

150 people chaotic meeting  
All Morris

~~At~~ Banlow Clowes meeting  
Stephen Day on top table

Winterston I began to press ministers  
Treasury, Trade Industry, Prime  
Ministers office.  
"Adrian" "Consistently ignored" "Adrian should  
be made public." Dept of T & I  
share responsibility for collapse of Coy.  
Overwhelming case for compensation to be paid  
by DTI"

Peter Hayes

Hanley said we want time to question  
you & challenge some of your statements.

Peter Hayes ~~Chairman. Manufacturer group~~

~~wrote to Winterston, Alan Fletcher.~~

~~First letter to NW 22/3/84. FSI John Moore~~  
~~replied 13/6/84 write to PM,~~  
~~interact~~

1/4 way through. George Furler asked  
on a point of order why we were  
listening to a speech when we should be  
discussing what action should be taken.  
Winterston justified speech.

Norman Miscampbell also followed asking  
speaker to come to point.



interruption from John Marshall asking to have a discussion.

interruption from John Wilkins. Can we not have a discussion.

Winterkin This is serious. What about De Lorean when Govt. took no notice

~~Jan Taylor~~ He paraphrased & concluded

Jan Taylor Was S.T. article a negative article about Barlow Clowes, because if so it should have raised suspicions in the minds of a reputable intermediary.

Jeremy Hanley I query statement that FSA has not added to protection. I believe it will work.

Winterkin I said self regulation would not work.

Hayes I welcome FSA. The point is FSA is not self regulation

John Dyer 2 1/2 thousand. Will be 7 to 10 thousand. Impassioned rhetoric on behalf of small investors. If UK Company had been struck off here, would have invested in the GIB company.

## Questions

E K-B Could ombudsman look into cases now. Winterkin wait for DTT enquiry.

John Redwood First thing is to organise

repatriation of money in funds. How big are they. Michael Jordan Cork Galley UK fund £52m.

Mixing of funds GIB & UK. A scheme in Oct. of at least 10p in £.

GIB is more serious. Assets about £30m out of £138m. <sup>est</sup> £85m loaned out to other funds of Mr. Clowes.

Dickens

Paul Grey





Meeting, 26th July 1988

Grand Committee Room

AGENDA

- 1) 6pm      Introductory Remarks, Mr Nicholas Winterton MP
- 2) 6.05 pm Mr Peter Hayes, Chairman, Plan Invest Group.
- 3) 6.40 pm Mr John Dyer, Chairman, Barlow Clowes Investors Group
- 4) 6.55 pm Contributions from the floor, questions from the press
- 5) 7.20 pm Meeting closed. Photocall, outside Westminster Hall



our ref:

your ref:

date: 26th July 1988

from the office of: The Chairman

*Plan Invest Group*  
*plc*



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ATTACHED IS A COPY OF A SPEECH MADE BY THIS  
COMPANY'S CHAIRMAN IN THE GRAND COMMITTEE ROOM  
OF THE HOUSE OF COMMONS

\* \* \* \* \*



26th July 1988

A Speech Made to M.P.s in the Grand Committee Room,  
House of Commons by Peter Hayes, A.C.I.B.

I have come here today to identify myself as Nicholas Winterton's constituent - the one who wrote to him several times in 1984 and 1985 expressing concern about persons, firms and companies carrying on securities business without a License from the Department of Trade & Industry permitting them to do so.

I was the Managing Director of a company based in Macclesfield, Cheshire when I wrote the letters to Nicholas Winterton, my Member of Parliament. It is a company which I started to offer financial planning advice and an investment management service. The company is called Plan Invest Group plc and today I am its Chairman. It is as the Chairman of Plan Invest Group plc - as the spokesman for that company that I address you.

I am the holder of the Trustee Diploma of the Chartered Institute of Bankers which I received in 1966. I am an occasional contributor to financial magazines, an insurance broker, that is one who is Registered under the Insurance Brokers Registration Act 1977, and I was the holder of a Representative's License from 1977, a License issued by the Department of Trade when it also issued a Principal's License to Deal in Securities to Plan Invest Group plc. Those Licenses and the Representatives' Licenses of my colleagues were maintained until this year when they were replaced under the Financial Services Act by full membership of FIMBRA - a Self-Regulatory Organisation which draws its powers from the Securities and Investments Board.

