



Securities & Exchange
Organization

Iran Capital Market Insight

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Department of Research, Development
and Islamic Studies

Statistics and Risk Analysis Group

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Abbreviation

IFB	Iran Fara Bourse
IFX	Iran Fara Bourse Index
IME	Iran Mercantile Exchange
IRENEX	Iran Energy Exchange
SPS	Standard Parallel Salam
TEDPIX	Tehran Dividend and Price Index
TRI	Total Return Index
TSE	Tehran Stock Exchange

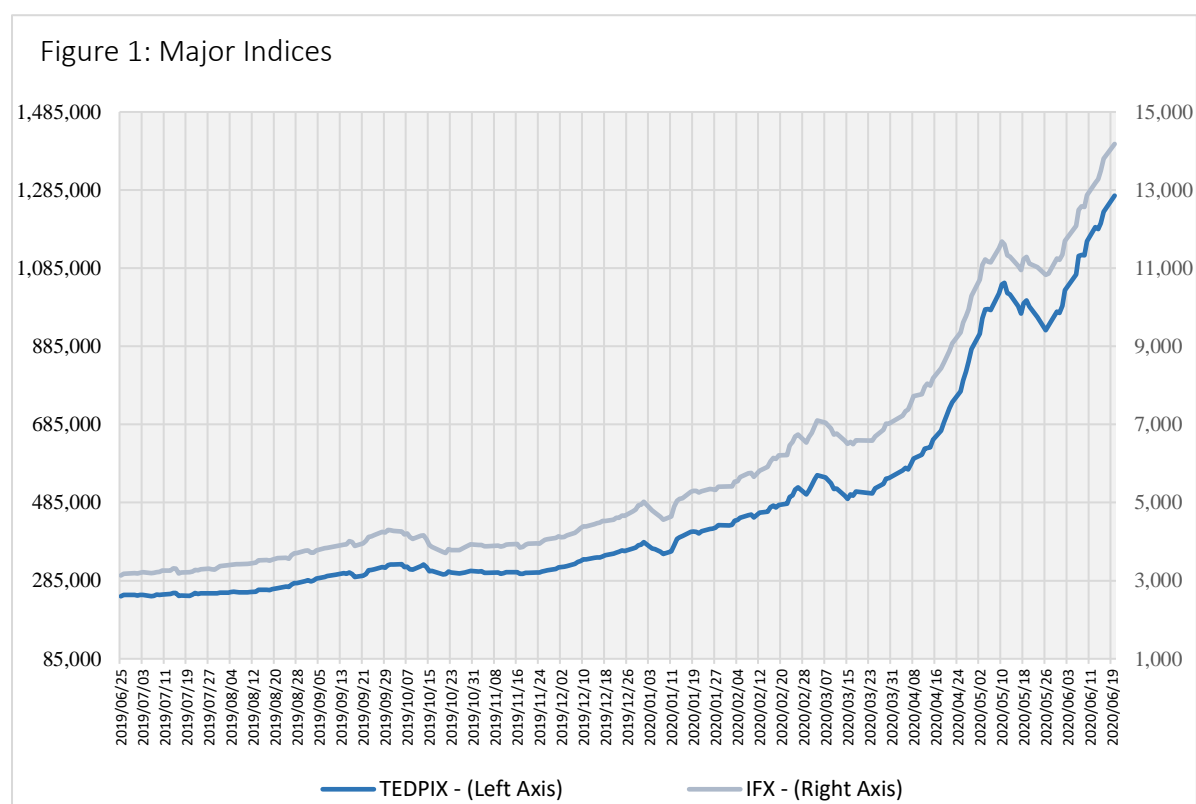
Stock Market Indices

The end of month figure of Iran stock market major indices including the TSE's (TEDPIX) and the IFB's total return index (IFX) is compared with that of the previous month in Table 1.

