



CONFIDENTIAL

CC N.O

Lord Advocate's Chambers
Fielden House
10 Great College Street
London SW1P 3SL

Telephone: Direct Line 01-212 -0515
Switchboard 01-212 7676

4 May, 1983

The Rt. Hon. Lord Cockfield,
The Secretary of State for Trade,
1, Victoria Street,
London SW1H 0ET

Prime Minister

Ms 5/5

mt

COMPANIES ACT 1948 SECTION 27
COMPANIES ACT 1980 SECTION 37

- in PM's Box 4/5

I refer to your Private Secretary's letter of 3 May to P.S./Home Secretary regarding the interpretation of section 27 of the Companies Act 1948 and section 37 of the Companies Act 1980 with regard to pension funds and employee share schemes.

In the short time available to me to consider such a difficult matter I am forced to conclude that the safest course would be to take an early opportunity to legislate on this apparent problem to put the matter beyond doubt. I also agree that it would be desirable to restrict the spread of knowledge of the problem.

Copied as before.

MACKAY OF CLASHFERN

CONFIDENTIAL