



From the Secretary of State

*cc Mr Whitford
Mr James
Lingham*

Prime Minister

*You agreed earlier that
it would be wrong to
exempt the stock exchange.
The draft seems O.K.
Content?*

Tim Lankester Esq
Private Secretary
10 Downing Street
Whitehall
SW1

Yes - it's

18 October 1979

*12
1979*

*in - good
announcement on
method grounds
and*

Dear Tim

STOCK EXCHANGE

My Secretary of State and the Chancellor of the Exchequer have been in correspondence during the summer about the request from the Stock Exchange for exemption from the Restrictive Trade Practices Act (Mr Nott's letter of 16 August and the Financial Secretary's reply of 22 August).

An amendment to the Act has now been prepared which will enable the Court to defer the effects of its Declaration that restrictions are contrary to the public interest; this will give the parties time in which to make revisions in the light of the Court's findings. Thus if the Court finds that the practices of the Stock Exchange are contrary to the public interest, there will be an interval in which alternative procedures can be introduced without an immediate threat to the operation of the market.

My Secretary of State has kept in touch with the Chairman of the Stock Exchange on this subject and gave him full details of what was proposed at a meeting on Tuesday. Mr Goodison said that he was not surprised that the request for exemption was being rejected, although he would certainly have to express in public the disappointment of the Stock Exchange at this decision.

... I enclose a copy of the announcement which my Secretary of State will introduce into his speech on the Second Reading of the Competition Bill on Tuesday 23 October.

I am sending copies of this letter to the Private Secretaries of Members of E Committee, to Ian Maxwell (Lord Chancellor's office), Richard Prescott (Paymaster General's office) and to Martin Vile (Cabinet Office).

*Yours sincerely,
Stuart Hampson*

S HAMPSON
Private Secretary

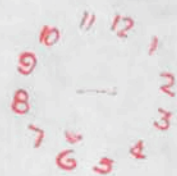


COMPETITION BILL: SECOND READING SPEECH -
STOCK EXCHANGE ANNOUNCEMENT

There is one immediate change which I consider needs to be made to the Restrictive Trade Practices Act. I can see that in cases involving self-regulatory bodies the existing procedure of the Restrictive Practices Court could lead to difficulties should the Court reach an adverse finding with immediate effect. I propose, therefore, to amend the powers of the Court to enable it to defer the effects of its Declaration that restrictions are contrary to the public interest; this will give the parties time in which to make revisions in the light of the Court's findings. The revised Agreement would then have to be submitted to the Court for clearance.

As Members will be aware, the Stock Exchange Agreement has been referred to the Restrictive Practices Court under the Restrictive Trade Practices Act. The Stock Exchange have requested that their Agreement should be removed from the scope of the legislation on the ground that the Restrictive Practices Court is not an appropriate body to investigate their activities. I have decided that it would not be appropriate to meet this request. However, I am concerned that adequate regulation of securities markets should be preserved and I recognise the value of self-regulation in which the Council of the Stock Exchange have a central role to play. I believe that the amendment to the Act I have referred to earlier will be of benefit to the Stock Exchange.

19 OCT 1979



Dean Ash

jfh

CC	HO	Ch. Sec.
	FCO	LCO
	HMT	PGO
	IND	CO
	ENG	
	LPO	
	MAFF	
	EMP	



SC WAP

10 DOWNING STREET

From the Private Secretary

22 October 1979

Stock Exchange

The Prime Minister has read your letter of 18 October with which you enclosed the draft of the announcement which your Secretary of State intends to make about the Stock Exchange and the Restrictive Trade Practices Act during his speech in the House tomorrow. The Prime Minister is content with the draft, and she thinks that the solution which Mr. Nott has decided on is a good practical compromise.

I am sending a copy of this letter to the Private Secretaries to the members of E Committee, to Ian Maxwell (Lord Chancellor's Office), Richard Prescott (Paymaster General's Office) and Martin Vile (Cabinet Office).

T. P. LANKESTER

Stuart Hampson, Esq.,
Department of Trade.

VLS