



Securities & Exchange  
Organization

# Iran Capital Market Insight

Aug 2020



Department of Research, Development  
and Islamic Studies

Statistics and Risk Analysis Group

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### Abbreviation

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

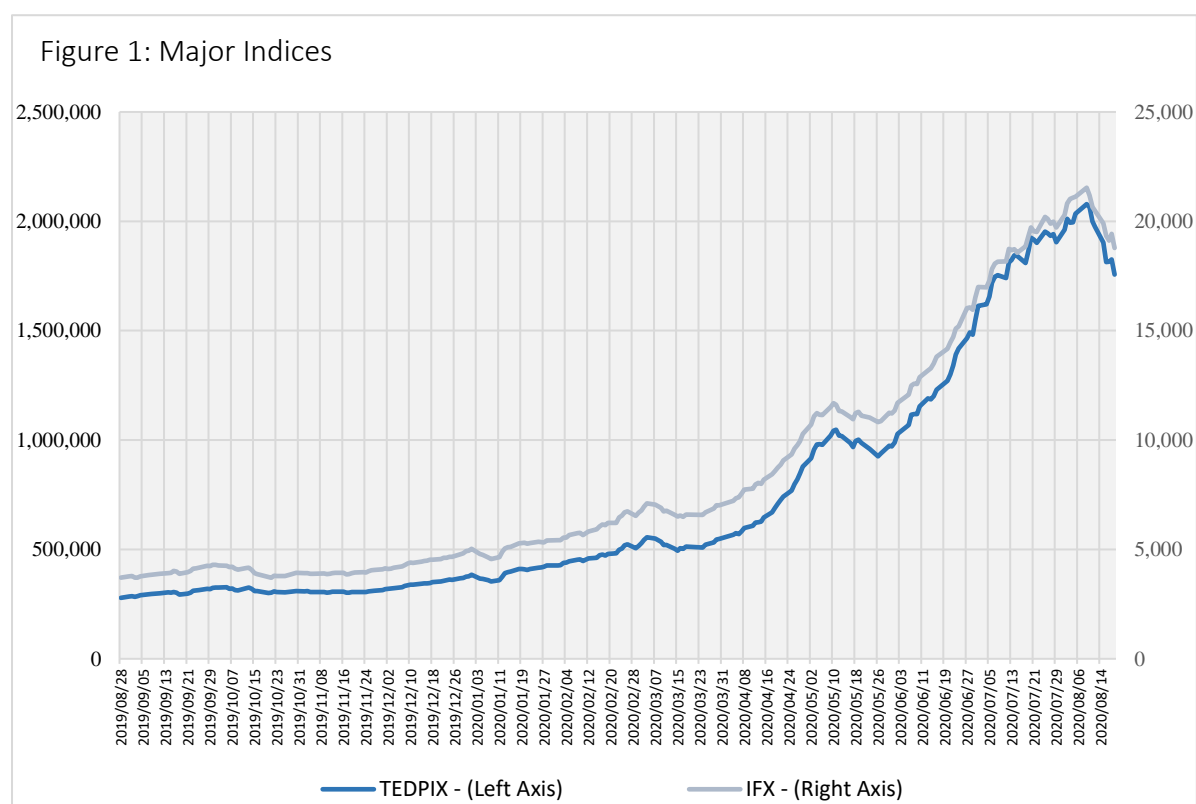
## Stock Market Indices

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.

