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B/F in Chancellor's
bilateral folder

CONFIDENTIAL

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PRIME MINISTER

Securities Regulation

I detect some ill feeling in the Treasury about this letter. They feel that there has been a deal between the Bank and DTI without bringing them in. The Chancellor will be looking at the papers over the weekend and will respond next week. You may want to discuss this at the bilateral on Wednesday. As the Policy Unit point out, the Governor's proposal could further delay the Government's response to the Gower report. I also find unappealing a group of City Chairmen grappling with the problems of regulation when new market structures are developing. Of its nature, a group of this kind will exclude the most innovative spirits. I suspect the purpose is that the Bank will provide the secretariat, enabling them to write the script.

Agree no response until you have had a chance to confer with the Chancellor?

HF

Must confer both with Chancellor
and SJS.

11 May 1984

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