

SECRET



FILE

MRM
7

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 April 1990

Dear Bob,

ERM: SECURITY INSTRUCTIONS

Thank you for your letter of 25 April setting out the proposed "ADSO" arrangements for handling papers about the timing and terms of entry for the United Kingdom into the Exchange Rate Mechanism.

I will of course ensure that material is handled in the manner suggested. It would however be helpful if we could add one further name to the attached list, that of Brian Griffiths in the Policy Unit. This would be on the basis that, while Professor Griffiths could see the papers, they would be held here in Private Office.

I am copying this letter to John Gieve (Chancellor's Office).

Yours ever,

Barry

BARRY H. POTTER

R. J. Evans, Esq.,
HM Treasury

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HM Treasury



Parliament Street
London SW1P 3AG
Telephone 01 270

4360

Sir Peter Middleton GCB
Permanent Secretary

n.s.c.

B Potter Esq
10 Downing Street
LONDON
SW1

25 April 1990

Dear Barry,

ERM: SECURITY INSTRUCTIONS

...I attach a copy of a minute which I have circulated within the Treasury instituting a special handling system for papers concerning the timing and terms of entry of the UK into the Exchange Rate Mechanism of the European Monetary System. As you will see these are closely modelled on the arrangements for BLO material and are covered by the codeword "ADSO".

I should be grateful if you would ensure that material which comes to No 10 bearing the ADSO caveat is accorded the appropriate level of protection and that matters concerning ERM entry are only discussed with individuals whose name appears on the attached access list.

Yours sincerely,

Bob Evans

R J EVANS
Private Secretary

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FROM: R J EVANS
DATE: 24 April 1990
EXT: 4360

SEE ATTACHED LIST

ERM: SECURITY INSTRUCTIONS

Decisions on the timing, and the terms of entry into the Exchange Rate Mechanism of the European Monetary System will be extremely market sensitive. For this reason, Sir Peter Middleton has decided to introduce a restricted handling system for papers which include discussion of either of these issues. This is the ADSO system.

2. All papers which discuss dates, terms of entry, including the width of ERM bands and the exchange rate at entry into the ERM and the administrative arrangements for entry will need to bear the security classification "**SECRET: ADSO**". They should only be circulated between individuals on the attached access list. The very existence of the list and the fact that details of ERM entry are under active consideration must under no circumstances be divulged to anyone not on the list.

3. In order to simplify arrangements the handling instructions for ADSO material have been modelled as closely as possible on those for Budget List Only documents. The attached handling instructions at Annex B are a reduced version of the Budget Security Instructions. Papers should circulate in modified BLO folders, a stock of which is held in Sir Peter Middleton's office. They should be kept separate from other material and Mr Rees in

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EOG will be able to provide security boxes for those who require them.

4. These arrangements are the minimum necessary to ensure that market sensitive information is suitably protected and we have tried to make them as simple and unbureaucratic as possible. Any queries over the operation of the list system should be addressed to me in the first instance.

R J Evans

R J EVANS

Private Secretary

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ADSO - ACCESS LIST

1. Ministers

Chancellor
Chief Secretary

2. Senior Officials

Sir Peter Middleton
Sir Terence Burns
Mr N Wicks
Mr M Scholar
Mr H P Evans
Mr J Odling-Smee

3. Private Offices

Mr J Gieve
Mr T Tarkowski
Mr R J Evans
Ms C Evans
Mr A R Lyons
Mr N Davis
Mrs P Spragg
Miss J Todd
Mr J Coker
Mrs M Henson
Mrs J Henser
Mrs V Brown
Mrs D Crane
Mrs E Davies
Mrs J Fane

4. MG

Mr D Peretz
Miss E Engledow (Secretary)
Mr P McIntyre
Mrs P Hubbard (Secretary)
Mr J Grice
Mrs J Wright (Secretary)

5. Other Treasury

Mr P N Sedgwick
Mrs E Hollyer (Secretary)
Ms J Barber
Miss T Spencer (Secretary)
Mr C Riley
Miss P Collins (Secretary)

6.

Bank of England

Governor

Deputy Governor

Mr P Tucker (PS to Governor)

Mr C Briault (PS to Deputy Governor)

7.

Other Whitehall

Attorney General

Miss J Wheldon (Legal Secretary)

Mr A Turnbull (No 10)

Mr B Potter (No 10)

Mr C Powell (No 10)

Mr M Blythe (Treasury Solicitor's Dept)

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ANNEX B

PREPARATION AND HANDLING OF SECRET: ADSO LIST ONLY DOCUMENTS

In addition to the normal security instructions regarding handling of **SECRET** documents, the following special instructions apply to the handling of **SECRET: ADSO LIST ONLY** documents:

