

KENYA

X. 1937

DATE

20 FEB 1926

GRIGG

TEL. 67

19th February 1926.

RELATION

*Attorneys*

BANK AGREEMENT

States no objection.

S. of S.

S. of S.

S. of S.

of State

Previous Paper

*GRIGG*

MINUTES

*Report for Minutes written by  
Gardner (1927) 2 read*

*1926*

*27/2/26*

*Letter and report for 4/26  
Mulligan's copy*

*Word 27. 2. 26*

*Report*

*Now take action on the letter for 4/26*

*12. 3. 26*

C.O. 533 346

sequent Paper

*2. 4. 26*

Kenya now accepts the position that as regards the Bank there should be no specific hypothecation of the £300,000 deposit between the three Administrations concerned. In due course, the Crown Agents might be instructed (a) with reference to paragraph 6 of the letter on 58153/25, that the Bank may be informed that no additional provision as to hypothecation will now be required, and (b) that they should note that it has now been laid down as a definite understanding for their guidance, (See paragraph 4, Confidential despatch to Kenya on 35704/25 October sent to Crown Agents in letter of 19th August 1925) that in the case of a <sup>default</sup> deposit by the Bank in respect of any of the three agreements the amount recoverable should be divided pro rata to the loss sustained respectively.

In that case Uganda should be furnished with a copy of the letter to the Crown Agents with reference to confidential despatch on 58153.

The result will presumably be that none of the three agreements will contain any reference to the £300,000 deposit, but before giving instructions to the Crown Agents on the lines suggested above it will be necessary to find out from them the exact nature of the agreement they have with the Bank in regard to the deposit. I have taken this point up with Mr Phillips of the Crown Agents by minute on 18.5.26

*J.P.A.*

N/114 & 559 Uganda

~~Mr. Allen~~

Mr. Allen,  
The Colonial Office,  
S.W.1.

Your minute of 27th February.

You have had all the correspondence but I annex for convenience a summary and extracts, see particularly extract from our letter to the National Bank of India of 18.12.24.

The Bonds which have been lodged for the due performance of the agreements between the National Bank of India and the Governments of Kenya and Uganda and the High Commissioner for Transport for Kenya and Uganda, are transferable by delivery and have been transferred to us without notice of defect in the title of the transferor and accepted by us in good faith. Our hold upon the securities is therefore quite complete.

W.A. Williams

Finance Dept.

Crown Agents for the Colonies.

10th March, 1926.

Mr. Bostwick

Now proceed as in Mr. Allen's

minute on X1937/26

11.12.26

KENYA:

341

UGANDA:

HIGH COMMISSION OF TRANSPORT: KENYA & UGANDA.

BANKING AGREEMENT WITH NATIONAL BANK OF INDIA

LODGEMENT OF £300,000 FOR DUE PERFORMANCE OF THE ABOVE.

C.A. 1962  
Suggests that the Crown Agents should approach the Head Office, National Bank of India with a view to lodgement of securities by the Bank against local deposits.

National Bank of India. Enquiring "what securities they would be prepared to lodge."

Bank of States that the Bank "has never in any case lodged securities against deposits and do not propose to do so" in connection with deposits at Nairobi.

1963  
+3007  
24  
Reporting the above.

C.A. 1963  
46014  
4  
Instructing us to write to the National Bank of India "informing the Bank that as they decline to furnish securities against deposits by Government of Kenya arrangements will be made for a portion of these deposits to be transferred to other Banks."

National Bank of India. Conveying the above information.

Bank of C.A. "As regards the question of hypothecating securities against Government deposits we have given careful consideration to question which is an entirely new one so far as this Bank is concerned, but as we are of an opinion that we could not give priority to Government over other deposits without earmarking such securities in our Balance Sheets, a course which would be prejudicial to the Bank's interests, we regret that we cannot adopt the proposal. We however, would be quite agreeable to increase to a substantial extent the securities given by us against Government general business which would probably meet the wishes of the Secretary of State and we shall be glad to hear <sup>from</sup> you on this point."

1963  
24  
Reporting the above and adding "at a recent interview at this office Mr. Linton, Sub-manager of the Bank mentioned informally that an amount of £250,000 in this connection stating at the same time that he had no authority to indicate such a figure and he was not prepared to say whether his Directors would agree to lodge securities to this amount for the purpose indicated."

Bank of C.A. "We also informed you that we were prepared to make a substantial increase on the securities lodged against Government of East Africa the amount we are prepared to lodge in this respect being up to £300,000 if necessary instead of the present amount of £16350. Pending a reply to our letter we think we are justified in concluding that no change in the banking arrangements of East Africa would be made."

National Bank of India  
12.24.

"In view of the magnitude of the ordinary accounts of these Governments we shall be glad to settle as soon as practical the question of increasing the general security given by your Bank in connection with the East African agreements. We are prepared to accept the sum of £300,000 which you suggest as a satisfactory amount for this viz., as security for the due performance of the agreements with the Government of Kenya and Government of Uganda and also the new agreement in negotiation in respect of the East African Transport Administration."

Bank of England  
to G.A.  
12.24.