My letters to Nicholas Winterton expressed general concern about those in the Securities Industry operating without a License to Deal in Securities and specifically in relation to Barlow Clowes even though I did not refer to them by name. I had no doubt then nor have I now that the Department of Trade knew it was Barlow Clowes about whom I was expressing concern. Mr. Winterton forwarded my letters to the Department of Trade and passed back to me their replies. Eventually I wrote direct to the Parliamentary Under Secretary of State for Corporate and Consumer Affairs - Alex Fletcher, now Sir Alex Fletcher, and I also wrote to a Civil Servant who, in due course, took up the job of replying to my letters to Mr. Fletcher.

During the same months of 1985 I also wrote many times to NASDIM, the so-called City Watchdog, which, I recently have read, was itself expressing concern to the Department of Trade about Barlow Clowes. NASDIM was my company's trade association, its initials standing for the National Association of Security Dealers and Investment Managers but it was also a Regulatory body Recognised under the Prevention of Fraud (Investments) Act 1958. NASDIM has evolved under the Financial Services Act into FIMBRA. My letters to NASDIM mentioned Barlow Clowes by name.

Copies of my letters to NASDIM and to Nicholas Winterton and those sent directly to the Department of Trade were sent to Sir Godfray Le Quesne on 6th July and he has acknowledged their safe receipt.



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To avoid any misunderstanding let me say that I do not hold any executive office in FIMBRA nor do I sit on its Council - I am just an ordinary member of it abiding by its Rules as I abided by NASDIM's Rules and the Rules for Licensed Dealers and for Insurance Brokers.

My correspondence with Nicholas Winterton began with a letter dated 22nd March 1984 shortly after the Budget of that year when it was announced by the Chancellor of the Exchequer that tax relief on life assurance premiums was to be abolished and bank interest taxed at source. This was shortly after the report on investor protection submitted to the Government by Professor Gower which led to the White Paper on Investor Protection which itself led to the Financial Services Act. I had hoped in my long letter of 22nd March 1984 to demonstrate a link between the fiscal measures put into force by a Government and their effect on the Securities Industry. In that letter I said, and I quote, "The taxation of bank interest allied to the abolition of exchange controls in 1979 and what Professor Gower has in mind with his suggested Investor Protection Act will force many so-called financial advisers to recommend offshore banks, insurance companies and a variety of investment media who will be able to pay interest without deduction of U.K. tax. This will entirely circumvent what Professor Gower is seeking to achieve, as there is virtually no protection in the Channel Islands, the Isle of Man and less in the further afield so-called tax havens, by comparison with what is already available to the investor by way of protection in the U.K. before Professor Gower's suggestions are enshrined in an Act". The reply passed to me by Nicholas Winterton came from the Financial Secretary to the Treasury, then John Moore. His letter concentrated on what he described as the "overwhelming case for the withdrawal of tax relief for premiums paid on policies of life assurance". I was sufficiently concerned that my point about the overlap between fiscal legislation and the protection of the investor had been missed, that I then wrote on 13th June 1984 to the Prime Minister herself. My opening paragraph in that letter read as follows "I am writing to you on a number of issues believing them to be associated the one with the others but they can all be reduced to the interaction of fiscal changes and investor protection". I pointed out that I had already written with my views on these topics to my Member of Parliament and that I was, and I am quoting again, "Writing now well ahead of the action your Government may take following the report on Investor Protection by Professor Gower" but the crucial part of that letter read as follows "The abolition of Life Assurance Premium Relief has already led to changes in my industry, the introduction of a composite rate of tax from next April on bank deposit accounts allied to there being no exchange controls and a strict new Investor Protection Act which may shortly be placed on the Statute Book will merely drive those with poor ethics in my industry to operate offshore - in Gibraltar, the Isle of Man, the Channel Islands and further afield where there is virtually no protection for investors at all". That letter was acknowledged by 10 Downing Street and I subsequently received a short acknowledgement from the Department of Trade as well telling me that the points I had made had been noted and would be taken into account in Ministers' decisions on the regulation of financial services. I wrote again on 23rd October 1984, the subject matter being whether those who advised the public on Unit Trusts needed to be Licensed Dealers in Securities because of the guidance notes as to who did need a license, issued by the Department of Trade & Industry two years previously in September 1982. It was a general letter on the point of who needed a license and it generated a long reply, dated 29th November 1984, a reply signed by Alex Fletcher then Parliamentary Under-Secretary of State for Corporate and Consumer Affairs. I responded, suggesting ways in which the Department of Trade & Industry might discover those recommending Unit Trusts to the public and doing so without a License to Deal in Securities or without membership of NASDIM which was



