

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2274, September 13, 1941
Reference to Circulars Nos. 2262, 2269 and 2271.]

Executive Order No. 8389, as Amended, and Regulations Issued Pursuant Thereto,
Relating to Transactions in Foreign Exchange, Etc.

To all Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:

For your information we quote below the text of Public Circular No. 6 issued September 13, 1941, by the Secretary of the Treasury pursuant to Executive Order No. 8389 of April 10, 1940, as amended, and the Regulations issued thereunder, and the text of a press release relating thereto.

CODE OF FEDERAL REGULATIONS
Title 31—Money and Finance: Treasury
Chapter I—Monetary Offices, Department of the Treasury
Parts 130 and 131
Appendix*

TREASURY DEPARTMENT
Office of the Secretary
September 13, 1941.

PUBLIC CIRCULAR NO. 6
UNDER EXECUTIVE ORDER NO. 8389, APRIL 10, 1940, AS AMENDED, AND REGULATIONS ISSUED PURSUANT THERETO, RELATING TO TRANSACTIONS IN FOREIGN EXCHANGE, ETC.*

(1) Any licenses which may be issued permitting the redemption or purchase for sinking fund purposes or other purchase for blocked accounts of bonds, debentures or similar obligations issued by governments of blocked countries, including political subdivisions, or by corporations organized under the laws of any blocked country, will be so limited as to allow such redemption or purchase only of such securities to which Treasury Department Form TFEL-2 has been previously attached or affixed by, or under the direction of, the Treasury Department.

(2) Applications for the attachment of Form TFEL-2 should be filed on Form TFE-2A with the Federal Reserve Bank for the district or with the Governor or High Commissioner of the territory or possession of the United States in which the applicant resides or has his principal office or agency. Copies of Form TFE-2A may be obtained from any such Federal Reserve Bank or Governor or High Commissioner or from the Treasury Department, Washington, D. C.

(3) Attention is called to the fact that persons acquiring any such securities on or after September 15, 1941, to which Form TFEL-2 has not been attached, are required in Form TFE-2A to furnish much more complete and detailed information concerning the past ownership of the securities than is required of persons who have owned such securities continuously since prior to September 15, 1941. Whereas the former are required on Form TFE-2A to trace the ownership of such securities through April 8, 1940, in order to obtain the attachment of Form TFEL-2, Form TFE-2A only requires the latter to trace the ownership of such securities from the person from whom they have acquired them.

(4) Any person acquiring any such securities under a contract made prior to September 15, 1941 even though delivery of the securities may have been effected on September 15, 1941, or within a reasonable time thereafter, need trace ownership only from the person from whom the securities were acquired, provided the Treasury Department is furnished with satisfactory evidence that the contract was made in the normal course of business through or with a domestic bank or broker or dealer.

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

* This public circular affects Parts 130 and 131 and will be included in appendices to those parts.

Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; Ex. Order 8389, April 10, 1940, as amended by Ex. Order 8785, June 14, 1941, and Ex. Order 8832, July 26, 1941; Regulations, April 10, 1940, as amended June 14, 1941, and July 26, 1941.

FOR IMMEDIATE RELEASE,
Saturday, September 13, 1941

PRESS SERVICE
No. 27-51

As a further step to prevent the sale in this country of securities which have been looted abroad, the Treasury today announced that persons holding blocked foreign bonds should make application to the appropriate Federal Reserve Bank to have a clearance certificate attached to such securities. This will also prevent the depletion of blocked dollar balances through devious transactions in blocked foreign bonds and serve to carry out the other objectives of the freezing orders.

Hereafter any licenses issued under the freezing orders will limit the redemption, etc., of bonds, debentures or similar obligations issued by the government of any blocked country or by corporations organized under the laws of such country to securities bearing a clearance certificate on Treasury Form TFEL-2.

The Treasury stated that bona fide holders of such securities since prior to September 15, 1941 should experience little difficulty in clearing their securities. Persons acquiring such securities on or after September 15, 1941 which do not bear a clearance certificate may experience considerable difficulty in obtaining the attachment of such form and will be asked to trace the ownership of such securities since April 8, 1940. It was emphasized that while the owners of such securities since prior to September 15, 1941 could continue to hold the securities after such date without prejudicing their chances of obtaining the necessary clearance, anyone acquiring such securities on or after September 15, 1941 should make certain that Form TFEL-2 had been attached prior to purchase.

Previous regulations issued by the Department have already imposed restrictions upon the importation of securities as well as on dealings in securities held abroad or bearing foreign stamps.

Details regarding the new requirements appear in Treasury Department Public Circular No. 6 issued today under the freezing orders.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.