



Securities & Exchange
Organization

Iran Capital Market Insight

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Department of Research, Development
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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

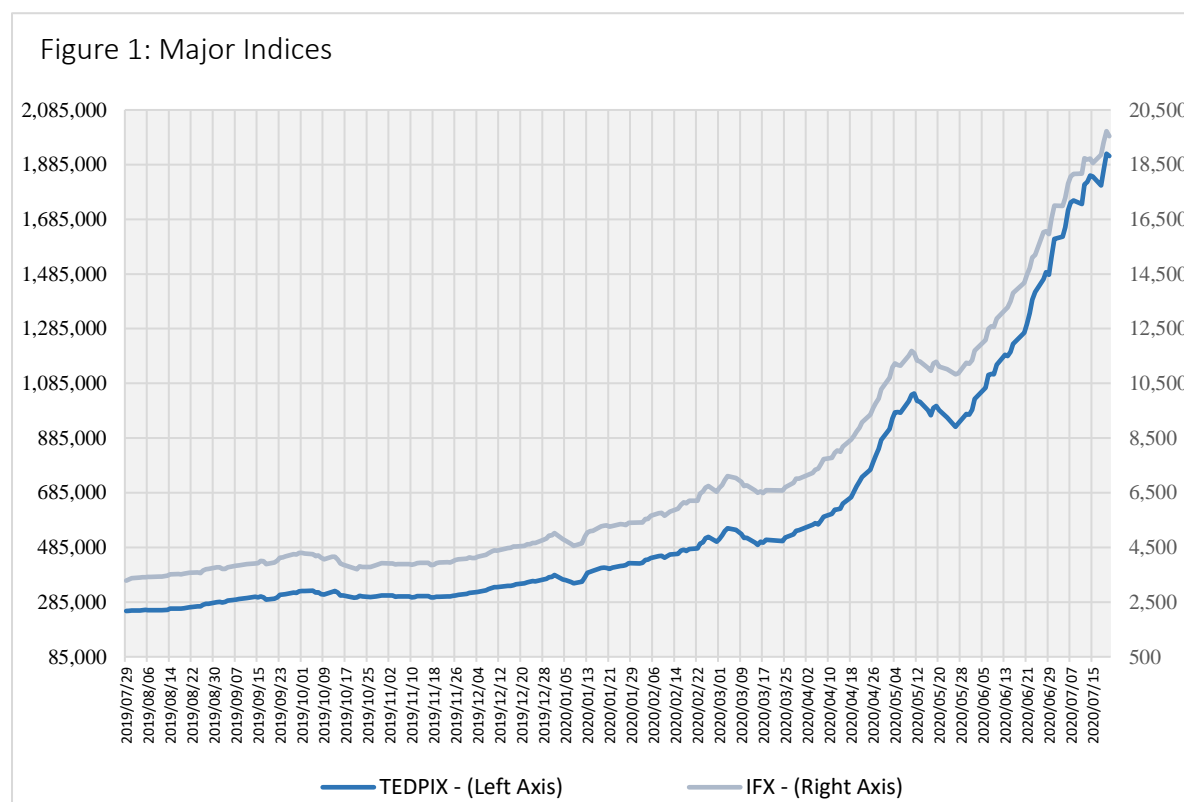
Stock Market Indices

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.

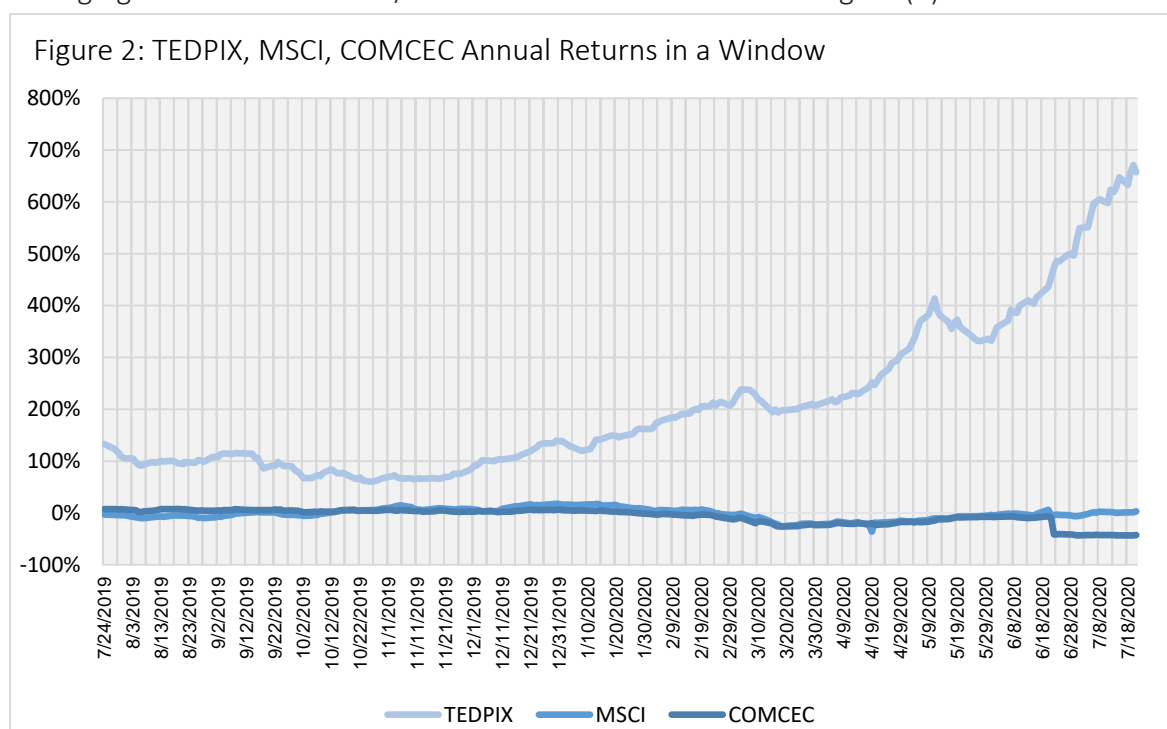
Table 1: Stock Market Indices

Index	Jul 2020	Jun 2020	Change (%)
TEDPIX	1,916,194	1,270,627	50.8%
IFX	19,544	14,180	37.8%

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).

