

will render effective the aim of His Majesty's Government to prevent any return to the former unprofitable policy of international competition in Chinese loans.

Under these circumstances, Sir E. Grey feels that the Hong Kong and Shanghai Bank can hardly be expected to give up the position of sole issuing bank in England for the present loan, and, though he would be glad to see you secure financial participation in the loan, he cannot urge the Hong Kong and Shanghai Bank to share the issue in London with you or other banks.

With regard to the penultimate paragraph of your letter, I am to state that, as far as this department is aware, the sole issuing banks for the loan in Paris and Berlin will be the Banque de l'Indo-Chine and the Deutsch-Asiatische Bank respectively.

Finally, I am to add that it would be impossible for Sir E. Grey to suggest to the Hong Kong and Shanghai Bank that they should give a percentage of their share of the loan to the Belgian group, and that the most reasonable course for the latter to adopt would appear to be that they should in the first place approach their Russian partners for this purpose.

I am, &c.

W. LANGLEY.

No. 20.

*Eastern Bank, Messrs. J. H. Schröder and Co., Messrs. E. D. Sassoon and Co., and Messrs. Brown, Shipley, and Co. to Foreign Office.—(Received May 31.)*

Sir,

4, Crosby Square, London, May 30, 1912.

WE have the honour to acknowledge receipt of your letter of the 25th instant, and although it is with the greatest reluctance that we are again approaching you on this matter, we feel that, in justice to ourselves, we should point out to you that, as regards the issue in Paris and Berlin, your department must have been misinformed, as the issues will not be made by the Banque de l'Indo-Chine and by the Deutsch-Asiatische Bank alone, but all large banks in France (the Crédit Lyonnais, Société générale, Comptoir national, Banque de Paris, Banque de l'Union parisienne, Crédit industriel, &c.) and Germany (Deutsche Bank, Disconto-Gesellschaft, Dresdner Bank, Darmstädter Bank, Messrs. Bleichröder, Messrs. Mendelsohn, &c.) will also appear in the prospectus as issuing houses.

It is for this reason that we ask that the Hong Kong and Shanghai Bank should in fairness, be induced to co-issue with our group in London.

We are, &c.

J. S. HASKELL, *Director*

(For the Eastern Bank).

BROWN, SHIPLEY, AND Co.

E. D. SASSOON AND Co.

J. HY. SCHRÖDER AND Co.

No. 21.

*Foreign Office to Eastern Bank, Messrs. J. H. Schröder and Co., Messrs. E. D. Sassoon and Co., and Messrs. Brown, Shipley, and Co.*

Gentlemen,

Foreign Office, June 21, 1912.

I AM directed by Secretary E. Grey to acknowledge the receipt of your letter of the 30th ultimo, in which you state that the issues of the Chinese reorganisation loan will be made in Paris and Berlin by all the large banks in France and Germany.

In reply I am to inform you that Sir E. Grey is aware that, in a certain sense, both the Banque de l'Indo-Chine and the Deutsch-Asiatische Bank share the right of issue with the other banks which form the French and German groups, but the methods of negotiating and issuing foreign loans in France and Germany are different from those in force in England, and in consequence the position of the Banque de l'Indo-Chine and of the Deutsch-Asiatische Bank is in this sense, but in this sense only, not on the same footing as that of the Hong Kong and Shanghai Bank.

In France and Germany any large issue, in order to be successfully dealt with, must be, and is, placed through the important French and German financial houses, and their innumerable branches all over the country. In London it is customary for individual houses to negotiate and issue, only interesting the leading houses in the city