



سازمان بورس و اوراق بهادار
Securities & Exchange Organization

Iran Capital Market Insight

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Department of Research, Development and Islamic Studies
Statistics and Risk Analysis Group

Contents

Stock Market Indices	3
TSE and IFB Market Capitalization.....	4
Industries Market Capitalization	5
Exchanges' Trading Statistics	6
Instruments' Trading Statistics	7
Share of Institutional and Individual Investors in Trading Value	8
Institutional and Individual Transactions	8
Sukuk.....	9
Number of Listed and Unlisted Companies.....	9
Initial Public Offerings.....	10

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

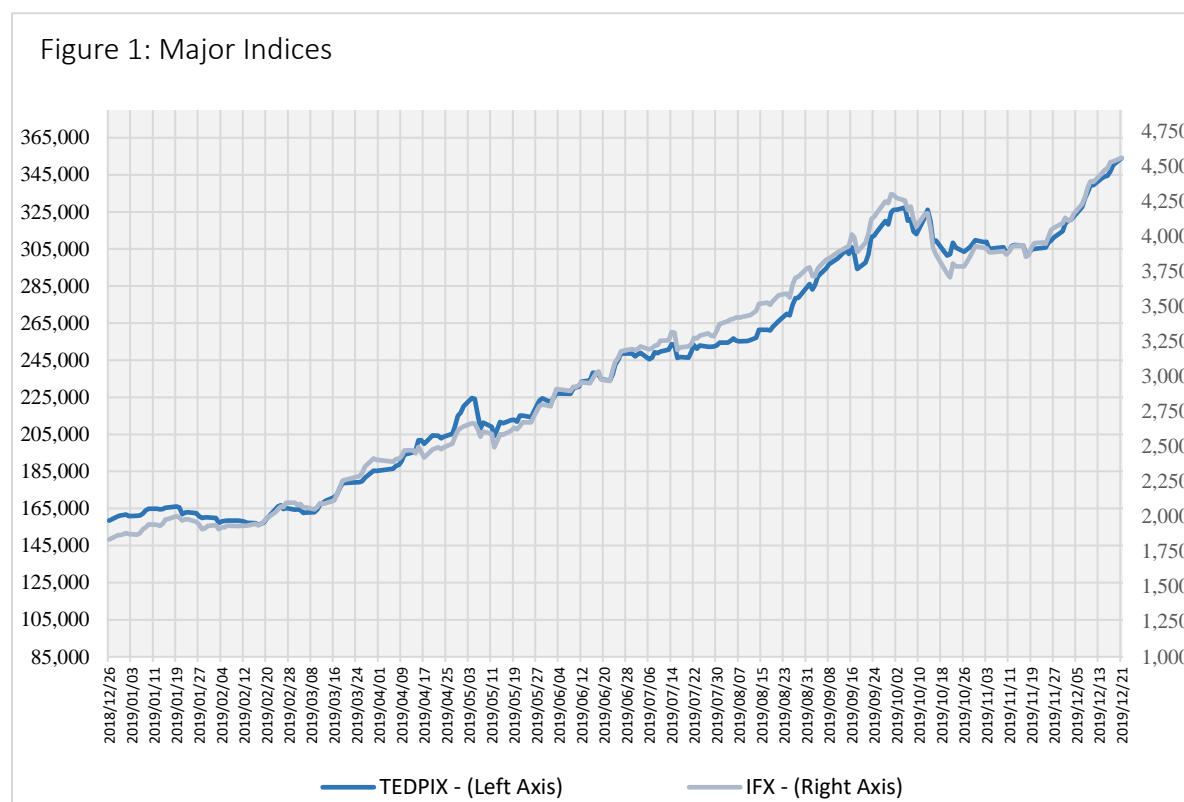
Stock Market Indices

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.

