

CONFIDENTIAL



Secretary of State for Industry

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

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The Rt Hon John Nott MP
Secretary of State for Trade
Department of Trade
1 Victoria Street
London SW1

John Nott

TK

RESTRICTIVE TRADE PRACTICES ACT : STOCK EXCHANGE

Thank you for sending me a copy of your letter of 30 May to Geoffrey Howe about the Stock Exchange request that they should be exempted from the Restrictive Trade Practices Act. I have also seen the reply from Geoffrey's Private Secretary to yours.

Competition policy generally and the effects of the reference of the Stock Exchange to the Restrictive Trade Practices Court in particular have important implications for British industry, and I hope that I may be able to join any discussion which you have with Geoffrey Howe after the Budget. I should also like my officials to be associated with any review which Trade and Treasury officials may undertake with the Bank.

Although I very much doubt, if we were starting from scratch, that anybody would have seen the Court as the best institution to review the complex competition issues to which the Stock Exchange gives rise, I must say that I can see substantial problems in amending the Restrictive Trade Practices (Services) Order at the present time. I wish too that I felt greater confidence that the Monopolies and Mergers Commission would be able to produce the effective review that I believe we are all agreed is needed.

I am sending a copy of this letter to the Prime Minister, the Chancellor and to Sir John Hunt.

*Yours faithfully
Ken*