mr. Freshfield, the counsel and solicitors of the Bank of England.

Before stating the result of this consultation, it may be as well for us to draw attention to the history of this Bill.

When the arrangement was first made between Sir Julius Vogel and the Bank of England, for the Bank undertaking the management of New Zealand stocks, it was considered between them that all necessary provisions could be enacted by a colonial statute.

When, however, Mr. Reilly was instructed to prepare a Bill to be introduced into the General Assembly of New Zealand, he advised that Imperial legislation would be necessary, and he was instructed to prepare such a Bill as he thought would suffice for the purpose, which he accordingly did.

On the 18th November, 1875, Sir Julius Vogel communicated this opinion of Mr. Reilly to Mr. Herbert, one of the Under Secretaries of State for the Colonies, and sent him a print of the Bill Mr. Reilly had prepared, with an explanatory paper by him showing the objects which would be attained by the Bill, and that the clauses he proposed, if inserted in an Imperial Bill, would not devolve any liability upon the Imperial Treasury. This Bill had reference only to the management of New Zealand stock by the Bank of England.

Application was afterwards made to the Colonial Office by several of the Colonial Governments, asking that the arrangement proposed to be made for the management of New Zealand stock might be extended to the stocks of their colonies.

No print of the Bill as originally prepared on the part of the Government was submitted to the representatives of the colonies; but the draft of the Bill No. 2 was, as you know, submitted to them in June last; and this, with the modifications which were afterwards made in it, is the Bill now under consideration, the last revise bearing date 14th August, 1876.

This Bill has a very much wider purpose than that originally proposed to the Colonial Office by Sir Julius Vogel, as it would enable not merely the Bank of England, but any bank, colonial officer, or person, to undertake the management of colonial stocks.

It may perhaps, therefore, have been considered necessary to have more extensive legislation than might be necessary if the Bill is limited to provisions for the management of colonial stocks by the Bank of England only.

Since Sir Julius Vogel's late interview with Mr. W. H. Smith, there seems to be a disposition to consider that the Bank of England only is likely to be employed under the Bill. If so, this would be coming back to the original intention; and it may be worth while considering whether the original Bill, of which we enclose copy, might not, if altered so as to include all colonial stocks, be used; or it might be altered into a general Bill, and made applicable to all stocks inscribed by the Bank of England.

The result of the consultation above referred to is expressed in the joint opinion of Mr. Cotton and Mr. Reilly, of which we send you a copy, and which, taking the Bill clause by clause, points out what in their opinion it is necessary should be provided for by Imperial legislation, what clauses should, for the more convenient working of the proposed scheme, be retained, and what may, if desired by the Government, be omitted.