

provision by a trustee shall be deemed a breach of trust. Then some consequential provisions follow in the clause. This clause follows section 29 of "The National Debt Act, 1870," and we recommend its retention in substance, although it cannot be said to be essential to the objects of the Bill. If it were suggested that the clause is so framed as to lead to comment or opposition, its terms might be softened. For instance, the words, "any contravention of this provision by a trustee shall be deemed a breach of trust," only express what is implied, and might be safely omitted. Again, for the first words (by which it is proposed to enact that a trustee shall not apply for or hold a stock certificate unless authorized to do so by the terms of his trust) some such milder form of words as the following might be substituted:—"A power to a trustee to invest in colonial stock shall not of itself authorize an investment on a stock certificate to bearer."

11. *Clause 13.*—The effect of this clause, which provided for the case of a stock certificate being lost, mislaid, or destroyed, might be provided for by contract, and the clause might, if required, be omitted.

12. *Clause 14.*—This clause (which is to the effect that stock in a stock certificate shall have the incidents of ordinary stock, except as regards transfer and payment of dividends) may be regarded as a draftsman's clause, inserted to make the scheme complete; but it is not essential, and might, if required, be omitted.

13. *Clause 15.*—This is a provision of the highest importance, and Imperial legislation is essential to accomplish its objects. It provides to the effect that no notice of any trust shall be receivable by the registrar. Without such provision the scheme would be unworkable, and no contract between the debtor-Government, the stockholder, and the registrar, could avail to exclude the rights, as against the three, of beneficiaries claiming the aid of a Court of Equity in this country.

14. *Clause 16.*—This empowers the registrar to make regulations, and directs what shall be entered in the register. The clause, though useful, is not essential, and might, if required, be omitted.

15. *Clause 17.*—This makes the register evidence, and, although not absolutely essential, is highly expedient.

16. *Clause 18.*—This clause provides for the inspection of the register. It is not a necessary part of the scheme. If it were expedient, it could be provided for by contract between the registrar and the Colonial Government, and Imperial legislation is not essential. We are informed that the clause is strongly objected to by both the New Zealand Government and the Bank of England for practical reasons, and we recommend its omission.

17. *Clause 19.*—This provision relates to forgery, and is essential.

18. *Clause 20.*—This makes colonial stock personal estate, notwithstanding its being a perpetual annuity, and protects it from foreign attachment. It is founded on sections 9 and 10 of "The National Debt Act, 1870," and, though it cannot be said to be essential to the scheme, the object of it cannot be effected without Imperial legislation.

19. *Clauses 21, 22, 23.*—These relate to fees, to the control of the registrar by the Colonial Government, and to the removal of stock from the register; and, however useful, are not necessary parts of the proposed Imperial Act, and might, if required, be omitted.

20. *Clauses 24, 25.*—These are the interpretation and short-title clauses, and do not call for remark.

The result is, that the objects of clauses 4, 7, 15, and 19, if they are to be accomplished at all, must be effected by an Imperial Act of Parliament.

Lincoln's Inn, 7th February, 1877.

HENRY COTTON.
FRANS. S. REILLY.

Enclosure 2.

Messrs. MACKRELL to the AGENT-GENERAL.

Colonial Stocks Bill.

DEAR SIR JULIUS,—

21, Cannon Street, London, 10th February, 1877.

As we understand that you wish to report by the mail to-day what progress has been made in this matter since our last report upon the subject, we beg to report as follows:—

It will be remembered that on the 11th August last, the Secretary of State for the Colonies forwarded to the respective representatives of the Australasian Colonies, a copy of a letter his Lordship had received from the Lords of Her Majesty's Treasury, under date of the 2nd August last, in which it was promised that the points in this Bill requiring investigation should be discussed between the Treasury and the Colonial Office during the recess, in the hope that it would be in the power of the Treasury to introduce the Bill, in a shape satisfactory both to the Imperial and Colonial Governments, at the commencement of the then next session.

In November last, we applied to the Parliamentary Counsel for the Treasury, who had had charge of the Bill, for information as to the progress which had been made in dealing with this question, and were requested to make an application to the Colonial Office.

Accordingly, on the 30th November last, a letter signed by the representatives of these colonies was addressed to the Secretary of State for the Colonies, reminding him of this promise, and urging attention to the matter; and on the 4th December, Mr. Herbert, one of the Under Secretaries of State for the Colonies, replied that the matter was then under consideration. Nothing further was heard until you, on your arrival, again took up the matter, and personally urged it upon the attention of the Colonial Office and the Treasury.

After your interviews with Mr. Smith, the Parliamentary Secretary to the Treasury, nothing was heard about the matter until our Mr. Mackrell saw Mr. Smith at the Treasury, on Thursday, the 1st instant, and asked him when we might hope to get a print of the Bill proposed to be introduced into