



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

October 24, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C. 20220

Dear Secretary Yellen:

I urge the Department of the Treasury to take all necessary steps to ensure that Iran is unable to exchange its holdings of Special Drawing Rights (SDRs). As you know, Republican Members of the Financial Services Committee strongly opposed the International Monetary Fund's (IMF) 2021 general allocation of SDRs, which provided the world's leading state sponsor of terrorism with over \$4 billion in unconditional liquidity.

The attack on Israel by Iran's terrorist proxies demands that IMF members keep hard currency out of Tehran's hands. This means that Iran must not be allowed to convert SDRs into usable currencies, including the Chinese renminbi. While allocated SDRs were supposed to meet a "long-term global need" in reserves, many countries have turned to them for immediate fiscal needs. This includes at least 13 emerging market economies and 33 low-income countries. As the IMF has noted, "Despite the sizeable allocation, a considerable number of EMDCs [emerging markets and developing countries] have already nearly exhausted their SDR holdings."¹

The Fund also describes generally how SDR conversions are associated with countries that have lower reserves and current account balances, as well as lower GDP growth and higher public debt levels. These are precisely the conditions that U.S. sanctions are meant to create inside Iran so that the country renounces its support for terrorism. In this context, conversion of Iran's SDRs would represent a lifeline for the ayatollahs. We must sever that lifeline contemporaneously with the ramped-up sanctions enforcement with our allies.

To that end, I request that you communicate to the IMF's membership that any efforts to transact in Iranian SDRs will be subject to applicable U.S. sanctions. At a time when Republicans and Democrats alike are calling on the Administration to freeze \$6 billion that was made available to Iran last month for humanitarian assistance, we should immobilize the additional \$6 billion (and more) that Iran still holds at the IMF.

¹ "2021 Special Drawing Rights Allocation – Ex-post Assessment Report," International Monetary Fund, August 2023. <https://www.imf.org/en/Publications/Policy-Papers/Issues/2023/08/28/2021-Special-Drawing-Rights-Allocation-Ex-Post-Assessment-Report-538583>

The Honorable Janet Yellen

October 24, 2023

Page 2

I appreciate your attention to this matter and ask that you provide an update on Treasury's efforts to deprive Iran of these resources. Please do not hesitate to contact Meghan Schmidlein or Nels Nordquist if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Blaine Luetkemeyer", followed by a horizontal line.

BLAINE LUETKEMEYER
CHAIRMAN
SUBCOMMITTEE ON NATIONAL SECURITY,
ILLCIT FINANCE, AND
INTERNATIONAL FINANCIAL INSTITUTIONS

cc: Kristalina Georgieva, Managing Director, International Monetary Fund