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From the Parliamentary Under Secretary of State  
for Corporate and Consumer Affairs

Michael Howard QC MP

nbpm

Ian Stewart Esq RD MP  
Economic Secretary  
HM Treasury  
Treasury Chambers  
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16<sup>th</sup> April 1987

Dear Ian

I am writing to confirm our request that an amendment to the Banking Bill be tabled in the form agreed by our officials. As you know, this amendment is necessary to ensure that the reciprocity powers in the Financial Services Act work in the way we had always intended, in view of the doubts expressed by Treasury Counsel about the effectiveness of the "cross-functionalism" - ie our ability to act against Japanese banks here to obtain access for our securities firms in Tokyo.

The amendment would need to be introduced at Lords' Third Reading and we would want it to come into force directly upon Royal Assent, I trust during May. This early commencement is necessary to ensure that we can use the powers lawfully at the earliest possible moment, in the event that we have to.

Although the amendment is purely for the avoidance of doubt, I realise that we cannot rule out the possibility that it may provide an opportunity for wider issues of trade with Japan to be raised. We will deal with these on their merits.

I am copying this to the Prime Minister, Lord Whitelaw, the Leader of the House, the Attorney General and the Lord Advocate.

*Y - ew*  
*Michael*

MICHAEL HOWARD

LT7AHQ