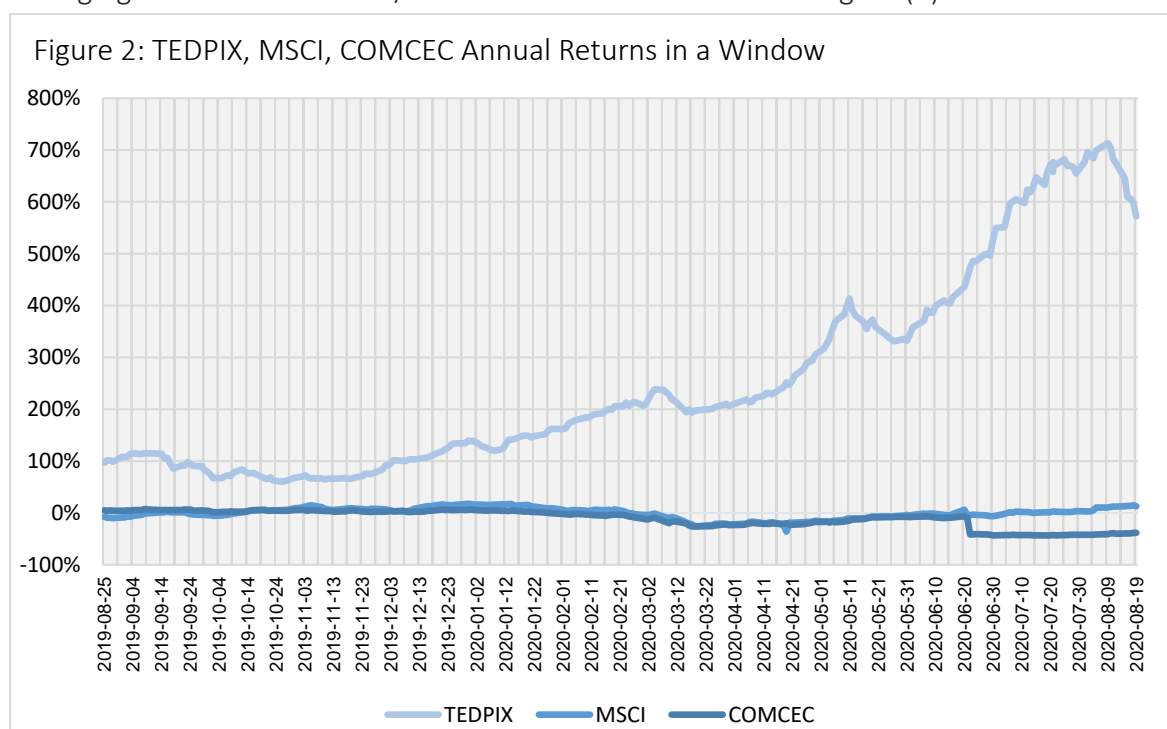
Table 1: Stock Market Indices

Index	Aug 2020	Jul 2020	Change (%)
TEDPIX	1,757,229	1,916,194	-8.3%
IFX	18,778	19,544	-3.9%

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).

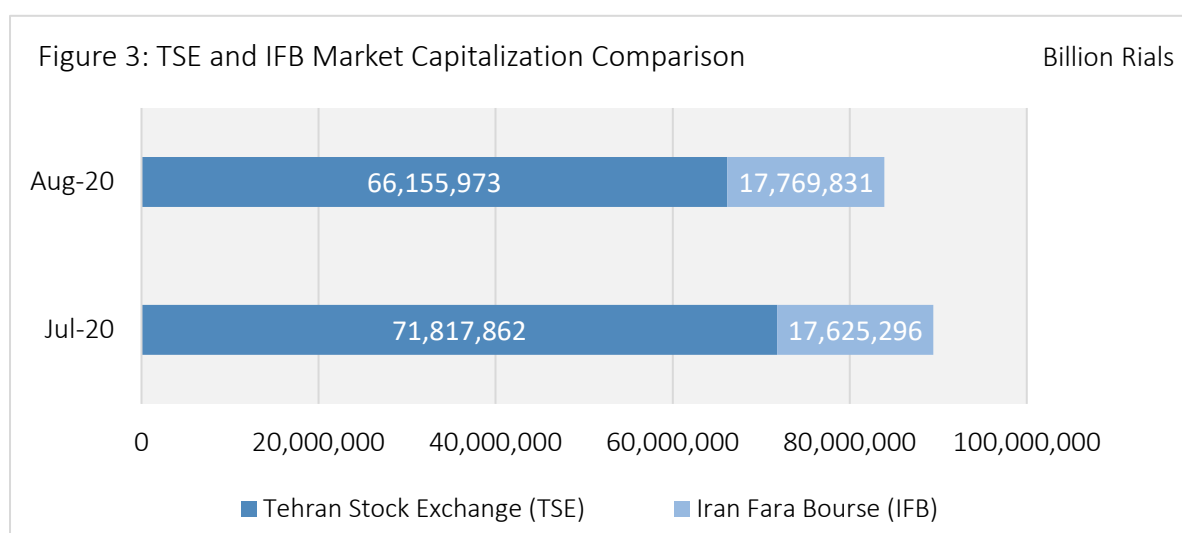


MSCI Emerging Market TRI: The index includes securities from 23 countries; however, it excludes stocks from emerging and frontier economies.

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 July is demonstrated below. The IFB is younger and smaller; yet, has differentiated itself in hosting state-of-the-art financial instruments.