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an alternative. In that letter I said "Everytime there is a scandal about a firm engaged in my profession it adversely affects my company and other reputable intermediaries and weakens the public's confidence in those who advise on investments. The recent floatation of British Telecom has brought a lot of Insurance Brokers out into the open and now that they have a taste for dealing in securities because of that issue there is likely to be many more unqualified intermediaries advising the public as a direct result of this Government's policy". I received a reply via Nicholas Winterton dated 18th January 1985 again signed by Alex Fletcher rejecting my suggestions for discovering those whom I believed to be in breach of the Prevention of Fraud (Investments) Act 1958 but in his letter he said that his department pursued cases where it appears that a person was carrying on business in breach of that Act. As a result, on 25th January 1985 I wrote to Nicholas Winterton again and said "I find it disquieting that the existing legislation is not being vigourously pursued by the Department of Trade & Industry". It was in that letter of 25th January 1985 that I obliquely referred to Barlow Clowes by saying "There is a very large firm which advises members of the public on investments in British Government Stocks and the business which it does is substantial and the firm regularly advertises in the national press, including the Financial Times. That firm is neither licensed by the Department of Trade nor a member of NASDIM". I went on to say that I was concerned "That before the White Paper is even published, and certainly before it is discussed and leads to new legislation, that many existing investors of that firm and would-be investors may be put at risk". Elsewhere in the letter I said "I am concerned that a firm of that size which regularly advertises should have been allowed to do so much business for such a long period of time without anybody in authority having made enquiries and made sure that it was not acting outside the law. I do appreciate the difficulties which the Department of Trade & Industry has in policing my industry but I would not wish the Government to be caught out by a significant failure in my industry at the very moment when new legislation designed to protect the investor is under discussion". Two days later, in the Sunday Times of 27th January 1985, there was an article headed "Gilt Scheme under Threat". That article specifically referred to Barlow Clowes and said that the firm was applying for both Licensed Dealer and Licensed Deposit Taker status. It said that the firm had attracted 50,000 clients with an average investment of £8,000 each, a total of £400 million with literature, and I am quoting from the article that promises "a high guaranteed return from gilt edged securities". It also referred to the tax loophole upon which Barlow Clowes product was believed to hinge a loophole, it was rumoured might be closed in the next Budget, which allowed basic rate taxpayers, "to turn the income from Government stock into capital via a complicated method known as bondwashing". I will refer again to that article in a moment if I may.

*informing  
at this point  
by Fowkes*

On 20th February 1985 my last letter to the Department of Trade & Industry was acknowledged by Alex Fletcher in a letter to my Member of Parliament. In that letter Mr. Fletcher said "I am almost certain that I recognise the very large firm Mr. Hayes mentions but does not identify. You will understand my saying no more except that the task of enforcement is made rather easier if names are named and that there are protections attached to giving information to a regulatory authority to assist it in performing its functions". At that stage I decided to write directly to the Department of Trade and eight days later I had the opportunity to do so. Consequently I wrote to Alex Fletcher on 28th February 1985 and said "The announcement today by the Inland Revenue regarding the future treatment of accrued interest on British Government Stocks may very well have a considerable bearing on the company about which I have



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expressed concern. It is not my function to police the Securities Industry and as it seems apparent that you know the firm I am concerned about no doubt your Department will be taking whatever action it considers necessary, bearing in mind the effect of the Inland Revenue's statement". What had happened on that day was an announcement by the Revenue to stop bondwashing. As far as I was concerned that finished Barlow Clowes product from a tax point of view and I therefore was concerned that it might put the firm under considerable financial and commercial pressure and merely increased my worries about the firm. In the last paragraph of my letter I returned to an old theme of mine, that was the number of unit trust intermediaries operating without a license from the Department of Trade. The reply to that letter of 28th February 1985 took a long time in coming, approximately three months, it was dated 24th May 1985 and came to me from a Civil Servant in the Department of Trade who made it clear that he had been asked to reply to my letter to the Parliamentary Under-Secretary of State for Corporate and Consumer Affairs. In regretting the delay in replying his letter concentrated entirely on my point about unit trust intermediaries and made no reference to the major point, i.e. the Inland Revenue statement and the effect it would have on Barlow Clowes.