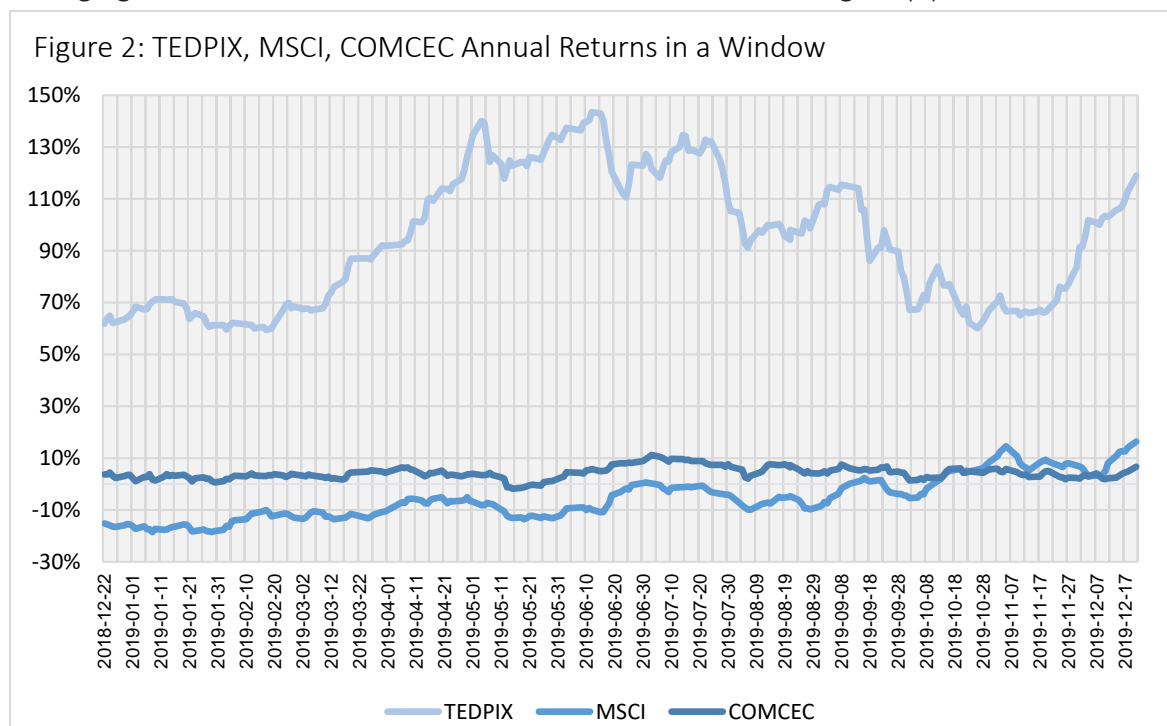
Table 1: Stock Market Indices

Index	December 2019	November 2019	Change (%)
TEDPIX	353,997	304,997	16.07%
IFX	4,559	3,950	15.41%

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).

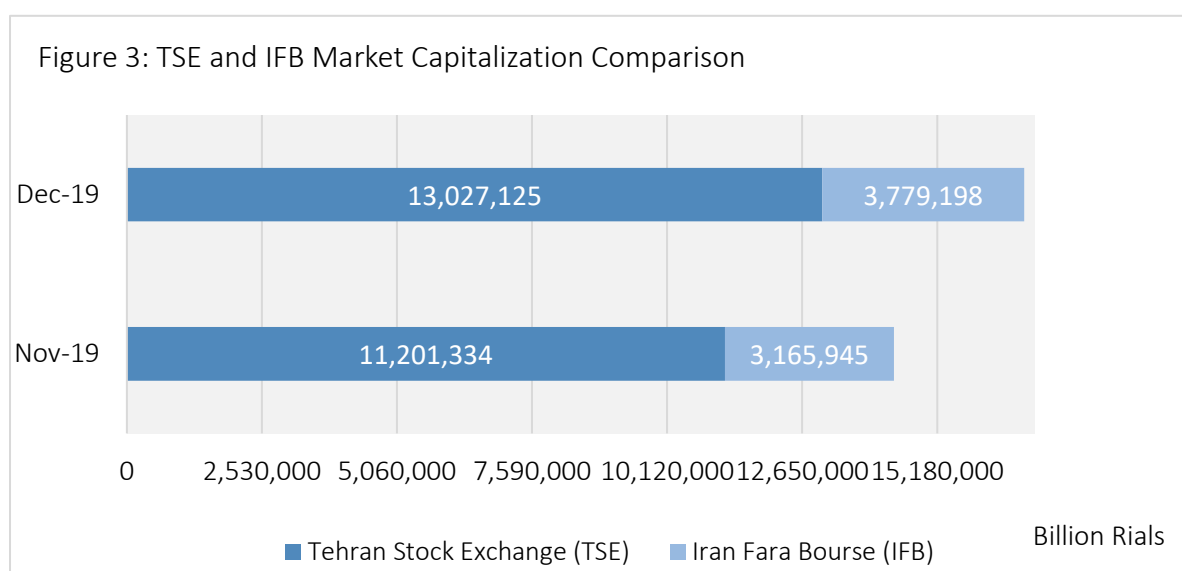


MSCI Emerging Market TRI: The index includes securities from 23 countries; however, it excludes stocks from emerging and frontier economies.

