

BY ORDER OF THE  
COMMANDER

HEADQUARTERS, UNITED STATES FORCES, JAPAN  
USFJ INSTRUCTION 65-102



1 OCTOBER 2003

Financial Management

COMPTROLLER FINANCIAL REGULATIONS

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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This USFJ Instruction (USFJI) applies to all military and civilian personnel including technical representatives, dependents of the aforementioned, invited contractors, official agencies such as military banking facilities and credit union activities, and all other personnel who are subject to the provisions of the U.S./Japan Status of Forces Agreement.

**SUMMARY OF CHANGES.** Updated to new format of a USFJ Instruction. Minor changes made where applicable.

1. **PURPOSE.** To establish policies, assign responsibilities and prescribe procedures governing the use and control of U.S. currency, local currency, dollar instruments and the conduct of financial transactions in Japan by U.S. authorized personnel and authorized organizations.
2. **POLICY.** The policy of the Commander, U.S. Forces, Japan (COMUSJAPAN) is that all financial affairs be conducted in such a manner as to reflect good credit upon the USFJ and avoid unfavorable publicity and international ill will resulting from acts which may be prejudicial against the dignity and prestige of the U.S. under the Status of Forces Agreement and the Joint Committee.
3. **PROCEDURES.** Component Commanders will prescribe detailed procedures for the implementation of these financial instructions. Problems involving currency control, which cannot be resolved by Component Commanders, will be forwarded to Headquarters, USFJ for resolution.
4. **RESPONSIBILITIES.** In addition to implementation of the attached financial instructions, Component Commanders are responsible for ensuring the widest possible dissemination of the policy set forth herein.

## **5. DEFINITIONS**

5.1. U.S. Currency. U.S. dollar notes and coins.

5.2. Local Currency. Japanese yen in either coin or paper denominations.

5.3. Financial Instrument. Any document containing an obligation to pay money.

5.4. Foreign Exchange Instrument. A financial instrument payable in other than local currency.

5.5. Dollar Instrument. A financial instrument which contains an obligation to pay U.S. dollars. This includes U.S. Postal Money Orders, Traveler's Checks, Bank cashier's checks, U.S. Treasury Checks, and Personal Checks payable in US dollars. Dollar instruments as defined herein do not include U.S. Savings Bonds or U.S. currency.

5.6. Commercial Banks. Banking institutions licensed by the civil authority of the country in which such banks are located as distinguished from military banking facilities.

5.7. Military Banking Facilities (MBF). A banking office on a military installation operated by a banking institution selected by DoD and designated by the Secretary of the Treasury as a Depository and financial agent of the U.S. Government and authorized under such designation to render certain banking and financial services on the military installation for the exclusive benefit of the U.S. Armed Forces, its members, agencies, and instrumentalities. The MBF is operated under the overseas military banking program contract administered by DFAS's Defense Financial Institutions Services Office (DFISO). Current contract is #MDA-210-02-D0003.

5.8. Military Post Offices. A post office, normally numerically designated as a branch of a U.S. Post Office, established by authority of the U.S. Postal Service and activated and operated by the Department of the Army, the Department of the Air Force, or the Department of the Navy, to provide postal services for U.S. authorized personnel and organizations.

5.9. Concessionaire. A person, a corporation, or other legal entity licensed or granted the right by the U.S. Armed Forces to operate a regular business within a facility or other establishment of the U.S. Armed Forces and its agencies or instrumentalities for the benefit of U.S. authorized personnel.

5.10. Disbursing Officer. This term is applicable to the Finance and Accounting Officer in the case of the Army, the Disbursing Officer in the case of the Air Force, and the Disbursing Officer in the case of the Navy/Marine Corps. It also includes various appointed agents to these officers with duties involving monetary transactions.

5.11. Unit Commander. In the case of the U.S. Naval activity, unit commander refers to the commanding officer or officer-in-charge for the purpose of this instruction. In the case of the Army and Air Force, the term unit commander refers to commanders of all organizations, including tenants that are assigned or attached to and located on U.S. Armed Forces installations. It also includes commanders or officers-in-charge of small units or detachments not located on a U.S. Armed Forces installation.

5.12. Component Commander. The designated commander of the forces of the Departments of the Army, Navy, or Air Force in Japan for all matters of joint concern, not necessarily the military commander exercising operational control.

Army	Commander, U.S. Army, Japan
Navy	Commander, U.S. Naval Forces, Japan
Air Force	Commander, U.S. Air Forces, Japan
Marine Corps	Commander, U.S. Marine Forces, Japan

5.13. Instrumentalities. This term means instruments of the U.S. Government, including, but not limited to, authorized nonappropriated fund activities: post exchanges, Navy exchanges, base exchanges, officer and NCO clubs, etc.

5.14. Residents. All persons and juristic persons (corporate bodies and enterprises) having their permanent place of abode or who customarily live in Japan.

