STATUTORY INSTRUMENTS

1977 No. 1938

EXCHANGE CONTROL

The Exchange Control (Non-Resident Controlled Banks) (Exemption) Order 1977

Made - - - -	24*th November* 1977
Laid before Parliament	25*th November* 1977
Coming into Operation	16*th December* 1977

The Treasury, in exercise of the powers conferred upon them by sections 31 and 36(5) of the Exchange Control Act 1947(**a**), hereby make the following Order:—

1.—(1) This Order may be cited as the Exchange Control (Non-Resident Controlled Banks) (Exemption) Order 1977 and shall come into operation on 16th December 1977.

(2) In this Order the following expressions have the meanings hereby respectively ascribed to them:—

"the said Act"	means the Exchange Control Act 1947; and
"non-resident controlled"	means controlled by any means (whether directly or indirectly) by persons resident outside the scheduled territories.

(3) The Interpretation Act 1889(**b**) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament and as if this Order and the Order hereby revoked were Acts of Parliament.

2. There shall be exempted from the provisions of section 30(3) of the said Act, as amended by section 58(1) of the Finance Act 1977(**c**), the lending of any money or securities or any instrument to which section 30(3A) of the said Act applies by any person resident in the United Kingdom or the Channel Islands to any office in the United Kingdom or the Channel Islands of a non-resident controlled bank.

3. Offices in the United Kingdom or the Channel Islands of any non-resident controlled bank shall be exempted from the provisions of section 30(3A) of the said Act.

4. The exemptions granted by articles 2 and 3 of this Order are subject to the condition that they shall not apply in any case where it is so directed by or on behalf of the Treasury.

5. The Exchange Control (Lending to Banks Exemption) Order 1947(**d**) is hereby revoked.

(**a**) 1947 c. 14. (**b**) 1889 c. 63. (**c**) 1977 c. 36.
(**d**) S.R. & O. 1947/2045 (Rev. VI, p. 1056: 1947 I, p. 695).

6. This Order shall extend to the Channel Islands, and any reference in this Order to the Exchange Control Act 1947 includes a reference to that Act as extended by the Exchange Control (Channel Islands) Order 1947(**a**).

Donald R. Coleman,
J. Dormand,
Two of the Lords Commissioners of Her Majesty's Treasury.

24th November 1977.

EXPLANATORY NOTE

(This Note is not part of the Order.)

The Finance Act 1977, by section 58 which comes into operation on the same day as this Order, inter alia amends section 30(3) of the Exchange Control Act 1947 and inserts in section 30 new subsections (3A) and (3B). Section 30 as amended has the effect that henceforth Treasury permission is required for certain transactions involving non-resident controlled bodies corporate relating to the instruments mentioned in section 30(3B), which include bills of exchange, cheques, promissory notes and certain other instruments by whatever law governed.

Section 30(3) as amended provides that, except with permission, no person resident in the United Kingdom shall lend any money or securities or any instrument mentioned in section 30(3B) to a non-resident controlled body corporate resident in the scheduled territories, which include the United Kingdom. This Order revokes and article 2 thereof replaces the Exchange Control (Lending to Banks Exemption) Order 1947 and exempts from section 30(3) loans of money, securities and such instruments by United Kingdom residents to offices in the United Kingdom or the Channel Islands of any non-resident controlled bank.

Section 30(3A) provides that, except with permission, no non-resident controlled body corporate resident in the scheduled territories shall in the United Kingdom, and no such body corporate resident in the United Kingdom shall outside the United Kingdom, issue, negotiate, transfer, renew or otherwise deal with an instrument mentioned in section 30(3B). Article 3 of this Order completely exempts from section 30(3A) the offices in the United Kingdom or the Channel Islands of non-resident controlled banks.

This Order has a similar effect under the Act as amended and extended to the Channel Islands.

(**a**) S.R. & O. 1947/2034 (Rev. VI, p. 1001: 1947 I, p.660).

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