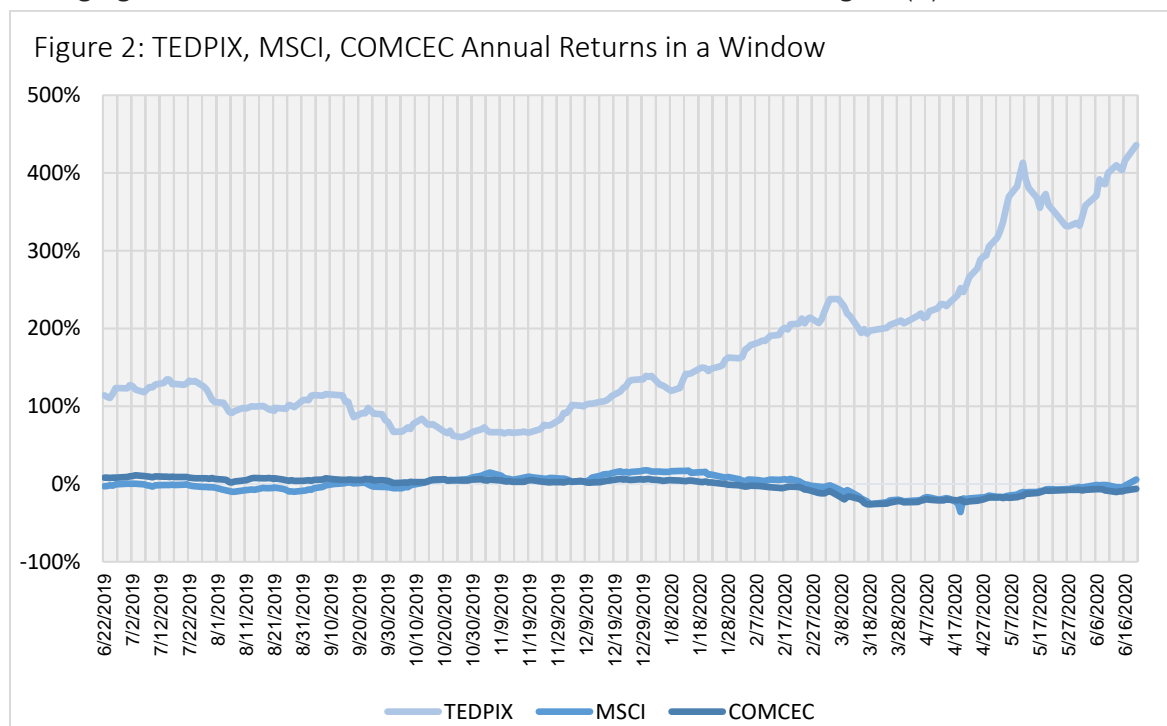
Table 1: Stock Market Indices

Index	Jun 2020	May 2020	Change (%)
TEDPIX	1,270,627	986,759	28.8%
IFX	14,180	11,113	27.6%

The past year's trend of the indices is illustrated in the following figure.



In addition, the performance (annual return in percent) of TEDPIX is compared with MSCI Emerging Market TRI and S&P/OIC COMCEC 50 SHARIAH TRI in figure (2).

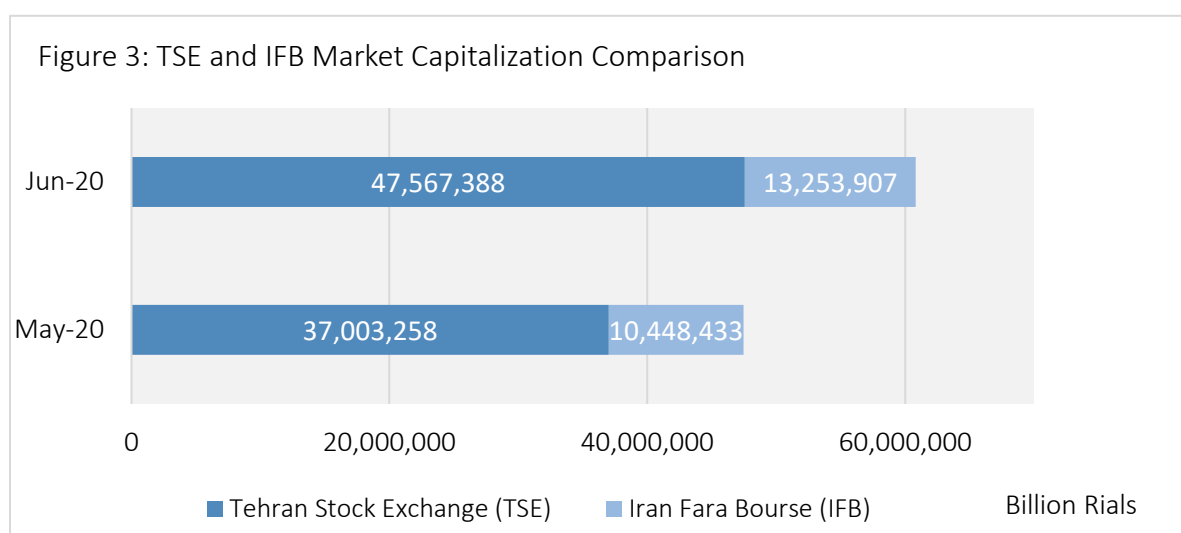


MSCI Emerging Market TRI: The index includes securities from 23 countries; however, it excludes stocks from emerging and frontier economies.

COMCEC: The S&P/OIC COMCEC 50 Shariah is designed to provide investors with a Shariah-compliant benchmark that measures the performance of leading companies from the Organization of Islamic Cooperation (OIC) member states.

TSE and IFB Market Capitalization

Share of the IFB and the TSE market capitalization in comparison with the end of May is demonstrated below. The IFB is younger and smaller; yet, has differentiated itself in hosting state-of-the-art financial instruments.

