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Preparing for the Sanctions Snapback Iran Overhauls Its Foreign Exchange and Capital Import Framework

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Background

Against the backdrop of the reimposition of the U.N. sanctions on Iran, along with ongoing constraints on the country's foreign exchange (**FX**) reserves and persistent barriers to foreign investment and trade linked to the tightening grip of continuing U.S. sanctions, Iranian government has been compelled to explore alternative, viable channels to attracting capital into the country. In line with efforts to strengthen economic resilience amid these challenging conditions, the Iranian government has introduced evolving policies on investment, foreign trade, and FX, reflecting the shifting dynamics of restrictions on Iran's trade landscape.

A recent measure taken to tackle the current economic situation is the introduction of an updated procedure for importing gold into the country. Although gold and other precious metals are not explicitly listed among the investment types eligible for protection under the Foreign Investment Promotion and Protection Act 2002 (**FIPPA**) and are not typically covered by the foreign investment protection framework under bilateral investment treaties.¹ Accordingly, the Council of Ministers, having previously authorised the import of gold as a permitted form of foreign investment pursuant to the general authorisation granted under Article 1, has now introduced significant updates to the relevant regulation.

Drawing on this new regulatory development (anchored in gold's status as a globally stable and secure asset) this presents a timely and strategic opportunity for foreign investors seeking entry into the Iranian market in the face of ongoing restrictions.

Similarly, significant regulatory developments have recently occurred in the FX regime, entailing changes designed to serve multiple objectives, including launching a new secondary FX market and recalibrating the FX market in response to rapidly evolving conditions, particularly the tightening of Iran's foreign trade environment following the 12-day war with Israel and further intensification of sanctions landscape.

¹ Article 1 of FIPPA provides that, beyond the enumerated investment categories, other forms of investment designated by the Council of Ministers may also receive similar protections.

An overview of the said regulatory developments will be discussed below.

Importing Gold as an Alternative to Disrupted Foreign Investment Flow to the Country

The new regulation on the procedure for importing gold as a protected foreign investment is issued by the Council of Ministers on 28 September 2025 (**Regulation**). This offers foreign investors a transparent, fast, and secure pathway to enter the Iranian market through gold imports despite the prevailing trade restrictions. Reportedly, although little time has passed since the introduction of the new Regulation, several instances of gold importation have already taken place by foreign investors active in the steel and capital market sectors amounting to millions of dollars.

Prior to this new Regulation, a decree adopted by the Council of Ministers in 2022 also authorised importation of gold, silver, and platinum by foreign investors as well as passengers subject to customs regulations. Nevertheless, the new Regulation amends the items of precious metals permitted for import as foreign investment and limits it to gold only. This avoids complexities associated with valuing and trading other precious metals, making the process clearer for investors and regulatory bodies.

The Regulation provides that the equivalent of the imported gold (which must be sold as per the procedure set forth in the Regulation) in Iranian Rial (**IRR**) will be transferred to the Iranian capital recipient entity (*i.e.*, investee). As a result, the Regulation seeks to address and compensate the disruption that has occurred in the flow of foreign capital into the country, while simplifying the procedures and resolving certain previous ambiguities.

The Regulation further streamlines the framework for channeling foreign investment in the form of gold. The key provisions of the Regulation are highlighted below:

Facilitated and streamlined import and customs clearance procedures for gold

The primary advantage of this new Regulation is the possibility of importing standard gold bullion with a customs declaration, without the need for an order registration. Investors are now allowed to import gold bullions according to the maximum amount mentioned in their foreign investment licence (under Article 6 of **FIPPA**). This provision eliminates one of the main bureaucratic hurdles for investors and significantly speeds up capital entry.

However, eliminating order registration does not mean bypassing customs formalities, and the following steps are required for gold clearance from customs:

- Customs declaration: Investors must declare imported gold to customs.
- Valuation: The Iranian Customs Administration (**IRICA**) will assess the value of imported gold based on reliable sources and global market prices.

- Customs clearance permit: After evaluation and completion of necessary procedures, the final customs clearance permit for the gold will be issued.

