

3. I beg leave to point out that nowhere in the Bank of England notice of 6th March, 1885, is there any stipulation that acceptance of the terms involved forfeiture of interest between 15th April and 1st May, 1892; and that I, as a holder of the late debenture stock, have not consented to any such forfeiture. Having accepted conversion from 15th April, 1892, I lay claim to interest from that date.

4. I may add that the conditions in the notice above referred to provided that the stock "will rank *pari passu* with the 4-per-cent. Consolidated Stock already credited and issued," and that, as far as I can learn, the holders of the latter stock do not forfeit their interest for the fifteen days referred to.

5. I am aware that a notice at the head of the certificate of 16th April, 1892, states, "Interest from 1st May, 1892;" but, clearly, no notice of the kind can lawfully deprive a holder of fifteen days' interest without his consent, after he has accepted terms which do not include such forfeiture.

6. If it be not intended to pay the fifteen days' interest referred to, I request you will be good enough to lay this letter before the directors, and to ask them to cause me to be favoured with a reply at their convenience.

I am, &c.,

ALGERNON DE HORSEY, Admiral.

The Secretary, Bank of England.

Bank of England, E.C., 30th June, 1892.

SIR,—

I beg to acknowledge the receipt of your letter of the 29th instant.

The notice of the 6th March, 1885, was issued by the Bank of England "on behalf of the Agents appointed by the Governor of New Zealand in Council," &c.

If you do not consider this letter satisfactory, I must ask you to address any further communication to the Agent-General for New Zealand, Westminster Chambers.

It is quite true that in the notice referred to there is no statement to the effect that the interest on the stock would only commence on the 1st May, 1892, but on the face of the debentures issued in exchange for those surrendered it is distinctly stated that interest would commence on that date.

No interest will be paid for the period between 15th April and 1st May, and that such would be the case was no doubt remembered when the amount of stock to be given for each £100 debenture was fixed at £107.

The date on which you effected your conversion in 1885 has no bearing on the matter. The conversion lasted from the 11th March until the 30th April.

I am, &c.,

H. J. BOWEN, Chief Accountant.

Admiral A. F. R. de Horsey, Melcombe House, Cowes.

Melcombe House, Cowes, 11th July, 1892.

SIR,—

I beg leave to acknowledge the receipt of your letter of the 30th ultimo, in which you are good enough, in reply to mine of the 29th, to request me—if I do not consider your letter satisfactory—to address any further communication to the Agent-General for New Zealand.

2. As I certainly do not think the explanation with which you have favoured me justifies the withholding of interest due to the holders of New Zealand Consolidated Stock for the period from 15th April to 1st May of this year, I will—as you are good enough to suggest—address my application to the Agent-General, although I apprehend that if the Bank of England fails to see the propriety of paying the fifteen days' interest (which in equity appears to me to be undoubtedly due), the Agent-General, on behalf of his Government, also will decline to make the payment.

3. Although your letter virtually closes my correspondence with the Bank of England on the subject, there are three statements in it which I cannot pass without remark.

(a.) The non-payment of the fifteen days' interest is claimed to be justified on the ground that "on the face of the debentures issued in exchange for those surrendered it is distinctly stated that interest would commence that date" (1st May). It appears to me to be sufficient answer to this contention to draw attention to the fact that the acceptance in 1885 of the conversion of 1892 was on the terms stated in the Bank of England's notice of 6th March, 1885, and on no other, that the bargain was thus complete before the issue of the new debentures, and that, therefore, the condition (which I am informed is on the face of the debentures) not to pay interest till 1st May could not be known to the holders until after they received their debentures, and formed no part of the conditions under which the conversion was accepted.

(b.) Your letter states, with regard to this forfeiture of fifteen days' interest, "that such would be the case was, no doubt, remembered when the amount of stock to be given for each £100 debenture was fixed at £107." I am at a loss to understand how this could have been remembered by the debenture-holders, seeing that no intimation of the kind had been given them. If £107 of 4-per-cent. had been equivalent to £100 at 5 per cent. it still would have been no justification for the insertion of an additional condition by one party, without the consent of the other, after the bargain was concluded. The price fixed for the new stock appears to me a matter totally unconnected with deprivation of fifteen days' interest, but as a matter of fact the debenture-holders were, of course, considerable losers by accepting £107 at 4 per cent. It would have taken £125 at 4 per cent. to make their dividend equal to £100 at 5 per cent.

(c.) In the last paragraph of your letter you are good enough to inform me that the conversion lasted from the 11th March until the 30th April, 1885. I infer that you mean that debenture-holders were given during that period the option of accepting conversion.

Allow me, however, to remind you that the Bank of England notice of the 6th March, 1885, stated that new debentures would be issued, bearing interest at 5 per cent., until the 15th April, 1892, when the conversion to 4-per-cent. consolidated stock would take place. Clearly, then, according to the bank's notice the 4-per-cent. stock was to start from the 15th April, and such were the terms accepted.

4. I have thought it right to bring these points to the notice of the Bank of England, presuming that if, by any default or oversight of the Agent-General, they have been made a party to an error, they would be glad to correct a mistake, the result of which could hardly be doubtful if referred to a Court of law.

I am, &c.,

ALGERNON DE HORSEY, Admiral.

H. G. Bowen, Esq., Chief Accountant, Bank of England.

Bank of England, E.C., 12th July, 1892.

SIR,—

I beg to acknowledge the receipt of your letter of yesterday's date. As implied in the second paragraph of my letter of the 30th ultimo, the Bank act in the management of New Zealand Government loans only as the agents of that Government; and, as you do not consider the explanation given in that letter of the lapse of interest of which you complain sufficient, I must refer you for any further information to the Agent-General, to whom I am sending a copy of this correspondence.

I hope you will acquit me, therefore, of any want of courtesy in declining to discuss the points raised in your last letter.

The penultimate paragraph of my letter was, however, intended to convey that the loss of fifteen days' interest was, no doubt, present in the minds of the advisers of the New Zealand Government when fixing the terms of exchange.

I am, &c.,

H. G. BOWEN, Chief Accountant.

Admiral A. F. R. de Horsey, Melcombe House, Cowes.

Enclosure 2 in No. 10.

Melcombe House, Cowes, 18th July, 1892.

SIR,—

I have lately made application to the Bank of England for payment of the fifteen days' interest on my £1,070 New Zealand Consolidated Stock, due for the period between the 15th of April and the 1st of May of this year.

2. The Chief Accountant of the Bank of England has informed me that the Bank acts in reference to the New Zealand loans only as agents to the New Zealand Government, and has suggested that my application should be addressed to you as the responsible agent for that Government.