

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 1176 ]  
March 12, 1933

**Transactions in Foreign Exchange**

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

Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes", amended subdivision (b) of Section 5 of the Act of October 6, 1917 (40 Stat. L. 411), as amended, to read as follows:

"(b) During time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit between or payments by banking institutions as defined by the President, and export, hoarding, melting, or earmarking of gold or silver coin or bullion or currency, by any person within the United States or any place subject to the jurisdiction thereof; and the President may require any person engaged in any transaction referred to in this subdivision to furnish under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such person, either before or after such transaction is completed. Whoever wilfully violates any of the provisions of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both. As used in this subdivision the term 'person' means an individual, partnership, association, or corporation."

The Executive Order of the President, dated March 10, 1933, issued under the authority of the foregoing act reads 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association, or corporation, including any banking institution, shall export or otherwise remove or permit to be withdrawn from the United States or any place subject to the jurisdiction thereof any gold coin, gold bullion, or gold certificates, except in accordance with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.

"Every Federal Reserve Bank is authorized and instructed to keep itself currently informed as to transactions in foreign exchange entered into or consummated within its district and shall report to the Secretary of the Treasury all transactions in foreign exchange which are prohibited."

#### TRANSACTIONS IN FOREIGN EXCHANGE

The Executive Order of March 10, 1933, prohibits all transactions in foreign exchange\*\*\* except such transactions as may be undertaken

- (a) for legitimate and normal business requirements,
- (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 New York may keep itself currently informed as to transactions in foreign exchange entered into or consummated within the Second Federal Reserve District and may report to the Secretary of the Treasury all transactions in foreign exchange which are prohibited, the Federal Reserve Bank of New York hereby requires dealers\*\* in foreign exchange doing business in the Second Federal Reserve District

(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 contravenes the Act of March 9, 1933, the Executive Order of March 10, 1933, or any regulation issued thereunder,

and

(2) to file with the Federal Reserve Bank of New York written reports which will show the foreign exchange position of such dealers at any given time. For the present such reports are required only from dealers who carry their own accounts abroad and/or who carry accounts here on their books for foreigners.

Forms on which reports may be made are enclosed. Those marked Form 200 and Form 300 should be filled out promptly as of the close of business March 3, 1933, and filed with the Federal Reserve Bank of New York as soon as possible. Forms 200, 201, 202, 300 and 301 should be filled out as of the close of business each day beginning March 13, 1933, and forwarded daily to the Federal Reserve Bank of New York.

The Executive Order of March 10, 1933, permits foreign exchange transactions for the fulfillment of contracts entered into prior to March 6, 1933. To enable the Federal Reserve Bank of New York to examine such contracts each dealer in foreign exchange doing business in the Second Federal Reserve District is directed to forward to the Federal Reserve Bank of New York a detailed list of all foreign exchange contracts entered into by him prior to March 6, 1933, for the delivery of foreign exchange after that date. This list should classify contracts by currencies and should show the maturity of each contract. The dealers should advise the Federal Reserve Bank of New York in writing as such contracts are fulfilled.

If any dealer in foreign exchange in the Second Federal Reserve District is in doubt as to whether a particular transaction comes within the terms of the Act of March 9, 1933, the Executive Order of March 10, 1933, and the regulations issued thereunder, such dealer should submit the question to the Federal Reserve Bank of New York. All inquiries to the Federal Reserve Bank of New York with regard to any matters referred to in this circular should be addressed to the attention of Mr. Fred I. Kent.

GEORGE L. HARRISON,  
*Governor.*

FOOTNOTE: \* The word "person" in these regulations means any individual, partnership, association or corporation;

\*\* A "dealer in foreign exchange" means any person engaged primarily or incidentally in the business

- (1) of buying, selling or dealing in foreign exchange, or
- (2) of buying, selling or dealing in securities for or through foreign correspondents, or
- (3) any person who carries accounts or securities with or for foreign correspondents.

\*\*\* The term "foreign exchange" 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 the 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.

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Net Foreign Exchange Position and Forward Contracts

Name

Actual figures in U. S. Dollars (000 omitted) as of close of business

FOREIGN COUNTRIES	1 FORWARD CONTRACTS				2 NET F. X. POSITION *		3 CUSTOMERS DEPOSITS WITH FOREIGN CORRESP.	
	PURCHASES		SALES		(Including Forward Contracts, Overdrafts and other Transactions affecting Position)			
	millions	thou's	millions	thou's	millions	thou's	millions	thou's
EUROPE:								
England								
France								
Switzerland								
Netherlands								
Belgium								
Germany								
Italy								
Other European Countries								
TOTAL EUROPE								
Canada								
Latin America								
Far East								
All Other								
GRAND TOTAL								

\* Indicate Short Position in Red.

