Further reflection since we last wrote, does not lessen the objections which, in our opinion, attach to the partial conversion you propose. We do not think it was intended that the conversion should be used to enable stocks in the hands of the Government, or under *quasi* Government control, to be increased in value or made more saleable, without offering similar advantages to other holders. Again, as the holders of trust funds would expect something approaching to an exchange of exact intrinsic value, the conversion would not be profitable, whilst it would act as an evil precedent if the Government ever decided to convert on terms which would leave a legitimate profit. Again, there are the objections of dealing with a small amount of each of many loans; and there is also the risk—a very great one, we think—of exciting much dissatisfaction amongst holders of New Zealand securities, at an increase of Inscribed Stock for the mere purpose of manipulating Sinking-Fund securities. Notwithstanding these serious objections, we shall be glad, as far as possible, to give effect to your wishes. When we have been furnished with the views of the Sinking-Fund Commissioners, we will take an early opportunity of considering them, and arriving at a decision as to at once carrying out the operation, or referring the matter back to you for further consideration.

We have, &c.,
P. G. JULYAN,
JULIUS VOGEL,
W. C. SARGEAUNT.
New Zealand Stock Agents.

The Hon. the Premier, Wellington, N.Z.

No. 5.

The PREMIER to the STOCK AGENTS.

Treasury, Wellington, 27th January, 1881.

GENTLEMEN,—

With reference to that part of your letter of the 2nd December last which deals with the question of converting into stock the securities held by the Trustees of the Sinking Fund of the loan of 1863, and the application of the proceeds of the sale of such stock to the purchase of Treasury bills, I have the honor to inform you that, on further consideration, the Government concurs in the opinion expressed by you that it would be undesirable the securities in the hands of the Trustees should be converted into Inscribed Stock. A letter to this effect has been transmitted by the present opportunity to the Trustees, who have been asked to exchange the debentures as they now stand for Treasury bills.

I have, &c.,
JOHN HALL.

The New Zealand Stock Agents, London.

No. 6.

The STOCK AGENTS to the PREMIER.

Downing Street, London, 24th March, 1881.

SIR,—

We have the honor to report for your information that, on the evening of the 16th instant, when, as you are aware, the operation of converting the Five Million Loan of 1879 closed, it was found that the total amount of stock inscribed in the books of the Bank of England was £5,371,200; the scrip and debentures surrendered representing £4,476,000. The amount of the loan still in circulation in the form of debentures is, consequently, £524,000.

The debentures withdrawn have been unregistered by the Crown Agents, and are now in the strong-room of their office, subject to the order of the Colonial Government for their final disposal.

With reference to the paragraph which appeared in the money article of the *Times* and other daily papers a short time ago, and of which a copy is attached to the margin hereof, reminding holders of debentures of the Five Million Loan that the opportunity of converting would soon cease, we have to state that such notice was inserted without our knowledge or sanction, which we should not have felt justified in giving after the dissatisfaction expressed by the Legislature of the colony as to the terms of exchange offered, from which we could but infer that the smaller the amount converted the better the Government would be pleased. Although we consequently abstained from drawing the attention of holders to the necessity of converting not later than the 16th instant, we could not exercise any control over the Press, and we have no doubt but that the paragraph in question materially affected the amount inscribed.

The sums which will henceforth be required half-yearly (on the 1st May and 1st November) for payment of interest and charges for management on the stock and debentures of this loan will be as follows, respectively:—

	£	s.	d.
Half-year's interest on £5,371,200 stock at 4 per cent. per annum	107,424	0	0
Bank charges for management at £600 per million of stock per annum	1,611	7	2
Total for Bank of England	£109,035	7	2