



10 DOWNING STREET

*From the Private Secretary*

4 November 1985

I attach a copy of a letter the Prime Minister has received from Sir Nicholas Goodison, Chairman of the Stock Exchange.

I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach me by Monday 14 November.

BF

(DAVID NORGROVE)

Mrs Rachel Lomax

TREASURY

cc MA

THE STOCK EXCHANGE

SIR NICHOLAS GOODISON  
CHAIRMAN



LONDON, EC2N 1HP  
TELEPHONE: 01-588 2355  
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1st November, 1985

RZ

Dear Prime Minister

Your government's Financial Services Bill will shortly be published. It is based upon the principle that self regulation within a statutory framework is a sound and efficient way of ensuring a well-regulated financial market. This is a principle that The Stock Exchange can wholeheartedly endorse, particularly given its own record in maintaining high standards.

But I have to say that I am concerned about one particular aspect of financial regulation. There is a continuing and worrying failure to bring prosecutions against individuals who, on the basis of evidence we have been able to unearth, seem highly likely to have been involved in financial fraud. If this situation continues, it is bound to damage the reputations of those City institutions which believe in the effectiveness of self regulation.

I hope, therefore, that you will give urgent consideration to the resources your government is prepared to devote to the investigation and prosecution of financial fraud. I appreciate that these resources, requiring as they do high skill and expertise, are likely to be costly. There are also many other demands for increased resources from other parts of society. But until the City can demonstrate publicly that it is running an honest shop, it is unlikely to generate the confidence in investors that is necessary to ensure that our mutual objectives of wider share ownership and international competitiveness are achieved.

Yours sincerely  
Nicholas Goodison

The Rt. Hon. Margaret Thatcher, M.P.,  
Prime Minister,  
10 Downing Street,  
London SW1.

Evon Pol Gower : Pt 2.

THE STOCK EXCHANGE

LONDON STOCK EXCHANGE  
15, ABchurch Lane, LONDON, E.C. 4M

THE NICHOLAS GOODSON  
BUILDING



Dear Sir

I have the pleasure to acknowledge the receipt of your letter of the 14th inst. in relation to the proposed acquisition of the shares of the company by the company mentioned therein. I am sorry to hear that you are unable to accept the offer made by the company and I am sure that you will be satisfied with the result of the acquisition. I am sure that you will be satisfied with the result of the acquisition.

Yours faithfully  
John Gower

The Secretary  
The Stock Exchange  
15, Abchurch Lane  
London E.C. 4M