



Securities & Exchange
Organization

Iran Capital Market Insight

May 2021



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

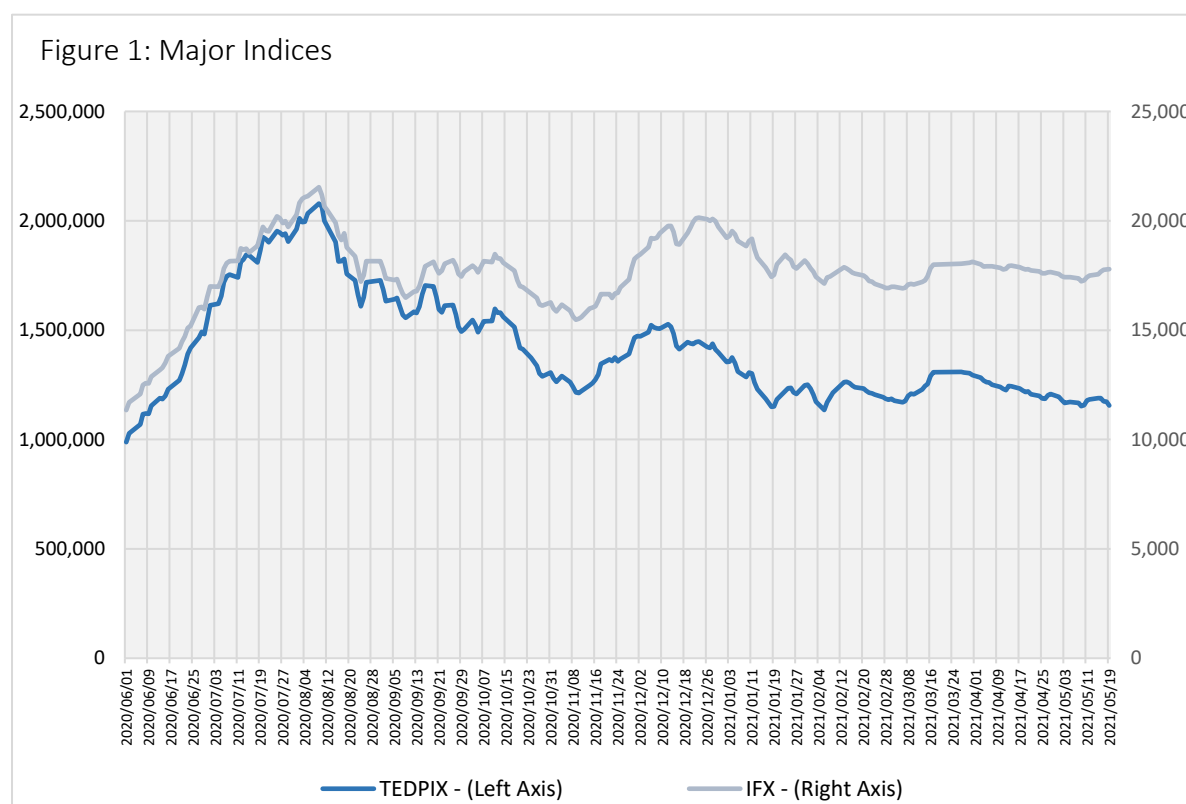
Stock Market Indices

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.