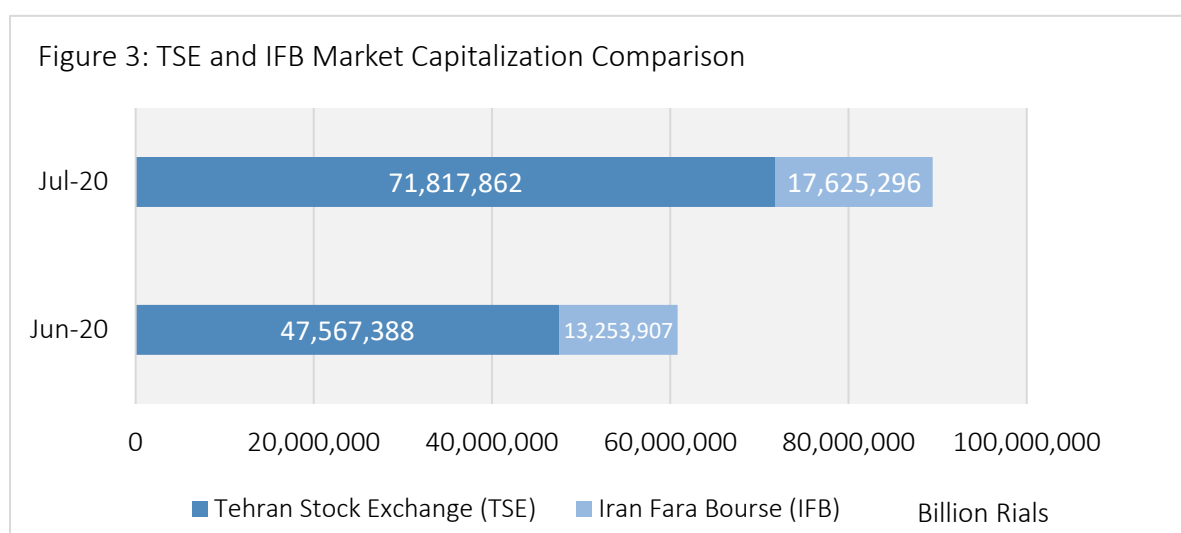


MSCI Emerging Market TRI: The index includes securities from 23 countries; however, it excludes stocks from emerging and frontier economies.

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

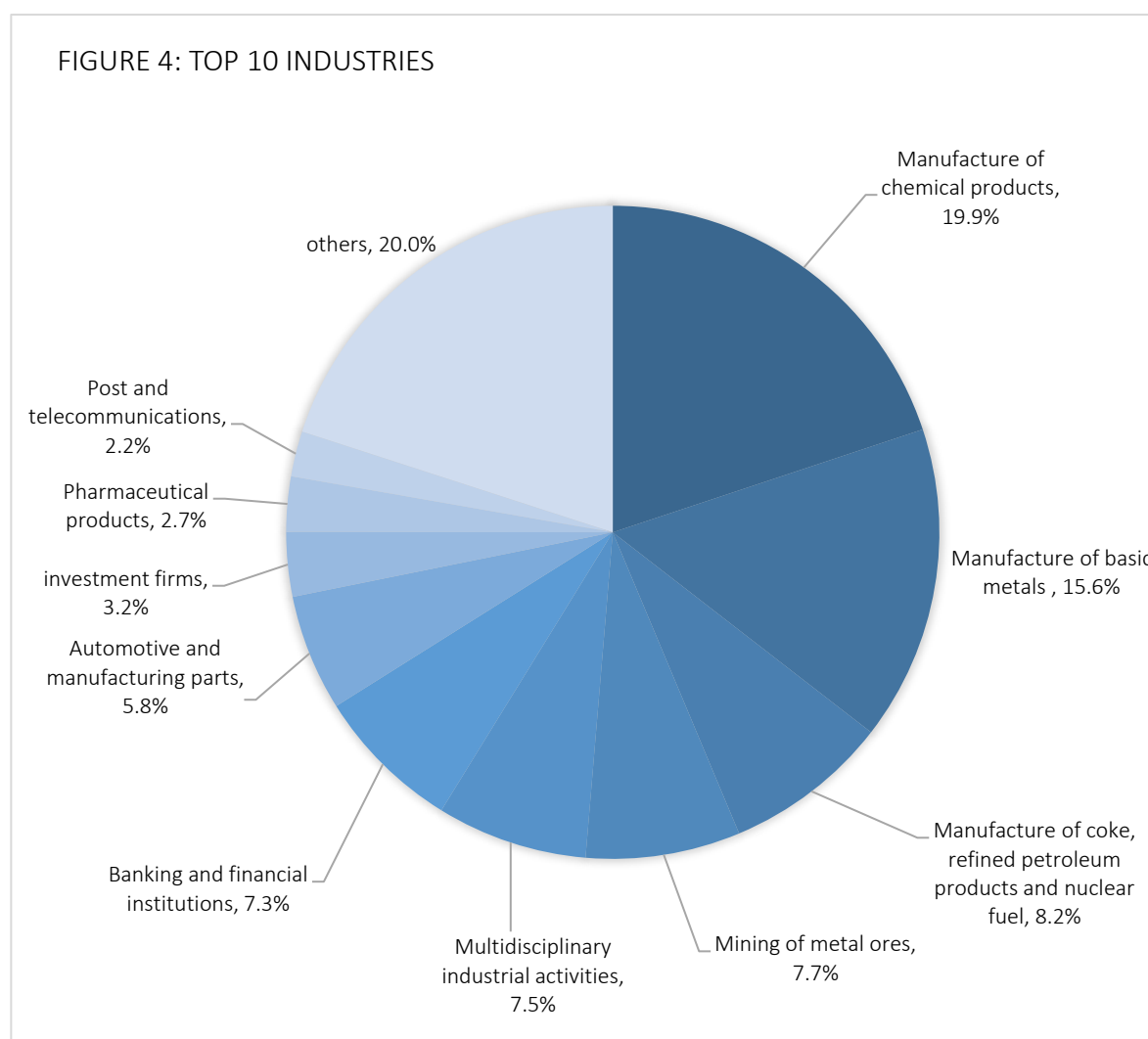
Share of the IFB and the TSE market capitalization in comparison with the end of June is demonstrated below. The IFB is younger and smaller; yet, has differentiated itself in hosting state-of-the-art financial instruments.