Selling gold and registering it as foreign investment: the role of Iran's Centre for Exchange of Currency and Gold (ICE)

After gold is imported and cleared from customs, the next step is converting it into IRR and officially registering it as foreign investment. According to Article 3 of the Regulation, imported gold must be sold exclusively through the ICE or the Commodity Exchange. After the sale, the ICE is responsible for:

- Depositing funds into the investor's account: The IRR equivalent of the sold gold is directly deposited into the account of the enterprise or project receiving the investment.
- Issuing a certificate to the Organisation for Investment, Economic, and Technical Assistance of Iran (**OIETAI**): The ICE must send a sales certificate, including information such as the seller's name, gold quantity and purity, sale date, and IRR equivalent, directly to the OIETAI.

Upon receiving this certificate, the OIETAI will officially register the value declared by the IRICA as foreign investment.

Repatriation framework

According to Article 4 of the Regulation, the transfer of foreign currency for investment profits and proceeds will be possible only after at least one year has passed from the date of application of the imported capital, subject to the approval of the Foreign Investment Board and the Minister of Economic Affairs and Finance.

Moreover, the repatriation of the principal amount of foreign capital imported and registered in the form of gold bars (up to the maximum weight and carat originally brought in) shall be permitted only upon approval by the Foreign Investment Board and exclusively through the same platform used for its initial supply.

Retrospective application

The Regulation also addresses gold bars that entered the country between 3 December 2022 and the promulgation of this Regulation, with the approval of the OIETAI, but were sold on platforms other than ICE. In such cases, the OIETAI, in coordination with the CBI, will proceed with the registration of the capital upon receipt of the relevant documents evidencing clearance and related requirements. The mechanism set forth in Article 3 of this Regulation will also apply to bars imported after 3 December 2022 that have not yet been converted into IRR.

The withdrawal of the principal of foreign capital that has been imported in the form of standard gold bullions and registered by the OIETAI is possible within the framework of Article 17 of the FIPPA, after approval by the Foreign Investment Board, as per the investment licence.

Launch of the New Secondary FX Market by the Central Bank of Iran (CBI)

While the country's foreign trade has long been gripped by comprehensive U.S. primary and secondary sanctions (since the United States' withdrawal from Iran's nuclear deal aka, **JCPOA** in 2018) the reinstatement of the U.N. sanctions has further complicated foreign trade payments, which necessitates for the CBI to adopt shifting FX policies and expanding the FX market to streamline the importation finance.

Whereas the U.N. sanctions are limited to specific areas of trade and investment—primarily those related to nuclear activities as outlined in UNSC resolutions—they nonetheless affect Iran's broader foreign trade. The mere issuance of these sanctions by the Security Council heightens scrutiny of commercial and financial transactions involving Iranian banks, increasing transaction costs and deterring potential trade partners. This climate of vigilance naturally restricts Iran's access to international markets. Additionally, existing U.S. sanctions have sought to push many European companies, once active in Iran, to retreat from the Iranian market.

Similar to CBI's previous measures concerning the FX market in Iran, these amendments will directly affect foreign trade players (both importers and exporters) and stakeholders across various industries, including the renewable energy sector, where feed-in tariffs are annually adjusted to rising foreign currency rates.

In November 2024, the CBI mandated that all commercial foreign currency transactions by exporters and importers be conducted exclusively through ICE. In this regard, the CBI promulgated the Directive Concerning Transactions on the Commercial Currency Platform of ICE (**Directive 2024**) on 16 November 2024, which took effect on 24 November 2024.

While Directive 2024 established the primary regulatory framework for FX transactions conducted via ICE, it was subsequently updated through a new edition (**Directive 2025**) on 6 August 2025. Directive 2025 establishes a new secondary FX market, offering a mechanism for small and medium-sized exporting enterprises to sell their export proceeds while fulfilling their mandatory obligation to repatriate those funds. This process is facilitated through transactions conducted on the newly launched secondary market via ICE.

While Directive 2024 was grounded in the CBI's statutory obligation to establish operational procedures for foreign exchange transactions (primarily aimed at facilitating foreign trade, incentivising exporters, and ensuring the supply of foreign currency for imports) Directive 2025 pursues, among other objectives, the implementation of specific provisions under the Law on the Seventh Development Plan 2024 (**Seventh Development Plan**). In particular, Article 11(a)(2) of the Seventh Development Plan provides that small-scale exporters (the

classification of which is to be determined by the Council of Ministers) may either (i) offer the foreign currency proceeds of their exports through ICE, or (ii) upon notifying the CBI, utilise such proceeds (either directly or through other importers) for the import of authorised goods, provided that the allocation of foreign currency for such imports has been approved by the CBI.