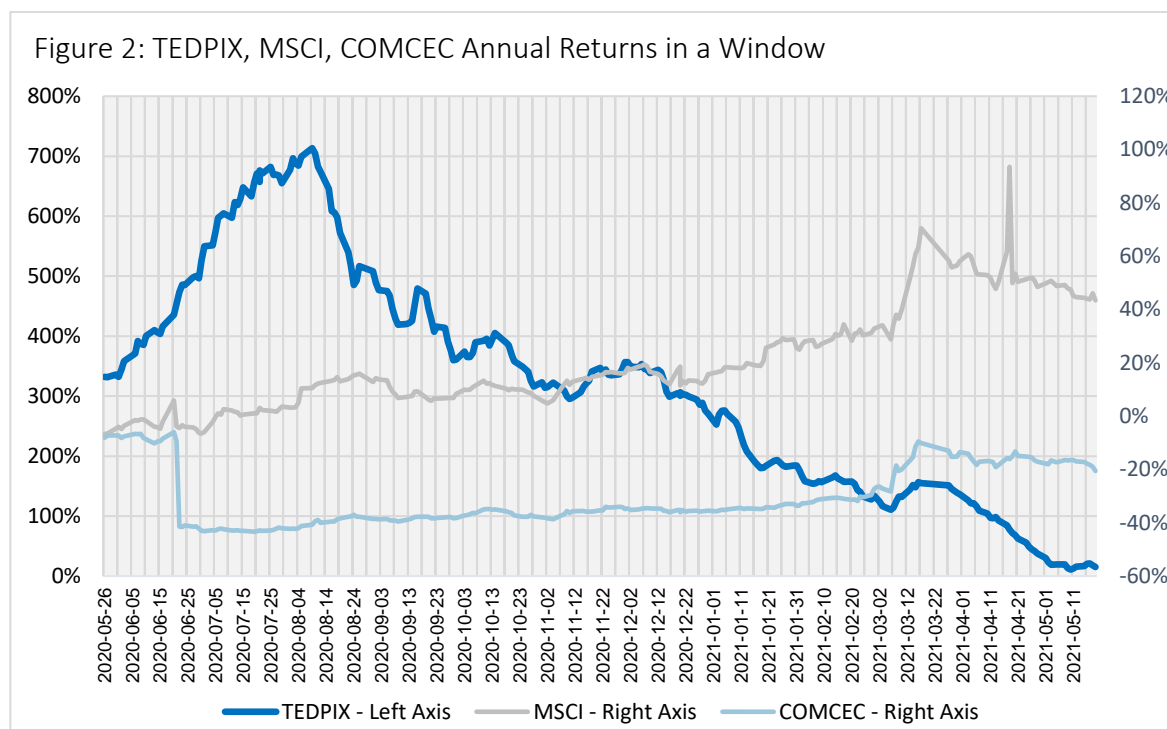
Table 1: Stock Market Indices

Index	May 2021	Apr 2021	Change (%)
TEDPIX	1,154,845	1,219,590	-5.31%
IFX	17,791	17,784	0.04%

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).

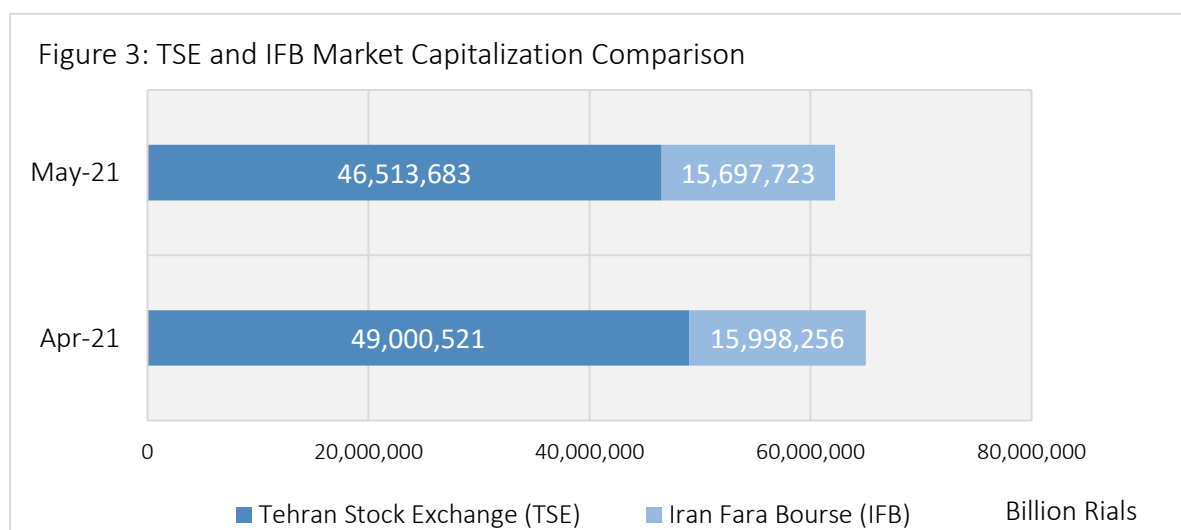


MSCI Emerging Market TRI: The index includes securities from 23 countries; however, it excludes stocks from emerging and frontier economies.