Consequently when I wrote back to him on 28th May 1985 I expressed astonishment and dismay at what I regarded as a lack of action by the Department of Trade in not pursuing those who might need licenses and attempted to bring the correspondence back to Barlow Clowes by saying "I have made it very clear in previous correspondence that a very large firm which advertises very regularly is neither licensed nor a member of NASDIM and Alex Fletcher in his replies to me has made it equally clear that he knows perfectly well the firm to which I have referred but so far as I know that firm is still trading and taking monies from the public. As I understand it that particular firm has applied for a license from the Department of Trade. It seems to me that either that firm should be forced to discontinue its activities until a license has been granted to it or a license should be immediately issued. I find it hard to understand why action has not been taken against that firm and other firms which have dealt in securities since October 1982 and have taken so very long to even apply for a license". I finished the letter with the following sentence "I would be grateful if you would bring this letter to the attention of the appropriate Minister in charge of the Department".

I received a reply but it was in general terms. Although the terms were general it contained an interesting sentence, "As a practitioner in the field you are well-placed to pass onto us information suggesting that someone may be trading whilst unauthorised and I would mention that we do receive this kind of information from time to time, particularly from NASDIM. Having been provided with a name we do follow up each allegation with the object of ensuring that all those who need to be are authorised under the legislation and that appropriate action is taken against those who operate outside the regulatory net". I read that as a hint that the Department of Trade was aware of my correspondence with NASDIM in which I had mentioned Barlow Clowes. I cannot now recall whether I telephoned the Civil Servant or he telephoned me but in the middle of June 1985 he and I spoke on the telephone, as a result of which it gave me the opportunity to write to him and in my letter I said "I would be grateful if you would let me know when a license is issued to the company we discussed and if a license is not issued then I would also like to know". I put it to you, that unless we had spoken specifically about Barlow Clowes the recipient of that letter would not have been able to let me know when a license was issued or otherwise because he would not have known about whom it was I was writing. The letter was acknowledged.

*John  
News  
interim*



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Whilst that correspondence was taking place I was also writing, as I have said, to NASDIM. My first letter was dated 23rd January 1985 and it was following a meeting of NASDIM local to me, a meeting which I chaired at the request of NASDIM and which was addressed by its Secretary, John Grant. For some hours before the meeting he had sat in my office to discuss who might be present, members and would-be members of NASDIM, and I mistakenly, I later found out, understood that Barlow Clowes had applied to NASDIM for membership. I was concerned that Barlow Clowes might join NASDIM under a vetting or membership procedure which might have been inadequate because of the size of Barlow Clowes' business. Consequently I wrote on that date to NASDIM to let them know that I had been told in confidence that, "The Stock Exchange had made enquiries of at least some stockbrokers regarding stock and share dealing by the would-be member of NASDIM. The implication behind these enquiries is that some stockbroker has had a bad experience and I suspect that experience is to do with late settlement of purchases. This may very well be one of those applications where you may feel that an independent firm of chartered accountants should look at the applicant's books before the application progresses too far". In his reply John Grant corrected my mistake and told me that Barlow Clowes had not applied for NASDIM membership but that it had applied to the Department of Trade for a license. He did not mention the firm by name but if he did not know about whom I was talking how would he have known it had applied to the Department of Trade?

I wrote again to him on 28th January, however, 1985 remember, to send him a copy of the Sunday Times article I have mentioned a few minutes ago and in that letter I said "I thought you should see what was written in the Sunday Times on 27th January regarding Barlow Clowes. I find it astonishing that that firm should now have 50,000 clients with £400 million under management and be neither a Licensed Dealer nor a Licensed Deposit Taker". I wrote again on 31st January 1985 and said "You may well remember that we touched upon that firm when you were showing me a list of the NASDIM members whom you expected to turn up at the Handforth meeting. One of the names on that list was D.C. Wilson who was indeed present that evening and whom I know to some extent. Here I suspect may lie a problem for NASDIM as I know D.C. Wilsons regularly recommend the other firm's product, or is it a service? I am sure that D.C. Wilsons must be well aware of the fact that the firm which they recommend to their clients are, unlike them, not members of NASDIM nor yet licensed dealers and so perhaps it poses a question as to whether or not a member of NASDIM should recommend to its clients the product and/or service of somebody who is not a member of NASDIM nor yet licensed. Whether this is entirely a matter for D.C. Wilsons or a matter upon which NASDIM feels it should have an opinion and indeed a strongly held view I for one certainly do not know but I mention it as a potential area of difficulty".