The introduction of the new secondary FX market may be viewed as a strategic measure in anticipation of reinstatement of the UN sanctions that had been suspended under the JCPOA. It represents one of the most consequential changes to Iran's FX regulatory regime in recent years, with significant implications for exporters, importers, and other stakeholders.

Under the Directive 2024, currency purchase applicants (importers licenced by ICE) must purchase the foreign currency needed for their imports via a local CBI-approved bank to engage in foreign exchange transactions. Furthermore, the currency sale applicants (exporters and foreign investors) were required to sell their foreign currency revenues generated from their exports via an agent bank. In addition to the above, Directive 2025 not only incorporates direct transactions but also introduces a categorisation distinguishing between various groups of currency purchasers and sellers, as outlined below:

- First-tier sellers: CBI and other non-second tier sellers deemed eligible by CBI and pursuant to Directive 2025 to sell foreign currency;
- Second-tier sellers: CBI, small-sized exporters pursuant to Article 11(a)(2) of the Seventh Development Plan, foreign investors, and other exporters and persons deemed eligible by CBI to sell currency;
- First-tier purchasers: CBI, importers, and other persons eligible under CBI regulations and Directive 2025 to purchase currency with valid allocation from ICE; and
- Second-tier purchasers: CBI and importers certified by the Ministry of Industry, Mines, and Trade (**MIMT**) to purchase currency with valid allocation from ICE.

Under the Directive 2025, purchase and sale of currency by first tiers must still take place via an agent bank on ICE. The process of indirect transactions has not undergone significant changes under the Directive 2025. Direct transactions have been introduced by the Directive 2025 according to which, second-tier sellers and second-tier purchasers (as well as their respective agent banks) may engage in foreign currency transactions on ICE. These second tiers may register their application for purchase/sale and thereafter they will be able to place order for purchase/sale. Upon viewing by the second-tier sellers, accepting and approving the conditions of the bid and its terms including the currency amount, exchange rate, and premium (the amount in IRR the parties are willing to pay and receive in addition to the exchange rate of each currency unit) offered by the second-tier purchaser, the transaction will be completed at the end of the trading session. A trading session is defined as the period during which trading takes place on a certain day on ICE.

Once the second-tier seller confirms the receipt of the IRR amount (which has been deposited by the purchaser prior to order placement) the funds will be transferred from the ICE's account to the seller. At any stage of the transaction prior to the purchaser's confirmation of currency receipt, the parties may rescind the transaction by mutual agreement. Directive 2025 provides that all the risks and liabilities related to the direct transactions will be on the parties *i.e.*, the second tiers. Another element featured in the Directive 2025 with respect to direct transactions is the "premium" mentioned above. In addition to the exchange rate, purchasers may offer a premium, creating a competitive mechanism where the purchase applicant is willing to pay an additional amount to gain priority in receiving foreign currency. This approach can contribute to a more competitive and transparent transaction process.

In parallel with the adoption of Directive 2025 introducing direct transactions, the directive number 04/114308 dated 7 August 2025, issued by the CBI, provides that the source of allocation of foreign currency for a list of HS codes recently specified by the MIMT shall be the second tiers transactions. Consequently, securing currency for the import of these specified goods will be subject to the exchange rates and premiums negotiated between second-tier participants on ICE.

In the same vein, through the letter number 04/127289 dated 21 August 2025 addressed to the head of Iran Chamber of Commerce, Industries, Mines and Agriculture, the CBI communicated the launch of ICE's second hall to serve as a platform facilitating payments for certain imports as well as fulfilment of repatriation requirement for designated exporters. The CBI also emphasised that the provision of foreign currency for the import of certain specified goods will be possible exclusively through export-derived FX resources offered in this new secondary market.

The facilitation of FX transactions between selected groups of importers and exporters is expected to bring these transactions closer to free market rates within the designated segment of Iran's official foreign exchange market. According to a recent interview with the head of the ICE, exchange rates in the second hall of the ICE are determined through mutual agreement between exporters and importers, without any intervention from the CBI. Such negotiated rates will serve as the benchmark rate for accessing foreign currency to finance the import of certain specified goods, primarily non-essential items.

The tangible impact of this new development on Iran's FX market will become clearer as it interacts with prevailing market conditions.

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