

# FEDERAL RESERVE BANK OF DALLAS

April 3, 1933.

## To All Banking Institutions and Others Engaging in Foreign Exchange Transactions in the Eleventh Federal Reserve District:

The Federal Reserve Bank of Dallas has been instructed through an Executive Order of the President of the United States, and in Treasury regulations issued subsequent thereto, to keep itself currently informed as to foreign exchange transactions entered into or consummated within this District. The Executive Order of the President, dated March 10, 1933, provides in part as follows:

“Until further order, no individual, partnership, association, or corporation, including any banking institution, shall export or otherwise remove or permit to be withdrawn from the United States or any place subject to the jurisdiction thereof, any gold coin, gold bullion, or gold certificates, except in accordance with regulations prescribed by or under license issued by the Secretary of the Treasury.

“No permission to any banking institution to perform any banking functions shall authorize such institution to pay out any gold coin, gold bullion, or gold certificates except as authorized by the Secretary of the Treasury, nor to allow withdrawal of any currency for hoarding, nor to engage in any transaction in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933.”

You will note that this order prohibits all transactions in foreign exchange except those undertaken (a) for legitimate and normal business requirements or (b) for reasonable traveling and other personal requirements and (c) for the fulfillment of contracts entered into prior to March 6, 1933.

In order that the Federal Reserve Bank of Dallas may keep itself informed as to the foreign exchange transactions entered into or consummated within the Eleventh Federal Reserve District, all individuals, corporations and partnerships, including all banking institutions transacting a foreign exchange business in this District, are required:

1. To obtain from each person\* to whom they sell foreign exchange, directly or indirectly, a written declaration signed by such person\* describing the purpose for which the foreign exchange is purchased and certifying that the transaction in no way violates the Act of March 9, 1933, or the Executive Order of March 10, 1933, or any regulation issued thereunder; and
2. To file with the Federal Reserve Bank of Dallas immediately upon receipt of this circular a written report showing the foreign exchange position of such individual, partnership or corporation; and
3. In case of individuals, partnerships and corporations having daily transactions in foreign exchange, to file a daily report; in case of only occasional or periodic transactions, reports should be made weekly. All reports should show the foreign exchange position as of the date of the report.

Reports should be classified by currencies and should show the amounts in dollars.

Date.....

**FOREIGN EXCHANGE CERTIFICATE**

THE UNDERSIGNED CERTIFIES that foreign exchange on.....  
Country

in amount of..... purchased this day, is for:  
Dollars

\* (a) legitimate or normal business requirements;

\* (b) traveling or other personal requirements;

\* (c) for the fulfillment of exchange contracts entered into prior to March 6, 1933;

that the transaction is not for the purchase of savings or investments in a foreign country or for speculation, and that the transaction in no way contravenes the Act of March 9, 1933, the Executive Order of March 10, 1933, or any regulation issued thereunder.

.....

By.....

\*Mark with check the purpose for which  
the exchange was purchased.

M. O. No.

REFERENCE: DRAFT No.

CABLE No.

UNTIL FURTHER ORDER, ONLY INDIVIDUALS, PARTNERSHIPS OR CORPORATIONS DEALING IN FOREIGN EXCHANGE WHO CARRY THEIR OWN ACCOUNTS ABROAD OR WHO CARRY ACCOUNTS ON THEIR BOOKS FOR FOREIGNERS, ARE REQUIRED TO MAKE SUCH REPORTS.

The Executive Order of March 10 permits foreign exchange transfer for fulfillment of contracts entered into prior to March 6, 1933. Every individual, partnership or corporation dealing in foreign exchange in this District is directed to forward to the Federal Reserve Bank of Dallas a detailed list of all foreign exchange contracts entered into prior to March 6, 1933, for the delivery of foreign exchange after that date. Contracts should be classified by currencies and should show the maturity of each contract. The Federal Reserve Bank of Dallas is to be notified in writing immediately as such contracts are fulfilled.

In case of doubt as to whether a particular foreign exchange transaction comes within the terms of the Act of March 9, 1933, the Executive Order of March 10, 1933, and the regulations issued thereunder, the question should be submitted to the Federal Reserve Bank of Dallas. The term "foreign exchange" as used in this circular means checks, drafts, bills of exchange, cable transfers or any form of negotiable or assignable instrument or order, used: (a) to transfer, credit, or to order payment of funds in any foreign country; or (b) to transfer, credit, or to order the payment of funds within the United States for foreign account.

Form of certificate to be executed by all persons to whom transfers of foreign currency are being made, is enclosed herewith. The person dealing in foreign exchange may prepare duplicates of the enclosed certificate or may prepare a different form of certificate in which the transaction is described in detail. Such forms must in all cases contain the certificate that the exchange transaction is for one of the purposes enumerated above.

Such certificate reciting the purpose for which the foreign exchange is required need not be executed by the purchaser in cases involving transactions under \$100 in amount. A seller in reporting these transactions to the Federal Reserve Bank should, however, certify that in his opinion they were usual and normal transactions. In case the small transactions should assume abnormal volume, the certificate should then be required from all purchasers. As to transactions involving more than \$100 and less than \$1,000 the certificate showing the purposes for which the exchange is required must in all cases be executed by the purchaser. As to the transactions involving more than \$1,000 a detailed written explanation of the purpose for which the exchange is required must be executed by the purchaser, and if the purchase is made in connection with a commercial transaction the contract which gives rise to the need for the exchange should be exhibited to the seller and if possible a copy filed for future reference.

Checks or drafts for dollars which the bank or other seller of exchange has reason to believe are to be used to build up dollar balances for foreigners, should be treated in accordance with the rules outlined above as the purpose of the President's proclamation is primarily to prevent a flight of capital and to preserve the normal balance of exchange transactions.

We ask, however, that you exercise care in obtaining foreign exchange certificates when required, so as not to alarm depositors in banks in this country as to their ability to withdraw their accounts at will. It is our desire to make the enforcement of the existing exchange regulations as free from inconvenience as possible.

Yours very truly,



The image shows a handwritten signature in black ink that reads "B. M. Finney". The signature is written in a cursive, flowing style with a long, sweeping tail on the final letter.

Governor.

\*The word person as used in this circular refers to any individual, partnership, association or corporation, including all banking institutions.