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

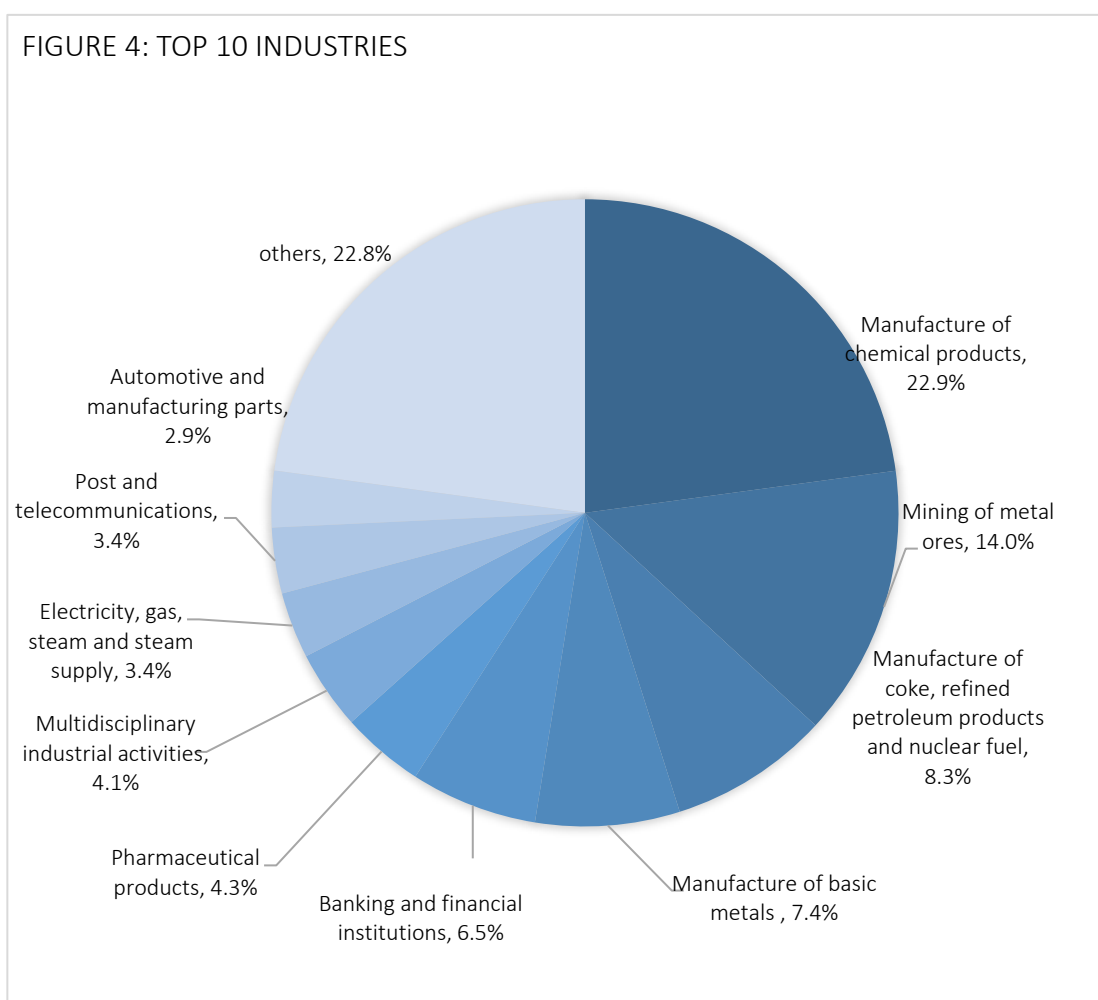
Share of the IFB and the TSE market capitalization in comparison with the end of December is demonstrated below. The IFB is younger and smaller; yet, has differentiated itself in hosting state-of-the-art financial instruments.



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.



