

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7328]
[January 29, 1974]

Termination of Voluntary Foreign Credit Restraint Program

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

The following statement was issued today by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System announced today the termination of its Voluntary Foreign Credit Restraint Guidelines (VF CR), effective immediately. The program was designed to restrain foreign lending and investment overseas by banks and other financial institutions.

Today's announcement is being made in conjunction with actions by the Treasury Department to reduce the interest equalization tax to zero and by the Commerce Department to terminate its foreign direct investment restriction. The Federal Reserve has administered the VF CR program since early 1965 at the request of the Administration.

In announcing its action, the Board said it will request banks and other financial institutions to continue during 1974 to report their overseas lending and investments to the Board, but in substantially reduced detail.

Instructions regarding reporting requirements during 1974 will be sent shortly to institutions that report under the program.

ALFRED HAYES,
President.