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

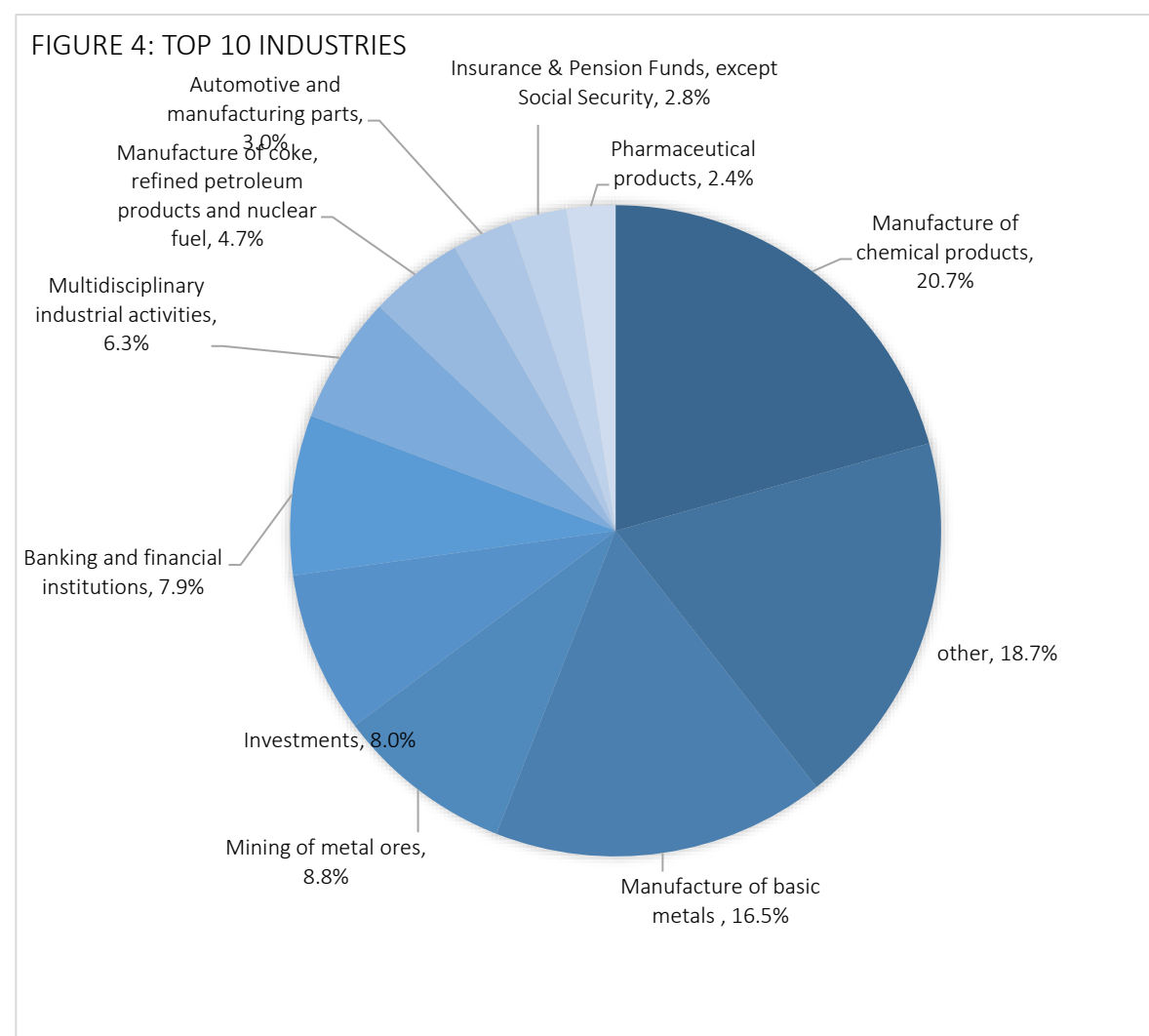
Share of the IFB and the TSE market capitalization in comparison with the end of April is demonstrated below. The IFB is younger and smaller; yet, has differentiated itself in hosting state-of-the-art financial instruments.



