PRIME MINISTER

This is a letter from Nicholas Goodison expressing his concern at the decision not to exempt the Stock Exchange from the Restrictive Trade Practices Act. You will recall that Mr. Nott decided not to exempt them; but the Act will be amended so that 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 c a n be introduced without an immediate threat to the operation of the market.

His complaint that he was not consulted does not stand up. Mrs. Oppenheim saw him on 22 May; there was then correspondence; and Mr. Nott saw him a week before the decision was announced.

I imagine you will want to reply. Or shall I ask Mr. Nott?

Mrs - I should have to. put.

8 November 1979

THE STOCK EXCHANGE

6th November, 1979

R8

Dear Margaret

Restrictive Practices Court

Forgive me for bothering you about this but as you know John Nott has decided to leave us within the confines of the Restrictive Practices Court rather than moving us to a different form of review.

I am not writing to you to seek to reverse this decision. I did however promise months ago to keep you in touch and I want to make two points, both of which seem to me to be exceedingly important -

1.   In answer to a question in the House John said that he was always open to representations at some future date if it looked as if adequate regulation of the securities markets was being put at risk by the case. This has always been my central point in arguing that the Restrictive Practices Court is the wrong forum for a study of The Stock Exchange. I and my Council have a job to do as the central non-statutory regulatory authority in the securities markets. Government must be concerned with adequate regulation both because it must want to ensure adequate protection of investors and because it uses the stock market as its chief means of raising long term money, recently in very large quantities. The Restrictive Practices Court's terms of reference are narrow and the process is an adversary legalistic process. The Stock Exchange, on the other hand, is an evolving market whose regulatory rules have to be changed constantly to meet the needs of users and ensure their reasonable protection.

I do very much hope that Government shares my deep concern about adequate regulation and really will take an interest in the unfolding of this extremely complex case. I wanted a different forum because Government would have been able to exercise some influence on the outcome. As I understand the legislation, Government cannot now do this, even allowing for the amendments which John mentioned to me but which have

not yet been tabled. It seems to me that the
only action which Government could take during
the course of the case is to lay an exemption
order and I am writing to you to express the
hope that Government will have the political
will to do so if it is necessary.

2.   I was really astonished by the Government's
        failure to respond to our repeated requests for
        discussions before the taking of an adverse
        decision. As you know, I am a keen supporter
        of your Government. I am very sorry that I had
        to criticise it publicly for taking this decision
        without any consultation whatever with us. I had
        no choice, which was a very invidious position
        to find myself in.

Yours ever

Nicholas

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

- I look forward very much to joining
  you on 19 November -

c.c. John Nott.

BF 19/11/79

10 DOWNING STREET

From the Private Secretary   12 November 1979

The Prime Minister has received the enclosed letter from Mr. Nicholas Goodison about the decision not to exempt the Stock Exchange from the Restrictive Trade Practices Act. I would be grateful for a draft reply which the Prime Minister can send to Mr. Goodison – by Monday 19 November.

I understand that Mr. Goodison's complaint that he was not consulted is false.

T. P. LANKESTER

Stuart Hampson Esq
Department of Trade.