



10 DOWNING STREET

THE PRIME MINISTER

20 November 1979

*Dear Nicholas,*

Thank you for your letter of 6 November about the decision not to remove the Stock Exchange from the scope of the Restrictive Trade Practices legislation.

I am sorry that you are so disappointed about this decision. But I can assure you that it was taken only after the most careful consideration. The legislation does of course include the power to lay an exemption order; and as John Nott made clear in the House, we would be prepared to consider granting exemption to the Stock Exchange if circumstances radically changed. Moreover, we are very much concerned that adequate regulation of the securities market should be preserved and we recognise that the Council of the Stock Exchange has a central role to play in this. It is for this reason that we intend to amend the Restrictive Trade Practices Act to permit the Court to suspend the effects of an adverse judgement so that the parties to a case can be given time to revise their agreement in the light of the Court's findings. The necessary amendments, which I understand have now been shown to you in draft, should reduce the possibility of any disruption to the securities market which might result if an adverse judgement entered into effect immediately.

/With regard

With regard to your second point about consultation, I gather that you discussed your request for exemption with Sally Oppenheim on 22 May. An extensive exchange of views between departments and the Bank of England followed, based on the memorandum which accompanied your request and on the discussions which you had with Sally. The matter was subsequently considered at length by Ministers. Finally, I gather that John Nott gave you prior notice of the proposed announcement when he saw you on 16 October. In all fairness, I do not think it can be argued that Ministers failed to consult you.

Yours ever

Richard

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N.P. Goodison, Esq.



10 DOWNING STREET

PRIME MINISTER

You said you would reply to Nicholas Goodison's letter at Flag A. I attach a draft based on material provided by the Department of Trade.

Background on the consultation point is at Flag B. There clearly was consultation, but it could have been fuller.

T.L.

19 November 1979



*From the Secretary of State*

Tim Lankester Esq  
Private Secretary to the Prime Minister  
10 Downing Street  
London, SW1

19 November 1979

*Dear Tim*

.... In response to your letter of 12 November, I attach a draft reply for the Prime Minister to send to Mr Goodison about the decision to refuse the Stock Exchange exemption from the Restrictive Trade Practices legislation.

On the first point in the letter, whether the Government would be willing to reverse its decision should circumstances dictate, the letter repeats the statement given by my Secretary of State in the House on 23 October. On the second point, the Government's alleged lack of adequate consultation, the position is as follows. Consultation was requested in the initial letter from Mr Goodison to my Secretary of State on 8 May, which enclosed a memorandum setting out the Stock Exchange's case. A meeting to discuss the request for exemption was subsequently held between Mrs Oppenheim and Mr Goodison on 22 May. At that meeting, Mr Goodison asked for a "round-table discussion at which the Bank of England would be present" if the Government felt unable to grant the request for exemption. The Stock Exchange memorandum was subsequently discussed departmentally at official level and the Bank of England was involved in these consultations. As the Prime Minister knows the matter was also the subject of extensive correspondence between Ministers. My Secretary of State also discussed the Stock Exchange's views with the Governor. My Secretary of State decided that it would not be appropriate to hold the "round-table discussion" requested by Mr Goodison but nevertheless saw him personally to give him advance notice of the proposed announcement on 16 October, a week before the Commons statement. (The Secretary of State had also had dinner with the Stock Exchange on 8 October.)

In the circumstances, my Secretary of State considers that Mr Goodison's allegation of inadequate consultation is unjustified.

*Yours sincerely*  
*John Symes*

J M D SYMES  
Private Secretary



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Trade to T2  
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DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

N P Goodison Esq  
Chairman  
The Stock Exchange  
London, EC2N 1HP

Thank you for your letter of 6 November about the decision not to remove the Stock Exchange from the scope of the Restrictive Trade Practices legislation.

~~As regards your first point,~~

~~As John Nott made clear to the House when he made his announcement, while we are prepared to re-consider this matter if an exceptional situation arose, we <sup>do not think</sup> consider on balance that a grant of exemption would not be warranted. We are, however, concerned that adequate~~

~~regulation of the securities market should be preserved and we recognise that the Council of the Stock Exchange has a central role to play. In recognition of this, John announced our intention to~~

is in this.

~~amend the Restrictive Trade Practices Act to permit the Court to suspend the effects of an adverse judgement so that bodies involved in proceedings <sup>can</sup> could be given time in which to revise their agreement in the light of the Court's findings. The necessary amendments (which I understand have now been shown to you in draft) should reduce the possibility of any disruption to the securities market which might result if an adverse judgement entered into effect immediately.~~

With regard to your second point about consultation, I gather that you discussed your request for exemption with Sally Oppenheim on 22 May. An extensive exchange of views between departments followed (in which the Bank of England participated) based on the memorandum which accompanied your request and on the discussions which you had with Sally. The matter was subsequently considered at length by

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are so disappointed about  
this decision. But I can  
assure you that as it was  
taken only after the most  
careful consideration. The  
legislation does not  
include the power to lay  
an exemption order; and  
as John Holt made clear  
in the House, we certainly  
would be prepared to consider

gaining exception to the  
Stock Exchange if circumstances  
radically changed. But moreover,

etc. ~~as~~

we are very much concerned..

.....

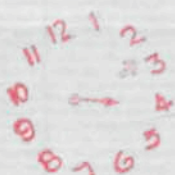


Ministers. Finally, I gather that John Nott gave you prior notice of the proposed announcement when he saw you on 16 October.

I appreciate that ~~the~~ <sup>your</sup> decision in this ~~matter~~ <sup>not to exempt the Stock Exchange</sup> is not ~~as~~ <sup>what</sup> you would have wished. However, in all fairness I do not think it can be argued that Ministers failed to give your request the fullest consideration or that you received inadequate consultation.



119 NOV 1979



WASHINGTON

