

FROM: F CASSELL
4th April 1986

76

PS/CHANCELLOR

ms
Pine Murch cc

PS/Financial Secretary
PS/Economic Secretary
Sir P Middleton (o/r)
Mr Peretz
Mr Norgrove - No 10

KS

STANDARD CHARTERED

You will have seen Ms Life's minute of earlier today. *with TF.*

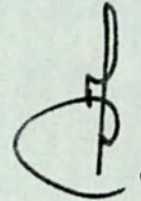
The Deputy Governor rang this afternoon to say that the discussions between Jeremy Morse and Lord Barber had reached no agreement. Lord Barber said that Standard would not welcome a bid from Lloyds except if Standard itself was under attack from a predator.

Standard's share price, however, has rocketed up - from 639 at last night's close (and 450 a few weeks ago) to over 800. Lloyds therefore felt itself obliged to make an announcement that it had approached Standard with an offer of 750p a share. Lloyds is also, I understand, asking for a Stock Exchange inquiry into the price movements in Standards shares.

Standard has itself put out an announcement expressing surprise at the bid. Its board is meeting on Tuesday to discuss the bid.

The Deputy Governor told me he was concerned at the speed of events today. The way Standard shares had shot up suggested that there may be another potential bidder in the background. The Bank think that a Lloyds/Standard grouping would make good

sense, and strengthen British banking. The Deputy hoped that this may still come about. From his conversations today relations between Jeremy Morse and Lord Barber seemed to be good, and the Standard Board when it meets on Tuesday might take a favourable view of linking with Lloyds. But the massive increase in the share price, which leaves the present Lloyd's offer stranded, was not helpful in this context. Nor, more generally, does it reflect well in the City.

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a vertical line and a small dot, resembling the initials 'F. CasSELL'.

F CASSELL

