

second reading of the Regent's Canal Bill in the House of Commons; because the real issue was directly taken on that occasion. The order of the day for the second reading was traversed by an amendment declaring that it was "not expedient to pass any railway Bill allowing the payment of interest out of capital during construction of works, pending the introduction of a public measure as recommended by the Select Committee in 1882; especially where such a Bill practically made the alteration of the Standing Orders of the House retrospective." No one could deny that the challenge on the question of principle contained in this amendment was complete. Now, there voted in the majority against the amendment Mr. Gladstone, Sir Nathaniel Rothschild, Mr. Shaw Lefevre, Sir John Lubbock, Mr. Childers, Sir Michael Hicks-Beach, and Mr. Leonard Courtney, all of whom are financiers of the highest authority, to say nothing of Mr. Chamberlain, Sir William Harcourt, Sir Charles Dilke, Sir Henry James, Sir Arthur Otway, Mr. Raikes, and others equally eminent as statesmen. The principle was expressly affirmed by Parliament, and it may be said that, so far as private enterprises are concerned, it is quite accepted in this country, as it certainly is in the city. I have not yet had an opportunity of consulting the Governors of the Bank, but I spoke to the Government brokers, Messrs. J. and A. Scrimgeour, and they have no doubt upon the subject.

You are pleased to say that you would like to have my own opinion, and I shall take an early opportunity of expressing it for what it may be worth; but I am confining this letter to the story of what has been done in the Imperial Parliament.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosure 1 in No. 3.

PAYMENT OF INTEREST OUT OF CAPITAL.

Copy of Standing Order No. 128 of the House of Lords.

A CLAUSE shall be inserted in every Railway Bill prohibiting the payment of any interest or dividend out of any capital which the company have been or may be authorized to raise, either by means of calls or of any power of borrowing, to any shareholder on the amount of the calls made in respect of the shares held by him, except such interest on money advanced by any shareholder beyond the amount of the calls actually made as is in conformity with "The Companies Clauses Consolidation Act, 1845," or "The Companies Clauses Consolidation (Scotland) Act, 1845," as the case may be.

Enclosure 2 in No. 3.

PAYMENT OF INTEREST OUT OF CAPITAL.

Copy of Standing Order No. 167 of the House of Commons.

A CLAUSE shall be inserted in every Railway Bill prohibiting the payment of any interest or dividend to any shareholder on the amount of the calls made in respect of the shares held by him, except such interest or money advanced by any shareholder, beyond the amount of the calls actually made, as is in conformity with "The Companies Clauses Consolidation Act, 1845," or "The Companies Clauses Consolidation (Scotland) Acts, 1845," as the case may be; and except such interest (if any) as the Committee on the Bill may, according to the circumstances of the case, think fit to allow, subject always to the following conditions: (1) That the rate of interest allowed by the Committee do not in any case exceed 4 per cent. per annum; (2) That interest be allowed to be paid in respect only of the time allowed by the Bill for the completion of the railway, or such less time as the Committee think fit; (3) that payment of interest be not allowed to begin until the railway company have obtained a certificate from the Board of Trade to the effect that two-thirds at least of the share capital authorized by the Bill in respect whereof interest be paid have been actually issued and accepted, and are held, by shareholders who, or whose executors, administrators, successors, or assigns, are legally liable for the same; (4) that interest do not accrue in favour of any shareholder for any time during which any call on any of his shares is in arrear; (5) that the aggregate amount to be so paid for interest be estimated and stated in the Bill, and be not deemed capital within Standing Order 153; (6) that notice of the company having power so to pay interest be given in every prospectus, advertisement, or other document of the company inviting subscriptions for shares, and in every certificate of shares; and (7) that the half-yearly accounts of the company do show the amount on which, and the rate at which, interest has been paid; and the company shall be authorized by the Bill to pay interest accordingly, but not further or otherwise.

If in any case the Committee on the Bill do not think fit to allow any such interest, then there shall be inserted in the Bill provisions making liable to penalties, recoverable summarily, any director or officer of the company who shall, directly or indirectly, pay or procure to be paid any interest or dividend prohibited as aforesaid, and making illegal or void any contract entered into by the company, or the directors thereof or any of them, under which payment of any interest or dividend prohibited as aforesaid shall be directly or indirectly provided for.

The Bill shall not be reported by the Committee until there has been laid before them a report from the Board of Trade respecting any proposed payment of interest; and the Committee shall report specially to the House in what manner they have dealt with the recommendations or observations in the report of the Board of Trade.

Enclosure 3 in No. 3.

REPORT from the SELECT COMMITTEE of the HOUSE OF COMMONS on STANDING ORDER 167; together with the Minutes of Evidence, and Appendix.

ORDER OF REFERENCE.—Ordered [Tuesday, 4th April, 1882], "That a Select Committee be appointed to consider and report whether Standing Order 167, prohibiting the payment of interest or dividend on calls during the