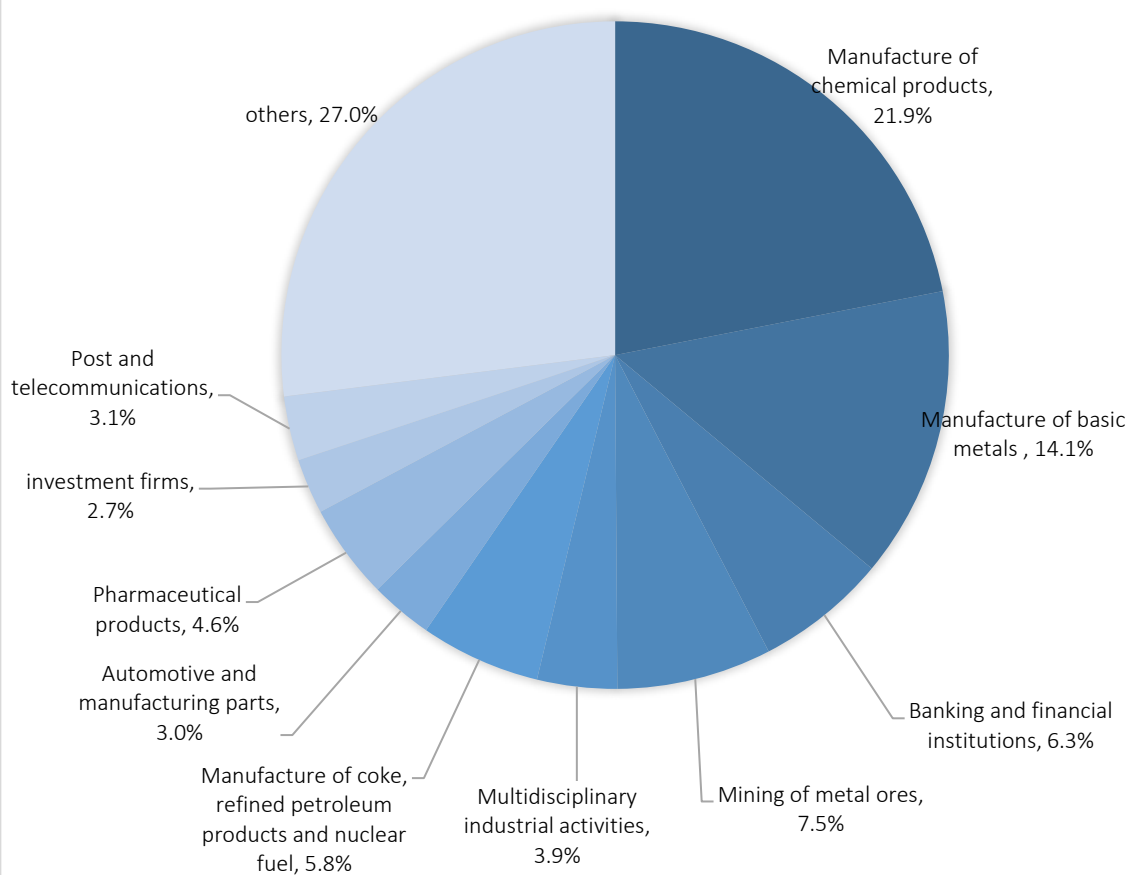


Industries Market Capitalization

Tehran Stock Exchange and Iran Fara Bourse

The break-down of top industries' market capitalization in the aggregate of the IFB and the TSE is depicted in the following figure.

