exchange for the debentures. The annual drawing for redemption of the consols will take place on Monday, the 15th March next, and debentures brought in for conversion before that date will not be effected by the drawing. The option hereby given to holders whose bonds have not been drawn must be declared not later than Tuesday, the 30th March.

Five per cents. of the Loan of 1863, redeemable 1914.—For every £100 in debentures of this loan surrendered with the coupon for the half-year's interest due the 15th July next attached, a new debenture for the same amount, bearing interest payable half-yearly at 5 per cent. for six years, from the 15th January, 1886, to the 15th January, 1892, when it will be converted into £110 of 4-per-cent. inscribed stock: or, at the option of the holder, he may receive £112 10s. of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. In the latter case a scrip certificate with coupon attached for the interest from the 15th January to the 30th April at 5 per cent. (payable the 1st May), will be issued in exchange for the debentures.

Five-per-cent. Ten-forties of the Loans of 1876 and 1877, redeemable 1888.—For every £100 in debentures of these loans, from which the coupon due the 1st March must be detached, £102 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. Scrip certificates with coupon attached for the interest at 5 per cent. from the 1st March to the 30th April (payable 1st May), will be issued in exchange for the debentures.

Five per cents. of the Loan of 1879, redeemable 1889.—For every £100 in debentures of this loan, from which the coupon due the 1st May next must be first detached, £103 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. Scrip certificates will be issued in exchange for the debentures.

Six per cents. of the Loan of 1860, redeemable 1891.—For every £100 in debentures of this loan surrendered with the coupon for the half-year's interest due the 1st July next attached, £109 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. Scrip certificates with coupon attached for the interest at 6 per cent. from the 1st January to the 30th April (payable 1st May) will be issued in exchange for the debentures.

Six per cents. of the Loan of 1863, redeemable 1891.—For every £100 in debentures of this loan, from which the coupon for the half-year's interest due the 15th March must be detached, £109 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. For every £100 in debentures, surrendered with the coupon for the half-year's interest due the 15th June next attached, £109 of 4-per-cent inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. Scrip certificates with coupon attached for the interest at 6 per cent. for the broken periods, in each series, up to the 30th April (payable the 1st May), will be issued in exchange for the debentures.

Debentures of the Consols Loan may be deposited on or after Monday, the 15th February, but not later than Tuesday, the 30th March next, when the option given to holders will expire. Debentures of the other loans hereinbefore mentioned may be deposited on or after Monday, the 1st March, but not later than Friday, the 30th April next.

The inscribed stock herein mentioned will in every case rank *pari passu* with the New Zealand 4-per-cent. Consolidated Stock already inscribed at the Bank of England, with dividends payable half-yearly on the 1st May and 1st November, and redeemable at par on the 1st November, 1929.

All debentures surrendered for conversion must be deposited at the Chief Cashier's Office, Bank of England, where the necessary forms may be obtained, and must be left three clear days for examination before scrip certificates can be issued.

By the Act 40 and 41 Vict., c. 59, the revenues of the Colony of New Zealand alone will be liable in respect of the stock and the dividends thereon, and the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, will not be directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

Bank of England, 8th February, 1886.

No. 63.

The Loan and Stock Agents to the Colonial Treasurer.

Sir,— 7, Westminster Chambers, London, S.W., 20th February, 1886.

We now resume our general report of what has been done in the matter of conversion of loans, in addition to the five-thirties mentioned separately in our letter of the 6th instant, No. 175.

We received with much satisfaction your telegram of the 4th February, containing your instructions in regard to the several loans, in answer to our letter of the 18th December, No. 1,545.

We were glad to find that you concurred with us in the view that it would hardly be worth while to make any offer to the holders of the guaranteed loan of 1856, and we were also glad to receive your permission to include in our public announcement any loans in which we might think a successful operation could be made, subject to the condition that we were in no case to give more than the equivalent based on actual and not market value; or, in other words, to take care that the annual charge on any converted loan, including whatever provision was necessary for redeeming premium and expenses, should be less than the existing annual charge; and also that, in fixing the dates for exchange of securities, we were to avoid increasing the amount of interest payable during the next financial year.

1.—*Consols of 1867.*

We deemed it right, in our letter of the 26th January, confirming as it did the opinions we had already given you as to repeating the offer of a seven years' new 5-per-cent. bond, to explain why we still thought it might be necessary to offer the same terms again as last year. The continued steadiness, however, of the market since then gave an opportunity of reconsidering the question with a view of giving effect to your wish for the term of the bond to be shortened; and, after full consideration, we decided to reduce its currency to six years, convertible at the end of that period into 107 of inscribed stock, thus making it rank *pari passu* with those already in circulation, but to give holders an option of exchanging forthwith into stock at 106. In either case holders are exempted from the consequences of the annual drawing on the 15th March if they bring in their bonds for conversion before the drawing takes place.

At first sight there may appear to be some incongruity in our offering more stock in 1892, when the life of the consol debenture will have been shortened by six years, than the rate we offer for an immediate exchange. We are appealing, however, to two distinct classes of holders: (*a*) the *bonâ fide* investor who does not want to sell, who is unable to form a reliable estimate of the value of stock six years hence, and who, having declined to come in and convert on similar terms last year, is not likely to be tempted by anything less now; and (*b*) to the comparatively few who hold