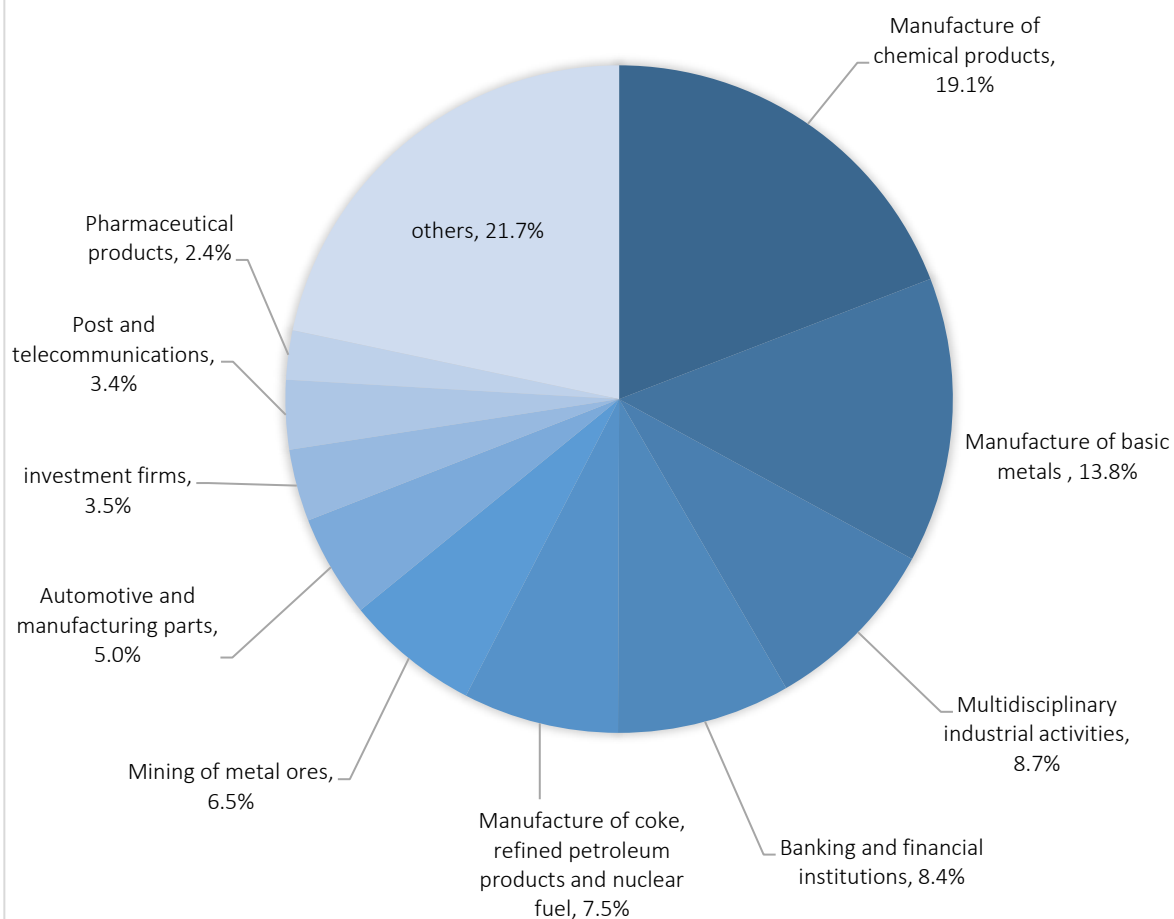


## Industries Market Capitalization

### 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



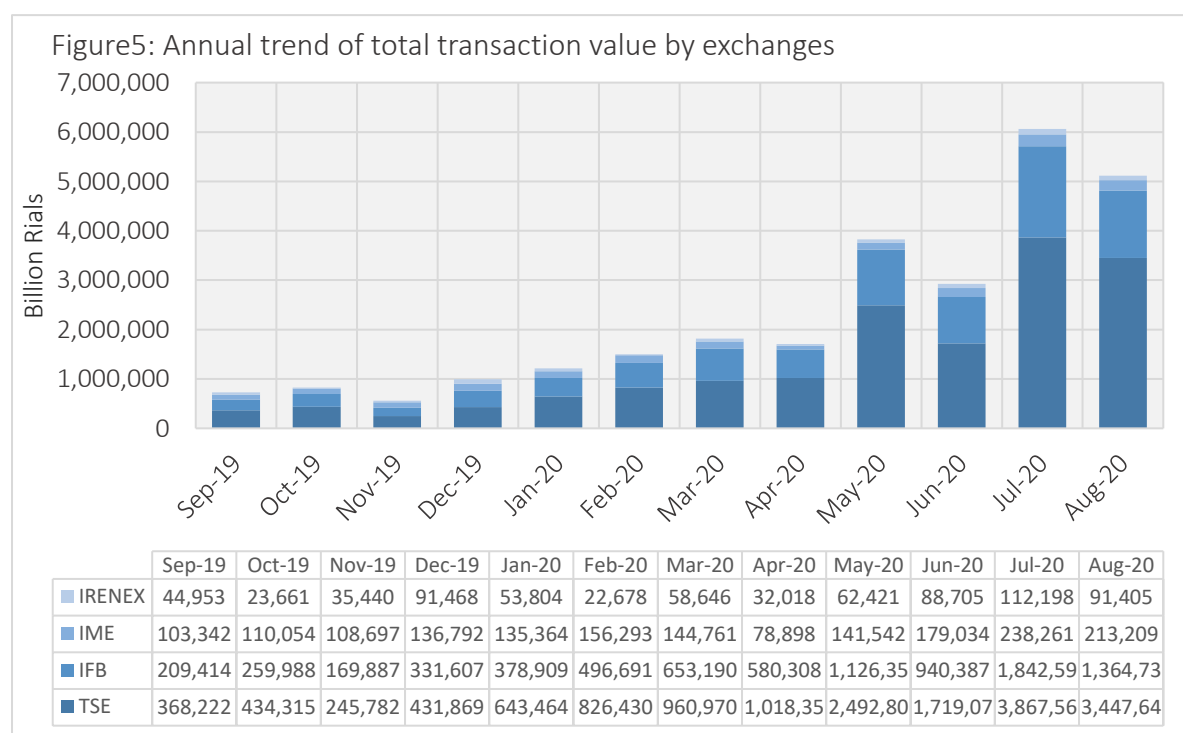
