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9/17/43

AGREEMENT made as of the \_\_\_\_\_ day of \_\_\_\_\_, 1943, at the City of Washington, District of Columbia, between the Secretary of the Treasury of the United States of America (hereinafter called the Secretary) and the Imperial Iranian Government (hereinafter called Iran).

WHEREAS, the monetary and financial cooperation of the United States of America and Iran and the stabilization of the United States dollar-Iranian rial rate of exchange are important factors in promoting trade and in fostering the welfare and friendly relationships of the two countries;

NOW, THEREFORE, in order to further such objectives and in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. The Secretary, through the Federal Reserve Bank of New York as Fiscal Agent of the United States (hereinafter in its capacity as Fiscal Agent of the United States called the Federal) shall, as hereinafter provided, purchase Iranian rials from Iran from time to time as requested by Iran, the United States dollars paid therefor to be used exclusively for the purpose of stabilizing the exchange value of the Iranian rial with respect to the United States dollar. The total amount of rials thus purchased by the Secretary, exclusive of accrued interest thereon and of any rials repurchased, shall not at any time exceed in the aggregate the equivalent of United States \$30,000,000 computed at the rate at which such rials are purchased as hereinafter provided. The rials so purchased shall be credited to the Federal on the books of Bank Melli Iran in a special account to be opened in the name of "Federal Reserve Bank of New York as Fiscal Agent of the United States." Upon receipt by the Federal of advice from Iran by tested cablegram, radiogram, or telegram that this account has been credited with a stated amount of Iranian rials, the Federal will in turn, in payment therefor, credit Iran in a special account to be opened by the Federal in the name of "Imperial Iranian Government, Special Account", in an amount in United States

dollars equivalent

to the account in Iranian rials so credited to the account in the name of the Federal on the books of Bank Melli Iran.

2. Iran shall instruct Bank Melli Iran to credit interest to the special rial account in the name of the Federal on the last day of each successive month from and after the date hereof. Such interest shall be computed at the rate of 1-1/2% (one and one-half percent) per annum on the daily balance of such rials in such special account as were purchased by the Secretary under this Agreement.

3. (a) Commencing ninety days after the receipt of notice from the Secretary or the Federal containing such request, Iran shall repurchase, or cause to be repurchased (and in the case of accrued interest, purchase or cause to be purchased), in twelve equal installments at the end of each thirty-day period during the next succeeding three hundred and sixty days, in United States dollars by payments at the Federal Reserve Bank of New York:

(i) Any or all of the rials purchased by the Secretary through the Federal at the same rate or rates of exchange at which such rials were purchased; and

(ii) Any or all of the rials representing interest accrued on, and whether or not credited to, the special rial account on the books of Bank Melli Iran in the name of the Federal at the average rate of exchange at which the rials, upon which such interest has accrued, were purchased by the Secretary through the Federal.

(b) Notwithstanding the foregoing, in the absence of such a request by the Secretary or the Federal, rials in the amount of such accrued interest shall be purchased or caused to be purchased by Iran by payment in United States dollars at the Federal Reserve Bank of New York on the last day of each successive ninety-day period from and after the date hereof and upon the termination of this Agreement, at the rate of exchange described in subdivision (a)(ii) of paragraph 3.

(c) The aforementioned special rial account and the performance of all obligations to be performed by Bank Melli Iran shall be fully guaranteed by Iran. The aforementioned special account, the rials credited thereto (including interest), and all transactions respecting such account, and the other obligations of Iran under this Agreement shall, in so far as the rights, powers and privileges of the Secretary or the Federal may thereby be affected, be exempt and immune from any taxes, fees, charges, restrictions, and controls of any nature under the laws of Iran or any political subdivision or taxing authority thereof.

4. Iran may also at any time by making payments at the Federal Reserve Bank of New York in United States dollars at the rate of exchange provided in paragraph 3, repurchase the rials described in paragraph 3, with available funds from any source.

