

by participation in the underwriting which is generally given after the conclusion of the business.

Apart from this point, which is dependent on the difference of the systems of the markets, Sir E. Grey understands that, broadly speaking, in all that constitutes the essential attributes of a bank of issue, such as the conduct of negotiations, signature of agreement, counter-signature of bonds, service of the loan, and custody of the funds, the position of the Banque de l'Indo-Chine in Paris and of the Deutsch-Asiatische Bank in Berlin does not differ from that of the Hong Kong and Shanghai Bank in London.

I am, &c.

W. LANGLEY.

No. 22.

*Sir Edward Grey to Sir J. Jordan.*

Sir,

*Foreign Office, August 23, 1912.*

MR. C. BIRCH CRISP, a member of the London Stock Exchange, called at this department to-day, and stated that a syndicate which he claimed to represent was negotiating a loan of 10,000,000*l.* with the Chinese Government. The syndicate was, he said, composed of Lloyd's Bank, the London County and Westminster Bank, and the Capital and Counties Bank, and the negotiations were being conducted with the representative of the Chinese Republic in London, Mr. Lew Yuk-Lin.

The present position of His Majesty's Government in the matter of loans to China, and their obligations towards the other Governments and the six-Power consortium, were explained to Mr. Crisp, and he was informed that His Majesty's Government did not consider that China was free to borrow outside the consortium until the repayment of the advances made by the latter had been duly provided for. It was also explained to Mr. Crisp that, as a matter of general principle, His Majesty's Government would never support a loan concluded without adequate guarantees for the control of the expenditure of the proceeds and without proper security. The fact that the six-Power consortium, with the full support of the respective Governments, had so far been unable to obtain satisfactory terms in these respects from the Chinese Government rendered it very improbable that a syndicate without the same experience and unsupported by any foreign Government could meet with a greater measure of success.

I am, &c.

E. GREY.

No. 23.

*Sir Edward Grey to Sir J. Jordan.*

(Telegraphic.) P.

*Foreign Office, August 23, 1912.*

IT appears that negotiations are proceeding between the Chinese Minister here and a new syndicate for a loan of 10,000,000*l.* to China. Representative of syndicate, Mr. C. B. Crisp, informed that I should regard with disapproval any proposal for a loan by firms not connected with the groups until the repayment of advances has been provided for, since Chinese Government are not, in my opinion, free to negotiate such loans until this has been done.

No. 24.

*Sir Edward Grey to Sir J. Jordan.*

(Telegraphic.) P.

*Foreign Office, August 30, 1912.*

I LEARN that a loan to China of 10,000,000*l.* is being negotiated by the Chinese Engineering and Mining Company. Company is being informed in the same sense as Mr. Crisp (see my telegram of the 23rd August).