## Exchanges' Trading Statistics

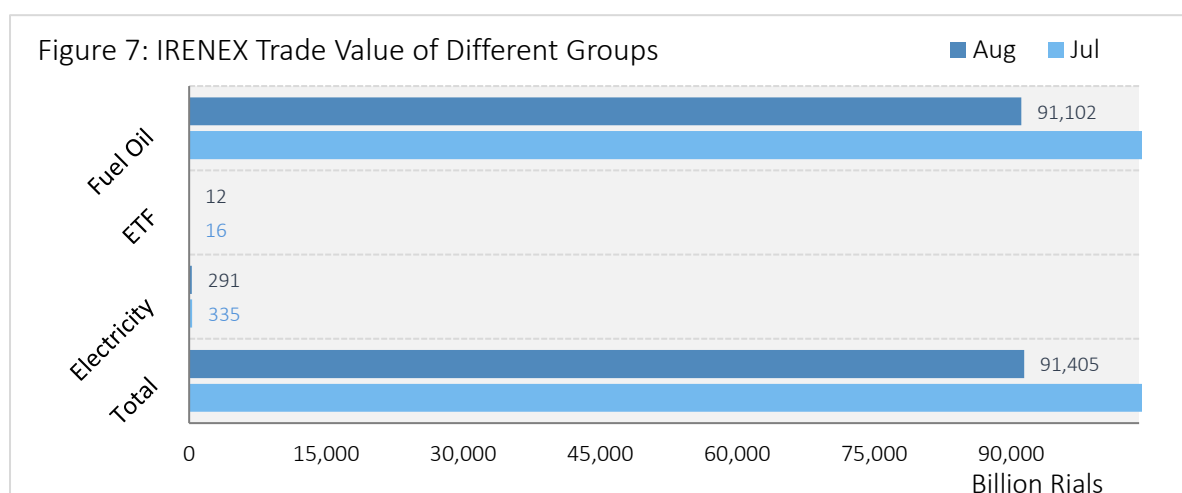
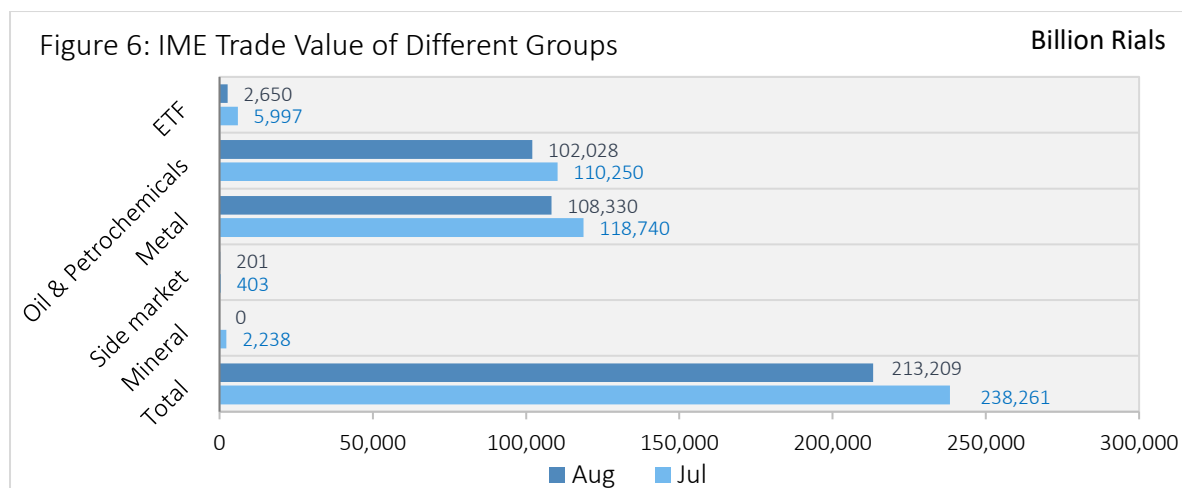
The value of trades for each exchange is depicted in the following table.