FIGURE 4: TOP 10 INDUSTRIES



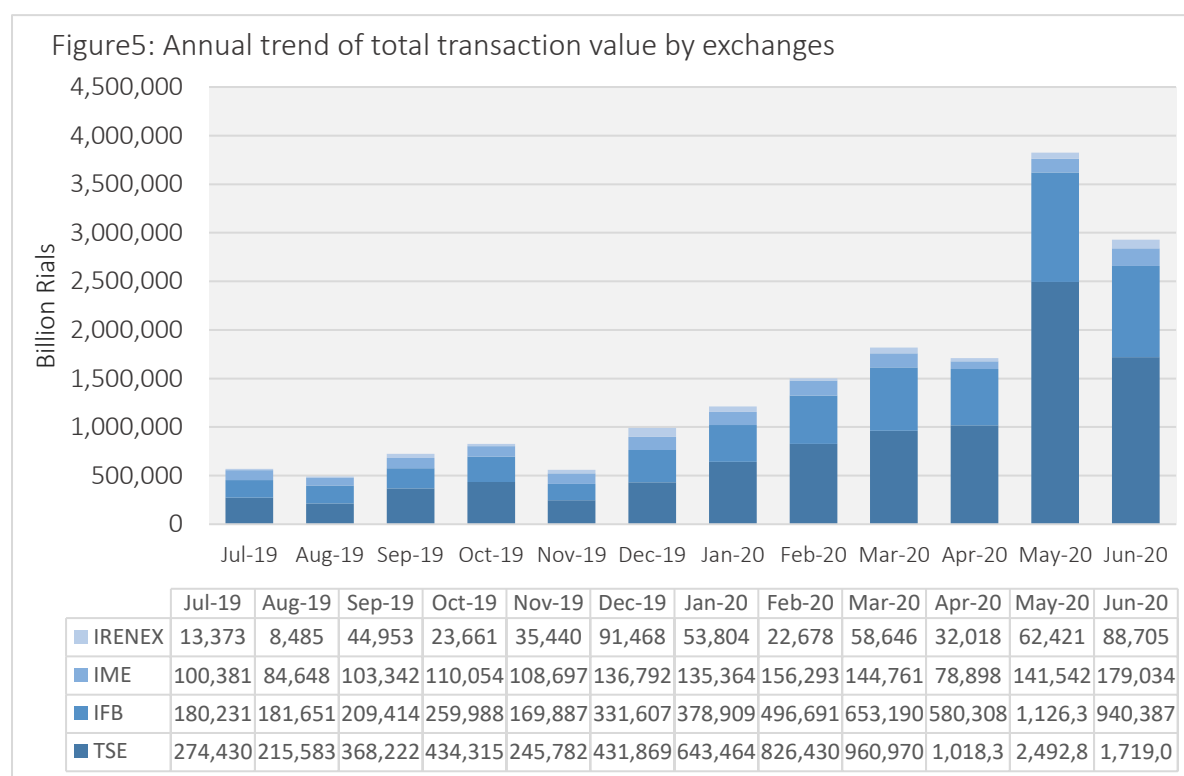
Exchanges' Trading Statistics

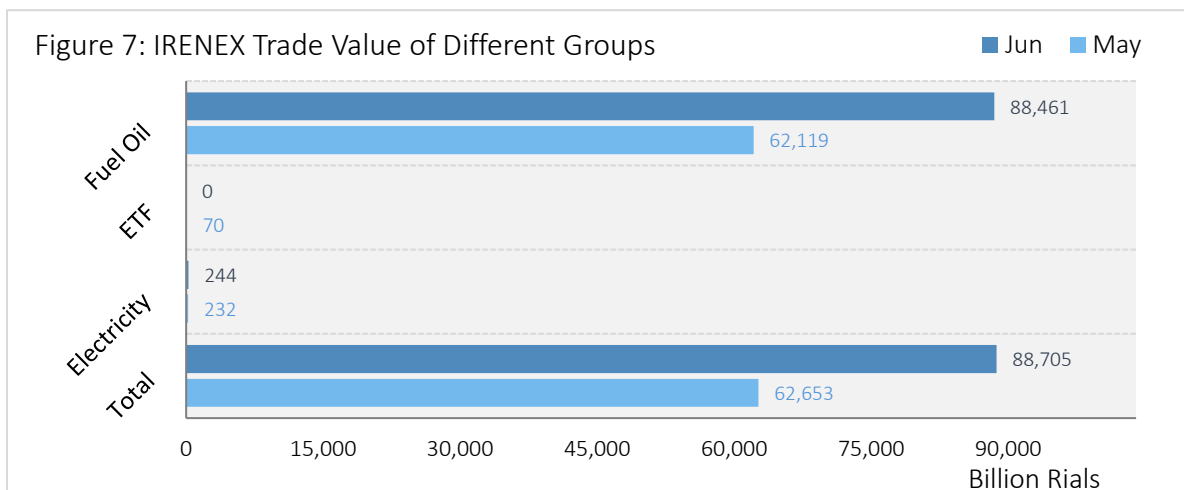
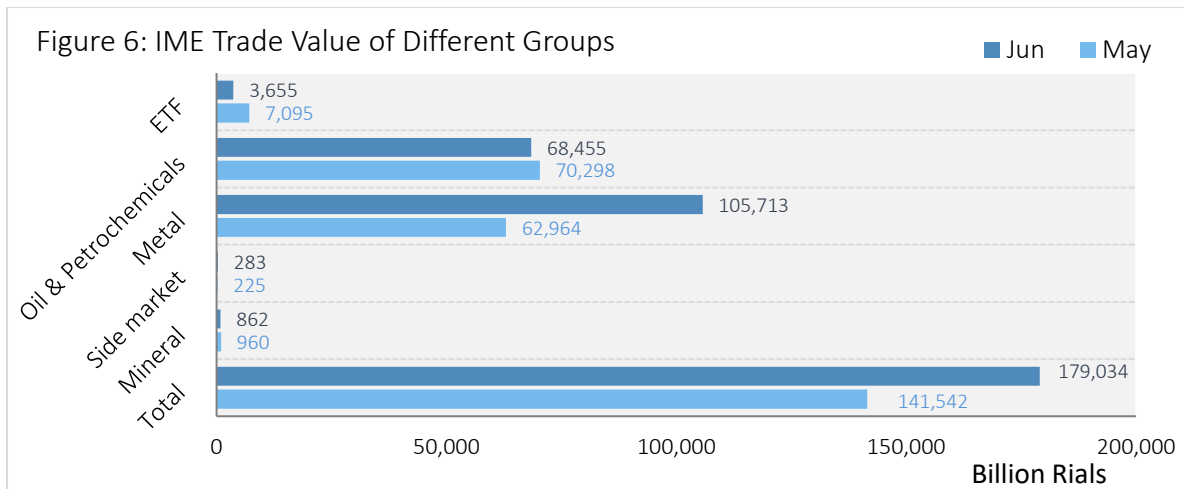
The value of trades for each exchange is depicted in the following table.

Table 2: Value of trades for each exchange

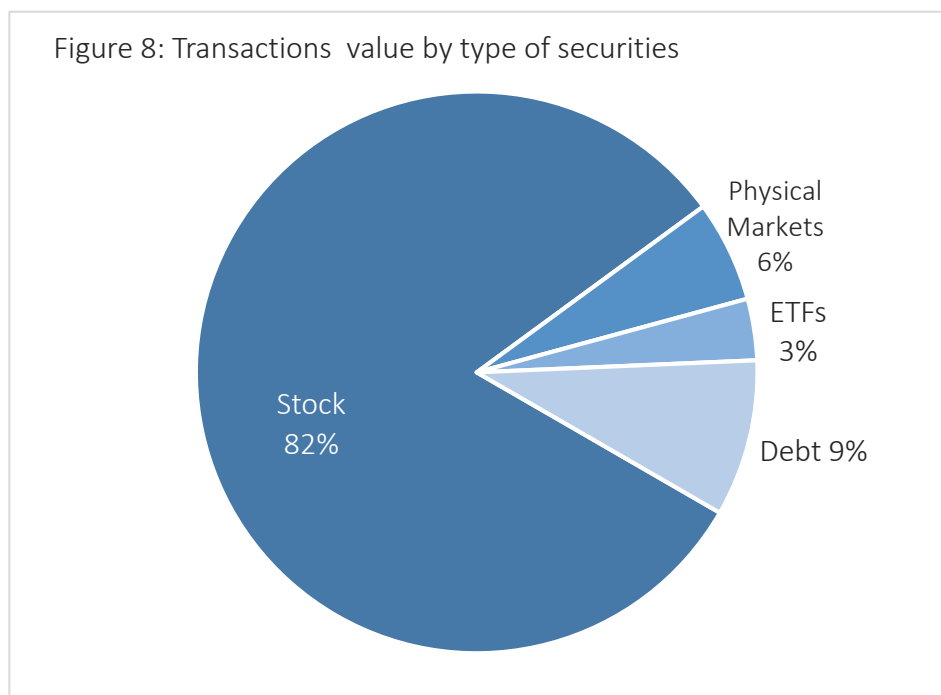
Exchange	Securities	Trade Value (Billion Rials)			change Percent	
		Jun-20	May-20	Jun-19	compared to previous month	compared to previous year
Tehran Stock Exchange	Stock	1,653,622	2,411,952	245,603	-31.44%	573.29%
	Sukuk	4,539	7,441	10,279	-39.00%	-55.85%
	ETFs	60,917	73,413	11,432	-17.02%	432.86%
Iran Fara Bourse	Stock	735,220	951,850	107,800	-22.76%	582.02%
	Sukuk	166,145	92,692	28,049	79.24%	492.33%
	ETFs	39,022	81,810	10,551	-52.30%	269.83%
IME	Physical Market	175,379	134,447	94,453	30.44%	85.68%
	ETFs	3655	7095	1,471	-48.48%	148.47%
IRENEX	Physical Market	88,705	62,351	9,891	42.27%	796.83%
	ETFs	0	70	16.0967	-100.00%	-100.00%
Grand Total		2,927,203	3,823,121	519,545	-23.43%	463.42%
Daily Average		172,188	166,223	28,864	3.59%	496.56%

