

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 2647, July 7, 1943
Reference to Circulars Nos. 2637 and 2646.]

FOREIGN FUNDS CONTROL

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

For your information we quote below the text of General License No. 86 issued today by the Treasury Department:

TREASURY DEPARTMENT
Office of the Secretary
July 7, 1943

GENERAL LICENSE NO. 86
UNDER EXECUTIVE ORDER NO. 8389, AS AMENDED, EXECUTIVE ORDER NO. 9193,
AND SECTION 5(b) OF THE TRADING WITH THE ENEMY ACT, AS AMENDED BY THE
FIRST WAR POWERS ACT, 1941, RELATING TO FOREIGN FUNDS CONTROL.*

(1) A general license is hereby granted authorizing the following transactions:

(a) The payment of premiums and interest on policy loans with respect to any blocked life insurance policy;

(b) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest is that of one or more of the following:

(i) A member of the armed forces of the United States or a person accompanying such forces (including personnel of the American Red Cross, United Service Organizations and similar organizations);

(ii) An officer or employee of the United States; or

(iii) A citizen of the United States resident in a blocked country not within enemy territory; and

(c) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest (other than that of a person specified in 1(b) above) is that of a beneficiary.

Provided, however, that this paragraph does not authorize (i) any payment to the insurer from any blocked account in which an enemy national (other than a person specified in (1)(b) above) has an interest, or from any other blocked account except a blocked account of the insured or beneficiary, or (ii) any payment by the insurer to a national of a blocked country unless payment is made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof.

(2) Notwithstanding the provisions of General Ruling No. 11, the transactions authorized by paragraph (1)(b) above may be effected even though they involve a communication from a person specified in paragraph (1)(b)(i) or (1)(b)(ii) above while such person is within enemy territory.

* Part 131;—Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; Public No. 354, 77th Congress, 55 Stat. 838, 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; Ex. Order 9193, July 6, 1942; Regulations, April 10, 1940, as amended June 14, 1941, and July 26, 1941.

(OVER)

(3) This general license further authorizes the application, in accordance with the provisions of the policy or the established practice of the insurer, of the dividends, cash surrender value, or loan value, of any blocked life insurance policy for the purpose of:

- (a) Paying premiums;
- (b) Paying policy loans and interest thereon;
- (c) Establishing paid-up insurance; or
- (d) Accumulating such dividends or values to the credit of the policy on the books of the insurer.

(4) As used in this general license:

(a) The term "blocked life insurance policy" shall mean any life insurance policy or annuity contract, or contract supplementary thereto, in which there is a blocked interest.

(b) Any interest of a national of a blocked country shall be deemed to be a "blocked interest".

(c) The term "servicing" shall mean the following transactions with respect to any blocked life insurance policy:

(i) The payment of premiums, the payment of loan interest, and the repayment of policy loans;

(ii) The effecting by a life insurance company or other insurer of loans to an insured;

(iii) The effecting on behalf of an insured of surrenders, conversions, modifications, and reinstatements; and

(iv) The exercise or election by an insured of nonforfeiture options, optional modes of settlement, optional disposition of dividends, and other policy options and privileges not involving payment by the insurer.

(d) The term "transfer" shall mean the change of beneficiary, or the assignment or pledge of the interest of an insured in any blocked life insurance policy subsequent to the issuance thereof.

(5) This general license shall not be deemed to authorize any transaction with respect to any blocked life insurance policy issued by a life insurance company or other insurer which is a national of a blocked country or which is not doing business or effecting insurance in the United States.

RANDOLPH PAUL

Acting Secretary of the Treasury.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,

President.