This letter was acknowledged and I was reminded in the acknowledgement that NASDIM had issued a general warning against NASDIM members acting as a route through which a client might find himself dealing with someone unauthorised to deal in securities but I believe it prompted NASDIM into issuing a circular to all NASDIM members dated 27th February 1985 underlining this point. I read from that circular "It has come to the Council's notice that some members of the Association are acting as distributors of investment products which are originated by firms which are neither members of NASDIM nor are regulated by the Department of Trade or any other approved body. This practise has a number of inherent dangers, not the least of which is that a default on

*John  
Wilkinson  
interrupted*



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the part of the unregulated originator could involve members of NASDIM".

The circular went on to point out that, "Every NASDIM member has a responsibility to consider not only the nature of the investments for which the firm is acting as a distributor but also the demonstrated competence and professional standards of their originator". As I had written to the Department of Trade on the very day the Inland Revenue changed the Rules, or announced its intention so to do, of accrued interest on British Government Stocks, so on 7th March 1985 I also wrote to NASDIM making the same point to them. I had occasion to write to NASDIM on a number of other dates in 1985.

On 14th May I wrote to NASDIM and said "A client of my company recently told me he had been offered a very high monthly tax-free income showing a yield that I certainly for one could not possibly hope to match. I asked him to let me have details and I enclose with this letter a photocopy of what he sent to me. You will see that it is from a member of NASDIM and as a result of reading the enclosures I telephoned the people offering this advisory service and asked them where the money would be invested. The answer was British Government Stocks and I then asked whether the monies would be invested in my name or somebody else's. The answer to that question was Barlow Clowes. Unless Barlow Clowes have recently become a member of NASDIM or become a Licensed Dealer in Securities, which to my knowledge they have not, it seems to me that what is being offered is in direct contravention of the warning contained in the recent NASDIM bulletin to all members, that is not to advise clients to invest monies in non-licensed or non-member firms. Quite apart from that point of view it seems to me that what is being done is bondwashing which was recently the subject of an Inland Revenue notice. I was assured when I raised this question that it was not bondwashing but reading the notes enclosed and the concentration on the tax exemption being of a Capital Gains Tax nature it seems to me that it must be of a bondwashing nature".

Sadly I did not make a note of the firm recommending the service or product at that time but I did identify one other intermediary in my letter to NASDIM of 24th September 1985 headed "Retired Persons Investment and Pensions Advisory Service", I said, "A client of mine has sent to me the enclosed which as you will see is a NASDIM member recommending Barlow Clowes service/product. I have checked with the Department of Trade before writing to you and they informed me that Barlow Clowes are not Licensed Dealers in Securities and I am aware of the two circulars which NASDIM has sent out advising them not to recommend the products or services of anyone else who is either not a member of NASDIM or otherwise is a Licensed Dealer in Securities. I leave it to you to ask the Retired Persons Investment and Pensions Advisory Service to stop promoting Barlow Clowes if that is still against the NASDIM rules. Their brochure states that it was prepared on their current understanding of the Revenue law and practice but my knowledge of that topic is that there is an imminent change which will make the tax advantage of this scheme unattractive and I would have thought that should have been brought to the attention of would-be investors".

The reply from NASDIM was dated 25th October informing me that Barlow Clowes had become Licensed Dealers in Securities. I had to assume, bearing in mind the amount of correspondence which you are now aware of across almost the whole of 1985 from myself directly to the Department of Trade and to NASDIM, that it had been weighed carefully by the Department of Trade and that they would have made much more vigorous enquiries than would have been usual because of the concern being expressed. What you will realise from my correspondence is that I was unable, as an investment adviser, to find with conventional investments an alternative to the Barlow Clowes product, that is I could not



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match the income or yield advertised and that, of course, was the first thing which made me wonder. What also troubled me, indeed surprised me, was that so far as I was aware Barlow Clowes had only one product to offer and it stood or fell on the taxation treatment of accrued interest on British Government Stocks, that is why I wrote to the Department of Trade on the day the Inland Revenue announced its intentions to change the taxation treatment to emphasise the fact that it would have a detrimental affect on Barlow Clowes. Effectively it killed off their product and I was therefore very surprised later in the year for the firm to have been licensed because so far as I was concerned it had virtually nothing left to sell. However, I took the view that having made as many comments as I had on so many different occasions, both to the Department of Trade and to NASDIM which itself I believed to have expressed concern that if the Department of Trade after, no doubt making more than usual enquiries I would have thought because of what I had been saying in my letters to them and to NASDIM, that it must be alright and that presumably Barlow Clowes had developed their product range.

