



CONFIDENTIAL
 DEPARTMENT OF TRADE AND INDUSTRY
 1-19 VICTORIA STREET
 LONDON SW1H 0ET 5422
 TELEPHONE DIRECT LINE 01-215
 SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

9 October 1985

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David Norgrove Esq
 Private Secretary to the
 Prime Minister
 10 Downing Street
 LONDON
 SW1

DN,
 PR

CS
 Please
 ERN

Dear David,

will never be required

FINANCIAL SERVICES BILL : INTERNATIONAL RECIPROCITY

My Secretary of State wrote to the Chancellor of the Exchequer on 7 October about his decision to include in the Financial Services Bill a discretionary power enabling him to declare ineligible to conduct investment business in the UK a firm from any country which does not accord British firms broadly equivalent access to its financial markets.

2. Given the importance of this issue, I am sending a copy of the letter to you and to Michael Stark (Private Secretary to Sir Robert Armstrong).

Yours ever

Michael Gilbertson

MICHAEL GILBERTSON
 Private Secretary

JFLAID

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535



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FINANCIAL SERVICES BILL : INTERNATIONAL RELIEF SOCIETY

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Secretary of State for Trade and Industry

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Prime Minister 2

To be aware

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9/10

7 October 1985

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The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1

cc: PS/MH

PS/MFT

PS/Sir BH

Mr Cairnes

Mr Williams

Mr Rickford

Mr Hutton FS

Mr Muir I

Mr Wells FS

Dear Nigel,

FINANCIAL SERVICES BILL : INTERNATIONAL RECIPROCITY

I am writing to let you know that I have come to the conclusion that the Financial Services Bill should include a discretionary power enabling me to declare ineligible to conduct investment business in the UK a firm from any country which does not accord British firms broadly equivalent access to its financial markets.

2 I understand that you too are in principle in favour of such a power. The City itself is divided on the subject, but I am satisfied that we need to have such a power, in reserve, in order to defend ourselves against discrimination abroad and to strengthen our hand in securing the progress towards international liberalisation that we seek.

3 I know that you have already begun to consider the merits of including a similar provision in the forthcoming Banking Bill. Though some considerations here may be different, we will want to be as consistent as those considerations allow; and so my officials will be giving you details of the power proposed for the Financial Services Bill as soon as possible.

4 I am sending a copy of this letter to Geoffrey Howe.

Lew
Lea

LEON BRITTAN