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.



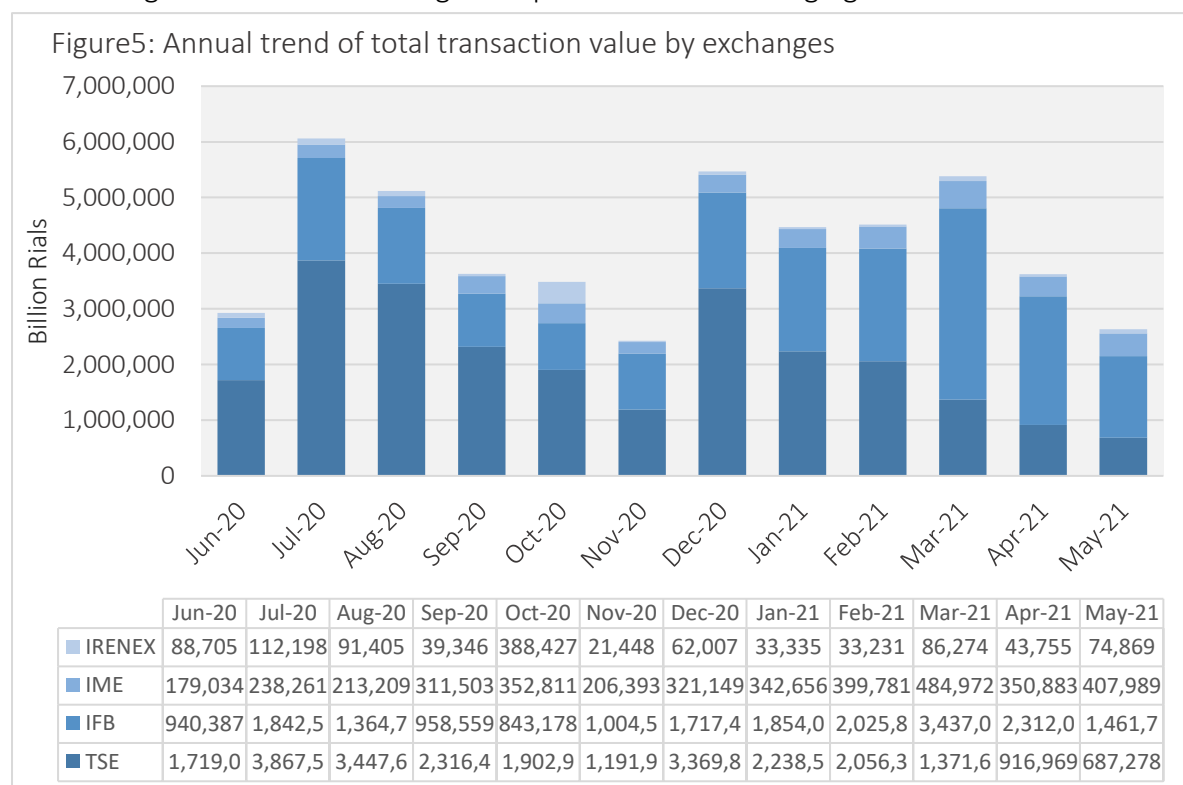
Exchanges' Trading Statistics

