



10 DOWNING STREET

THE PRIME MINISTER

31 January 1986

Dear Mr. Gould,

Thank you for your letter of 16 January about the duties of the Under Secretary of State for Trade and Industry with regard to the Financial Services Bill.

Michael Howard has very properly declared his interest in Lloyds. Although he remains a non-underwriting member, in practical terms he is involved only to the extent of the insurance contracts he wrote before he ceased to underwrite. The outturn of these contracts in terms of potential liabilities or returns will depend essentially on ordinary commercial factors affecting any insurance contract and over which he has no control.

Michael Howard has an interest in the inclusion or exclusion of Lloyd's from the Bill to the same very limited extent that other members of the Standing Committee would have an interest in the inclusion or exclusion of an area of investment in which they might engage, for example unit trusts or life assurance. His returns from the existing insurance contracts described above could only be affected by the inclusion of Lloyds within the Bill, to the extent that a new regulatory system could impose marginal additional costs on the management of syndicates and the investment of premium trust funds, which could be passed on by managing agents to syndicate members. This would equally be the case for any other area of investment activity.

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I have considered the points you raised and remain of the view that Michael Howard's duties with regard to the Bill involve no breach of the principles of public life to which you refer.

Yours sincerely
Margaret Thatcher

Bryan Gould Esq., M.P.