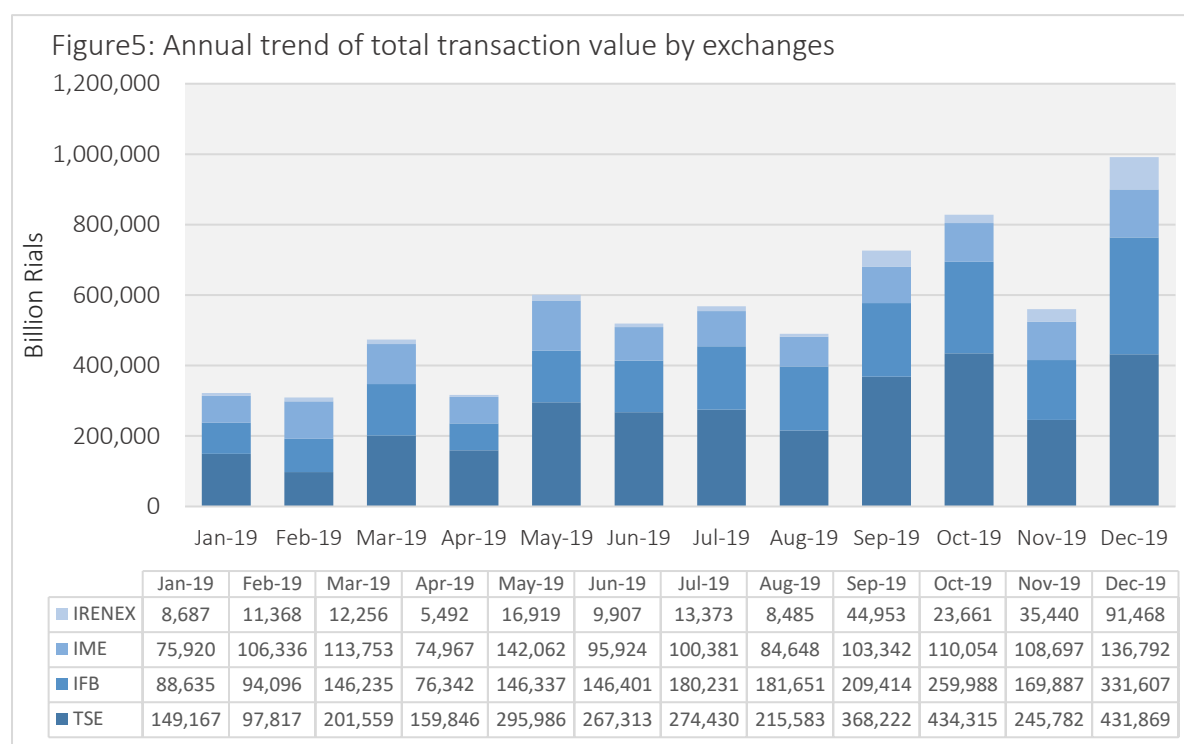
Exchanges' Trading Statistics

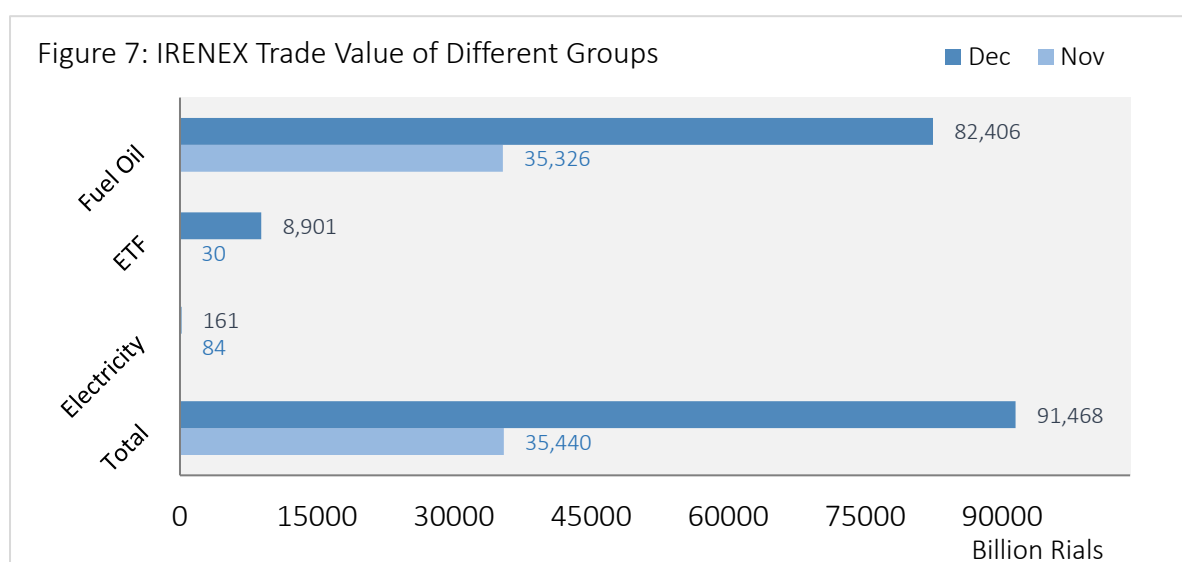
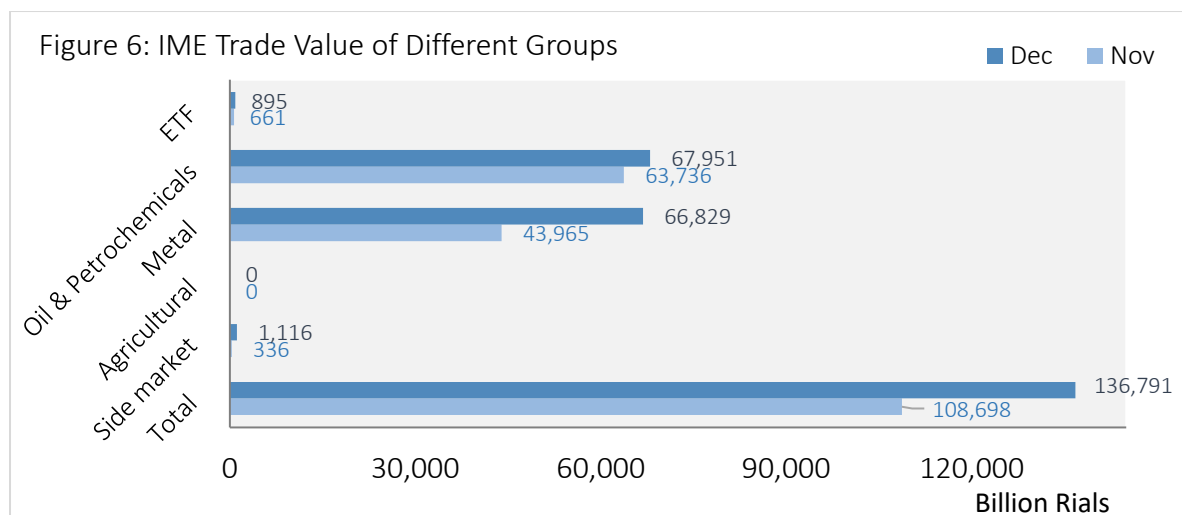
The value of trades for each exchange is depicted in the following table.