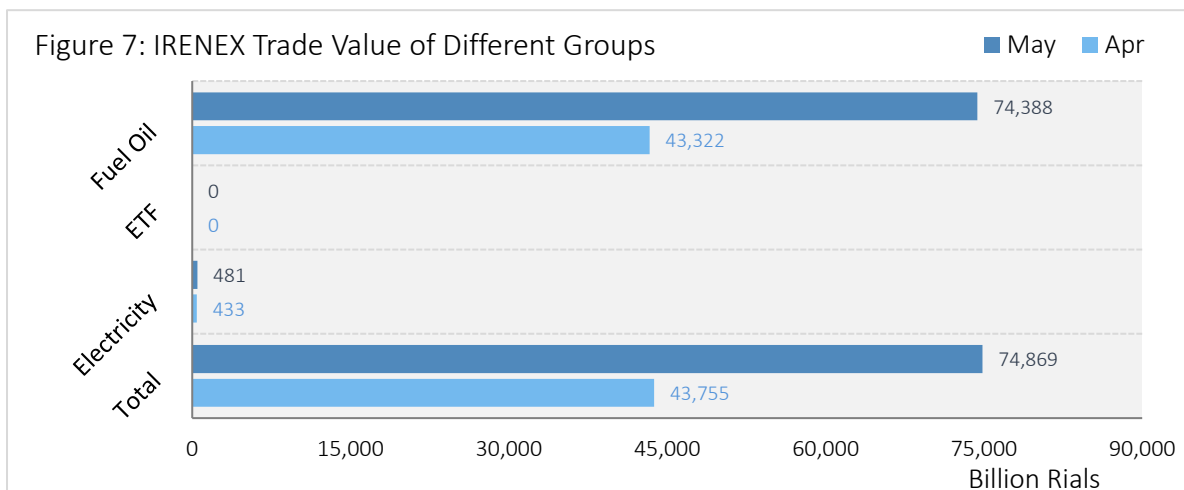
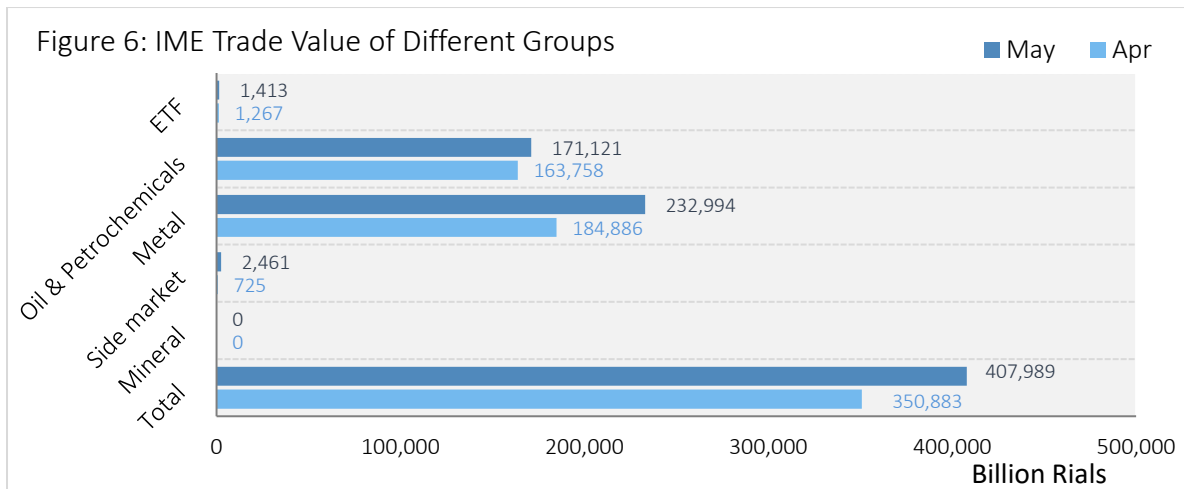
The value of trades for each exchange is depicted in the following table.