The trading value of each exchange is depicted in the following figures.



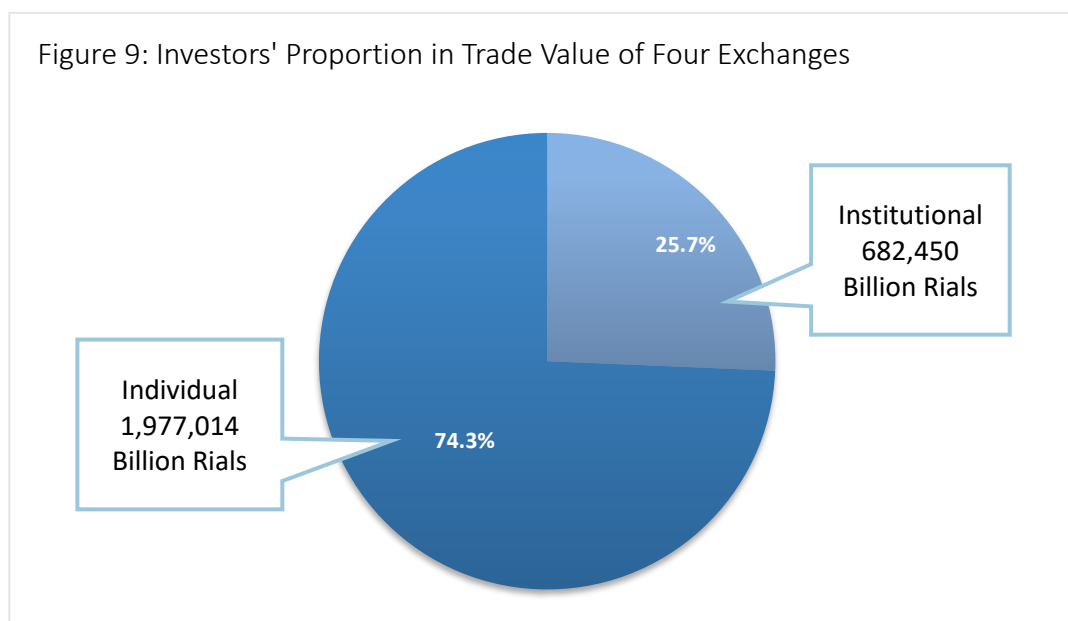


Instruments' Trading Statistics



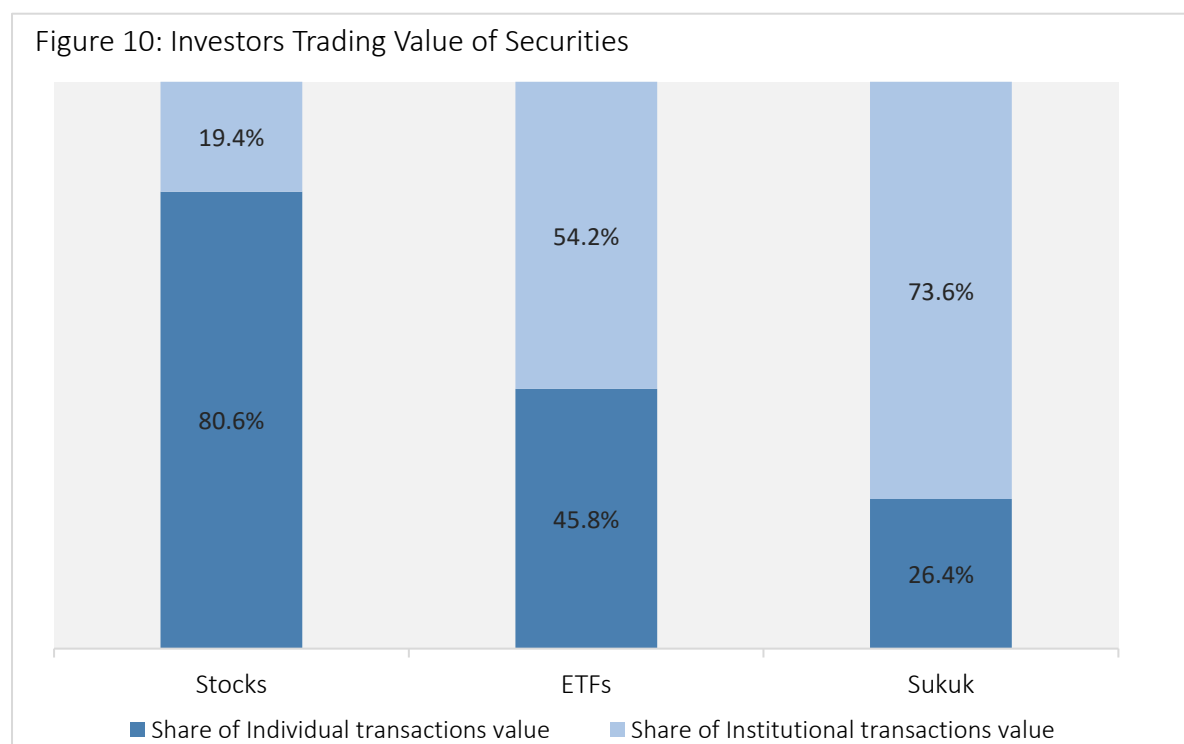
Share of Institutional and Individual Investors in Trading Value