Table 2: Value of trades for each exchange

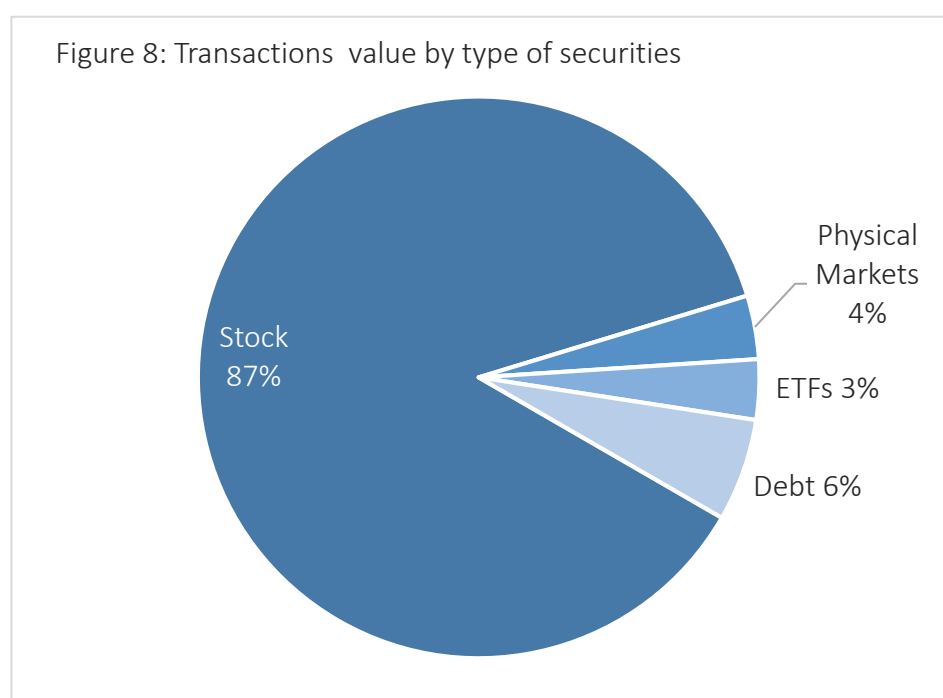
Exchange	Securities	Trade Value (Billion Rials)			change Percent	
		Aug-20	Jul-20	Aug-19	compared to previous month	compared to previous year
Tehran Stock Exchange	Stock	3,343,361	3,745,248	201,222	-10.73%	1561.53%
	Sukuk	979	8,287	7,025	-88.19%	-86.07%
	ETFs	103,305	114,031	7,336	-9.41%	1308.15%
Iran Fara Bourse	Stock	1,106,645	1,368,613	132,501	-19.14%	735.20%
	Sukuk	186,405	391,565	40,177	-52.39%	363.96%
	ETFs	71,686	82,419	8,973	-13.02%	698.93%
IME	Physical Market	210,559	232,264	83,669	-9.34%	151.66%
	ETFs	2650	5997	979	-55.81%	170.68%
IRENEX	Physical Market	91,393	112,182	8,474	-18.53%	978.51%
	ETFs	12	16	11	-25.00%	9.09%
<b>Grand Total</b>		<b>5,116,995</b>	<b>6,060,623</b>	<b>490,367</b>	<b>-15.57%</b>	<b>943.50%</b>
<b>Daily Average</b>		<b>255,850</b>	<b>263,505</b>	<b>24,518</b>	<b>-2.91%</b>	<b>943.50%</b>