5. The Secretary, through the Federal, undertakes to sell to Iran from time to time, gold, in the form of refined gold bars, in such amounts and at such times as Iran may request, at the price provided by Section 44 of the Provisional Regulations issued under the Gold Reserve Act of 1934 as the same may be in effect at the time of each such sale, payment for the gold so sold to be made in United States dollars at the Federal Reserve Bank of New York against delivery of the gold to and earmarking of the gold by, the Federal in a special gold account in

the name of "Imperial Iranian Government, Special Gold Account". It is understood that the Federal will provide the same facilities for the custody of such gold as it provides for the custody of its own similar property but beyond that assumes no responsibility. No charge will be made for such custody, but customary charges for out-of-pocket and other incidental expenses in connection with the earmarking, release or transfer of such gold will be made. Such gold may be exported subject to the provisions of the Gold Reserve Act of 1934 and the Provisional Regulations issued thereunder as the same may be in effect at the time of each such exportation, and subject to the provisions of Section 5(b) of the Trading with the enemy Act, as amended, and any orders, regulations, rulings or licenses issued thereunder as the same may be in effect at the time of each such exportation.

6. The Secretary, through the Federal, undertakes to purchase from Iran from time to time, gold acquired by Iran pursuant to paragraph 5 of this Agreement in such amounts and at such times as Iran may request, at the price provided by Section 42 of the Provisional Regulations issued under the Gold Reserve Act of 1934 as the same may be in effect at the time of each such purchase. Payment for the gold so purchased shall be made against delivery of the gold at the United States Assay Office, New York, New York, by crediting the account on the books of the Federal in the name of "Imperial Iranian Government, Special Account".

7. Iran agrees that, as security for the performance of this Agreement, an amount of dollars or gold (when calculated at the price from time to time provided by Section 42 of the Provisional Regulations issued under the Gold Reserve Act of 1934) at all times equal to the dollar equivalent of the rials in the special rial account on the books of Bank Melli Iran (excluding rials accrued as interest) computed at the rate or rates of exchange at which such rials were purchased will be and hereby is pledged to the Secretary, through the Federal, and will be left in the custody of the Federal. The dollars or gold pledged to the Secretary, through the Federal, shall not be applied to the satisfaction of any other lien or encumbrance until all obligations of Iran to the Secretary or the Federal under this Agreement have been discharged in full. Iran agrees that the Federal is hereby authorized to set aside gold in the "Imperial Iranian Government, Special Gold Account" or dollars in the "Imperial Iranian Government, Special Account" from time to time and to hold them subject to the terms of this Agreement.

8. In the event of any failure to repurchase (or, in the case of interest, purchase) the rials as provided in paragraph 3 of this Agreement, Iran agrees that the Secretary, through the Federal, is authorized, as pledged:

(a) to retain and apply any dollars pledged to the Secretary, through the Federal, under paragraph 7 of this Agreement, and

(b) to sell to the United States, at the price provided by section 42 of the Provisional Regulations issued under the Gold Reserve Act of 1934, as the same may be in effect at the time of each such sale, any gold pledged to the Secretary, through the Federal, under paragraph 7 of this Agreement, and to apply the proceeds thereof, (less any reasonable and necessary expenses incurred in respect of such gold including, but without limitation thereto, expenses of sale, transportation, storage, and insurance),

as a payment on account of such purchase price, to the extent necessary to save the Secretary and the Federal harmless from any loss by reason of any failure to repurchase (or, in the case of interest, purchase) such rials.

9. No failure or delay on the part of the Secretary in exercising any of his rights, powers, or privileges in whole or in part, under this Agreement shall constitute a waiver thereof, or of any rights, powers or privileges granted to the Secretary under this Agreement. It is understood that the Federal Reserve Bank of New York will act only as fiscal agent of the United States in carrying out this Agreement and in doing and performing any acts or transactions in connection with this Agreement, and that it will not incur any liability for any acts done or omitted pursuant to instructions of the Secretary. The Federal is authorized to accept and act upon any writing relating to the purchase or sale of rials, or the purchase, sale or earmarking of gold under this Agreement, or to the "Imperial Iranian Government, Special Account", or to the "Imperial Iranian Government, Special Gold Account," which is received by the Federal in the name of Iran and which is believed by the Federal to be genuine and upon any cablegram,

radiogram, or telegram relating to the foregoing which is received by the Federal in the name of Iran and which conforms to existing or future arrangements agreed upon between Iran and the Federal, or to arrangements hereafter agreed upon between Iran and the Federal with regard to the authentication of cablegrams, radiograms, or telegrams by the use of test words or test numbers, and all such writings, cablegrams, radiograms and telegrams shall be binding upon Iran.