Table 2: Value of trades for each exchange

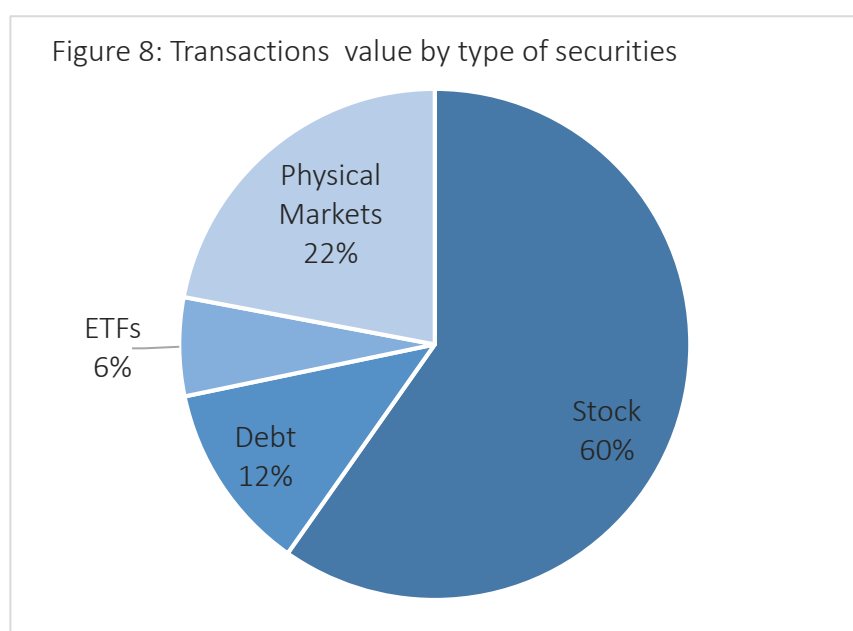
Exchange	Securities	Trade Value (Billion Rials)			change Percent	
		Dec-19	Nov-19	Dec-18	compared to the previous month	compared to the previous year
Tehran Stock Exchange	Stock	390,316	219,929	75,747	77.47%	415.29%
	Sukuk	3,146	2,966	31,912	6.06%	-90.14%
	ETFs	38,407	22,887	3,645	67.81%	953.78%
Iran Fara Bourse	Stock	202,382	83,401	44,736	142.66%	352.40%
	Sukuk	115,594	78,661	31,575	46.95%	266.10%
	ETFs	13,630	7,825	5,290	74.18%	157.64%
IME	Physical Market	135,897	108,036	51,823	25.79%	162.23%
	ETFs	895	661	1,351	35.40%	-33.77%
IRENEX	Physical Market	82,567	35,410	6,323	133.17%	1205.82%
	ETFs	8901	30	0	29570.00%	-
Grand Total		991,735	559,807	252,401	77.16%	292.92%
Daily Average		47,225	31,100	13,284	51.85%	255.50%