5.15. U.S. Authorized Personnel. Those personnel whose status is provided for under the U.S./Japan Status of Forces Agreement and such others as the Ambassador, Minister, Consuls or other envoys of similar status of the U.S. of America and other persons of U.S. nationality in the employment of or serving with the Embassy, Consulates or similar institutes of the U.S. of America in Japan. Additionally, this includes United Nations Forces personnel when serving in Japan. This includes military and civilian components and their dependents.

5.16. Authorized Organizations. All instrumentalities of the U.S. Government operating in Japan and private associations, which have been approved by the installation commander, concerned and whose membership is composed exclusively of U.S. authorized personnel and authorized local national personnel (usually called associate members).

## **6. USE OF U.S. CURRENCY IN JAPAN**

6.1. As a Medium of Exchange. U.S. currency is the accepted medium of exchange for all cash transactions within establishments of the USFJ.

6.2. Persons Authorized Use. All persons, including firms and corporations in Japan are permitted to hold U.S. currency. This means that U.S. currency may be used in the sale and purchase of goods and services if both parties agree to the transaction.

6.3. Restrictions in the use of U.S. Currency.

6.3.1. Component commanders shall ensure that the use of U.S. currency or dollar instruments within their facilities and areas is confined to authorized personnel.

6.3.2. Component commanders shall encourage their personnel to exchange dollars for yen prior to making purchases on the local economy. The success of this effort will be measured by a reduced dollar replenishment requirement from the San Francisco Federal Reserve Bank.

6.3.3. Should the economic conditions of Japan change significantly enough to warrant a tightening of Japanese Foreign Exchange Control laws, the Government of Japan (GOJ) reserves the right to demand a return to a more restrictive position. In the case of a declining foreign market the contractor shall place a limitation on the sale or repurchase of local currency.

6.4. Counterfeit or Raised U.S. Currency.

6.4.1. U.S. currency presented to any USFJ facility or activity for exchange or payment, which is suspected of being counterfeit or raised will be impounded by such facility or activity. A receipt will be furnished to the individual presenting the note. The suspected note, name and address of the individual presenting the note, will be turned over to the nearest representative of the Army Provost Marshal, Air Force Office of Special Investigations, or Naval Criminal Investigative Service, for investigation.

6.4.2. When it has been established that a valid U.S. note found in the hands of an innocent holder has been used as a base for raised or spurious U.S. dollars, such note will be redeemed for actual value at the nearest disbursing office and withdrawn from circulation after the Army Provost Marshal, Air Force Office of Special Investigations, or Naval Criminal Investigative Service have completed their investigation.

6.4.3. A report shall be made in accordance with existing Service Regulations, through regular Army, Navy, or Air Force channels with an information copy to COMUSJAPAN and Commander USPACOM.

## **7. MILITARY BANKING FACILITIES (MBF)**

7.1. Banking Services: This section deals with the various types of banking services which military banking facilities are required to furnish to U.S. Authorized Personnel as stated in DOD Contractual agreements.

7.2. Military Banking Facilities. Military banking facilities have been established by DoD , in accordance with DOD regulations, and are for the exclusive use of U.S. Authorized Personnel. All military banking facilities shall operate under contract MDA-210-02-D0003 issued by the contracting office, Defense Finance and Accounting Service ASD Columbus, Bldg 21, 3990 E. Broad St., Columbus, OH 43219-1879 .

7.2.1. There must be a demonstrated need for banking and financial services, which cannot be provided by regularly, established banks or branches either on the installation or in the vicinity thereof, and the benefits to be derived therefrom will justify the cost of operation.

7.2.2. Component commanders will forward such requests through Component channels via COMUSJAPAN, and will notify COMUSJAPAN of the date of establishment or abolishment of military banking facilities in accordance with contract MDA-201-02-D0003 and DoDFMR Vol 5, Chapter 34. Component commanders are responsible for their operations in accordance with applicable service directives and regulations.

7.3. Requirements in Operation. U.S. financial institutions selected by DoD to operate military banking facilities shall:

7.3.1. Operate military banking facilities only on U.S. Forces Japan installations in facilities provided and maintained by the installation for such purposes.

7.3.2. Not engage in any local commercial activities.

7.3.3. Utilize only personnel whose sole duties are in connection with the maintenance and operation of such military banking facilities. U.S. citizens who ordinarily are nonresidents of Japan when brought into Japan for the sole purpose of operating a military banking facility, will be included in the "civilian component". This provision, however, does not apply to persons who are ordinarily residents of Japan, regardless of nationality.

7.3.4. Use the phrase "Military Banking Facility" on all letterheads, correspondence, advertisements, statements, etc., in order to avoid misunderstanding in distinguishing between commercial banking establishments licensed by the local government.

7.3.5. Ensure that no financial transactions are conducted for persons who do not come under the category of "U.S. Authorized Personnel" as defined in paragraph 5.15.