"In regard to the £300,000 to be deposited by us at the Bank of England we propose to lodge 5% War Loan 1929/47 being Bearer Bonds to the order of the Crown Agents for the Colonies for the full face value of £300,000. There is at present an amount of £16,350 lodged and we would suggest to you that in order to make a clean transaction of it you should agree to the withdrawal by us of the £16,350 and the substitution therefor of the amount of £300,000."

Bank of England  
12.24.

Instructions to release £16,350 and receive in exchange £300,000 - 5% War Loan Bonds.

National Bank of India  
12.24.

Stating that we have instructed the Bank of England to release £16,350 and receive in exchange £300,000 - 5% War Loan Bonds.

Bank of England  
to G.A.  
12.24.

Stating they have received £16,350 and deposited £300,000

Bank of England  
12.25.

Reporting release of £16,350 and receipt of £300,000 in exchange.

WAT  
10 26. Finance Dept  
CA

Original  
DECODE

1932  
of a telegram from  
FEB 1926  
Kenya

19<sup>th</sup> Feb. 1926

Received in the Colonial Office at:

5 7<sup>pm</sup> on 19<sup>th</sup> Feb

7. an despatch of 12<sup>th</sup> January

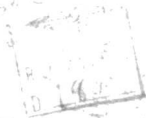
Confidential Bank Agreement

No objection  
No instructions

*Green*

12-iii-26  
17-8  
every 17/8  
including

Sud



~~1/2~~

March 1926

Gentlemen

AFT.

I am in reply to  
~~parts~~ of the letter  
from this Dept. of the  
12<sup>th</sup> of January, regarding  
the Agreement with the

on 58155

Uganda

National Bank of India  
in respect of

Uganda Capt. LF, Uganda  
of 12-1-26 (on 58155)

- (a) Kenya
- (b) Uganda and Kenya Uganda
- (c) the ~~and~~ transport administration and with

copy

with ref. to para. 6 thereof,  
~~request you~~ to inform  
you that the National  
Bank of India  
should now be notified  
~~that that provision~~ that  
provision as to  
no additional & hypothecation  
will ~~be~~ be required.

2. ~~I am also~~ to you

should also note, with

reference to para. 4 of  
Mr. Amey's Conf. Despatch

to the Acting Governor of

Kenya, dated the 19<sup>th</sup> of

August, a copy of which

was enclosed in a

letter to you of the same

date, that ~~it~~ has now

been ~~repeatedly~~ laid down

as a definite understanding  
for your guidance, that,

in the event of a default by

the Bank in respect

of any of the three

agreements in question,

35704/35



the amount recoverable  
should be divided  
amongst the three Administrations  
pro-rata to the loss  
sustained by each party  
respectively

3. I am also to  
refer to Mr Phillips  
minute No. A/559 of  
the 15th of Feb, and to  
suggest that the points  
raised therein regarding  
the draft agreement in  
respect of Uganda should  
be noted by you in  
direct correspondence with  
the Prot. Govt. The  
copy of the agreement which  
accompanied that minute  
is returned herewith

(Sgd) C. J. Jeffries

(X1850)

ET.

X.1937/26.

Downing Street,

3  
March, 1926.

Gentlemen,

I am directed by Mr. Secretary Anery to refer to the letter from this Department of the 18th of January, regarding the Agreements with the National Bank of India in respect of (a) Kenya, (b) Uganda and (c) the Kenya-Uganda Transport administration, and with reference to paragraph 4 thereof, to inform you that the National Bank of India should now be notified, that no additional provision as to hypothecation will be required.

2. You should also note, with reference to paragraph 4 of Mr. Anery's Confidential despatch to the Acting Governor of Kenya, dated the 19th of August, a copy of which was enclosed in a letter to you of the same date, that it has now been laid down as a definite understanding for your guidance that, in the event of a default by the Bank in respect of any of the aforesaid agreements in question, the amount recoverable should be divided

WHEN AGENTS  
ON THE COLONIES.

L.1937/26.

Downing Street,

18 March, 1926.

Gentlemen,

I am directed by Mr. Secretary Anery in answer to the letter from this Department of the 12th of January, regarding the Agreements with the National Bank of India in respect of (a) Kenya, (b) Uganda and (c) the Kenya-Uganda Transport administration, and with reference to paragraph 6 thereof, to inform you that the National Bank of India should now be notified that no additional provision as to hypothecation will be required.

2. You should also note, with reference to paragraph 4 of Mr. Anery's Confidential despatch to the Acting Governor of Kenya, dated the 19th of August, a copy of which was enclosed in a letter to you of the same date, that it has now been laid down as a definite understanding for your guidance that, in the event of a default by the Bank in respect of any of the three agreements in question, the amount recoverable should be divided.

CROWN AGENTS  
FOR THE COLONIES.

ided amongst the three Administrations pro rata to  
Your sustained by each respectively.

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(A/559) of the 15th of February, and to suggest that  
points raised therein regarding the draft agreement  
respect of Uganda should be settled by you in direct  
correspondence with the Protectorate Government. The  
copy of the agreement which accompanied that minute is  
enclosed herewith.

I am,

Gentlemen,

Your most obedient servant,

(Sgd) C. J. Jeffries