

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, February 3, 1942

**To All Banking Institutions, and Others Concerned,
in the Eleventh Federal Reserve District:**

The Secretary of the Treasury has issued the following public circular and press statement relative thereto:

“PUBLIC CIRCULAR NO. 14 UNDER EXECUTIVE ORDER NO. 8389 of April 10, 1940, as amended, and Regulations issued pursuant thereto, relating to **transactions in foreign exchange, etc.***”

(1) No license or other authorization now outstanding or hereafter issued, unless expressly referring to this public circular, shall be deemed to authorize any blocked country or any national thereof to purchase, directly or indirectly, securities of any one issue of a corporation if the securities so purchased together with the aggregate of all other securities held directly or indirectly by such blocked country or national constitute more than one percent of the outstanding securities of that issue. Banking institutions shall not effect any such purchases if they have reasonable cause to believe that the terms hereof are being violated.

(2) Monthly reports on Form TFR-4 are hereby required to be filed with respect to the purchase or sale of securities for any blocked account and, unless expressly referring to this public circular, no license or other authorization shall be deemed to suspend the requirement of filing this report. Such report shall be filed with the appropriate Federal Reserve bank by the banking institution with which such blocked account is held and shall be filed on or before the 15th day of the month following the calendar month with respect to which the report is filed. No report need be filed for any calendar month during which the total purchases and the total sales for any blocked account are each less than \$5,000. This reporting requirement shall be deemed to be in lieu of that required under any license now outstanding or hereafter issued so far as such license requires the filing of reports with respect to the purchase or sale of securities for any blocked account.

(3) Banking institutions shall have a reasonable period of time, but not to exceed 15 days from the date hereof, in which to adjust their records for the purpose of complying with the provisions of paragraph (1) hereof; provided, however, that a special report shall be filed with respect to any case in which the one percent limitation contained in paragraph (1) was exceeded as a consequence of records being in the process of adjustment. Such report shall be filed with the appropriate Federal Reserve bank within 30 days of the date hereof and shall expressly refer to paragraph (3) of this public circular.

February 3, 1942

E. H. FOLEY, JR.
Acting Secretary of the Treasury”

*Part 131—Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; Public No. 354, 77th Congress; Ex. Order 8389, April 10, 1940, as amended by Ex. Order 8785, June 14, 1941, Ex. Order 8832, July 26, 1941, Ex. Order 8963, December 9, 1941, and Ex. Order 8998, December 26, 1941; Regulations, April 10, 1940, as amended June 14, 1941, and July 26, 1941.

PRESS STATEMENT

“The Treasury Department today issued Public Circular No. 14 which prohibits the purchase, without special license, for any blocked account of more than one percent of the outstanding shares of any one class of any corporation. The purpose of this restriction is to make doubly sure that the Treasury Department may deal specifically with any attempt on the part of blocked nationals to utilize Treasury Department licenses for the purpose of acquiring a substantial interest in American corporations.

“Public Circular No. 14 also simplifies and makes uniform the various outstanding reporting requirements relating to the purchase and sale of securities pursuant to licenses issued under the freezing order. The circular prescribes a new form (TFR-4) which must be filed in any case where securities are purchased or sold under a Treasury Department license involving amounts exceeding the limitations contained in Public Circular No. 14. Thus, if securities are purchased or sold under the authorization of one of the general licenses which permit transactions on behalf of the neutral countries of Europe and their nationals, a report on TFR-4 is required to be filed. The use of the new form will facilitate enforcement of the one percent limitation mentioned above.

“Provision is made in the public circular for a 15 day period during which brokerage houses and banks may adjust their records so that they may comply with the new requirements.

E. H. FOLEY, JR.
Acting Secretary of the Treasury”

Yours very truly,

R. R. GILBERT

President