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



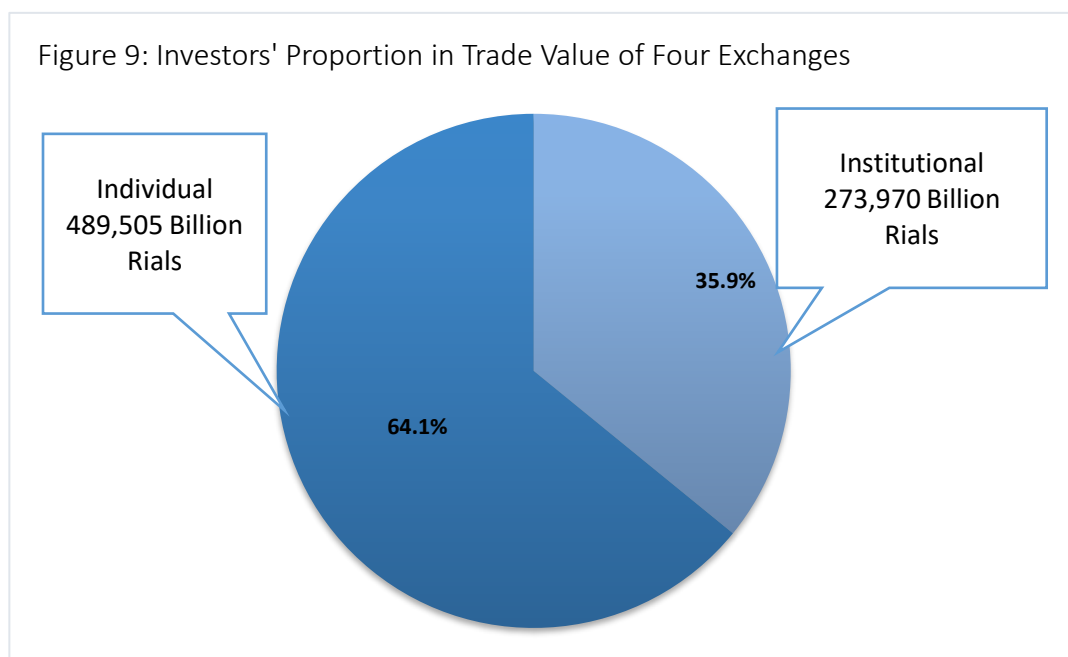


Instruments' Trading Statistics



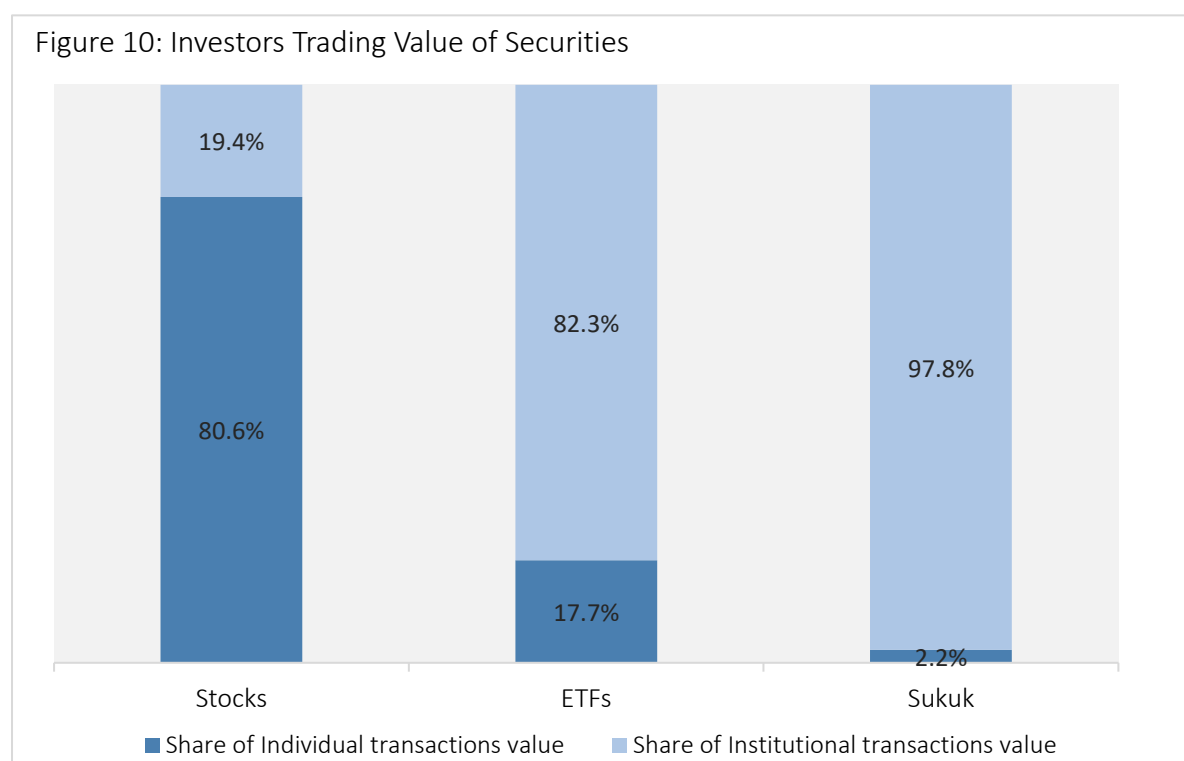
Share of Institutional and Individual Investors in Trading Value

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.

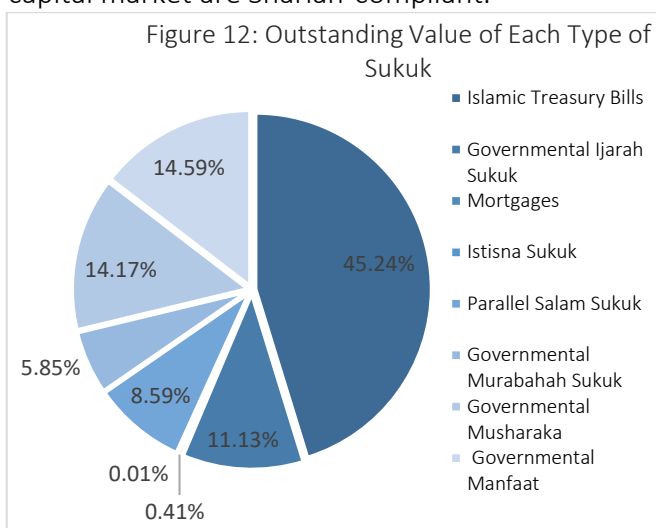
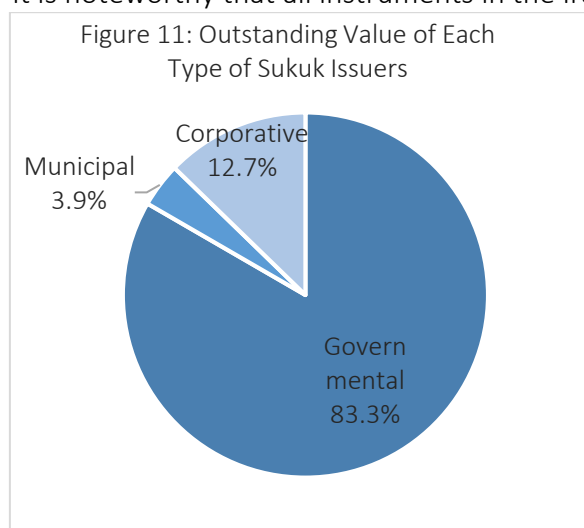
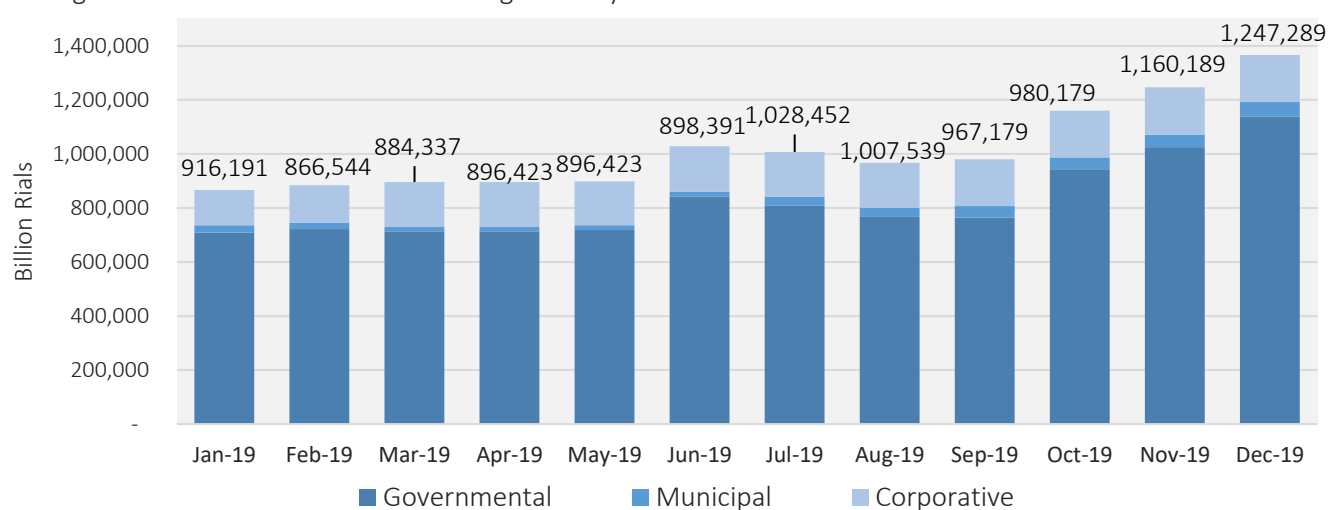


