

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 6096 ]  
January 11, 1968 ]

Exemption of Banks and Financial Institutions  
From U. S. Department of Commerce Foreign Direct Investment Program

To All Banks and Other Financial Institutions  
in the Second Federal Reserve District:

Printed below is an excerpt from the *Federal Register* of January 6, 1968, containing the text of a notice issued by the Board of Governors of the Federal Reserve System. It relates to the exemption of the banks and financial institutions that are subject to the Federal Reserve foreign credit restraint programs from the regulations of the Secretary of Commerce on foreign direct investments.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,  
President.

FEDERAL RESERVE SYSTEM

BANKS AND FINANCIAL INSTITUTIONS: CAPITAL TRANSFER ABROAD

By Executive Order 11387 (Jan. 1, 1968, 33 F.R. 47), the President prohibited persons owning 10 percent or more of a foreign business venture from engaging in transfers of capital abroad except as authorized by the Secretary of Commerce, and also authorized the Secretary to require such persons to repatriate to the United States their earnings from such foreign business ventures and their short-term financial assets abroad, including bank deposits. However, the President ordered the Secretary of Commerce to exempt from said requirements, to the extent delineated by the Board of Governors of the Federal Reserve System, banks and financial institutions certified by the Board as being subject to the Federal Reserve foreign credit restraint program.

On January 2, 1968, the Board transmitted to the Secretary of Commerce the letter set forth below, which certified that banks and financial institutions of the kinds described therein are subject to said program, the terms of which are stated in the revised Guidelines issued by the Board of Governors January 1, 1968. The Board delineated for exemption all banks and financial institutions within the enumerated categories, with the exception of any bank or financial institution that is subject to the reporting provisions of the Guidelines and fails to report in substantial compliance with those reporting provisions.

In accordance with the President's Order, the "Foreign Direct Investment Regulations" of the Secretary of Commerce, published in the *FEDERAL REGISTER* of January 3, 1968 (33 F.R. 49), exempted

banks and financial institutions "to the extent that may be delineated from time to time by the Board of Governors". Accordingly, all banks and financial institutions included in the Board's list are now exempt from said regulations of the Secretary of Commerce, subject to the specified exception.

Dated at Washington, D.C., the 4th day of January 1968.

By order of the Board of Governors.

[SEAL] ROBERT C. HOLLAND,  
Secretary.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

OFFICE OF THE CHAIRMAN  
January 2, 1968.

The Honorable Alexander B. Trowbridge,  
Secretary of Commerce,  
Washington, D.C. 20230.

DEAR MR. SECRETARY: In accordance with the provisions of section 1(c) of Executive Order 11,387, dated January 1, 1968, the Board of Governors of the Federal Reserve System certifies that the following banks and financial institutions are subject to the foreign credit restraint programs referred to in said section 1(c):

1. Banks that accept deposits that the depositor has a legal right to withdraw on demand.
2. Savings banks, both stock and mutual.
3. Trust companies, and trust departments of banks.
4. Casualty, fire, marine, and life insurance companies, both stock and mutual.
5. Management investment companies (both open-end and closed-end), as defined in sections 4 and 5 of the Investment Company Act of 1940.
6. Organizations engaged principally in extending credit through consumer, commercial, or industrial loans; financing of sales or lease transactions; leasing of personal property; or purchasing of accounts receivable or similar claims.

7. Organizations engaged principally in underwriting or dealing in securities or acting as broker in securities transactions.

8. Employee retirement and pension funds and similar employee-benefit funds.

9. Foundations, trusts, institutions, and other nonprofit organizations principally devoted to the advancement of art, education, health, philanthropy, recreation, religion, research, or similar areas of activity directed at contributing to the general welfare.

10. Corporations organized under section 25(a) of the Federal Reserve Act (so-called "Edge Act corporations") and corporations having an agreement or undertaking with the Board of Governors under section 25 of said Act (so-called "Agreement corporations").

11. U.S. branches of foreign banks and financial institutions of the kinds described in the foregoing enumeration.

In accordance with the provisions of said section 1(c), the Board of Governors delineates for exemption from the provisions of section 1 of said Executive order all banks and financial institutions of the categories enumerated above, with the exception of any bank or financial institution that is subject to the reporting provisions of said programs but is not reporting (or covered by reports filed by another or others on its behalf) in substantial compliance with said reporting provisions.

The foregoing certification and delineation are subject to modification or termination with respect to any category or individual bank or financial institution, in the event that (a) the foreign credit restraint programs referred to in section 1(c) of said Executive order are so modified that such category or individual bank or financial institution is no longer subject to said programs or (b) the Board of Governors determines that modification or termination of said delineation is necessary or appropriate in the public interest. Any such modification or termination will be communicated by the Board to the Secretary of Commerce.

Sincerely yours,

WM. MCC. MARTIN, JR.

[F.R. Doc. 68-318; Filed, Jan. 5, 1968;  
8:48 a.m.]