

Although a subject so large involves professional questions on which I am not, of course, competent to speak, Mr. Mackrell and I have frequently consulted upon one branch of it in which I have been somewhat concerned, namely, the investment of trust moneys in the inscribed stocks of the colonies; and I was on the point of addressing you when your letter came.

You are no doubt aware that in the last session of the Imperial Parliament an Act was passed, intitled "The Trusts (Scotland) Amendment Act, 1884," whereby trustees were empowered, unless specially prohibited by the terms of their trust, to invest their trust funds (*inter alia*) in "stocks or other public funds of the Government of any colony of the United Kingdom approved by the Court of Session, or bonds or other documents of debt of any such Government so approved, provided such stocks, bonds, or others were not payable to bearer." I enclose three copies of that Act, for convenience of reference.

Last November, Mr. Westgarth called the attention of the several Agents-General to the Act, and some correspondence took place about it. On writing to my colleagues, they all expressed their willingness to join me in an endeavour to induce the Colonial Office to take an interest in the matter; but we have been waiting for a more favourable moment than the present. I enclose copies of the various letters that passed at that time.

I fear that Mr. Mackrell's second letter will seem to you to contain an impracticable proposal. But, in a long conference with him, he stated very strongly that, without an adequate safeguard for the moneys invested, the Chancellor would certainly not give permission for the investment; and of course the Chancellor's views would have to be taken very seriously into account in considering the prospects of any Bill that might be introduced as Mr. Mackrell proposes. We concurred, however, in thinking that it is very desirable to test the sense of the Imperial Parliament on your proposals, by introducing a Bill: not with much hope of getting any Bill through in the first session, but to begin the ventilation of the subject. Accordingly, I sent you a telegram, asking whether we should prepare a Bill at once, and I was glad to receive your reply this morning authorizing this to be done. No time will be lost in the matter, and it will give me great pleasure to second, as far as I can, the objects you have at heart.

I have, &c.

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure 1.

MESSRS. MACKRELL and Co. to the AGENT-GENERAL.

DEAR SIR FRANCIS,—

21, Cannon Street, London, E.C., 4th February, 1885.

We have given full consideration to the suggestions of the Premier, contained in his letter to you of the 1st December, of which you have sent us a copy, and beg to report thereon as follows:—

A recent Act of the Imperial Parliament has enabled settled estates of all kinds to be sold, and has determined the securities on which the proceeds of sales shall be invested.

The preliminary difficulty of obtaining Parliamentary powers to sell settled estates is therefore removed, and, to carry out the suggestion of the Premier, it would only be necessary to give trustees power to invest in lands in the colonies.

By the Act above referred to, Parliament has sanctioned investments on Government securities; or on other securities on which the trustees of the settlement were, by the settlement or by law, authorized to invest the trust funds; or on security of the bonds, mortgages, or debentures, or in the purchase of debenture stock, of any railway company in Great Britain or Ireland incorporated by special Act of Parliament, and having for ten years next before the date of investment paid a dividend on its ordinary stock or shares.

You will observe that, besides the investments specially mentioned, power is given to invest in other securities authorized by law.

By the 23rd and 24th Vict., cap. 38, the Lord Chancellor, with the advice and assistance of the Master of the Rolls, the Lords Justices, and the Vice-Chancellors, or any three of them, was empowered to make general orders from time to time as to the investment of cash under the control of the Court of Chancery, either in Consols, Reduced, or any such other stocks, funds, or securities as he (with such advice or assistance) should see fit; and it was declared that, when any such general order should be made, trustees having power to invest their trust funds upon Government securities, or upon Parliamentary stocks or securities, might invest the same, or any part thereof, in any of the stocks, funds, or securities in or upon which, by such general order, cash under the control of the Court might be invested.

It would therefore be necessary either to apply to Parliament for an Act to authorize the investment of the proceeds of the sales of settled estates in lands in the colonies, or to obtain an order of the Lord Chancellor (with the advice above mentioned) giving such authority.

Some time since, the question of allowing Chancery funds to be invested in the securities of Colonial Governments was considered by the authorities, and it was then deemed inexpedient to sanction such investments: (1) because the Colonial Governments are not under the control of the Imperial Parliament as to the extent of their issues, such as is the case with India stock and other securities in which trustees are authorized to invest; (2) because Colonial Governments cannot be brought under the jurisdiction of the English Courts; and (3) because the colonial loans were then almost entirely represented by bonds payable to bearer.

The passing of the Colonial Stock Act, under which so many of the Colonial Government loans have become inscribed, has led to the sanction by Parliament of the investment of trust moneys under the control of the Courts in Scotland, in any of the colonial inscribed stocks which may be sanctioned by such Courts.

No order has yet been made by the Courts, but the subject has been lately brought under their consideration, and we hope before long to hear that an order has been made.