

Volume III

After the Gold Standard, 1931-1999

1947 March 11

Exchange Control Act, 1947: 'An act to confer powers, and impose duties and restrictions, in relation to gold, currency, payments, securities, debts, and the import, export, transfer and settlement of property, and for purposes connected with the matters aforesaid'. The following excerpt reproduces only the first three sections of the act, out of forty-four sections in all, which are the only sections that specifically concern gold.

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I.

GOLD AND FOREIGN CURRENCY.

1.— (1) Except with the permission of the Treasury, no person, other than an authorised dealer, shall, in the United Kingdom, and no person resident in the United Kingdom, other than an authorised dealer, shall, outside the United Kingdom, buy or borrow any gold or foreign currency from, or sell or lend any gold or foreign currency to, any person other than an authorised dealer.

(2) Where a person buys or borrows any gold or foreign currency in the United Kingdom or, being a resident in the United Kingdom, buys or borrows gold or foreign currency outside the United Kingdom, he shall comply with such conditions as to the use to which it may be put or the period for which it may be retained as may from time to time be notified to him by the Treasury.

(3) In this Act—

(a) the expression "foreign currency" does not include any currency or notes issued by the Government or under the law of any part of the scheduled territories but, save as aforesaid, includes any currency other sterling and any notes of a class which are or have at any time been legal tender in any territory outside the United Kingdom, and any reference to foreign currency, except so far as the context otherwise requires, includes a reference to any right to receive foreign currency in respect of any credit or balance at a bank; and

(b) the expression "the scheduled territories" means the territories specified in the First Schedule to this Act, so, however, that the

Volume III

After the Gold Standard, 1931-1999

Treasury may at any time by order amend the said Schedule, either by the addition or exclusion of territories or otherwise, and the said expression shall be construed accordingly.

2.— (1) Every person in or resident in the United Kingdom who is entitled to sell, or to procure the sale of, any gold, or any foreign currency to which this section applies, and is not an authorised dealer, shall offer it, or cause it to be offered, for sale to an authorised dealer, unless the Treasury consent to his retention and use thereof or he disposes thereof to any person with the permission of the Treasury.

The foreign currency to which this section applies is such foreign currency (hereafter in this Act referred to as "specified currency") as may from time to time be specified by order of the Treasury.

(2) If a person who has obtained the consent of the Treasury to his retention and use of any gold or specified currency, and has stated in an application for the consent that he requires it for a particular purpose, no longer requires the gold or currency for that purpose, the preceding subsection shall thereupon apply to him in relation to that gold or currency as if the Treasury had revoked their consent to his retention thereof.

(3) A person who acquires any gold or specified currency from an authorised dealer shall be treated for the purposes of this section as if the Treasury had consented to the retention and use by him of that gold or currency (subject, however, to any conditions notified to him in accordance with subsection (2) of the preceding section), and as if any statement made by him in an application for that gold or currency as to the purpose for which he requires it had been made by him in an application for the Treasury's consent to his retention and use thereof.

(4) Where a person has become bound under this section to offer or cause to be offered any gold or specified currency for sale to an authorised dealer, he shall not be deemed to comply with that obligation by any offer made or caused to be made by him, if the offer is an offer to sell at a price exceeding that authorised by the Treasury [i.e., 'the current London market price', in accordance with a Treasury announcement of 23 March 1954, one day after the London gold market reopened for the first time since the outbreak of the Second World War], or without payment of any usual and proper charges of the authorised dealer, or otherwise in any unusual terms.

(5) Where a person has become bound under this section to offer or cause to be offered any gold or specified currency for sale to an authorised dealer and has not complied with that obligation, the Treasury may direct that that gold or currency shall vest in the Treasury, and it shall vest in the Treasury accordingly free from any mortgage, pledge or charge, and the Treasury may deal with it as they think fit, but the Treasury shall pay to the person who would but for the direction be entitled to the gold or currency such sum as he would have received therefor if

Volume III

After the Gold Standard, 1931-1999

he had sold it to an authorised dealer in pursuance of an offer made under this section at the time when the vesting occurred.

(6) In any proceedings in respect of a failure to comply with the provisions of this section, it shall be presumed, until the contrary is shown, that the gold or currency in question has not been offered for sale to an authorised dealer.

3.— (1) Every person in the United Kingdom by who or to whose order (whether directly or indirectly) any gold or any specified currency in the form of notes is held in the United Kingdom but who is not entitled to sell it or procure its sale shall notify the Bank of England in writing that he so holds that gold or currency.

(2) The Treasury may direct any person in the United Kingdom by whom or to whose order (whether directly or indirectly) any gold or any specified currency in the form of notes is held in the United Kingdom, whether or not he is entitled to sell it or procure its sale, to cause that gold or currency to be kept at all times in the custody of such banker as may be specified in that direction.

Source: Exchange Control: The Act and the Instruments, as in operation on 1st March 1979 (London: Her Majesty's Stationery Office, 1979).