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



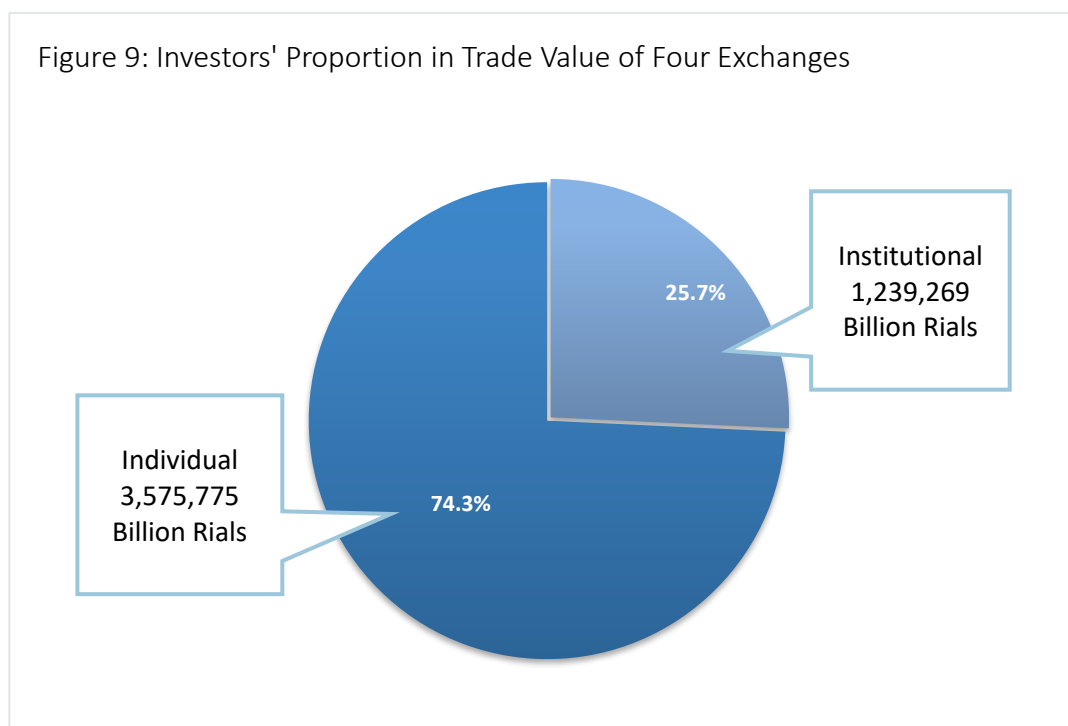


## Instruments' Trading Statistics



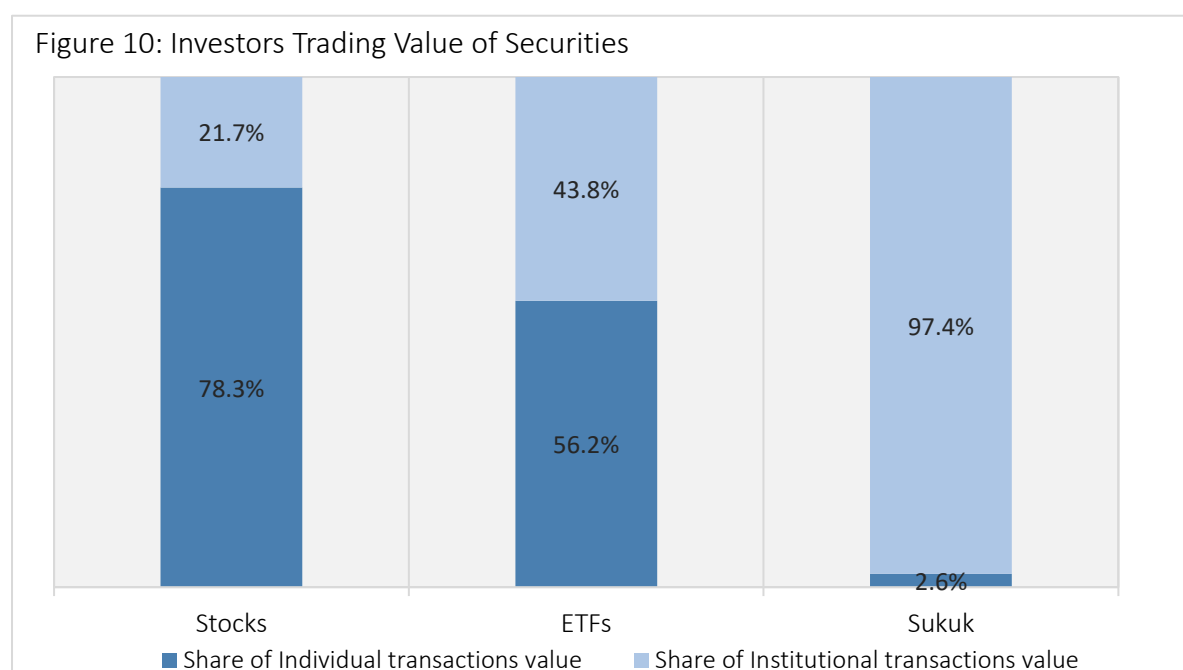
## Share of Institutional and Individual Investors in Trading Value

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.

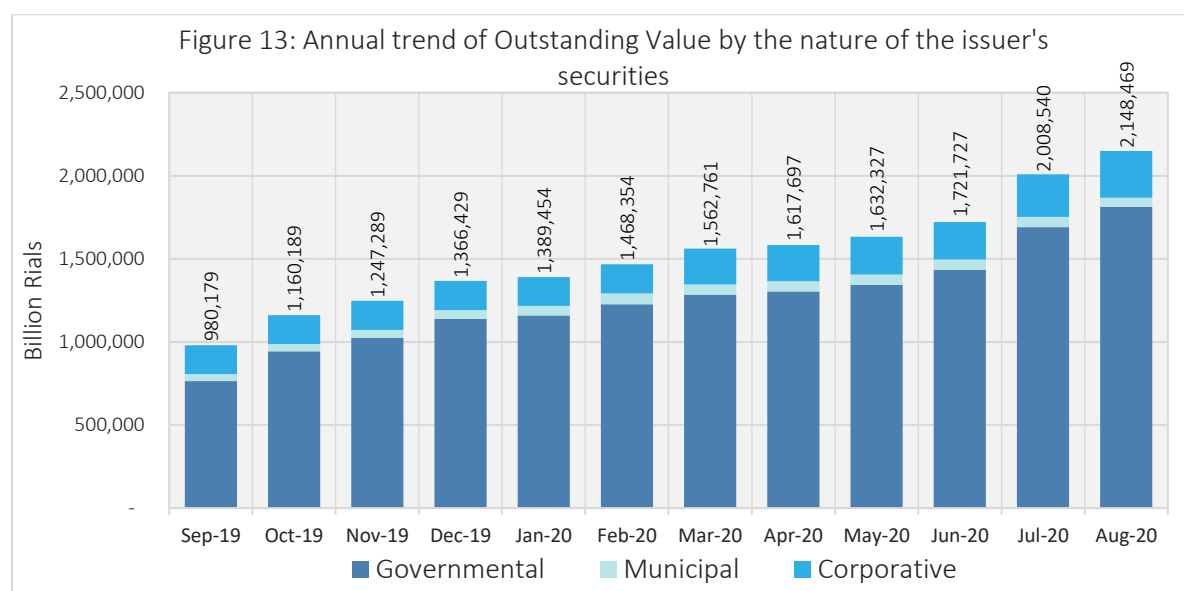
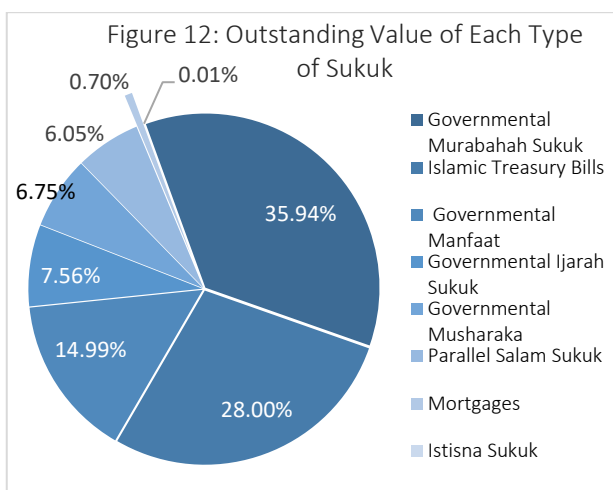
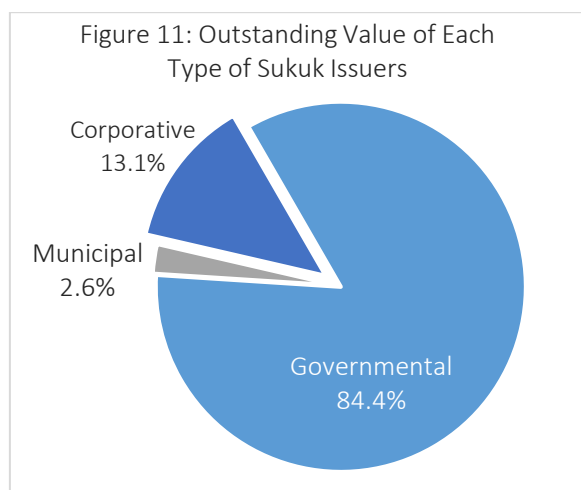




