

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 43

NEW IRAQI DINAR BANKNOTES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting that different series of Iraqi dinar banknotes are currently circulating in Iraq,

Understanding that there is an urgent economic need for the issuance of banknotes that will instill public confidence and facilitate the use of money for its traditional purposes;

Recognizing the need to strengthen the monetary and financial systems of Iraq, in order to stabilize the economy and create monetary conditions for long-term growth;

Determined to provide a legal framework for the introduction of a new series of Iraqi dinar banknotes to be issued by the Central Bank of the Iraq to replace the currently circulating dinar banknotes;

I hereby promulgate the following:

Section 1 Definitions

“CBI” means the Central Bank of Iraq.

“Conversion Period” means the period of time from October 15, 2003, up to and including January 15, 2004.

“Legal instrument” means any legally binding legislative or statutory provision, act of administration or regulation, judicial decision, contract, unilateral legal act, payment instrument other than a banknote, and any other document or instrument with legal effect.

“Legal tender” means Iraqi dinar banknotes and coins issued by the CBI, that are valid and have not been repealed, which any debtor may legally use for payments of all public and private debts, public charges, taxes and dues of any amount denominated in Iraqi dinars and against which no creditor can legally refuse payment of any amount due to him or her denominated in Iraqi dinars.

“New Iraqi dinar” means the new series of Iraqi dinar banknotes that are issued by the CBI after the date that this Order enters into force.

“1990 dinar” means banknotes issued by the CBI from 1990 up to and including the date that this Order enters into force.

“Official Conversion Rates” means the rates of conversion set forth in Section 5.

“Swiss dinar” means banknotes and coins issued by the CBI from 1959 up to and including 1989.

Section 2 Currency Exchange

The CBI shall be responsible for the exchange of Iraqi dinar banknotes currently circulating in Iraq and may issue Administrative Instructions consistent with this Order, for the purpose of implementing and facilitating the issuance of the New Iraqi dinar and the currency exchange.

Section 3 Issue of New Iraqi Dinar Banknotes

- 1) The CBI is, pursuant to Article 34 of the Central Bank of Iraq Law No. 64 of 1976, as amended, the sole authority in the Republic of Iraq vested with the power to issue legal tender currency. The CBI, under the supervision of the CPA, shall issue New Iraqi dinar banknotes and determine the denominations, designs, technical specifications, and other characteristics of New Iraqi dinar banknotes.
- 2) The CBI shall ensure that the banknotes redeemed against New Iraqi dinar banknotes, as provided for by this Order, are safely, promptly and securely destroyed.
- 3) The CBI shall also decide on the volumes, costs and other particulars related to the production and distribution of the New Iraqi dinar banknotes and on the collection, transportation, and destruction of the banknotes and coins submitted in exchange for New Iraqi dinar banknotes.
- 4) New Iraqi dinars shall be legal tender within Iraq, effective on the first date of the Conversion Period.

Section 4 Conversion

- 1) The exchange of currently circulating 1990 dinar banknotes and Swiss dinar banknotes and coins against New Iraqi dinar banknotes shall take place during the Conversion Period by exchanges at the Official Conversion Rates, free of charge, at the offices of the CBI and banks and other institutions designated by the CBI.
- 2) Notwithstanding paragraph 1 of this Section, Swiss dinar banknotes with a face value of 25 dinars may not be exchanged during the Conversion Period. Such banknotes may only be exchanged pursuant to Administrative Instructions issued by the CBI pursuant to paragraph 3 of this Section.
- 3) Following the expiration of the Conversion Period, no 1990 dinar banknotes or Swiss dinar banknotes or coins shall be exchanged for New Iraqi dinar banknotes, except as permitted pursuant to Administrative Instructions issued by the CBI.

Section 5 Official Conversion Rates

The 1990 dinar banknotes and the Swiss dinar banknotes and coins shall be exchanged against New Iraqi dinar banknotes at the official conversion rates of one (1) 1990 dinar to one (1) New Iraqi dinar, and of one (1) Swiss dinar to one-hundred-and-fifty (150) New Iraqi dinars.

Section 6 Legal Tender Banknotes

- 1) During the conversion period, 1990 dinar banknotes, Swiss dinar banknotes and coins, and New Iraqi dinar banknotes shall all be legal tender banknotes in Iraq and each type of Iraqi dinar may be used as such in proportion to its Official Conversion Rate.
- 2) After January 15, 2004, only New Iraqi dinar banknotes issued by the CBI shall be legal tender banknotes.

Section 7 Freedom of Contract

Parties to a contract or to any other voluntary transaction may denominate the payment obligations arising from such a contract or transaction in Iraqi dinar that is legal tender or in any foreign currency they agree upon and payment in discharge of

any such obligation may be made in any manner, as agreed upon, and as permitted by Iraqi law.

**Section 8
Continuity of Contracts**

The provisions of this Order shall not have the effect of altering any term of a legal instrument. The provisions of this Order shall not, unless otherwise mutually agreed by the parties to a contract, have the effect of discharging performance or excusing nonperformance under any legal instrument.

**Section 9
Conversion of Monetary Obligations**

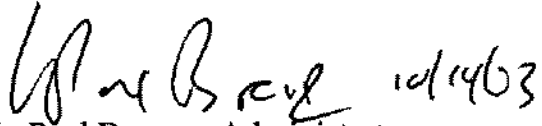
Effective January 16, 2003, all references in legal instruments to the Swiss dinar shall be converted by operation of law to the New Iraqi dinar.

**Section 10
Inconsistent Legislation**

In the event of a conflict between this Order and any legislation, statute or regulation in force prior to the entry into force of this Order, this Order shall prevail.

**Section 11
Entry into Force**

This Order shall enter into force on the date of signature.


L. Paul Bremer, Administrator
Coalition Provisional Authority