Figure 13: Annual trend of Outstanding Value by the nature of the issuer's securities



Number of Listed and Unlisted Companies

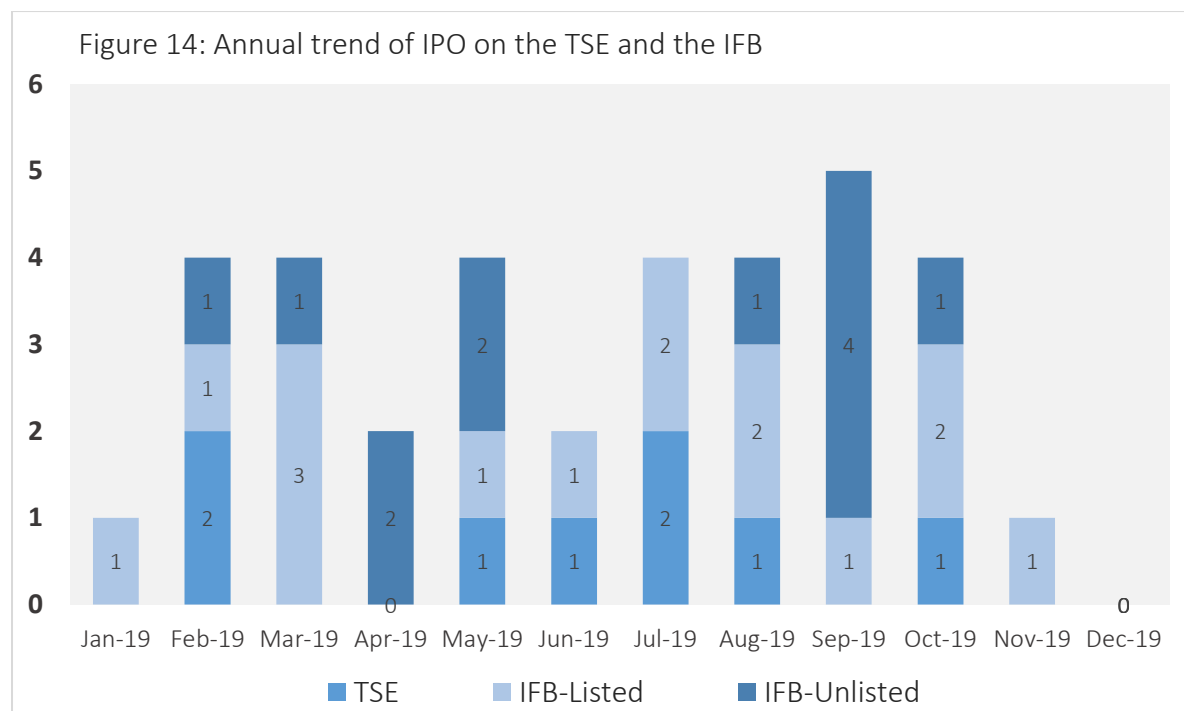
The number of listed and registered companies on the TSE and the IFB are presented in the following table.