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.



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	
		Jul-20	Jun-20	Jul-19	compared to previous month	compared to previous year
Tehran Stock Exchange	Stock	3,745,248	1,653,622	234,154	126.49%	1499.48%
	Sukuk	8,287	4,539	23,186	82.59%	-64.26%
	ETFs	114,031	60,917	17,090	87.19%	567.25%
Iran Fara Bourse	Stock	1,368,613	735,220	128,725	86.15%	963.21%
	Sukuk	391,565	166,145	39,192	135.68%	899.10%
	ETFs	82,419	39,022	12,314	111.21%	569.29%
IME	Physical Market	232,264	175,379	98,900	32.44%	134.85%
	ETFs	5997	3655	1,481	64.08%	304.93%
IRENEX	Physical Market	112,182	88,705	13,373	26.47%	738.87%
	ETFs	16	0	0	-	-
Grand Total		6,060,623	2,927,203	568,415	107.04%	966.23%
Daily Average		263,505	172,188	25,837	53.03%	919.87%

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

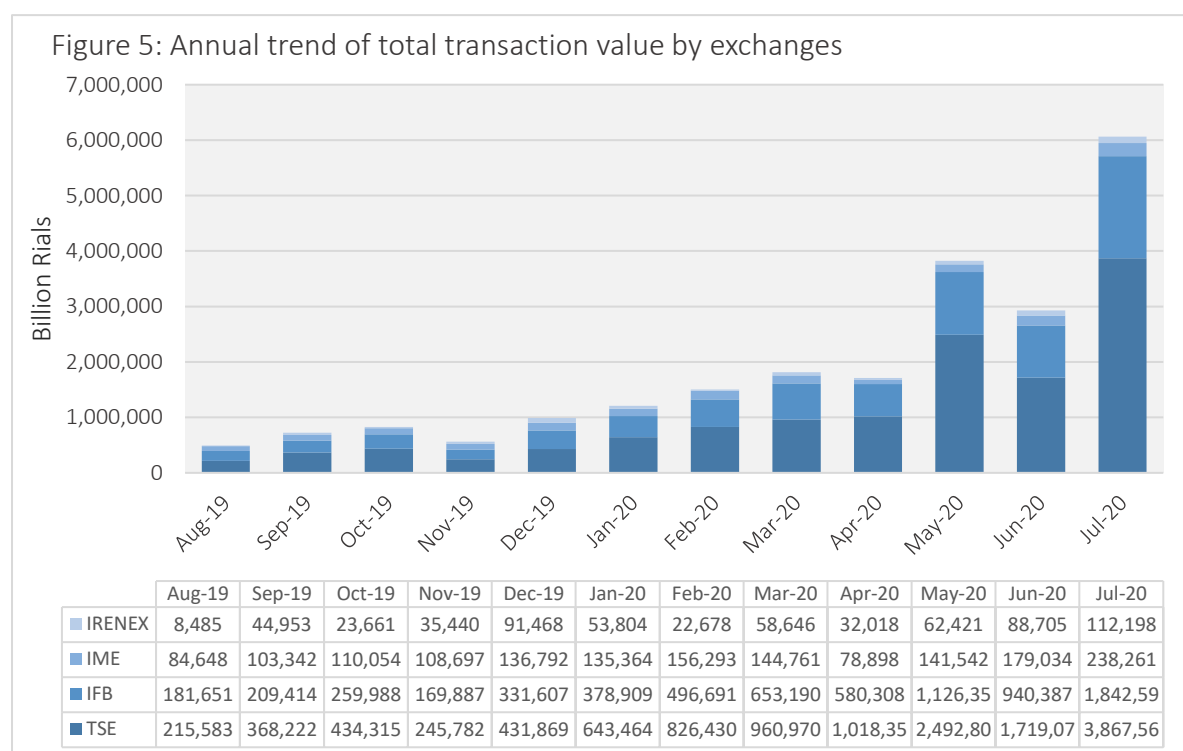


Figure 6: IME Trade Value of Different Groups

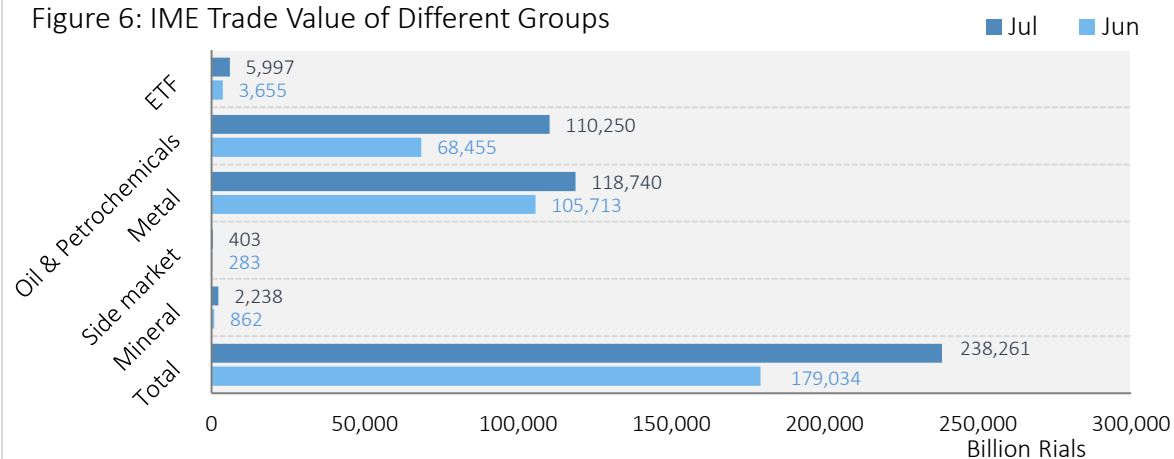
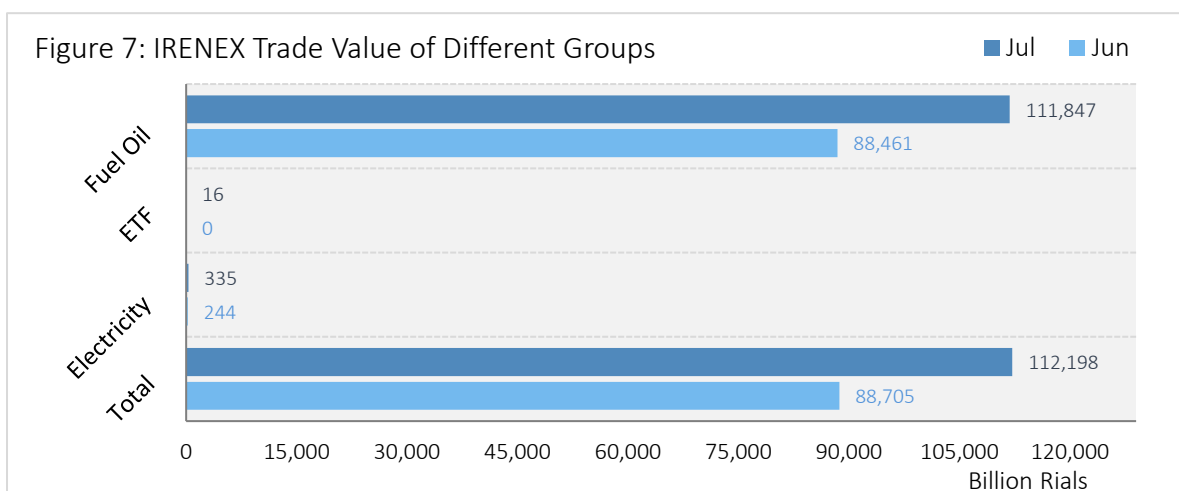
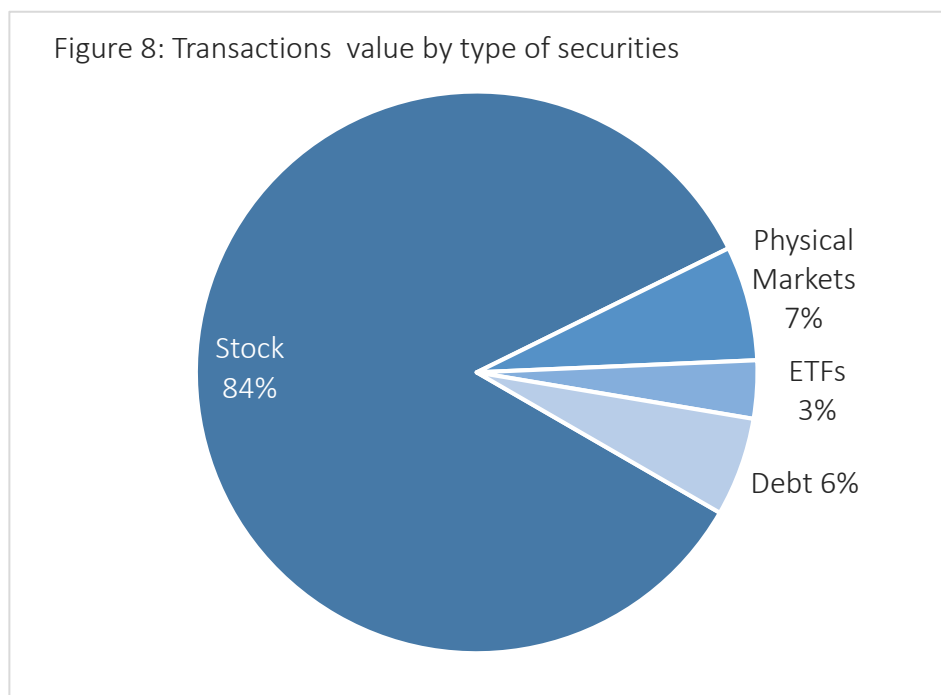