Figure 9 reveals the proportion of individual and institutional investors in the total market trading value of TSE and IFB.



Institutional and Individual Transactions

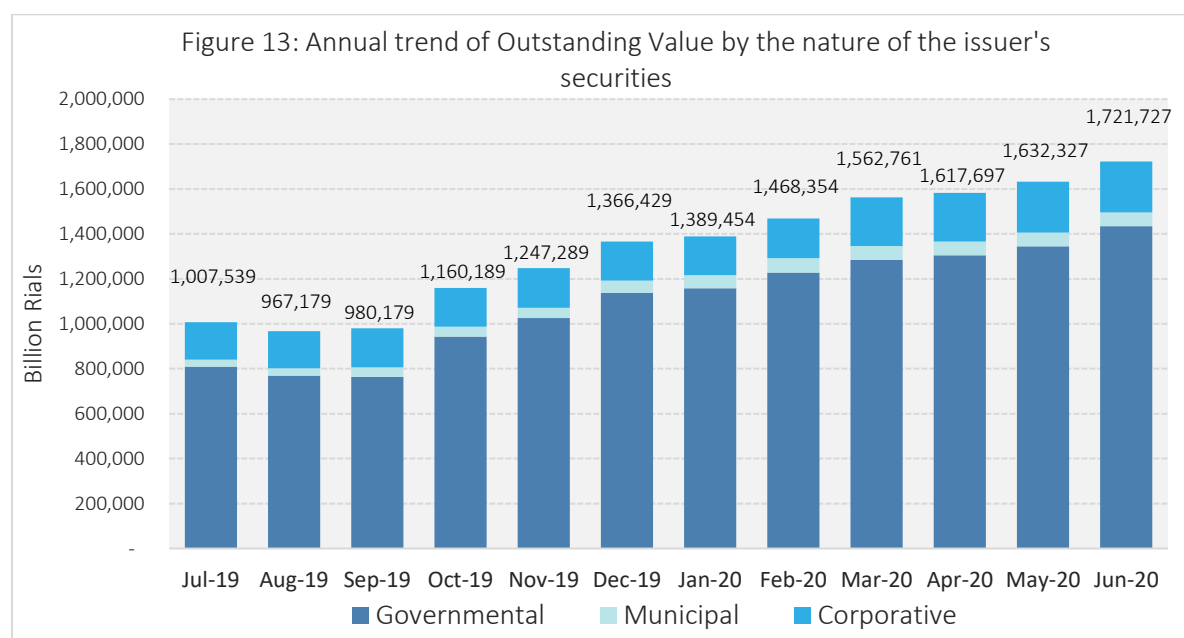
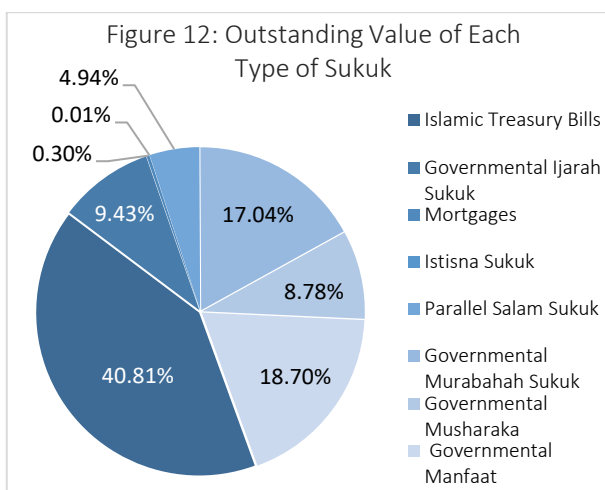
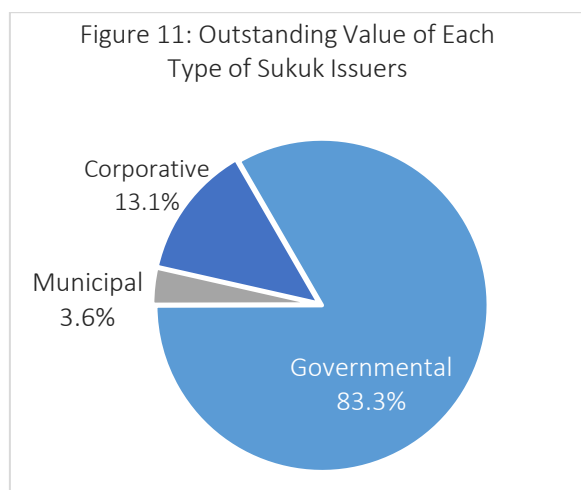
Institutional and Individual contribution for each category of instruments in TSE and IFB is demonstrated in the following figure.