## Sukuk

### 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

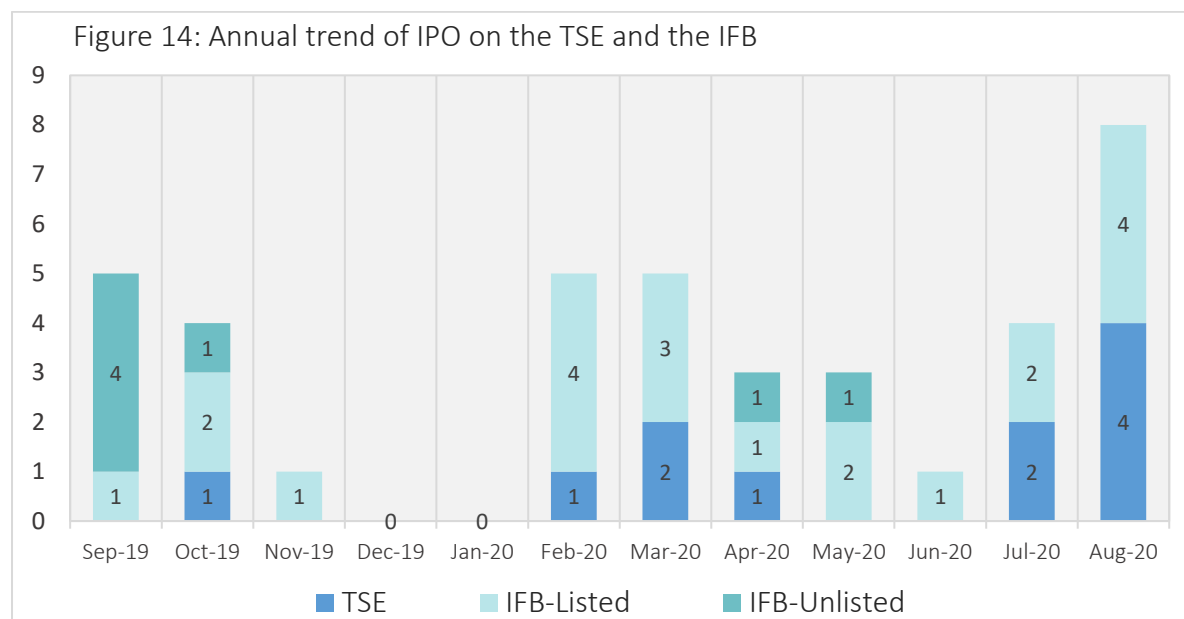
The number of listed and registered companies on the TSE and the IFB are presented in the following table.

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

Aug 2020	
Listed Companies in the TSE	343
Listed Companies in the IFB	132
Unlisted Companies in the IFB	169
Total	644

## 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 (Million)	Trade-Value (Billion Rials)	Percent of Supply (%)	Offering Date
TSE	Building Construction & Mass Housing	Behsaz K Tehran	BEKA	20,131	~ 7,988	18%	2020/08/12
TSE	Electricity, Gas, Steam and Hot Water Supply	Abadan PG	NBAB	2,500	~ 6,511	14%	2020/07/22
TSE	Activities Auxiliary to Financial Service	Amin Investment	TSAN	7,000	~ 9,243	13%	2020/08/05
TSE	Food & Beverage Products	Zar Makaron	ZARM	1,600	~ 13,223	16%	2020/07/29
IFB - Listed	Agriculture and Related Services	Malard AGRI&Husb	MAHZ	300	~ 953	15%	2020/08/12
IFB - Listed	Electricity, Gas, Steam and Hot Water Supply	Gilan Elec. Dev.	GEDZ	4,300	~ 6,168	6%	2020/07/29
IFB - Listed	Chemical Products	Urmia Petrochemical	URPZ	700	~ 561	13%	2020/08/05
IFB - Listed	Hotels & Restaurants	Dona Catering	DCAZ	300	~ 317	18%	2020/08/19

