No. 39.

COPY of a DESPATCH from the Right Hon. the Earl of CARNARVON to the OFFICER ADMINISTERING the GOVERNMENT of NEW ZEALAND.

(Circular.)

SIR,— Downing Street, 16th March, 1874.

I transmit to you, for your information, a copy of a letter from the Treasury, in which the Lords Commissioners request that the attention of Colonial Governments may be called to an arrangement which has for some years existed between that Department and the India Office, that in all future charters to Joint Stock Companies they should be empowered to establish either agencies or branches in India only after they have conformed to the existing laws of that country.

I also enclose a copy of the section of the New South Wales Act, to which reference is made in the Treasury letter.

I have, &c.,
CARNARVON.

The Officer Administering the Government of New Zealand.

Enclosure 1 in No. 39.

MR. LAW to the UNDER SECRETARY of STATE, Colonial Office.

(No. 2,204.)

SIR,— Treasury Chambers, 28th February, 1874.

I have laid before the Lords Commissioners of Her Majesty's Treasury Mr. Herbert's letter and the Act enclosed therein, entitled "An Act to Incorporate a Company called 'The Mercantile Bank of Sydney, New South Wales.'"

I am to state that my Lords have no objection to offer to the Act, but they would observe with reference to the provision in the 6th section, which empowers the Bank to establish agencies in the Australian Colonies, the British Dominions, and elsewhere, that for some years past an agreement has been made between this Board and the India Office, that in all future charters to Joint Stock Companies they should be empowered to establish either agencies or branches in India only after they have conformed to the existing laws of that country.

With the view, therefore, of avoiding any misapprehension as to the meaning of the clause above mentioned, my Lords would suggest for the consideration of the Secretary of State whether it would not be desirable to call the attention of the several Colonial Governments to this arrangement, or, at least, those Governments whose interests are likely to be affected by it.

I am, &c.,
WILLIAM LAW.

The Under Secretary of State, Colonial Office.

Enclosure 2 in No. 39.

37° VICTORIÆ.—MERCANTILE BANK OF SYDNEY.

6. The whole of the capital of one hundred and twenty thousand pounds having been subscribed for and actually paid up, it shall be lawful for the Corporation, subject to all the restrictions and provisions herein contained, to carry on the business of a bank of issue, discount, and deposit, in the Colony of New South Wales and elsewhere, and to make loans of money on cash, credit accounts, promissory notes, bills of exchange, letters of credit, and on any personal or other security; and it shall also be lawful for the Corporation to deal in money, bullion, and specie, and in exchanges of and with all countries, and in notes, bills, or other securities for money, and generally to transact all such other business as it is, or shall, or may, at any time hereafter, be usual and lawful for establishments carrying on banking in all its branches to do or transact; and to establish agencies, branch banks, or connections in relation to the said business, in any part of the Australasian Colonies, the British Dominions, or elsewhere, and to give letters of credit thereon; but that it shall not be lawful for the Corporation to advance or lend money solely upon the security of lands, or houses, or ships, nor to own ships, except as hereinafter provided; and the Corporation shall not hold shares in its own stock, nor advance or lend to any shareholder or proprietor of shares in the Corporation any sum or sums of money on the security of his share or shares, nor invest, lay out, employ, advance, or embark, any part of the capital or funds of the Corporation in the purchase of any lands, houses, or other real or leasehold property whatsoever (save and except as herein specially provided), nor of any share or shares in the capital stock for the time being of the Corporation, nor in any trading or mercantile speculation or business whatsoever, not usually considered as falling within the ordinary and legitimate purposes and operations of banking establishments: Provided always that nothing herein contained shall invalidate any lien, claim, interest, or title acquired, or to be acquired, by the Corporation by way of equitable mortgage, or by deposit of deeds or other documents, or by mortgage of lands or other property taken or to be taken by the Corporation, or any person or persons on their behalf, as security, collateral to any bill, promissory note, bond, or other security, or any right, claim, or title to lands, or other property, thence to arise, or the lien secured by the deed of settlement to the Corporation over the shares belonging to any shareholder becoming indebted or coming under engagements to the Corporation, or making default in the fulfilment of any covenant in the deed of