Sukuk

Outstanding Sukuk

The outstanding value of each Islamic securities (Sukuk) is presented in the following figures. It is noteworthy that all instruments in the Iran capital market are Shariah-compliant.



Number of Listed and Unlisted Companies

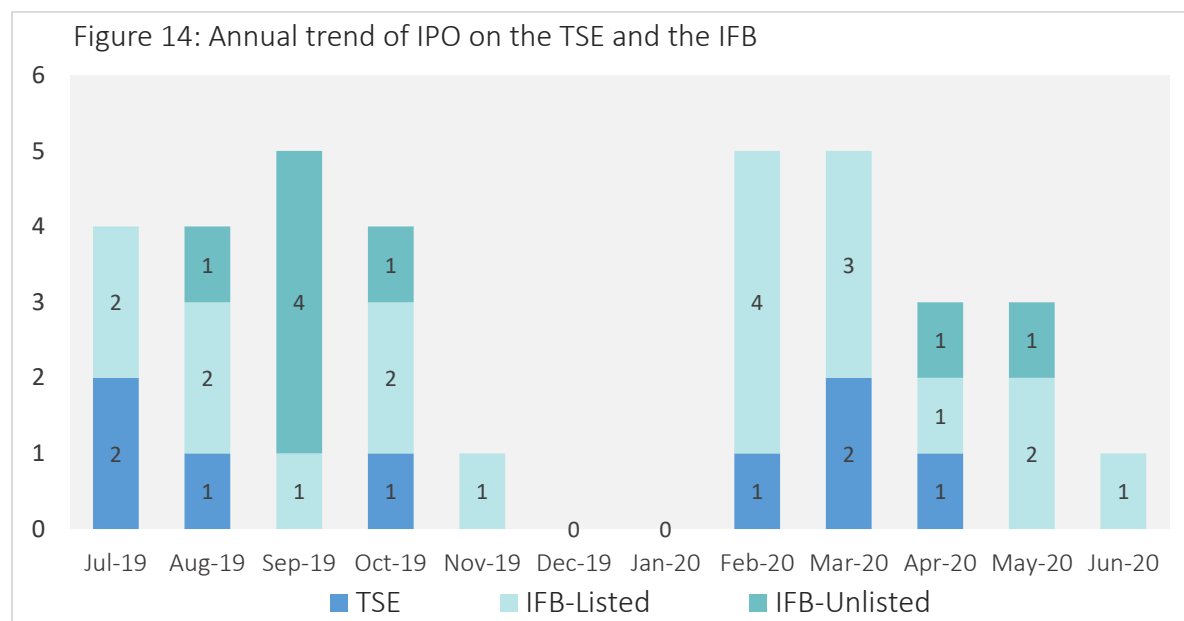
The number of listed and registered companies on the TSE and the IFB are presented in the following table.

Table 3: Number of Listed and Registered Companies on TSE and IFB

	Jun 2020
Listed Companies in the TSE	335
Listed Companies in the IFB	127
Unlisted Companies in the IFB	170

Initial Public Offerings

The trend of the number of initial public offerings in the TSE and the IFB is presented in the following figure.



The detail of IPOs in the TSE and the IFB is shown in the following table.

Table 4: detail of IPOs

Exchange	Industry	Company Name	Ticker	No.Shares (Milion)	Trade-Value (Billion Rials)	Percent of Supply (%)	Offering Date
IFB - Listed	Chemical Products	Arya Sasol Polymer	APOZ	~ 4.584	~ 12.915	4%	2020/05/27

MONTH EXTENSION FOR AGMS

The SEO announced in a statement to all listed companies and its trusted accountants and auditors that the “High Council of Economic Coordination” has extended the deadline for holding annual general assemblies to be held until March 18, 2020, for three months. This is due to the rampant Covid-19.

GOVERNMENT TO PUBLICLY OFFER STOCKS IN THE FORM OF ETF

Following the prior announcement of the Minister of Finance and Economic Affairs regarding the offering of stocks of state-run companies in the form of ETFs, the said Ministry called for the subscription of such ETF units.

Based on the current annual budget of the Government and the Cabinet’s approvals, the Ministry of Finance and Economic Affairs on behalf of the government intends to offer the remaining stocks in three banks and two insurance companies. This will be an exceptional opportunity for all Iranians to own the stocks of credible state-run companies. This is the latest decision of the Government aiming to privatize the economy through the capital market.

The 20 percent discount is the main advantage for Iranians. The unit price in the day of subscription is the average price of the stocks during the last 30 days, plus a 20-percent discount. Five percent of this amount will be deposited in the fund as the investors’ assets, and for market making purposes.

The subscription of these units will be available only for Iranian retail investors, so legal investors are not authorized to join the subscription. The subscription period will be from 3 to 20 May, 2020.

The subscription for trading account owners will be done through brokerage companies, online trading platforms, virtual platforms and selected banks upon presence; while non-trading account holders may proceed via either virtual platforms or selected banks upon presence.

Due to rampant Coronavirus and for safety and health reasons, it is strictly advised for investors not to refer personally to the brokerage companies and banks, and try to subscribe virtually via online terminals and virtual platforms.

NEW E-AGM AND E-VOTING DIRECTIVE APPROVED

The SEO approved the e-voting directive related to the annual general assemblies for all the registered companies and trusted auditors.

Based on this Directive, e-AGM refers to an assembly where participants may join either physically or electronically, while voting will be registered just electronically. Holding e-AGMs will prevent halting companies’ general assemblies as a consequence of Coronavirus.