10. In carrying out this Agreement Iran may designate the Bank Melli Iran as its fiscal agent provided that Iran shall give the Secretary written notification of such designation before the Bank Melli Iran acts in such capacity under this Agreement.

11. Any notice given by the Secretary or the Federal either to Iran or to the Bank Melli Iran, if acting as fiscal agent of Iran in carrying out this Agreement, shall be deemed and taken as full notice to Iran, and the notice may be given by the Secretary or the Federal to Iran at the office of the Minister of Finance of Iran at Tehran, Iran, or to the Iranian Minister at Washington, D. C., or to the Bank Melli Iran at its head office at Tehran, Iran, if acting as fiscal agent of Iran under this Agreement. Iran hereby waives diligence, protest, notice and demand of every kind, except as expressly provided for in this Agreement.

12. Iran agrees that, without providing the Secretary with an opportunity for consultation, no change in the effective United States dollar-Iranian rial rate or exchange will be made. It is further agreed that the United States dollar-Iranian rial rate of exchange and all other monetary, financial and economic problems of mutual interest shall be discussed between the parties at Washington, D. C., from time to time as circumstances may render appropriate at the request of either the Secretary or Iran and that in any case such discussions shall take place at intervals of approximately six months from and after the date of this Agreement.

13. Each of the parties to this Agreement shall take and cause to be taken all the necessary measures to effectuate the purposes and intent of this Agreement and to provide each other with such information in their possession relative to foreign exchange transactions, stabilization operations, and other matters of mutual interest as is relevant to the proper functioning of this Agreement.

14. Any obligations of the Secretary pursuant to this Agreement shall be conditional and dependent upon the prior performance by Iran of any obligations to be performed or liabilities to be discharged by Iran under this Agreement and any arrangements made pursuant thereto.

15. Any obligation of the Secretary to purchase rials under this Agreement and of the Secretary to purchase and sell gold hereunder shall terminate on June 30, 1945, subject to earlier termination at any time after receipt by Iran of a written communication or cablegram, radiogram, or telegram from the Secretary or the Federal to that effect. The termination of any such obligation of the Secretary shall not affect any of the rights, powers, or privileges of the Secretary or of the Federal, or any of the duties, liabilities, or obligations of Iran hereunder, all of which shall continue in effect until Iran shall have fully performed its said duties and obligations and discharged said liabilities. If any extension of this Agreement is agreed upon, the Agreement shall continue in full force and effect during the period thus agreed upon. In the event that Iran wishes an extension of this Agreement, it will give the Secretary notice to that effect in writing, or by cablegram, radiogram or telegram, at least thirty days prior to the termination of the Agreement.

16. This Agreement shall come into operation and effect as between the parties hereto when Iran shall file with the State Department of the United States an appropriate document or documents satisfactorily evidencing the authority of Iran under the constitution, laws, statutes, decrees and regulations of Iran to enter into this Agreement, or satisfactorily evidencing ratification of the action of Iran in entering into this Agreement. Iran represents and agrees that upon the delivery of the aforementioned document or documents, the execution and delivery of this Agreement shall have in all respects been duly authorized or ratified, and that all acts, conditions, and legal formalities which should have been completed prior to this Agreement becoming effective shall have been completed

as required by the constitution, laws, statutes, decrees and regulations of Iran, and in conformity therewith.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate.

\_\_\_\_\_  
SECRETARY OF THE TREASURY OF THE UNITED STATES

IMPERIAL IRANIAN GOVERNMENT

BY \_\_\_\_\_