Figure 7: IRENEX Trade Value of Different Groups



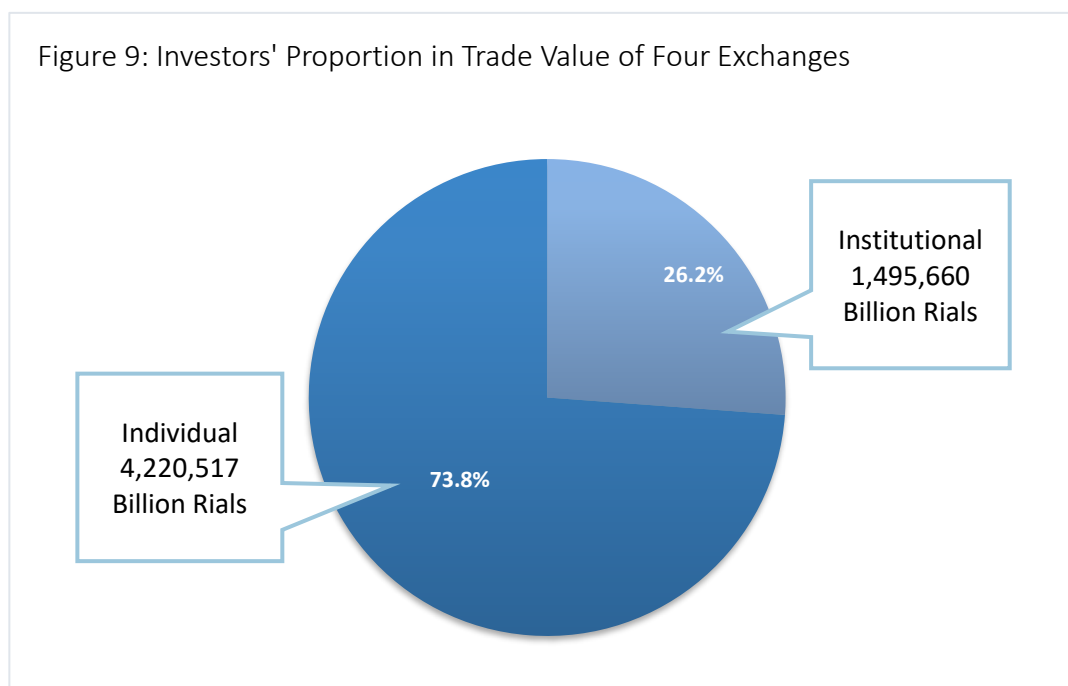
Instruments' Trading Statistics

Figure 8: Transactions value by type of securities



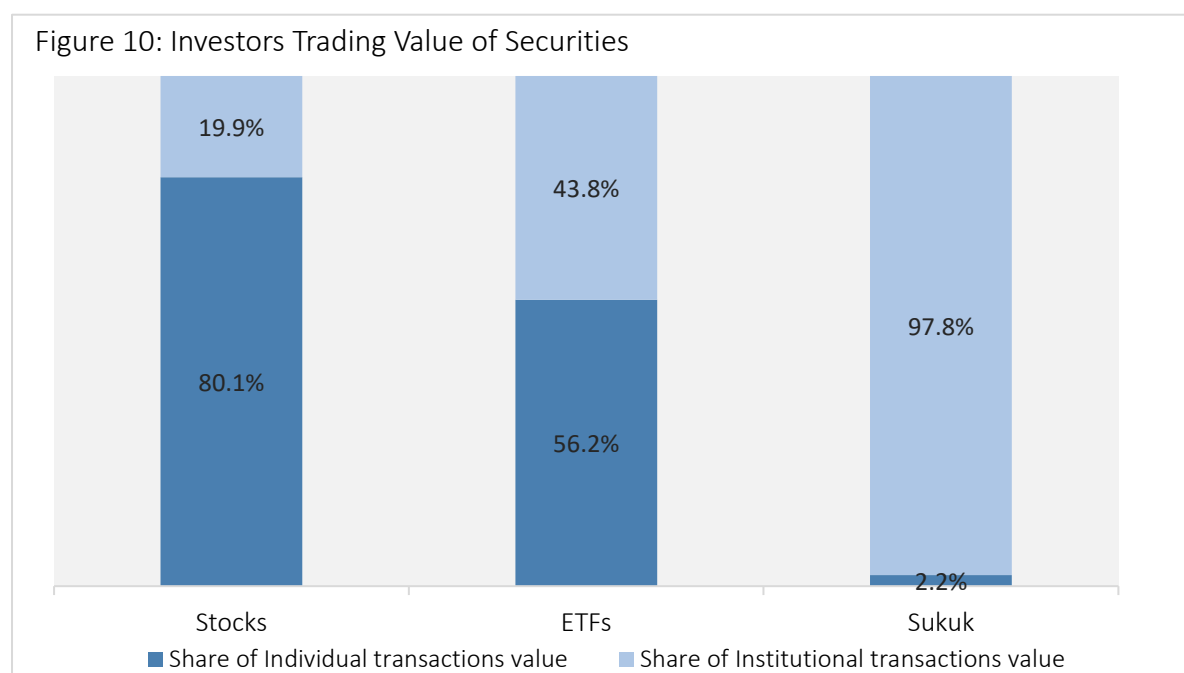
Share of Institutional and Individual Investors in Trading Value

