

*Lakettina pankinjohtaja
R. Ryti*



THE NATIONAL CITY COMPANY

AFFILIATED WITH
THE NATIONAL CITY BANK OF NEW YORK

34, BISHOPSGATE,
LONDON, E.C.2.

CAPITAL \$10,000,000.
CABLES: NACITCO, LONDON.
TELEGRAMS: NACITCOLUN, STOCK, LONDON.
TELEPHONE: LONDON WALL 1737 (3 LINES)

Hon. Risto Ryti,
Governor Finlands Bank,
Helsingfors,
Finland.

26th March 1925.

Dear Mr. Ryti,

I take this opportunity of thanking you most sincerely for your courtesy in responding so promptly and definitely to my enquiry relative to the effect of the Cabinet crisis on the completion on scheduled time of formalities in connection with the new Dollar Loan.

I am now in receipt of your two cables re the French bond situation, reading as follows:-

"PULKKINEN STATES MR. BARDE FROM PARIS HAS PROPOSED THAT AN AMOUNT OF ABOUT 5 MILLION FRANCS FRANC BONDS SHOULD NEVERTHELESS BE CONVERTED DOLLAR BONDS HAVING LEARNED THAT IT WILL NOT DO HE HAS STATED TO BE IN POSITION TO EASILY REMIT PROCEEDS ?? (Mutilated) YOUR CONSENT CONVERSION SUCH PROPOSITION THUS LIKELY TO BE PRESENTED YOU FROM HIMSELF PULKKINEN REQUESTS ME INFORM YOU CONFIDENTIALLY THAT HE WISHES THAT THIS CONVERSION SHOULD NOT BE BROUGHT ABOUT INITIATIVE SOLELY MR. BARDES."

"I AM INFORMED PARIS NATIONAL CITY COMPANY NEW YORK HAS PROPOSED THERE THAT PULKKINEN SHOULD BUY IN NEW YORK 250 BONDS FOR (mutilated)? CLIENTS OF PULKKINEN ASKED ME INFORM YOU HE DOES NOT UNDER CERTAIN CIRCUMSTANCES OBJECT THIS PROPOSITION PROVIDED YOUR CONSENT."

in reply to which I have just wired you:-

"THANKS YOUR TWO WIRES. ANY SUGGESTION MADE BY OUR REPRESENTATIVE IN PARIS WAS ON HIS OWN INITIATIVE AND IN RESPONSE TO REPRESENTATIONS FROM BARDE AND FINNISH MINISTER ADVANTAGE OF SETTLEMENT WOULD BE LARGELY LOST UNLESS \$250,000 BONDS DELIVERED TO HOLDERS DEPOSITING PRIOR WITHDRAWAL OFFER. WE MAKE NO RECOMMENDATION BUT IN INTEREST GOOD FEELING QUITE WILLING AGREE DELIVERY \$250,000 PROVIDED:-

FIRST. MUTUALLY AGREED NO FURTHER BONDS DELIVERED.

SECOND. NATIONAL CITY BANK OF NEW YORK (PARIS) BE GIVEN LIST OF

"FRENCH DEPOSITORS RECEIVING BONDS AND THEIR AGREEMENT NOT TO RESELL WITHIN SIX MONTHS EXCEPT THROUGH NATIONAL CITY BANK OF NEW YORK (PARIS).

THIRD. GOVERNMENT TAKE NOT EXCEEDING ONE HALF \$250,000 BONDS FROM MARKET FUND PURCHASING REMAINDER IN MARKET THROUGH NATIONAL CITY COMPANY (NEW YORK)

WRITING FULLY. WEEKS."

I am sure you will have quite understood my viewpoint in cabling as above. From the various conferences which it has been our privilege to have with you, you will realise that the point that we particularly questioned in the original agreement with the French holders was the one under which a considerable quantity of bonds might be delivered to French holders, only to be fed back on the New York Market in such a way as to require our purchasing them in order to support quotations. Supporting the market on outstanding issues is a rather discouraging process when the successful distribution of a new issue is dragging a bit, and is taking the best effort and attention of a distributing house. If, however, this matter can be adjusted in a way which will effectuate the ends which you have desired to accomplish in Paris, without putting additional weight on the New York Market, we will be more than glad to co-operate to that end. This is the thought which led me to suggest the three conditions above enumerated, subject to which we would be quite agreeable to the Finnish Government delivering \$250,000 par value of the Republic of Finland 6% bonds of 1923 to the French holders.

As indicated in my cable, I have been led to make this suggestion by advices through our Paris Branch to the effect that both Mr. Barde's Committee and your own Minister in Paris were greatly disturbed by the withdrawal of the offer to deliver dollar bonds, and strongly felt that this withdrawal would undo a great deal of the good which had been accomplished by the settlement heretofore negotiated. I may say quite confidentially to you that I suspect the difficulty lies in the fact that if the French bondholders accept cash, it would actually be delivered to them in the form of French francs, which, under the laws against the export of capital, they could not legally get out of the country, whereas, if they had delivered to them dollar bonds, they would be able to retain an external investment. As already intimated to you, our previous experience in similar cases has been that, while French holders may in such cases leave their capital outside the country, they do not necessarily leave it in the foreign bonds which are delivered to them; that is to say, they might very readily accept these bonds in New York and sell them there for reinvestment in some other security. This is one of the reasons why we have felt the three conditions above indicated necessary to protect us in our efforts toward maintaining a satisfactory quotation for the 1923 6s.

I am expecting to leave London for another stay on the Continent at the end of this week, but I am sure that any communications bearing on this or other features of our bond transactions which come in during my absence, will be quite satisfactorily attended to by Mr. Morier, whom you met while here.

Governor Ryti.

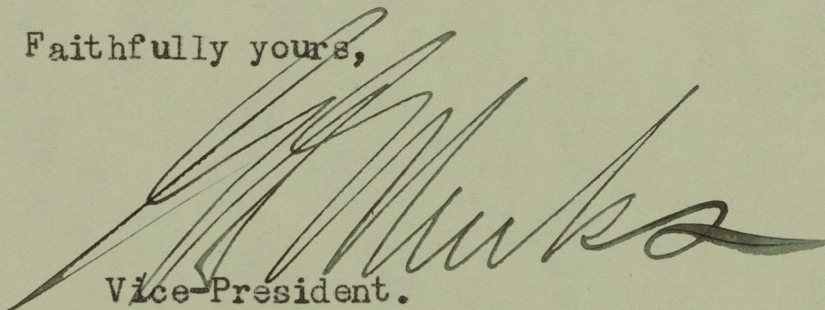
3.

26th March 1925.

With the very best compliments of myself and associates,

Believe me, Dear Mr. Ryti,

Faithfully yours,

A handwritten signature in dark ink, appearing to read "J. W. Muksa". The signature is fluid and cursive, with a long horizontal stroke at the end.

Vice-President.

GKW/C