

[DISCUSSION DRAFT]

118TH CONGRESS
1ST SESSION

H. R. _____

To increase transparency in Special Drawing Rights transactions, sanction trades with Iran in Special Drawing Rights, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. SHERMAN introduced the following bill; which was referred to the Committee on _____

A BILL

To increase transparency in Special Drawing Rights transactions, sanction trades with Iran in Special Drawing Rights, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Sanctioning Iran’s
5 Special Drawing Rights Transactions Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

1 (1) As of September 2023, Iran’s holdings in
2 International Monetary Fund Special Drawing
3 Rights are nearly 5,000,000,000 (equivalent to
4 \$6,560,000,000 United States dollars), which in-
5 cludes 3,418,900,000 Special Drawing Rights that
6 were allocated to Iran pursuant to the 2021 General
7 Allocation.

8 (2) Before the 2021 General Allocation, Iran
9 was trading Special Drawing Rights in the mag-
10 nitude of millions, but given the lack of transparency
11 in transaction reporting, little is known about which
12 countries or prescribed holders traded with Iran, and
13 it cannot be easily publicly ascertained whether Iran
14 has traded Special Drawing Rights—potentially in
15 small quantities—with other countries since the
16 2021 General Allocation.

17 (3) According to the International Monetary
18 Fund, there is no balance-of-payments requirement
19 in Special Drawing Rights transactions—meaning
20 that Iran could have traded goods rather than hard
21 currency for Special Drawing Rights from another
22 country—and Special Drawing Rights are frequently
23 used to settle financial debts in bilateral trans-
24 actions.

1 **SEC. 3. INCREASE IN TRANSPARENCY OF SPECIAL DRAW-**
2 **ING RIGHTS TRANSACTIONS.**

3 (a) **POLICY.**—It is the policy of the United States to
4 increase transparency in Special Drawing Rights trans-
5 actions so that the United States Government can ascer-
6 tain which entities holding Special Drawing Rights have
7 transacted Special Drawing Rights with one another with
8 a frequency of at least monthly.

9 (b) **USE OF THE VOICE AND VOTE OF THE UNITED**
10 **STATES IN INTERNATIONAL FINANCIAL INSTITUTIONS.**—
11 The Secretary of the Treasury shall instruct the United
12 States Executive Director at each international financial
13 institution (as defined in section 1701(c)(2) of the Inter-
14 national Financial Institutions Act) to use the voice and
15 vote of the United States to increase transparency about
16 Special Drawing Rights transactions so that information
17 on the identity of the parties to the transactions, the cur-
18 rency used in the transactions, and the amount of cur-
19 rency transacted is made available to the public.

20 (c) **CONDITION PROHIBITION ON UNITED STATES**
21 **PARTICIPATION IN SDR TRANSACTIONS.**—

22 (1) **IN GENERAL.**—Beginning 12 month after
23 the date of the enactment of this Act, the United
24 States Executive Director at the International Mone-
25 tary Fund shall not participate in any Special Draw-
26 ing Rights transactions with any entity until—

1 (A) the information described in subsection
2 (b) is made available to the public; or

3 (B) the Secretary of the Treasury submits
4 to the Congress a written report (which may in-
5 clude a classified annex), and the Department
6 of the Treasury briefs the appropriate congres-
7 sional committees, on why increased trans-
8 parency in Special Drawing Rights transactions
9 significantly hinders national security or micro-
10 economic stability.

11 (2) NATIONAL SECURITY WAIVER.—The Presi-
12 dent may waive paragraph (1) of this subsection, on
13 a case-by-case basis and for a period of not more
14 than 180 days, not less than 30 days after the
15 President determines and reports to the appropriate
16 congressional committees that it is vital to the na-
17 tional security interests of the United States to do
18 so.

19 (3) APPROPRIATE CONGRESSIONAL COMMIT-
20 TEES.—In this section, the term “appropriate con-
21 gressional committees” has the meaning given the
22 term in section 14 of the Iran Sanctions Act of 1996
23 (Public Law 104–172; 50 U.S.C. 1701 note).

24 (4) SUNSET.—The preceding provisions of this
25 subsection shall have no force or effect after the 5-

1 year period that begins with the date of the enact-
2 ment of this Act.

3 **SEC. 4. SANCTIONS.**

4 (a) FINANCIAL SANCTIONS AUTHORITY.—If the
5 President determines that a central bank or other holder
6 of Special Drawing Rights, including an international de-
7 velopment bank, has entered into a transaction in Special
8 Drawing Rights to which Iran is a party, the President
9 may impose financial sanctions on such central bank or
10 other holder of Special Drawing Rights.

11 (b) REPORT TO CONGRESS.—Not later than 30 days
12 after the President determines that a central bank or
13 other holder of Special Drawing Rights has entered into
14 a transaction in Special Drawing Rights to which Iran is
15 a party, the President shall notify Congress of such trans-
16 action, inform Congress whether the President has im-
17 posed any financial sanctions pursuant to subsection (a)
18 against such central bank or other holder of Special Draw-
19 ing Rights, and, if not, explain why the President has not
20 imposed such sanctions.

21 (c) NOTIFICATION BY USED AT THE IMF OF SDR
22 TRANSACTIONS INVOLVING IRAN.—The Secretary of the
23 Treasury shall instruct the United States Executive Direc-
24 tor at the International Monetary Fund to notify the Sec-
25 retary of the Treasury and the President of the United

1 States of any transactions in Special Drawing Rights to
2 which Iran is a party, of which the United States Execu-
3 tive Director becomes aware.