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DAILY REPORT TO FEDERAL RESERVE BANK  
PURCHASES OF EXCHANGE

NAME

Actual figures in U. S. Dollars (000 omitted)

DATE

FOREIGN COUNTRIES	Delivery	1 From Banks in U. S.		2 From Banks Abroad		3 Proceeds Of Exports		4 Proceeds Of Securities		5 All Other		6 Total	
		millions	thou's	millions	thou's	millions	thou's	millions	thou's	millions	thou's	millions	thou's
EUROPE:	Spot												
	Forward												
England	Spot												
	Forward												
France	Spot												
	Forward												
Switzerland	Spot												
	Forward												
Netherlands	Spot												
	Forward												
Belgium	Spot												
	Forward												
Germany	Spot												
	Forward												
Italy	Spot												
	Forward												
Other European Countries	Spot												
	Forward												
TOTAL EUROPE	Spot												
	Forward												
Canada	Spot												
	Forward												
Latin America	Spot												
	Forward												
Far East	Spot												
	Forward												
All Other	Spot												
	Forward												
GRAND TOTAL	Spot												
	Forward												

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DAILY REPORT TO FEDERAL RESERVE BANK  
SALES OF EXCHANGE

NAME \_\_\_\_\_

Actual figures in U. S. Dollars (000 omitted) \_\_\_\_\_

DATE \_\_\_\_\_

FOREIGN COUNTRIES	Delivery	1		2		3		4		5	
		To Banks in U. S.		To Banks Abroad		For Securities		All Other		Total	
		millions	thou's	millions	thou's	millions	thou's	millions	thou's	millions	thou's
EUROPE:	Spot										
England	Forward										
France	Spot										
	Forward										
Switzerland	Spot										
	Forward										
Netherlands	Spot										
	Forward										
Belgium	Spot										
	Forward										
Germany	Spot										
	Forward										
Italy	Spot										
	Forward										
Other European Countries	Spot										
	Forward										
TOTAL EUROPE	Spot										
	Forward										
Canada	Spot										
	Forward										
Latin America	Spot										
	Forward										
Far East	Spot										
	Forward										
All Other	Spot										
	Forward										
GRAND TOTAL	Spot										
	Forward										

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Form No. 300

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DAILY REPORT TO FEDERAL RESERVE BANK

**Balances Due to Foreigners**

(Time and Demand)

Name \_\_\_\_\_

Actual figures in thousands of dollars as of close of business \_\_\_\_\_

FOREIGN COUNTRIES	1 NET BALANCES OF FOREIGNERS		2 OVERDRAFTS (Net)		3 TOTAL BALANCES DUE TO FOREIGNERS	
	millions	thousands	millions	thousands	millions	thousands
Europe:						
England						
France						
Switzerland						
Netherlands						
Belgium						
Germany						
Italy						
Other European Countries						
Total Europe						
Canada						
Latin America *						
Far East †						
All Other						
Grand Total						

\_\_\_\_\_  
Official Signature

**NOTE:**

All those who, whatever their nationality, are physically outside the United States are "foreigners." Thus for example, foreign branches of American banks should be regarded precisely as if they were separate foreign banks.

\*Includes Mexico, Central and South America and the West Indies.

† Includes China, Dutch East Indies, British India, Japan, Straits Settlements and

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## DAILY REPORT TO FEDERAL RESERVE BANK

## Debits to Foreign Accounts (Due To)

(000's omitted)

Name

Date

FOREIGN COUNTRIES	1 Payments to Banks or Others in U. S.		2 Payments to Banks or Others Outside U. S.		3 Payments Against Shipping Documents or W'hs Receipts		4 Purchases of Foreign Exchange		5 Securities Purchased		6 Miscellaneous		7 TOTAL	
	millions	thousands	millions	thousands	millions	thousands	millions	thousands	millions	thousands	millions	thousands	millions	thousands
EUROPE:														
England														
France														
Switzerland														
Netherlands														
Belgium														
Germany														
Italy														
Other European Countries														
TOTAL EUROPE														
Canada														
Latin America														
Far East														
All Other														
GRAND TOTAL														

Credits to Foreign Accounts (Due To)  
(000's omitted)

FOREIGN COUNTRIES	1 From Banks or Others in U. S.		2 From Banks or Others Outside U. S.		3 Proceeds of Commodity Sales		4 Sales of Foreign Exchange		5 Securities Sold		6 Miscellaneous		7 TOTAL	
	millions	thousands	millions	thousands	millions	thousands	millions	thousands	millions	thousands	millions	thousands	millions	thousands
EUROPE:														
England														
France														
Switzerland														
Netherlands														
Belgium														
Germany														
Italy														
Other European Countries														
TOTAL EUROPE														
Canada														
Latin America														
Far East														
All Other														
GRAND TOTAL														