CGBG

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET 5422
Telephone (Direct dialling) 01-215)
GTN 215)
(Switchboard) 01-215 7877

Secretary of State for Trade and Industry

CONFIDENTIAL

27 August 1986

The Rt Hon Norman Fowler MP
Secretary of State for Social Securities
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON
SE1 6BY

Prime Minister (2)

To note DTI remain unhappy about an Autumn 1987 launch date for personal pensions.

MEA 28/8

Dear Norman,

PERSONAL PENSIONS

Thank you for your letter of 31 July. I continue to have serious reservations about the idea of advancing the launch of personal pensions to Autumn 1987. These reservations arise on two related fronts: the implementation of the Financial Services Bill and the readiness of the investment industry generally to respond to your initiative.

As you will recognise, the implementation of the Financial Services Bill will extend over a considerable period from Royal Assent in October. First, the Securities and Investments Board (SIB) will have to finalise its rules and submit them in support of an application for designation under the Bill. Self-regulating organisations seeking recognition from SIB will not be able to finalise their own rules until the application for designation has been granted. Once the SROs' rules have been finalised they will have to be submitted to SIB for detailed scrutiny and approval; meanwhile the SROs will start inviting and processing applications for membership. This latter process is likely to take a considerable amount of time especially in those areas where there are a large number of practitioners who have not previously been subject to regulation. (This encompasses many of the

JF5BJP

1786
1986
BOARD OF TRADE
BICENTENARY

999-1

CONFIDENTIAL

Personal Equity Plans started advertising well before the regulations were available. I believe that this approach would combine the attractiveness of an early launch with the need to protect investors from unscrupulous salesmen.

I am copying this letter to the Prime Minister, Nigel Lawson, Norman Tebbit, David Young and Sir Robert Armstrong.

Yours,

Paul

PAUL CHANNON

JF5BJP

1786 1986 BOARD OF TRADE BICENTENARY

999-49

SOCIAL SERVICES
REVIEW
PT 4

cc69

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Secretary of State for Social Services

The Rt Hon Paul Channon MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
LONDON
SW1H OET

NB PM ct[illegible] style

29 August 1986

Dear Paul.

PERSONAL PENSIONS

Thank you for your letter of July 16th about prospects for an Autumn 1987 launch for personal pensions.

I think it is clear from the correspondence that all colleagues share my enthusiasm for an Autum 1987 start. If such a start was possible there would be very considerable activity in the Press throughout next year setting out the advantages of our pensions proposals. I do not think we should underestimate the importance of this.

In your letter you say that we can expect some adverse reactions from occupational pension scheme managers and pension providers if we go for an early start. I do have to say that some of this reaction would come from precisely the people whom we have had to battle against on personal pensions in any event. I would be very reluctant to accept that we should let frankly self-interested opposition affect our plans - particularly as I am confident that new pensions providers (such as the unit trusts and building societies) would respond enthusiastically to an early start date.

E.R.

On the state of readiness of the Financial Services Bill I would stress that I am as keen as you and Michael Howard to see that investor protection for personal pensions can be derived mainly from the Financial Services Bill framework. We shall certainly want to say as much when we explain in our detailed consultative proposals why we are proposing to keep in reserve the various investor protection powers in the Social Security Act. I would therefore be extremely grateful if in the light of what I have said you could take another look at the likely timetable for the Financial Services Bill safeguards. I see very real gains for the Government in going ahead in the Autumn of next year.

I am copying this letter to the Prime Minister, Nigel Lawson, Norman Tebbit and David Young.

Yours ever,

NORMAN FOWLER

SOCIAL SERVICES
REVIEW
PT 4

29 VIII PM 86

CONFIDENTIAL

CCBG

CABINET OFFICE
WHITEHALL, LONDON SW1A 2AS

Chancellor of the Duchy of Lancaster

Tel No: 233 3299
7471

9 September 1986

The Rt Hon Norman Fowler MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON
SE1 6BY

NBPM

D Norman,

PERSONAL PENSIONS

Thank you for copying to me your letter of 29 August to Paul Channon. Since writing my letter of 14 July, I have seen Paul's letters of 16 July and 27 August, and also your letter of 31 July.

I should say that while I share your enthusiasm, and that of colleagues, for as early a launch of personal pensions as possible, I have to agree with Paul's reservations concerning the readiness of the industry to respond, and the putting in place of the self-regulatory mechanisms under the Financial Services Bill. It is encouraging that Paul has felt able to suggest a start date of 1 January and, in practice, I am sure that the competitive pressures in the industry and the greater coverage of personal financial matters in the media will ensure very considerable and growing public attention for the new system throughout 1987.

I am sending a copy of this letter to the Prime Minister, Nigel Lawson, David Young and Paul Channon.

Yours
Norman

NORMAN TEBBIT

Review of Social Security; SOCIAL SERVICES

Pt 4