

C O P Y

VM

PLAIN

London

Dated August 27, 1939

Rec'd 3:05 p.m.

Secretary of State

Washington.

1279, August 27, 8 p.m.

FOR IMMEDIATE DELIVERY TO THE ACTING SECRETARY OF THE TREASURY  
FROM BUTTERWORTH.

"British Treasury has decided, in view of movement of events, to require British residents to declare certain foreign securities and not to dispose of such holdings without permission. British Treasury states there is no present (repeat present) intention to actually acquire them from holders or to dispose of them. Because of the importance of this step to us I am cabling both the regulation made under the Emergency Defence Act and the related Treasury order. These will be in effect when the city opens tomorrow morning; they are being postdated to August 25. His Majesty, in pursuance of section one of the emergency powers (Defence) Act, 1939, and of all other powers enabling him in that behalf, is pleased, by and with the advice of his Privy Council, to order, and it is hereby ordered, that the following regulations shall have effect:

1. - (1) The Treasury may by order direct (A) that,

subject

VM -2- 1279, August 27, 8 p.m., from London.

subject to any exemptions for which provision may be made by the order, no person shall, except with permission granted by or on behalf of the Treasury, sell, transfer or do anything which involves the creation of a charge on securities of any such class as may be specified in the order, being a class of securities which, in the opinion of the Treasury, are likely to be marketable outside the United Kingdom, and I repeat United Kingdom, and

(B) That the owner of any securities of the said class shall, in such manner and within such period as may be specified in the order, make a return to the Bank of England giving such particulars with respect to those securities as may be so specified.

For the purposes of this paragraph a person who mortgages or pledges a security shall be deemed thereby to create a charge on the security.

(2) At any time while an order made under the preceding paragraph with respect to securities of any class is in force, the Treasury, if they are of the opinion that it is expedient so to do for the purpose of strengthening the financial position of the United Kingdom, may, by an order made generally with respect to any specified securities of that class, or by directions given with respect to any securities of that class of which any particular person is the  
owner

VM -3- 1279, August 27, 8 p.m., from London.

owner, transfer to themselves the securities to which the order or directions relates or relate, at a price specified in the order or directions being a price which, in the opinion of the Treasury, is not less than the market value of the securities on the date of the making of the order or the giving of the directions.

(3) Where any order is made, or any directions are given, under the last preceding paragraph with respect to any securities.

(A) Those securities shall forthwith vest in the Treasury free from any mortgage, pledge or charge, and the Treasury may deal with the securities as they think fit;

(B) The owner of any of those securities, and any person who is responsible for keeping any register or book in which any of those securities is registered or inscribed or who is otherwise concerned with the registration or inscription of any of those securities, shall do all such things as are necessary or as the Treasury or the bank of England on their behalf may direct to be done for the purpose of securing that the security and any document of title relating thereto will be delivered to the Treasury or to such person as the Treasury may direct and, in the case of any registered or inscribed security, that the security will be registered or inscribed in the name of the Treasury or such person

VM -4- 1279, August 27, 8 p.m., from London.

person as the Treasury may direct.

(4) The duty to deliver any security under the last preceding paragraph shall include a duty to do all such things as are necessary to secure that any dividends or interest on that security becoming payable on or after the date of the making of the order or the giving of the directions will be paid to the Treasury; and where, in the case of any security payable to bearer which is delivered in pursuance of the said paragraph, any coupons representing any such dividends or interest are not delivered with the security, such reduction in the price payable therefor shall be made as the Treasury think fit:

Provided that, where the price specified in the order or directions in relation to any securities is ex any dividend or ex any interest, this paragraph shall not apply to that dividend or interest or to any coupon representing it.

(5) A certificate signed by any person authorized in that behalf by the Treasury that any specified securities are securities /transferred to the Treasury under this regulation shall be treated by all persons responsible for keeping any registers or books in which the securities are registered or inscribed, or who are otherwise concerned with the registration or inscription of those securities, as conclusive evidence that the securities have been so transferred.

(6) This

VM -5- 1279, August 27, 8 p.m., from London.

(6) This regulation shall not apply to any security if the Treasury are satisfied that at all times since the beginning of the twenty-sixth day of August, Nineteen hundred and thirty-nine, all the persons interested in the security, other than persons interested therein merely as trustees or merely by virtue of any mortgage, pledge or charge created before the said day, but including any persons beneficially interested therein under a trust, were not resident in the United Kingdom.

2.- (1) Stamp duty shall not be chargeable on any security by reason only of the assignment, transfer or negotiation thereof to the Treasury, and shall not be chargeable-.

(A) On any instrument whereby any security is assigned or transferred to the Treasury (whether on sale or otherwise),  
or

(B) on any contract note for, or relating to, any sale of securities to the Treasury.