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



Institutional and Individual Transactions

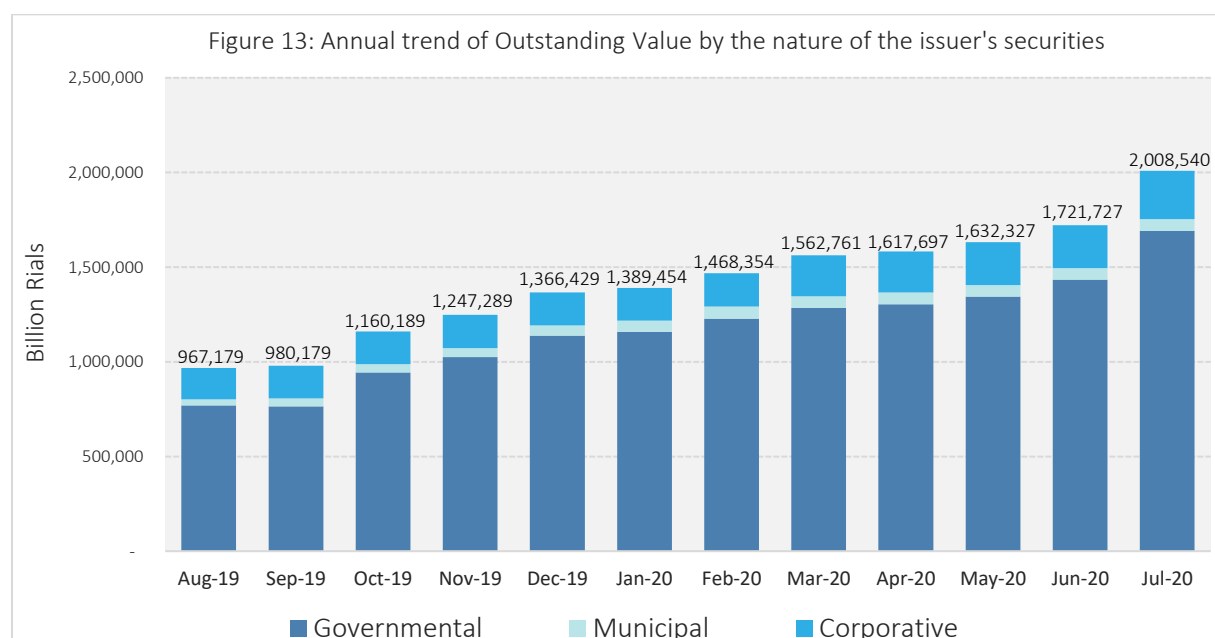
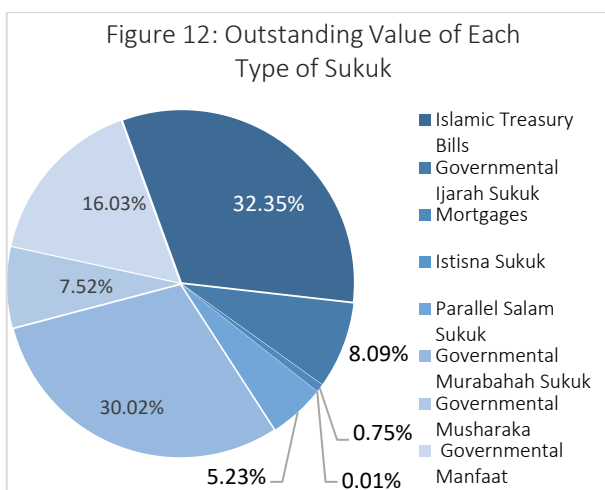
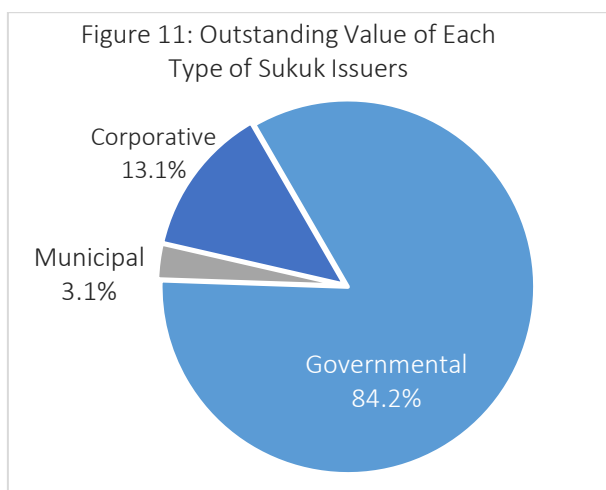
Institutional and Individual contribution for each category of instruments in TSE and IFB is demonstrated in the following figure.



