

Volume III

After the Gold Standard, 1931-1999

1954 March 19

**Press release from the Press Office of H. M. Treasury,
concerning the reopening of the London Gold Market for
the first time since the outbreak of the Second World War.**

Not for publication before 00.30 hrs., G. M. T., Saturday, 20th March, 1954.

London Gold Market Reopens: Sterling Transferable Area Greatly Extended

[1.] The Treasury announce that the Government have decided to allow the reopening of the London Gold Market on a restricted basis as from 22nd March, 1954.

2. The Market will operate under the general supervision of the Bank of England. Dealings in the Market will be conducted in sterling terms, but the Market will afford no additional element of convertibility for sterling. Gold purchases in the Market on account of non-residents of the sterling area will be paid for in American Account or Canadian sterling, or sterling which has been purchased with dollars or gold. Purchases of gold for account of residents of the sterling area, whether for trade or other purposes, will continue to require prior permission from the Bank of England and will be strictly limited as at present.

3. Prior to World War II London was the premier centre of the world for dealings in gold. The opening of this Market is in line with the Government's general policy of creating, by the reopening in the United Kingdom of international markets, growing opportunities for traders, merchants and bankers, so that they may make the fullest contribution to towards the increased overseas earnings which the United Kingdom and the sterling area need.

4. At the same time the opportunity has been taken to unify, with a few exceptions for the time being, all non-resident sterling other than that on American, Canadian and Blocked Accounts. The present restrictions on the use of transferable accounts for capital transactions will be removed and the existing Transferable Account area will be extended to included all countries outside the Scheduled Territories except

(a) those whose residents have American or Canadian Accounts,

(b) for the time being, Persia, Turkey and Hungary. The effect will be that balances on Transferable Accounts may be transferred freely and without formality for any purpose, capital or current, within the Transferable Account area and, of course, to the Scheduled Territories.

5. These moves mark a stage in the strengthening of London as an international financial centre and of sterling as an international currency.

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Source: *BoE Archives*, C43/159, 1949/1, no. 148.