(2) This regulation applies only in relation to assignments, transfers, negotiations or sales of securities effected during the continuance in force of this regulation, whether in compliance with these regulations or otherwise.

(3) In this regulation the expression "Contract Note" has the meaning assigned to that expression by subsection

(3) of

VM -6- 1279, August 27, 8 p.m., from London.

(3) of section seventy-seven of the Finance (1909-10) Act, 1910.

3. The provisions of Part V of the defence regulations, 1939, shall apply for the purpose of the enforcement of these regulations, and otherwise in relation thereto, as if any reference in the said Part V to those regulations included a reference to these regulations.

4. In these regulations, unless the context otherwise requires, the following expressions have the meaning hereby respectively assigned to them, that is to say:-

"Owner," in relation to any security, includes any person who has power to sell or transfer a security, or who has the custody thereof, or who receives, whether on his own behalf or on behalf of any other person, dividends or interest thereon, or who has any other interest therein; and

"Security" includes shares, stock, bonds, debentures, debenture stock and treasury bills, but does not include a bill of exchange or promissory note.

5. These regulations may be cited as the Defence (Finance) Regulations, 1939. Butterworth.

KENNEDY

DDM

VM

PLAIN

LONDON

Dated August 27, 1939

Rec'd 4:10 PM

Secretary of State

Washington

1279, August 27, 8 p.m. (SECTION TWO).

Treasury Order.

Whereas it is provided by paragraph (1) of regulation Q. of the Defence (Finance) Regulations 1939 that the Treasury may by order give directions prohibiting, except with permission, dealings with securities which in the opinion of the Treasury are likely to be marketable outside the United Kingdom and requiring owners of such securities to make a return to the Bank of England, and whereas the Treasury are of opinion that securities of the classes to which this order applies are likely to be marketable outside the United Kingdom.

Now, therefore, the Lords Commissioners of His Majesty's Treasury in pursuance of the said paragraph hereby make the following order-

1. No person being an owner of securities of any of the classes to which this order applies shall on or after the date of this order, unless permission has previously been granted

VM -2- 1279, August 27, 8 p.m. (SECTION TWO), from London.

granted by or on behalf of the Treasury, sell transfer or do anything which involves the creation of a charge on any securities of the said classes.

2. The owners of any securities of the said classes shall before the expiration of one month from the date of this order make a return to the Bank of England (on a form which may be obtained from any branch of a bank or any stockbroker in the United Kingdom) giving the following particulars with respect to those securities, that is to say.

(A) The full name and address of the owner by whom or on whose behalf the return is made.

(B) A description of the security in full.

(C) The nominal amount of the security.

(D) The place where the security is deposited.

(E) The full name and address of the person for whose account the security is held (if other than the owner making the return).

3. The classes of securities to which this order applies are the following, that is to say,

Securities in respect of which the principal, interest of dividends are payable in the currency of any of the following countries:-

Argentina

Belgium

Canada

VM - 3- 1279, August 27, 8 p.m. (SECTION TWO), from London.

Canada

France

Holland and the Dutch East Indies

Norway

Sweden

Switzerland

United States of America

Or in respect of which the holder has an option to require the payment of principal, interest or dividends in the currency of any of those countries.

4. This order may be cited as the securities (Restrictions and Returns) Order 1939. Butterworth.

KENNEDY

DSB

COPY

PLAIN

London

Dated August 27, 1939

Rec'd 4:20 p.m.

Secretary of State

Washington.

1279, August 27, 8 p.m., (SECTION THREE).

The following paragraphs from the press handout are of interest:

"Permission will, however, be granted until further notice for the transfer of securities of these classes to persons resident in the United Kingdom, provided that an application has, prior to the transfer, been made to and approved by the Bank of England. Such applications must be made to the Bank of England by a bank or stockbroker. Securities affected by the order will not be good delivery on the stock exchange unless accompanied by a form bearing the Bank of England's certificate that the name of the new owner of the securities has been registered.

If it is desired to transfer securities affected by the order to a person not resident in the United Kingdom, special application must be made to the Bank of England by a bank or stockbroker.

Definition of owner

Special attention is drawn to the fact that the Defence

(Finance)

VM 2- 1279, August 27, 8 p.m., (SECTION THREE)

(Finance) Regulations 1939 define the term "Owner" in relation to any security to include any person who has power to sell or transfer the security, or who has the custody thereof, or who receives, whether on his own behalf or on behalf of any other person, dividends or interest thereon, or who has any other interest therein.

Non-resident owners.

The order referred to above does not apply to any security if the Treasury are satisfied that at all times since the beginning of the 26th day of August, 1939, all the persons interested in the security, other than persons interested therein merely as trustees or merely by virtue of any mortgage, pledge or charge created before the said day, but including any persons beneficially interested therein under a trust, were not resident in the United Kingdom. Accordingly, no action has to be taken by such non-resident owners." (Butterworth)

KENNEDY