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FROM: VIVIEN LIFE
DATE: 4 April 1986

PS/CHANCELLOR

cc PS/Economic Secretary
Sir P Middleton o/r

Phoe Murray
Mr Cassell

Mr Peretz

Mr Norgrove - No 10

PS/Secretary of State for
Trade and Industry

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1. The Deputy Governor telephoned the Financial Secretary this morning to warn him that Lloyds Bank Board have decided to make a bid for Standard Chartered. Jeremy Morse would be seeing Lord Barber this morning and the bid may go public very quickly - possibly today.

2. The Bank's view was that this move would make a lot of sense in that it would create a third British Bank of a similar size to Nat West and Barclays. In addition, Standard Chartered was beginning to look vulnerable to predators, in particular from the US.

3. Their advice would therefore be not to stand in the way of the bid.

4. The Financial Secretary took note of this without comment.

VIVIEN LIFE