Table 2: Value of trades for each exchange

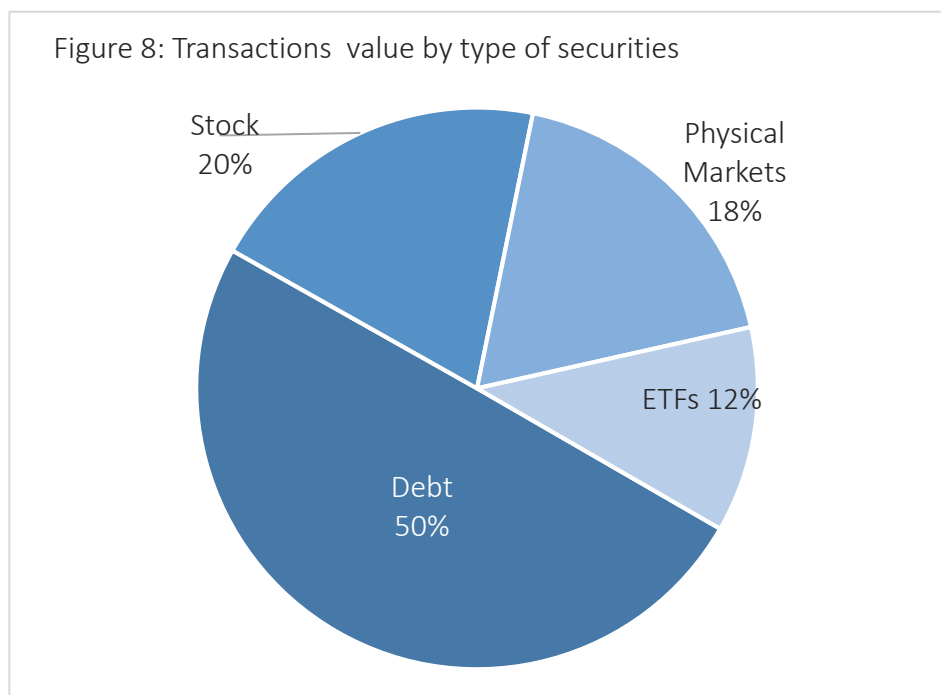
Exchange	Securities	Trade Value (Billion Rials)			change Percent	
		May-21	Apr-21	May-20	compared to previous month	compared to previous year
Tehran Stock Exchange	Stock	433,649	718,191	2,411,952	-39.62%	-82.02%
	Sukuk	10,291	39,042	7,441	-73.64%	38.30%
	ETFs	243,338	159,735	73,413	52.34%	231.46%
Iran Fara Bourse	Stock	93,554	114,978	951,850	-18.63%	-90.17%
	Sukuk	1,301,244	2,129,018	92,692	-38.88%	1303.84%
	ETFs	66,976	68,024	81,810	-1.54%	-18.13%
IME	Physical Market	406,576	349,616	134,447	16.29%	202.41%
	ETFs	1412	1267	7,095	11.52%	-80.08%
IRENEX	Physical Market	74,869	43,755	62,351	71.11%	20.08%
	ETFs	0.007	0	70	-	-99.99%
Grand Total		2,631,910	3,623,626	3,823,121	-27.37%	-31.16%
Daily Average		131,595	201,313	166,223	-34.63%	-20.83%

