

question than the comparatively small one of this Standing Order, which may probably be dealt with by itself, in the manner suggested by the Chairman of the Committees.

215. Can you give the Committee a general idea of the law in practice in other European countries with regard to this matter?—No, I cannot do that; I have not looked sufficiently into that subject.

216. *Mr. Salt.*] Do you think that Standing Order 167 is in any way necessary for the protection of the investor?—I wish now to be understood as speaking my own opinion, and not the opinion of the department. The opinion of the department, I think, may be taken to be in favour of such an alteration of the Standing Order as has been suggested by the Chairman of Committees; but my own opinion is that an investor, on the whole, will be better off if you leave him to take care of himself.

217. Now, as a matter of general policy, in the dealings of Parliament with the commercial world, is it, or is it not, well that the course of trade and commerce should be left as free as possible to take its own line?—As free as possible.

218. Do you think that the recent decision of the Judges in this matter will have much effect in enforcing Standing Order 167?—I think not the least in the world. I think it will only set parties who want capital upon other means of evading it. They will not, that is to say, act as straightforwardly as they did in the Hull and Barnsley case.

219. *The Chairman.*] The Master of the Rolls, in giving his decision on the question of evasion, expressed himself as opposed to the present Standing Order, did he not?—He was distinctly opposed to the principle of it, and was in favour of freedom.

220. And do you think that that would have a certain effect upon the public?—Yes; the public know that the Master of the Rolls is not only a very good lawyer, but an exceedingly sensible man, who understands these questions thoroughly.

221. *Mr. Salt.*] I take it that your opinion is this: that, as soon as those people who deal in new companies have recovered, so to speak, the shock of the decision of the Master of the Rolls, some convenient means would still be found by them for evading the Standing Order?—Quite so; probably putting the parties to considerably more expense, and throwing additional difficulties in the way of new undertakings. And I should like to say, with regard to that, that it is rather curious to see how, in the original debate upon these Standing Orders, as I believe is the case at present, it is the existing companies who are likely to be interfered with by new undertakings who are in favour of the Standing Order. Those who are promoting these new undertakings are for the repeal of it. It is a curious thing that in the debates upon the Standing Order we find Mr. Hudson strongly in favour of the Standing Order, and Mr. Beckett Denison strongly against it.

222. That means, I conclude, that the existence of the Standing Order, either as it stands or in some form, is rather in favour of the position of existing companies as against the invasion of new companies?—Certainly; it is an impediment to the raising of capital for new companies.

223. Now, as a matter of general policy, is it well to favour the formation of new companies, or to strengthen, so to speak, the defensive position of the old companies?—I think the utmost possible freedom for new companies is the best course. Parliament, it seems to me, has nothing to do with preventing new companies out of regard for old ones.

224. You say that without reserve?—That has always been my view.

225. I want to understand quite distinctly this: Your own opinion is in favour of repealing the Standing Order altogether?—My feeling would be that it would be well to do so if you could alter the whole system with it. As things stand, it is a question whether the Standing Order, as proposed to be altered by the Chairman of Ways and Means, would not fit in with the whole of the rest of the machinery better, and would not do all that is practically wanted at the present moment. You asked me just now about the investor. I think that what should be done for the investor is this: to give him complete notice of what is intended. When that is done, I think you may leave him to take care of himself; and the alteration that is proposed would give him that notice.

226. Do you mean that a mere alteration of the Standing Order would be sufficient to give notice to the ordinary investor?—It is proposed, I think, that in the first place the parliamentary notices shall contain a statement of the intention of the company to pay interest out of capital; and it is intended that the Bill shall contain a distinct enactment to that effect.

227. In other words, there are two or three points of detail which would require some attention in order to give proper notice to persons embarking capital in new undertakings?—Yes.

228. To go to rather a small point of detail, but one which is of some importance, would you suggest, that the scrip or certificates of new companies should be specially marked as paying interest out of capital?—That had not occurred to me; I have not thought about it enough to give an opinion on the question.

229. You think that some points of detail of that sort would be worth consideration?—I think, at any rate, that notice of what is intended should be given to persons who are likely to invest.

230. It would be necessary to carry that notice to some considerable point of detail when you have to deal with small investors, would it not?—Yes; you might require the notice to be inserted in all prospectuses by which capital was sought for the undertaking.

231. You have an analogous idea in the law which compels limited companies to use the word "Limited" very prominently?—Quite so.

232. I take it that, from your point of view, you would inform the Committee that there is no doubt whatever that, during the last thirty years or so, during which the Standing Order 167 has been in operation, a very large amount indeed of capital has been raised contrary to the provisions of the Order?—I have no doubt about it.

233. *Colonel Walrond.*] You have seen the proposal of the Chairman of Ways and Means?—Yes.

234. He proposes that the rate of interest paid should not exceed 5 per cent.?—Yes.