

NOTE FOR RECORD

Copies to The Governor o/r
Mr Cooke o/r
Mr P J Bull
Mr Gill
Mr Nicolle

llp.
27/9.

JOHNSON MATTHEY

I called in on the Treasury today to tell Middleton something of the Johnson Matthey developments. I told him in broad outline the problem in the bank; that it looked as if a large part of (but not all) of the bank's capital had been lost; and that we are exploring ways of putting the situation right before news breaks and a run develops.

I mentioned that two possible alternatives were an approach from National Westminster to take care of the bank and a take-over of the group by Chartered Consolidated. But I stressed that neither was much more than a gleam in the eye. I said there was considerable urgency, for at the time, I believed that, because of the borrowing on the currency facility, an announcement would have to be made tomorrow night.

I thought it appropriate to tell him this much because Johnson Matthey is a recognised bank and because things might develop in such a way as to call for a Bank of England guarantee. Fortunately, however, he did not raise this last question in any guise. Nor did I.

Cwm

26 September 1984