

CONFIDENTIAL

JABFO  
cc BG



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

12 February 1987

**BANKING BILL**

The Prime Minister has seen your Minister's letter of 11 February about the question of national interest takeover powers in the context of the Banking Bill.

The Prime Minister recognises on the one hand the strength of the pressures for special powers to control bank takeovers in the public interest, and on the other the very great difficulty of some of the decisions which might be needed if such powers existed, and the pressures there would be for extending and using similar powers much more widely. The Prime Minister discussed this with the Chancellor of the Exchequer today and agreed that the proposals in Mr. Stewart's letter - that the existing public interest controls should remain and that new provisions should be introduced to allow the control of bank takeovers on reciprocity grounds - represent a sensible compromise between these conflicting pressures.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office), Timothy Walker (Department of Trade and Industry), John Footman (Bank of England) and to Andy Rinning (Scottish Office).

(DAVID NORGROVE)

GA

Peter Barnes, Esq.,  
HM Treasury.

CONFIDENTIAL