Following the pre-AGM Articles of this Directive, companies are obliged to inform stockholders about their decisions to hold the AGMs electronically via CODAL or mass circulated newspapers, after granting authorization from the SEO. Additionally, companies shall inform their stockholders all the prerequisites and means of participation, supporting

items, and any other information which deem necessary for their stockholders, in the AGM announcement and any changes thereto, in due time.

Accordingly, the AGM officially starts based on the announcement. Companies shall collect the stockholders' information through Central Securities Depository of Iran (CSDI) after closing the companies' ticker symbol. Companies' assemblies are responsible for the authentication of the participating stockholders. Any participant shall register their presence in the system in order to reach the quorum, while the system shall have the ability to register the stockholders information regarding their number of share ownership and voting rights. The quorum will be calculated based on the Commercial Code.

Voting to select BOD will only apply for present physical members, and needs a separate voting. All votes will be done electronically both for physical and for virtual participants.

If any of the banks, financial institutions, leasing, cooperative companies, financial institutions registered at the SEO or any entity being supervised by a separate supervisory authority holds the e-AGM; then the competency of the applicants for their BOD shall be registered in the system and confirmed by their respective supervisory bodies.

Furthermore, the company shall upload the minutes or any important records of the AGM that was confirmed by the Assembly in the CODAL.

The system shall cover all secret and confidential matters, authorized by the SEO. In this line, companies shall inform the SEO about all the information regarding the persons who have the access to the stockholders' confidential information in the system. Such persons may include:

1. BOD and CEOs of the IT company engaged in holding e-AGMs,
2. All persons connecting to administration, support and maintenance of the system, and registering the records of:
 - a. Network, security and infrastructure equipment,
 - b. Operating systems,
 - c. Data terminals, and
 - d. Software management or reporting section.

Companies are obliged to record all activity information and present it to the SEO upon request.

Finally, if any malfunction or technical inconvenience in the system occurs which negatively affects the decision-making; the company shall immediately inform the participants and the SEO. If CSDI is responsible for system malfunction, then CSDI shall immediately inform all participants and the SEO alike.

CAPITAL MARKET IN BOOM

The Chairman of the SEO in a recent interview said that investors, especially newcomers who lack enough investment knowledge and financial literacy, should enter the market through advisory companies, as well as portfolio management companies, and above all consider the great potential of mutual funds.

Stressing the excellent opportunity in the capital market, which has lately been being deepened and welcomed, Mr. Ghalibaf added companies should not miss this golden opportunity to finance via our capital market for their current and future projects. Debt securities, particularly convertible Musharaka Sukuk, are also other sources of financing, Ghalibaf further noted.

Unlike other markets such as exchange market, gold and real estate markets, capital market has a trading floor that fairly discovers the price. Therefore, new listings will absorb fresh money and as a result, liquidity inflow will adjust the price of stocks, he concluded.

Recently, the “Social Security Investment Company (SSIC)” did the IPO on the Tehran Stock Exchange (TSE) as the largest IPO in the history of the capital market. SSIC offered 10 percent of the stocks worth IRR 650,000 billion (around \$15 billion), while some 2.1 million investors have participated in this IPO.

JUSTICE SHARES TO OFFER SOON

In 2006 and in line with Article 44 of the Constitutional Law of the Islamic Republic of Iran which is riveted upon the privatization of the national economy, the shares of several state-owned companies, around 49 companies, have been given to some classes of society. These shares have been dubbed Justice Shares and are already held by 59 million people in Iran. Justice Shares aimed to more privatize the national economy and, above all, alleviate poverty and support the underprivileged in the country.

These shares were not tradable for around a decade but recently it has been decided by the top officials as a macro-policy for the SEO to pave and smooth the way for trading these shares in the market by considering the entire regulatory, legal, and technical infrastructures. Based on this decision, once these shares commence being traded, shareholders will be able to trade them like other traders in the market. Over the last couple of days, CSDI has issued 35 million trading accounts for the holders of justice shares, which is an unprecedented event in the history of Iran’s capital market.

The portfolio of justice shares include both listed and non-listed companies. Non-listed companies urged to list in either Tehran Stock Exchange (TSE) or Iran Fara Bourse (IFB) at earliest.

Needless to mention that in the last month, the investment in the capital market of Iran has dramatically welcomed by people and a big liquidity has entered the market which, unanimously agree, promise a bigger share for the capital market in the national economy.

MORE INVESTOR PROTECTION SCHEMES IN SEO

In line with the offering of “Justice Shares” which will result in the active participation of the fresh stockholders in the capital market, two new departments have been established within the SEO in order to maintain and enhance the investment security and credibility of the market.

“Department of Preventive Measures and Promotion of the Capital Market Integrity”, aiming to promote transparency, efficiency and fairness in the market, as well as to raise awareness, adopt technical measures and promote the norms and principles of behavior of capital market managers; and, the “Restorative Justice Center”, which aims to support and protect the business environment and capital market activists. It also supports shareholders who suffered from fraudulent affairs.

At the end of Jun 2020, the market capitalization reached 60,821,295 billion IR, which represents 22% growth compare with the previous month.

The TSE's total return index (TEDPIX) at the end of one-month trading session in Jun 2020 increased by 28.77% and touched 1,270,627, while the IFB's total return index (IFX) reached 14,180, which demonstrates a 27.6% growth.

The total trading value of four exchanges (TSE, IFB, IME, and IRENEX) amounted to 2,927,203 Billion IRR in Jun 2020, which shows 23.43% decrease comparing to the last month.



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