

For release Friday Morning Newspapers, February 8, 1918.

STATEMENT FOR THE PRESS.

In connection with the Executive Order relating to the control of foreign exchange transactions which was signed by the President on January 26, the Federal Reserve Board announced today that a large number of applications for registration certificates from "dealers" (as defined in the Order) who desire to continue their foreign exchange dealings have been received.

The Board calls attention to the fact that under the terms of the Order no person other than a "customer" (as defined in the Order) who shall not have obtained on or before February 15, 1918, a registration certificate shall, after that date, engage in any foreign exchange transactions, export or earmarking of gold or silver coin or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States) and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country whether enemy, ally of enemy or otherwise, or between residents of one or more foreign countries by any person within the United States.

For guidance of "dealers" to whom registration certificates are issued, the Federal Reserve Board has prepared a pamphlet "Instructions to Dealers as defined under Executive Order of the President of the United States, dated January 26, 1918", a copy of which will be delivered to each "dealer" to whom a registration certificate is issued. Additional copies of the pamphlet can later be obtained from the Federal Reserve Banks or from the Division of Foreign Exchange of the Federal Reserve Board, 16 Wall Street, New York City. Briefly, the "Instructions to Dealers" calls attention to the following:

That "dealers" when filing required reports are not released from responsibility in reporting to the Board promptly and fully whenever they have reason to believe that any transactions are directly or indirectly for the benefit of any enemy or ally of enemy.

That declarations from all foreign correspondents of "dealers" to the effect that their transactions with such "dealers" will not be directly or indirectly for the benefit of an enemy or ally of enemy of the United States, are required; such declarations to be filed with the Federal Reserve Board through a Federal Reserve Bank. That declarations will be required from American residents in foreign countries in the same manner as from foreign correspondents.

That special declarations of non-enemy interest are required in certain instances, which are to be filed with the Federal Reserve Board.

That it becomes necessary after February 15 for collecting agencies throughout the United States to examine all instruments received from foreign points for enemy drawers or indorsers.

That "customers" having business with "dealers" are required in their application for service to state the purpose of the transaction and that it is not directly or indirectly for the benefit of an enemy or ally of enemy of the United States.

That no authority is extended to "dealers" holding registration certificates to engage in any transaction which involves or may involve trading with an enemy or ally of enemy; that should occasion arise where a "dealer" might

desire to undertake such a transaction, he can not do so until he has obtained a license from the War Trade Board.

That all "dealers" must file statements of balances of accounts and securities as of close of business February 20, and thereafter on Wednesday night of each week. Under the title of "Books and Accounts and General Reports" will be found details as to the forwarding of weekly reports. Full instructions relating to the compilation of reports is also contained in the pamphlet.

Particular attention is called to the paragraph "Dealers" who transact foreign business through domestic correspondents", from which it will be noted that while such "dealers" must take out the proper registration certificates, they are not required to make reports to the Federal Reserve Board, but must give full information regarding each transaction to the domestic "dealer" through whom they operate, in order that such "dealers" can include the transaction in their reports under the proper headings. Should such "dealers" consummate any transactions directly with foreign correspondents, they must make separate reports to the Federal Reserve Board through the Federal Reserve Bank of their respective district, and must not include them, or with them any transactions consummated through their domestic metropolitan agencies.

Full information relating to the foregoing, as well as other information is contained in the pamphlet, and its careful reading by each holder of a registration certificate will be necessary.

Until February 15, 1918, all persons (as defined in the Executive Order) who are carrying on any business described under the word "dealer" may after making proper application for registration certificate with the Federal Reserve Bank in their district continue their foreign business exactly as in the past. By February 15, it is expected that all those whose applications for registration certificates are allowed will be in receipt of full instructions as to how then to proceed.

Merchants, industrial corporations, stock exchange brokers, and others, as well as foreign exchange bankers who do a foreign business, should ascertain from their Federal Reserve Bank whether the nature of their business is such as to require them to apply for a registration certificate.

2/7/18