

GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS  
APO 500

AG 386.7( 11 Dec 48 )ESS/FIN  
SCAPIN 1968

2 February 1949

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Foreign Exchange Controls

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1. References are:

a. Foreign Exchange Control Law (Law No. 83, 11 April 1941) as amended.

b. The following memoranda for the Japanese Government from General Headquarters, Supreme Commander for the Allied Powers:

- (1) AG 130(22 Sep 45)ESS, SCAPIN 45, 22 September 1945, subject: Control of Financial Transactions.
- (2) AG 091.3(22 Sep 45)E., SCAPIN 47, 22 September 1945, subject: Controls over Exports and Imports of Gold, Silver, Securities and Financial Instruments, and Appendix A thereto.
- (3) AG 160(30 Oct 45)ESS/FI, SCAPIN 211, 30 October 1945, subject: Contracts by Persons in Japan with Foreign Concerns.
- (4) AG 334(2 Apr 46)ESS/IE, SCAPIN 854, 3 April 1946, subject: Board of Trade (Boeki Cho).

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2. The Japanese Government is directed to take the necessary steps promptly to establish coordinated control over the movement of foreign exchange and trade into and out of Japan, subject to the general supervision of the Supreme Commander for the Allied Powers. Such controls shall be flexible, so designed as to foster the furtherance of trade and investment programs essential to the economic rehabilitation of Japan and shall conform with the general characteristics of foreign exchange controls practiced by member nations of the International Monetary Fund. The measures taken shall include:

a. Reorganization and regularization of control procedures, and clear allocation of functional responsibilities among the agencies of the Japanese Government concerned.

b. Establishment of a Foreign Exchange Control Board to maintain administrative control of all Japanese Government funds, both foreign and domestic, resulting from international trade and exchange transactions; to establish administrative procedures for and coordinate clearance of all international exchange and trade transactions; make recommendations on foreign exchange policy; and maintain complete and current records of foreign exchange holdings, movements and commitments.

c. Integration of Japanese and foreign banks into established control procedures.

d. Appropriate utilization of the Japanese customs service in the application of foreign exchange controls.

3. The Foreign Exchange Control Board will be established independent of existing Japanese ministries and will consist of three to five persons of recognized merit, standing and general experience, appointed for such term of office and granted such compensation as will insure effective non-partisan service of the high order required. The Board will maintain a staff adequate to discharge its responsibilities effectively.

4. The Board will maintain its offices in the head office and branches of the Bank of Japan as required and will designate the Bank of Japan as its agent to conduct operations and maintain records and accounts and to make reports thereof as prescribed by the Board in the discharge of its functions and responsibilities. The Board shall also be authorized access to such records and facilities of the Bank of Japan, the Customs Service and other agencies of the Japanese Government as are pertinent to the performance of its functions.

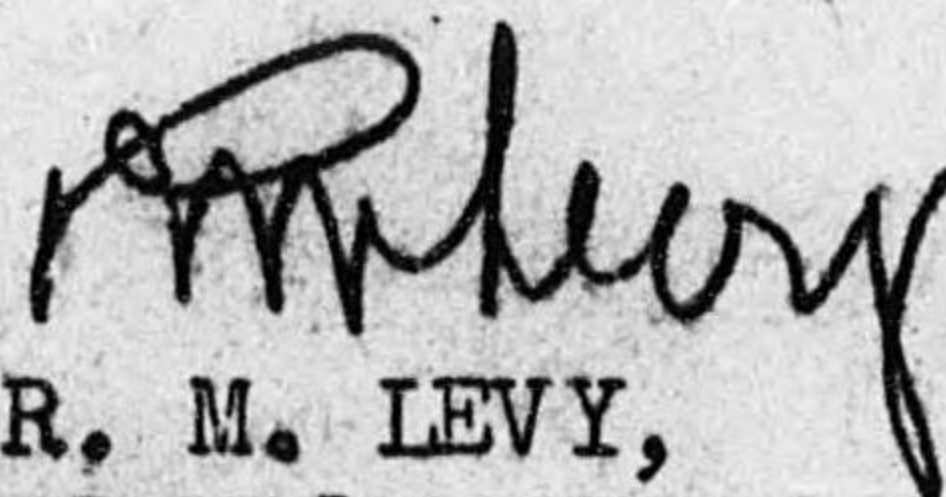
5. The Japanese Government will forward to General Headquarters, Supreme Commander for the Allied Powers, periodic reports prepared by the Board, showing the volume and nature of foreign exchange transactions, and the relation of the results thereof to economic rehabilitation of Japan.

6. All assignments of Foreign Exchange or Trade Control functions and responsibilities to Japanese agencies which have been directed by earlier memoranda for the Japanese Government are superseded by this memorandum insofar as they are in conflict with the terms specified herein.

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7. Direct communication between interested staff sections of the Supreme Commander for the Allied Powers and appropriate agencies of the Japanese Government is authorized to facilitate implementation of this memorandum.

FOR THE SUPREME COMMANDER:



R. M. LEVY,  
Colonel, AGD,  
Adjutant General.