

to what are understood to be the legitimate operations of Banking—viz: advances upon Commercial Paper or Government Securities and general dealings in money and Bills of Exchange.

5th.—The introduction of provisions for the forfeiture of the Charter on any suspension of Cash payments which may continue for the space of sixty days.

6th.—For the conversion into Specie on demand of Paper issued by any Branch Banks at the place of issue, as well as at the principal Establishment.

7th.—For the payment of one half at least of the subscribed Capital prior to the Bank being opened for business, and of the whole within a period not exceeding twelve months from the date of such opening.

8th.—For the restriction of the amount of paper discounted on which the names of Directors or Officers of the Bank shall appear as Drawers, Acceptors, or Indorsors to an amount not exceeding one third part of the whole discounts of the Bank.

9th.—The prohibiting the Bank in its corporate capacity, from purchasing or holding its own stock.

10th.—A provision to be made for the responsibility of each share-holder continuing till a certain time; say one year after his share is transferred.

11.—No Notes under a specific amount (£1 or \$5) to be issued by the Company.

(COPY.) No. 184.

Downing Street,
11th December, 1838.

SIR :

The Act of the Legislature of Upper Canada, passed in the month of March last, entitled "An Act to authorise a Loan of money in London, and for other purposes therein mentioned," has engaged the serious attention of Her Majesty's Government, and especially of the Lords Commissioners of the Treasury.

By this Act the Receiver-General of Upper Canada is authorised to issue certain Debentures to the amount of £1,000,000 sterling, and the Lieutenant-Governor is then to direct those Debentures to be transmitted to Her Majesty's Government to be sold for the benefit of the Province, in such manner as they should please to direct, and for the best price that can be obtained for the same. It is further enacted "That so soon as any sum or sums of money shall be received by the Lords Commissioners of Her Majesty's Treasury upon any loan authorised to be raised by this Act, such sum or sums shall be applied towards redeeming the outstanding Debentures of the Government of the Province, which may then be due to the holders thereof, and for no other purpose whatever."

Independently of other objections to this law, the Lords of the Treasury are not prepared to authorize the transaction in their department of the business of any such agency as that contemplated by the Act, so that the Act must necessarily become imperative.

Her Majesty's Government are, however, unwilling to advise the Queen to proceed at once to the actual disallowance of this law.

That is a measure to which they would most reluctantly resort under any circumstances. You will therefore avail yourself of all your legitimate influence to induce the Provincial Legislature to repeal this Act, and until I shall be apprised of the results of those efforts, Her Majesty's decision upon it will be suspended.

The occasion suggests other important considerations of a more general nature. The enactment of Laws anticipating by Loans the future revenue of the Province, and sanctioning the issue of saleable Debentures, is a measure which may be productive of the most serious inconvenience, especially when, as in the present case, the amount of the transaction is very considerable. It is impossible but that the financial interests of the Empire at large should be seriously affected by such operations, and I have therefore to convey to you Her Majesty's Instructions that you do not assent to any future Act for the anticipation of the Colonial Revenue by loans, but that any such Laws should be reserved for the signification of Her Majesty's pleasure.

I have the honor to be

&c. &c. &c.

(Signed,)

GLENEIG.

Major General
Sir GEORGE ARTHUR,
&c. &c. &c.