- (a) Documents may be typed by a Personal Secretary only if she is on the **ADSO** List. The typist's initials should appear on each page of the document. The originator is responsible for the security of the typed master, which must be given a number in the sequential series used for copies.
- (b) All pages of the document should bear the marking: "**SECRET: ADSO**". Only one side of the paper should be used. Each copy of the document must be sequentially numbered, eg. copy No 3 of 5 Copies. A full record of copy numbers and recipients must be kept in the sender's security register.
- (c) The documents must always be enclosed in the special distinguishing folder marked **SECRET: ADSO** for transmission. They must always be transmitted in double envelopes even if sent within the building. The inner envelope must bear a label marked **SECRET: ADSO** completed with the relevant details mentioned in paragraph (d) below. If more than one document is sent in one envelope, the reference number (see (d) below) of each document must be shown on the label. A receipt must always be obtained for all copies of "**SECRET: ADSO**" documents. It is the responsibility of the originator to ensure that a receipt is returned for each copy which has been sent out. These receipts must be retained.
- (d) Titles of **SECRET: ADSO** documents are not to be shown on receipt forms (which are unclassified) or

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on **SECRET: ADSO** labels. Instead the "reference no" or "title" section of the receipt form or label should show: the sender's security register and the copy no. eg. MCS/28/3.

- (e) If they are being sent to other departments, the documents must be sent by messenger or by the special van service which operates between the Treasury, the Revenue Departments and Parliamentary Counsel's Office. If these are not available, the documents should be sent by special signature service of the IDS. In every case receipts must be obtained for the documents. In no circumstances may the documents be sent by post or transmitted on facsimile equipment except for the secure facsimile link between the Treasury (Room 14/2) and the Bank of England.
- (f) Each recipient is responsible for ensuring that every **SECRET: ADSO** document is entered in the appropriate security register. He must do this himself if no one else is available or authorised to do it - this applies particularly at Grade 7 level. A document may be entered in the security register by the Personal Secretary or allocated Clerk from the information shown on the label, without opening the envelope. If this is done, the number of the security register entry is to be written on the label. The recipient of the document is to ensure that the security register number is shown and should copy it onto the document itself. In some areas, Personal Secretaries or Clerks may themselves be included on the list authorised to hand the material. In such cases only may they open the inner envelopes, in which case the security register number may be written on the document itself.
- (g) Each copy of a **SECRET: ADSO** document is personal to its recipient. It may not be shown to any person not on the list in any circumstances. It may

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be shown (but not copied) to a person who is on the list only if there is a real operational need for him to see it. The fact that a person is on the list does not mean that he must see all **SECRET: ADSO** documents. It is the recipient's responsibility to ensure that the document is not seen by any person who is not authorised to have access to it. It can be kept in the recipient's own security cupboard only if all persons who are entitled to know the combination number have been specifically authorised to handle **SECRET: ADSO** documents. Otherwise it will be necessary to store such documents in a separate document box or security cupboard whose combination number is known only to the recipients (and any authorised handler of such material). Officials who require additional security furniture for this purpose should requisition it as soon as possible from EOG2 (Ext 4859).

- (h) It is essential that **SECRET: ADSO** documents are not left unattended by the person who is responsible for their custody - he must lock them away whenever he leaves his room.
- (i) **SECRET: ADSO** documents may on no account be photocopied except by the originator (or his Personal Secretary, on his authority, if she is on the ADSO list). If a person not on the original list of copy addressees is subsequently to be given a copy of such a document, it must be provided by the originator and the name of the recipient properly recorded. He may retain a small stock of additional numbered copies of the document for this purpose (which are to be treated as accountable documents). If he needs to take an additional copy of the document, it must be numbered in the original series. The above rules as to handling and control of the document apply to additional copies.

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- (j) **SECRET: ADSO** documents may be taken out of the office to meetings only if this is absolutely unavoidable. They may be taken home only if the Permanent Secretary has given his prior approval, either for a particular occasion or generally for a particular individual. Permission will normally be given only if the person concerned has a security container at his home. Any documents taken out of the office must be carried in a locked briefcase, box or pouch and kept securely at all times. A record of these documents must be kept in the office security register and checked on return.
- (k) Where a person only needs to see a part of a **SECRET: ADSO** document, he should be sent a copy only of the relevant extract. The copy extract should be given a number in the same series as the full copies. It should be given the security classification, appropriate to the sensitivity of the matter contained in it - the security classification at the top of the front page should be amended in manuscript if necessary. The recipient of the extract should treat it in accordance with the security classification shown on the document.
- (l) If a **SECRET: ADSO** document is to be destroyed it is to be sent to the **ADSO Security Officer** in double envelopes, the inner envelope bearing the appropriate label, and marked for destruction. The Security Officer will carry out the destruction in accordance with the standing instructions.

2. If a sensitive document meets the criteria for classification as **TOP SECRET** (as defined in Annex 1 of the Treasury Security Instructions) it should be classified "**TOP SECRET: ADSO**". The distinguishing folder and address labels for **SECRET: ADSO** documents are to be used mended accordingly in manuscript. The instructions of paragraph 17 are to be followed,

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except where the normal security instructions for TOP SECRET documents impose more stringent requirements, in which case those should be obeyed.

Queries

3. Any questions about the ADSO Security Instructions should be addressed to the ADSO Security Officer, who is Bob Evans in Sir Peter Middleton's Office (extension 4360).

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