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

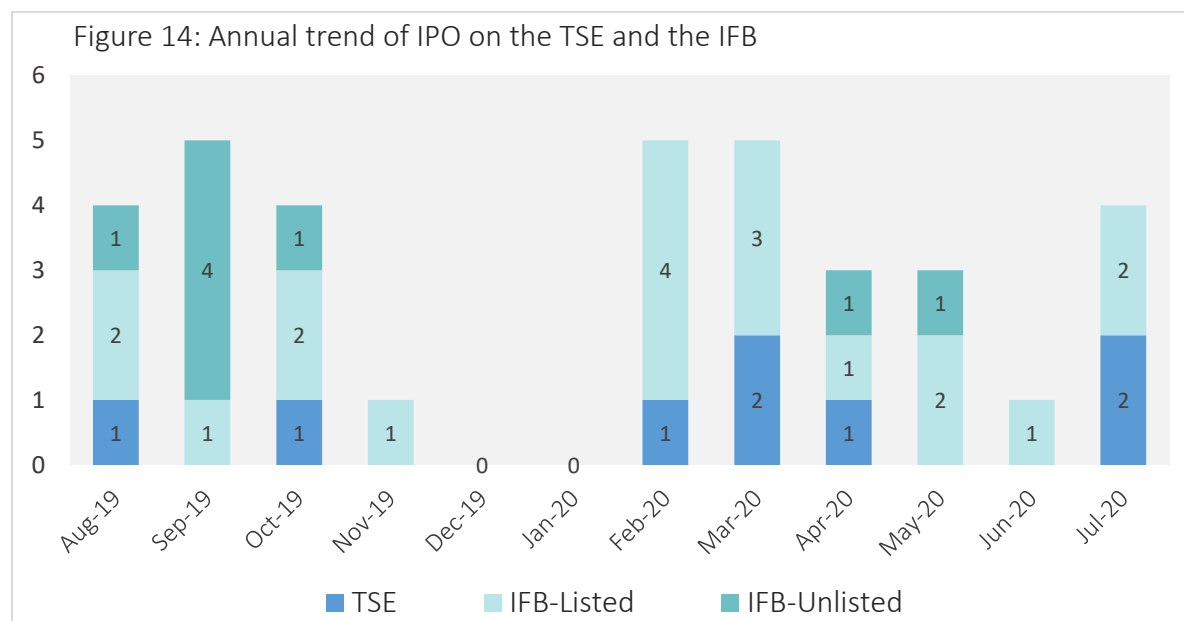
The number of listed and registered companies on the TSE and the IFB are presented in the following table.

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

	Jul 2020
Listed Companies in the TSE	338
Listed Companies in the IFB	129
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
TSE	Cement, Lime & Plaster	Tamin Cement	SITA	11,000	~ 25,964	15%	2020/07/01
TSE	Other financial intermediaries	Parsian Leasing	LPRS	2,000	~ 1,268	19,8%	2020/07/08
IFB - Listed	Computer & Related Activities	Rayan Hamafza	RYHZ	200	~ 731	14%	2020/07/15
IFB - Listed	Investment	Pouya Investment	PIVZ	4,000	~ 2,448	30%	2020/06/24

Close Ties between SEO and Judicial Power of Iran

The SEO and the “Social and Crime Prevention Deputy” of the Judicial Power of Iran inked an MOU. Under this MOU, the Judicial Power will pursue the establishment of various ad hoc courts with specialized, approved and well-qualified judges and set up specialized capital market courts in the required jurisdictions.

One of the important topics considered in the MOU is the detailed study of the capital market legal structure. Detecting capital market corruption, cooperation in the field of resilient economy with a view to prevent capital market crime and misconduct, improving the health of the business environment, specialized training by the Judicial Power for capital market participants and preventing economic corruption are some of the other topics of this MOU.

SEO Approval on Debt Securities Rating

The SEO Board of Directors has recently issued the latest approval regarding ratings for debt securities. Based on this approval, issuing debt securities with rating BBB and above, without a guarantor, shall be done only by the listed issuers of the Tehran Stock Exchange (TSE) or Iran Fara Bourse (IFB). Issuers shall consider the following points:

- The value of the no-guarantor debt securities shall be maximum 60 percent of the average profit of the last two years, based on the audited annual financial statements of the parent or consolidated company; whichever the lower. This amount for “Ijara certificates” or “lease back Ijara certificates” can increase to 80 and 100 percent respectively.
- The minimum purchase order for such certificates is 50,000 units (the nominal value for each unit is IRR 1 million). The offering method is based on book-building.
- Flagged symbols for such certificates, filling risk statement by buyers, continuous credit rating assessment until maturity, requiring the confirmation of collaterals based on the contract subject to downgrading from BBB level, amending the contracts pertaining to issuing such certificates to compile a new legal framework compatible to the new condition, and clear specification of the duties of each unit in case of default are other stipulations for rating of debt securities.

The credit rating agencies shall comment on the solvency of issuer/founder to retire the principal and interest of the securities in maturity, considering the financial and liquidity status.

4th Press Festival

The SEO announced the fourth round of “Press Festival” will be held in August 2020. Strengthening proper information dissemination to enhance financial literacy, promote investment culture, and highlight the role of journalists and media are among the objectives of this festival. The products and news snippets can be in the form of **news, reports, interviews, headlines, or articles** on the topic of financial market in Iran.

The deadline for submitting works was July 10, 2020.

Facilitating Listing Process

As from 21 June 2020, there would be changes in the listing process in the Iranian capital market. Based on the new method, the Exchanges themselves are responsible for listing new companies / commodities. Previously, any listing proposal would be directed to the SEO. This is a new decision by the SEO aiming to facilitate the listing process in the Iranian capital market.

Restructuring of companies, amending and re-consideration of financial statements and workflow, deleting discrepancies and of course transparency are among the key elements of speeding up the listing process; companies willing to enter the market shall prepare these issues before their requests.

Accountability and Transparency: SEO's Mission

The Chairman of the SEO at a recent press conference stressed the accountability and transparency as the main mission of the SEO. The SEO as the supervisory authority shall enforce the pertinent regulations to improve the entire capital market function and performance.

Mr. Ghalibaf added that media have had a major role in improving capital market transparency and thanks to the recent considerable attention to the capital market, upgrading financial literacy and investment culture seems vital. Deepening the market, IT infrastructure development, financial literacy enhancement, human resources development, increasing the capital market's share in financing, domestically and internationally, are among main goals of the SEO. Although the capital market index has lately had a noticeable growth, the SEO does its level best to introduce new financial instruments and institutions to make it even better.