## Capital Market Consultative & Advisory Taskforce

Mr. Ghalibaf Asl, Chairman of the SEO, announced the establishment of the Capital Market Consultative & Advisory Taskforce. Under this taskforce, there are some other sub-sets to professionally give guidelines and propose the best ways to overcome the hurdles in the market. "These working groups are in fact the think-tank sharing the proposals and savvy of the capital market experts", said Ghalibaf Asl adding that these subjects will add more transparency and efficiency to the capital market.

He explained that there are 5 main working groups that cover important issues of the market and are supposed to play an advisory and decision-making role for the SEO and the other entities of the capital market.

"Development of Financial Institutions" WG aims to touch upon the challenges facing the development of financial institutions in the capital market, the measures needed to make the activities of institutions more effective, facilitate the process of granting new licenses to institutions, monitor different types of financial institutions and finally propose diverse ways to improve and facilitate the business environment.

"Technology and IT" WG aims to examine the challenges facing the technological infrastructure of the market, investigate technological developments in the capital, and review the development of technical infrastructure of the market.

"Market Management and Risk Assessment" WG aims to investigate various strategies to maintain market liquidity; review the market infrastructure to enhance liquidity; investigate the strategies to attract liquidity to the market; facilitate indirect investment, analyze the market, offer strategies to remove the relevant obstacles and to promote the market stability and soundness; and to manage the beneficiaries of inside information.

"Media, Cyberspace and Legal Affairs" WG aims to deregulate the capital market, examine the need to amend existing regulations, provide legal infrastructure for the development of the capital market, deal with violations and crimes, and increase the use of cyberspace potential.

"Debt Market Development and Financing" WG aims to review the existing regulations to facilitate financing, new methods of corporate financing, primary market development strategies, and debt market development strategies.

"Each working group has 7 members, including a head, a secretary and 5 members, to finally create a channel or network for the betterment of the market. This will allow the capital market participants to express their views easily and freely", Ghalibaf Asl remarked.

## New Investment Limit for Fixed-Income Funds

The SEO Iran issued a directive regarding a new investment limit for fixed-income funds.

Based on the new directive, a fixed-income fund may invest up to 5 percent of its total value in "shares, rights issues and options listed on the Tehran Stock Exchange (TSE) and Iran Fara Bourse (IFB), Commodity Deposit Certificates listed on one of the Exchanges, and investment funds".

### New Developments to SEO Arbitration Board Platform

The SEO announced new features and specifications have been added to the Arbitration Board platform so as to enhance its efficiency and agility. The new platform is a user-friendly system and well designed with easy and simple features.

Providing a base for sending documents of the parties of disputes, creating an electronic archive of files, increasing the capacity of the system in the “reporting section”, access to other systems of the SEO such as CODAL, are all tacked on in this new platform.

Furthermore, sending mass SMS and emails to clients aiming to dissemination information, using databases from local relative platforms such as the “National Organization for Civil Registration” aiming to inform unknown persons, and to facilitate enforcing the legal verdict and decisions without physical reference are on the top of the Arbitration board agenda in the foreseeable future.

### Electronic KYC in Iran Capital Market

The SEO Board announced a new the approval and approbation of electronic KYC in the market.

The SEO stressed that basic services such as issuing trading accounts requires physical appearance due to the AML rules and regulations and fight against terrorist financing, however, owing to the rampant Covid-19 and according to the new resolution of the SEO Board, the KYC process of investors, in the capital market is carried out electronically, so that investors may be less exposed to the impacts of Covid-19.

### More Tax Relief for Companies with 25% Free Float

The Parliament announced amendments to Article 143 of the Law on Direct Taxes, which relates to the tax relief for companies listed on the Tehran Stock Exchange (TSE) and Iran Fara Bourse (IFB).

According to this new decree, any listed companies on the TSE or IFB, with minimum 25 percent free float of shares, approved by the SEO at the end of the financial year, will enjoy a double tax exemption; the previous figure of free float of shares was 20 percent.

Furthermore, based on Article 5 of this approval, the executive instruction of this resolution shall be prepared by both the SEO and the Iranian National Taxation Organization in maximum one month, to be presented to the Securities and Exchange High Council for the final approval.

At the end of Aug 2020, the market capitalization reached 83,925,804 billion IR, which represents 6% decline compare with the previous month.

The TSE's total return index (TEDPIX) at the end of one-month trading session in August 2020 decreased by 8.3% and touched 1,757,229, while the IFB's total return index (IFX) reached 18,778, which demonstrates a 3.9% decline.

The total trading value of four exchanges (TSE, IFB, IME, and IRENEX) amounted to 5,116,995 Billion IRR in August 2020, which shows 15.57% decrease comparing to the last month.



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