7.3.6. Comply with all the rules and regulations issued by COMUSJAPAN and Component commanders, pertaining to U.S. currency, currency controls, local currencies, and financial instruments.

7.3.7. Render other reports as required by COMUSJAPAN, component commanders and DoD regulations. Military banking facilities are not required to render reports and accounts ordinarily required from banks in Japan, nor are they subject to Japanese taxes.

7.4. Operation of Military Banking Facilities. Military banking facilities are authorized to:

7.4.1. Maintain U.S. dollar accounts for personnel, organizations, and activities for U.S. Authorized Personnel and authorized organizations.

7.4.2. Receive and disburse U.S. currency, including receipt and remission of funds, to the extent that persons, organizations, and activities authorized to use U.S. currency are authorized to receive funds.

7.4.3. Conduct all authorized banking transactions with and on behalf of the U.S. Armed Forces, persons, organizations, and activities to the extent that such persons, organizations, and activities are authorized to use military banking facilities.

7.4.4. Use postal facilities of military post offices.

7.4.5. Sell local currency or U.S. dollar instruments.

7.4.6. Sell and cash U.S. Savings Bonds.

7.5. Personnel, Organizations, and Activities Authorized to Use Military Banking Facilities.

7.5.1. U.S. Authorized Personnel as defined in paragraph 5.15.

7.5.2. Authorized organizations and activities as indicated in paragraph 5.16.

7.5.3. Fiscal Officers of the United Nations Command, except Korea, in their official capacity only.

7.6. Local Currency Accounts. Military banking facilities, as distinguished from commercial banks, are not permitted to open or maintain local currency accounts. Individuals and quasi-official organizations may maintain local currency accounts with American or other local commercial banks. Military banking facilities may maintain local currency accounts with commercial banks.

## **8. U.S. POSTAL MONEY ORDERS**

8.1. Purchase of Postal Money Orders. Persons, organizations, and activities authorized military postal privileges may purchase U.S. postal money orders from military postal facilities.

8.2. Restriction on Use and Cashing. U.S. postal money orders will not be accepted from or tendered to other than U.S. Authorized Personnel within Japan. This will not prohibit receipt from or transmission of postal money orders outside of Japan.

8.3. Condition of Payment. Postal money orders are payable at military post offices, exchanges of the Pacific Exchange System (limited to \$500.00), military banking facilities, U.S. disbursing offices, or at post offices or banks located in the U.S., its possessions or territories; and countries with which the U.S. transacts domestic-international money order business. If the purchaser or payee of a postal money order issued at a military post office transfers ownership by endorsement to another, the endorsee must cash the postal money order at either a military post office, military banking facility or a civil post office located in the U.S., its possessions or territories.

8.4. Acceptance by U.S. Disbursing Officers. U.S. disbursing officers shall accept postal money orders issued by military post offices made payable to the U.S. Treasury, and may cash postal money orders only for the original payee in accordance with the regulations of the Component concerned. Postal money orders cashed by U.S. disbursing officers will be accepted by military banking facilities for deposit to the credit of the U.S. Treasury.

## **9. LOCAL CURRENCY**

9.1. Acquisition. U.S. Authorized Personnel are permitted to acquire Japanese yen outside of Japan. Japanese law permits the importation of reasonable amounts of yen carried on a traveler's person intended for personal use. Local currency may be acquired in Japan by U.S. Authorized Personnel from:

9.1.1. Any licensed money exchanger.

9.1.2. Any foreign exchange bank.

9.1.3. Any military banking facility.

9.1.4. U.S. Forces, Japan operated clubs or activities authorized by a Component commander to exchange dollars for yen.

9.1.5. Any military disbursing officer offering the service.

9.2. Use of Local Currency. Local currency may be used in all USFJ operated establishments, but only under the following conditions:

9.2.1. The installation commander has specifically authorized its use in writing.

9.2.2. The rate of exchange is prominently displayed.

9.2.3. U.S. currency must not be excluded as a means of payment.

9.3. Conversion of Japanese Yen. Japanese yen may be converted into U.S. dollars at any foreign exchange bank prior to leaving Japan or at any military banking facility at any time. Exchanges at the MBFs will be in accordance with contract agreement.

9.4. Removal from Japan. Japanese yen will not be mailed out of or otherwise removed from Japan except as provided for by Japanese law.

9.5. Yen Accounts. All yen accounts will be maintained in authorized foreign exchange banks.

## **10. REFERENCES**

10.1. Status of Forces Agreement (US/Japan)

10.2. DOD Directive 1000.11, Financial Institutions on DoD Installations, 9 June 2000

10.3. HQ USCINCPAC 7200.1M, Currency and Banking Facilities on Military Installations in US Pacific Command (USPACOM), 15 February 1990

10.4. USFJI 65-107, Financial Institutions in Japan, 1 July 2002

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