

*Subject cc Master**14*NOTE FOR THE RECORD

MIDLAND BANK

The Chancellor yesterday evening saw the Prime Minister and spoke along the lines of the minute attached.

Additional points were that the bid from the Hong Kong Shanghai Bank for the Royal Bank of Scotland had been referred and that a reference to the MMC would create a delay which would allow the Government to use its reciprocity powers if it felt that to be necessary in the event.

After discussion it was agreed that a reference looked inevitable and the Chancellor should discuss the position with the Secretary of State for Trade and Industry.

DKr

DAVID NORGROVE

2 July 1987

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