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DINNER WITH CHAIRMAN OF STOCK EXCHANGE AND COUNCIL MEMBERS
TUESDAY, 12 JUNE 1984

The Stock Exchange is still somewhat divided about its future.

There is growing agreement about the need for:

- a. time-stamping or contract notes - to enable checking of prices against market prices;
- b. wider disclosure generally;
- c. a faster electronic settlement system;
- d. an electronic marketplace superimposed on the traditional marketplace based on the trading floor;
- e. the Government Broker/Bank of England suggested arrangements for the gilts market.

There is more uncertainty about the likely form of trading in the equity market. Whilst many are running the compromise of retaining a separate jobbing and broking system for the smaller stocks - whilst allowing the larger stocks to be traded freely by single-capacity specialists - there are many others who are sceptical about whether such a compromise would stick. The overall impression was of continuing drift towards greater radicalism, which will only be arrested as and when the Stock Exchange Chairman gets together firm proposals and tests them in a vote of the Members.

There was also a growing wish to see the Government relax on the timescale laid down for the changes. There seems no reason to do this, as the time pressure is the one thing that might force the Stock Exchange into making a decision sooner rather than later, which would help the membership as well as the customers, as it would then end the long period of uncertainty.

J.R.