It was some time before I was aware of Barlow Clowes International based in Gibraltar. I saw its advertisements from time to time. There was one in a magazine called "Lookout", a magazine for those living in Spain. According to the January 1987 edition, Barlow Clowes International Limited was offering an 11.4% guaranteed return for December 1986 with an expected performance rate of 11.8%, this from gilt-based investments. I frankly did not understand what that meant. Nor did I understand parts of the rest of the advertisement which said "No hidden charges, no front end loading, no bid/offer spread". It has to be said that Barlow Clowes International Limited was an entirely separate company to the U.K. one which also bore the name Barlow Clowes, but the business, that is the business of managing investments, was the same and the emphasis on British Government Stocks was the same and the Gibraltar company I do not think would have blossomed if it had not been for a change in the treatment of taxation by the U.K. Government. I imagine the U.K. Government would not have changed the rules of taxation on accrued interest on British Government Stocks unless it wished to stop people from avoiding taxation so why, subsequently, license a business whose product is to avoid that taxation? The potential consequences for the protection of the investor I believe were made quite clear in the correspondence I have read out to you tonight and the timing of the warning to the Department of Trade was the actual day when the Inland Revenue announced the change in taxation. If the U.K. business of Barlow Clowes had not been licensed a Gibraltar company could still have been set up but I think the existence of a licensed U.K. company gave credibility to the one in Gibraltar.

I have to tell you that as an investment adviser myself dealing with other companies, companies long established and with household names - in appropriate circumstances, that is usually for someone living offshore for whom from a tax point of view a U.K. investment would not normally represent sensible advice, if I know that the U.K. operation is sound and reputable and of long standing I make the assumption which I believe to be reasonable that its offshore company or branch or division is the same but I am aware that it has to operate according to the laws such as they may be which operate in those foreign places. In other words, any offshore financial concern which had a similarly named U.K. company licensed to conduct business here would disarm many persons. What started the alarm bells ringing was the yield, which as I have told you I for one investment adviser could not match. I have made it very clear that, in my opinion, there is a strong link between what a Government proposes from

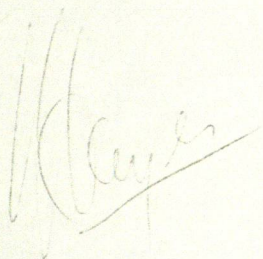


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a tax point of view, what it changes and the reaction to it by the investment community and always there will be a demand for a product which at least appears to offer a tax advantage. If you bolt on to that apparent tax advantage an above-average income and put a guarantee on it as well, it will sell like hot cakes because it is something that we are all looking for. It has long been my view that there should be a person charged with the protection of the investor in the Treasury as well as in the Department of Trade and in the Securities and Investments Board. My company is obliged under the Financial Services Act to have a Compliance Officer to make quite sure my company remains in compliance with the law. I suggest that a Compliance Officer is needed in the Treasury to consider the potential effects on the investing public as changes in taxation are under consideration.

My final points are to try to suggest a way in which this sort of thing is unlikely to occur again. The Financial Services Act has brought with it an astonishing number of new rules and regulations with which I and others in the Securities Industry are now struggling. I am happy to struggle with these new rules. I have made it clear that I have always abided by the rules and regulations of whatever the appropriate authority was, indeed have gone out of my way to do so and I am happy to go on doing so but some of them, the new rules that is, are not workable and they are not practicable and they are tackling the problem from the wrong end. It is far easier to limit the number of products available and ensure that all such products are good products and managed by good and reputable and experienced people. It then matters much less who the retailers are, the intermediaries or insurance brokers or other sorts of brokers or middlemen or salesmen or consultants or whatever they are called, because if they only have good products to sell the worst thing that they can do is to sell good products to the wrong people but to try to police thousands upon thousands of retailers who are capable of designing strange variants of products for themselves so that you end up with a mixture of a product and a service leaving people in the business such as myself completely confused as to whether a firm is offering a product or a service or a mixture of both is where the danger lies. Those in the Securities and Investments Board and those in the self-regulatory organisations, certainly FIMBRA, of which I am a member are doing their best but they are not being helped by the legislation which brought them into being, nor is it self-regulation as it was supposed to be because if it was most of the rules would be quite different.

Let me conclude by emphasising the point that I am making. If products are very carefully defined and they are authorised by the Department of Trade and produced by very sound companies with very big backing of capital then most persons in this country need not be afraid of an investment salesman.



PETER R.D. HAYES, A.C.I.B.  
Chairman

Note - Quotations from letters are underlined.



Shana

—



10, DOWNING STREET,  
WHITEHALL S.W. 1

*With the Private Secretary's  
Compliments*