

*Foreign Investments*MEMORANDUM OF CONFERENCE

*6-24-49*  
*from Mr. Andresen*

**Between:** Lt. Col. Love, of the Civil Affairs Division of the Army, Messrs. Friedlander and Gewirtz of the Office of Alien Property, Department of Justice, Messrs. Palmer and Maurer of the State Department, Messrs. Diehl and Halle of the Treasury Department, and Messrs. Louchheim, Clifton and Andresen of the Staff.

**Date:** June 14, 1949

**Subject:** Proposed Resumption of Trading in Japanese Securities

This subject is a part of the broader problem of permitting a resumption of trading in all so-called "axis" securities, which has been the subject of various previous conferences. It had been decided that, because of various special problems which are set forth in memoranda of the previous conferences, a resumption of trading in German and Austrian securities at this time would be inadvisable, but that there would be less of a problem in connection with resuming trading in Japanese securities and those of some of the so-called "satellite" countries.

At the meeting Mr. Palmer circulated a draft of a proposed cable to be sent to the occupation authorities in Japan outlining the problem briefly and requesting comments or recommendations. Those present agreed tentatively to a proposed text which stated, among other things, that the present thinking here is that steps can now be taken towards resumption of trading in Japanese dollar securities, including the filing of information required under the United States securities laws. The draft states also that, while the securities are considered extremely speculative, it is believed that the advantage of quoted markets outweighs arguments for continuance of the present ban on trading.

Some of those present at the meeting expressed a desire to discuss the matter further with their own particular agencies before the cable was sent, but it was approved by the group subject to further consideration if necessary.

Arden L. Andresen

Following is text of cable, as read over the telephone today by Col. Love, to be sent to SCAP from the Department of the Army:

1. New York stock exchanges have requested government to permit trading in Japanese Government municipal and corporate dollar

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securities and relisting on exchanges when information required from obligors by United States securities laws is filed with Securities and Exchange Commission. Securities dealers are still inhibited from trading these securities by request of the Securities and Exchange Commission made during war after consultation with interested government agencies. Trading in Japanese bonds in Swiss and London markets never were suspended. Present thinking here is that steps can now be taken toward resumption of trading in Japanese dollar securities, including filing of information required under United States securities laws.

2. Considered here SCAPIN No. 45 purports to void any unlicensed transfer by any person anywhere although probably not enforceable as such outside of Japan. Resumption of trading would seem to indicate desirability for general license under this law or amendment thereof covering Japanese dollar securities not physically located in Japan.

3. While these securities are considered extremely speculative, it is believed that advantage of quoted markets outweighs arguments for continuance of present ban on trading.

4. Your comments and/or recommendations desired soonest.

June 24, 1949  
W.C.L., Jr.