20% Cut in Transaction Fee

The BOD of the SEO approved a 20-percent decrease in the transaction fee of the exchanges and relevant intermediaries. Based on this directive, all four exchanges, CSDI, TSETMC and Rayan Bourse Co. are obliged to implement the new reduction rate as from 22 July 2020. The SEO issued this statement aiming to reduce investment costs, encourage capital market investors and implement protective measures for the rights of investors.

SEO and "Real Estate Registration Organization of Iran (RERO)" sign MOU

The SEO and the Real Estate Registration Organization of Iran (RERO) signed a memorandum of understanding (MOU) aiming to optimize joint legal commitments, proceedings and registration via implementing modern IT mechanism. Pointing to over 160 joint activities, which require RERO's inquiry, the SEO Chairman said that the MOU undoubtedly facilitates and speeds up the business processes, converting the traditional and time-consuming model to an advanced one and omitting red-tape.

Introducing the “joint service desk” and “single window” are among the main articles of the MOU, not only to speed up the affairs, but also to enhance and win the trust of shareholders and final beneficiaries.

SEO to Hold the 12th Virtual International Forum on Islamic Capital Market in September 2020

The Securities and Exchange Organization of Iran (SEO) is to hold the 12th Virtual International Forum on Islamic Capital Market in September 14-15, 2020. The SEO has organized this event for 11 years in a row with the support of Islamic Development Bank (IDB), and Islamic Research and Training Institute (IRTI). Given the outbreak of Corona virus and for the safety measures of all respected participants, the SEO has decided to hold this Forum online for the first time. The theme of this Forum is “A Panacea for Emerging Issues”.

The main topics of this ICM are: · Fintech and Islamic Capital Market, · ESG & SRI in Islamic Capital Market, · Small and Medium-sized Enterprises (SMEs) · Innovation, Regulatory Issues, and · Efficient Sovereign Sukuk Issuance Models.

The ICM has already gained its momentum over a decade of its history, therefore, a number of internationally well-known associations and universities have sponsored this event, as follows: - International Research Center for Islamic Economics and Finance (IRCIEF) of Malaysia, - Istanbul Zaim University (IZM) of Turkey, - Association of Islamic Finance Professionals (AIFP) of Kazakhstan, - Islamic Finance News (IFN), as “media partner”; - Imam Sadiq University of Iran, and - Iranian Association of Islamic Finance.

Tax Aid for Newly Listed Companies

The government of the Islamic Republic of Iran offered tax relieves for the newly listed companies. Based on the decision, the “State Tax Administration Organization” will consider the latest financial statement reports of the newly listed companies only; therefore, such companies may pay their 2019 tax duties.

Meanwhile, these companies are obliged to offer 25 percent of their shares as “floating shares” in time of listing.

This is the government’s latest decision aiming to deepen the capital market, encouraging companies to be listed on the securities markets and of course, enhancing tax transparency of such companies.

More Depth to Capital Market: Minimum 25% Free Float

The Cabinet issued a statement that all subsidiaries, state-owned companies, non-governmental public entities, pension funds, and all executive bodies of the government work jointly with the Ministry of Economic Affairs and Finance to increase their minimum free float to 25 percent. Mr. Ghalibaf Asl, the Chairman of the SEO, stated that this enactment will further deepen the capital market.

Accordingly, the SEO is obliged to submit a monthly report on the work process to the Securities and Exchange High Council.

Stating the guarantee of the implementation of this decree, Mr. Ghalibaf Asl pointed that the "Planning and Budget Organization" is obliged to set a 5% monthly reduction in the budget allocation of the companies that do not comply with the report of the SEO. Furthermore, "Iranian Privatization Organization" is also obliged that, if the involved companies and institutions fail to publicly offer their shares, this organization will directly sell the shares according to the market conditions and submit the report to the SEO.

Executive Regulations for Justice Shares

Securities and High Council approved the executive regulation for releasing Justice Shares. According to this regulation, legal processes related to the capital raise of provincial investment companies for "Justice Shares" have been determined. Such provincial investment companies are obliged to cooperate closely with the "Central Securities Depository of Iran (CSDI)" and the "Real Estate Registration Organization of Iran" to take the necessary measures to raise capital and get listed on one of the equity exchanges, i.e. Tehran Stock Exchange (TSE) or Iran Fara Bourse (IFB).

According to this regulation, the holders of "Justice Shares", after obtaining the SEJAM code, can apply to one of the brokerage companies licensed by the SEO to buy or sell their shares up to the specified limit.

Fifth Exchange in Iran

Securities and Exchange High Council announced the establishment of the fifth Exchange in Iran. The "Real Estate Exchange of Iran" will be introduced in the near future.

"In addition to assisting the real estate sector, this new Exchange will cover a wide range of assets that are not tradable and cannot be financed in other existing exchanges." said Mr. Ghalibaf Asl, Chairman of SEO.

There will be three sets of stockholders in this newly-established Exchange: 35% will be offered to private and cooperative sector, 35% to public governmental and non-governmental institutions that own most of the country's lands and the remaining 30% will be offered to individuals upon underwriting. The SEO is obliged to make the necessary arrangements to finalize the grounds for the establishment of this Exchange within the next four months.

At the end of Jul 2020, the market capitalization reached 89,443,158 billion IR, which represents 47% growth compare with the previous month.

The TSE's total return index (TEDPIX) at the end of one-month trading session in July 2020 increased by 50.81% and touched 1,916,194, while the IFB's total return index (IFX) reached 19,544, which demonstrates a 37.8% growth.

The total trading value of four exchanges (TSE, IFB, IME, and IRENEX) amounted to 6,060,623 Billion IRR in July 2020, which shows 107.04% Increase comparing to the last month.



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