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

December 2019	
Listed Companies in the TSE	331
Listed Companies in the IFB	117
Unlisted Companies in the IFB	172

Initial Public Offerings

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



Short Selling to Get Operational

The Chairman of the SEO, in an interview conducted on the sideline of an international event in Tehran, pointed at the steps taken to make the Shariah-compliant short-selling operational by the end of the Persian year, March 20th, 2019. Some tweaks have been made to the conventional short-selling so that the Iranian capital market, which is a fully Shariah compliant, enjoys this strategy, too. Dr. Mohammadi also stressed the key role of Islamic T-bill in financing many mega-projects in Iran and unraveled the measures the SEO has been taking to come up with a secondary market for it.

KishINVEX 2019 Emboldened Iran Capital Market's Role in National Production

Kishinvex 2019, an international investment fair, was held in Kish for 3 days. It brought up numerous takeaways specifically with regard to getting investors familiarized with vast potential the Iranian capital market can offer in variety of fields.

Kishinvex 2019 was held on 18- 21 November 2019, in Kish Island just off the Iranian shores at the Persian Gulf with participation of representatives from over 20 foreign countries. The main aim of the exhibition was to introduce Iran's untapped market in terms of investment in the country's capital market both to local as well as foreign investors looking for profitable financial opportunities for investment with good and well-secured returns.

This year's fair was very well received by investors interested to know more about potential Iran's financial market can offer.

One of the invigorating coincidences taking place along with Kishinvex was the issuance of 3000 billion Rials Sukuk Islamic financial instruments allocated to develop Kish Island's terminal facilities which were totally sold out as planned Kishinvex 2019.

Kishinvex is a sub-category of the main and biggest financial exhibition in Iran named FINEX which is to be held from 20 to 23 April, 2020.

Sharia Board to Issue Equity-based Ijarah Sukuk based on “Dominant Principles”

The Sharia Board of the Securities and Exchange Organization (SEO) has confirmed issuing equity-based Ijarah Sukuk based on “dominant principles”.

In Ijarah Sukuk, the interest of the bondholders is based on the rent they receive at certain times and the rental rate must be fixed in accordance with the Sharia law. Therefore, Ijarah Sukuk is a good instrument for risk-averse investors. Additionally, firms may use this kind of Sukuk as a resource containing cost-financing rate.

In the latest meeting, the SEO Sharia Board reviewed three petrochemical companies and stated that the majority of these companies' assets are rentable assets. Therefore, the lease of shares of these companies is approved based on the “dominant principle” since it is totally Shariah-compliant.

Ijarah Sukuk has been issued in the Iranian capital market since 2010; along with other Islamic financial instruments, considered one of the financing methods for companies. Furthermore, Iran’s capital market is regarded as a pioneer and leading market in Ijarah Sukuk and has witnessed great developments and progress in this instrument since its first inception.

Iran Capital Market Enjoys All Islamic Financial Instruments

The Chairman of the SEO in an interview said, “Iran capital market enjoys all globally-known Islamic financial instruments. Currently Ijarah, Murabaha, Vekalah, Istisna, Manfa’ah, and asset-backed (Dayn) Sukuks are being utilized in Iran capital market. These instruments, along with some others on the way, add more diversity and depth to the Iranian market.

He also touched upon different ways of financing one of which is crowdfunding. “Crowdfunding” is a recent and modern financing method developed by the SEO, while “Project Fund” is another method that can act as a large-scale financing instrument to make projects operational. It can help us not to found a state-owned company.

In another part of the interview, he advised the investors to form a diverse portfolio of stocks, follow valid stock analysis, disregard rumors, adopt a long-term investment strategy, enhance financial literacy, and capabilities so as to enjoy a high-yielding investment.

Finally, regarding the importance of transparency of information in the capital market, Mohammadi pointed out that currently, 91% of information is disclosed in a timely manner, 8% delayed and only 1% not disclosed. These one percent violators

will be prosecuted accordingly so that we reach the perfect state of disclosure and transparency.

Announcement on Advisory Services

According to the Securities Market Act of the Islamic Republic of Iran, all investment advisors, portfolio managers and capital market participants in general must obtain the necessary licenses from the SEO to provide specialized and investment services to investors. Therefore, their professional and financial background and qualifications are observed and perused by the SEO beforehand.

Mass communication networks including social networking are one way, among others, to circulate and disseminate capital market relevant information, more often mis-information, to incite investors to mis-buy or mis-sell. These types of advisory services, which do not meet the SEO requirements, are considered criminal offenses and subject to penalties.

The SEO advises fresh investors, who do not have the proper financial literacy, to invest indirectly. Direct investment requires consultation only with the SEO licensed and qualified members and institutions. The complete list of the licensed advisory companies is available on <https://cfi.codal.ir>.

At the end of December 2019, the market capitalization reached 16,806,323 billion IR, which represents 17% growth compare with the previous month.

The TSE's total return index (TEDPIX) at the end of one-month trading session in December 2019 increased by 16% and touched 353,997, while the IFB's total return index (IFX) reached 4,559, which demonstrates a 15% growth.

The total trading value of four exchanges (TSE, IFB, IME, and IRENEX) amounted to 991,735 billion IR in December 2019, which shows 77% increase comparing to the last month.