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



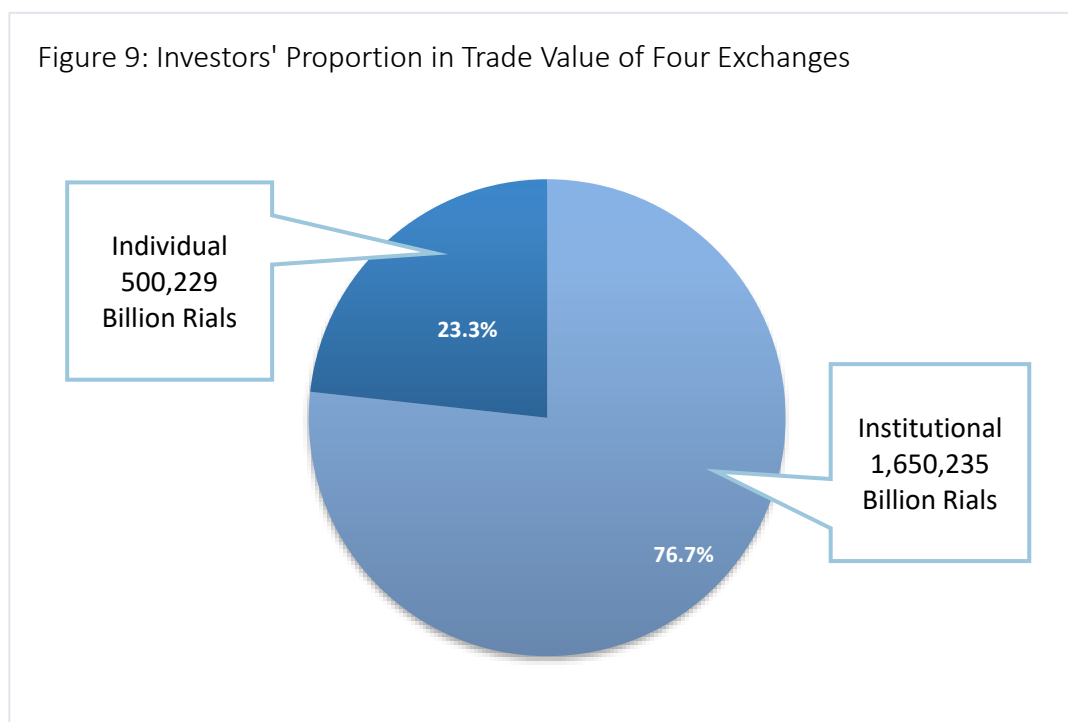


Instruments' Trading Statistics



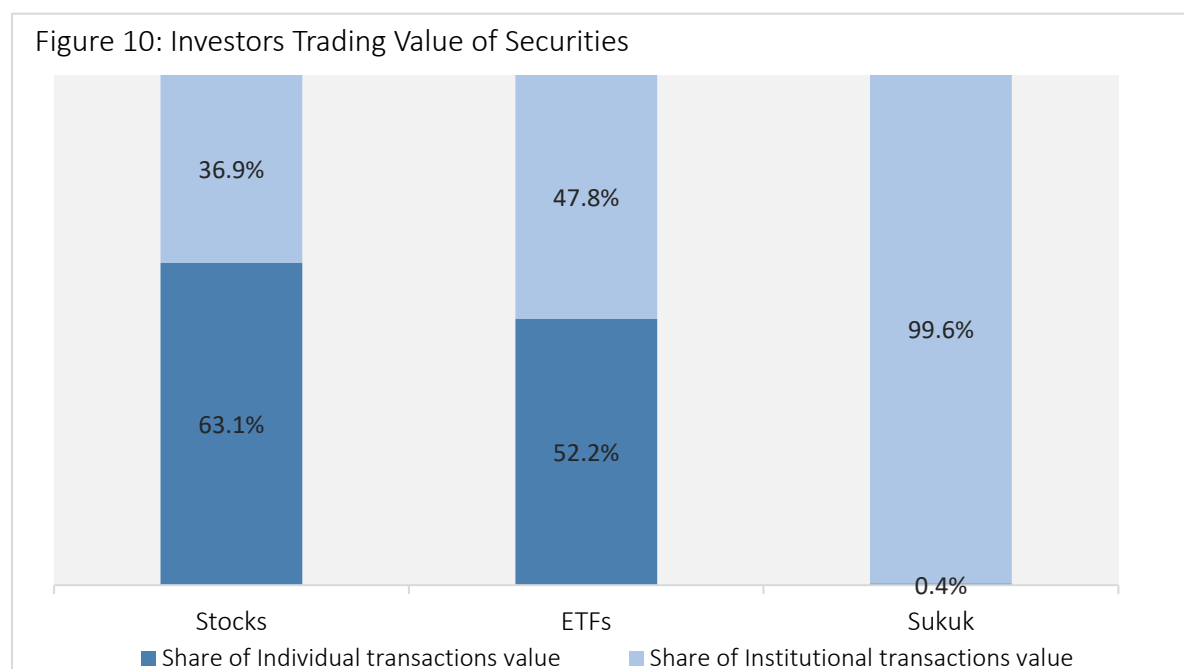
Share of Institutional and Individual Investors in Trading Value

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



Institutional and Individual Transactions

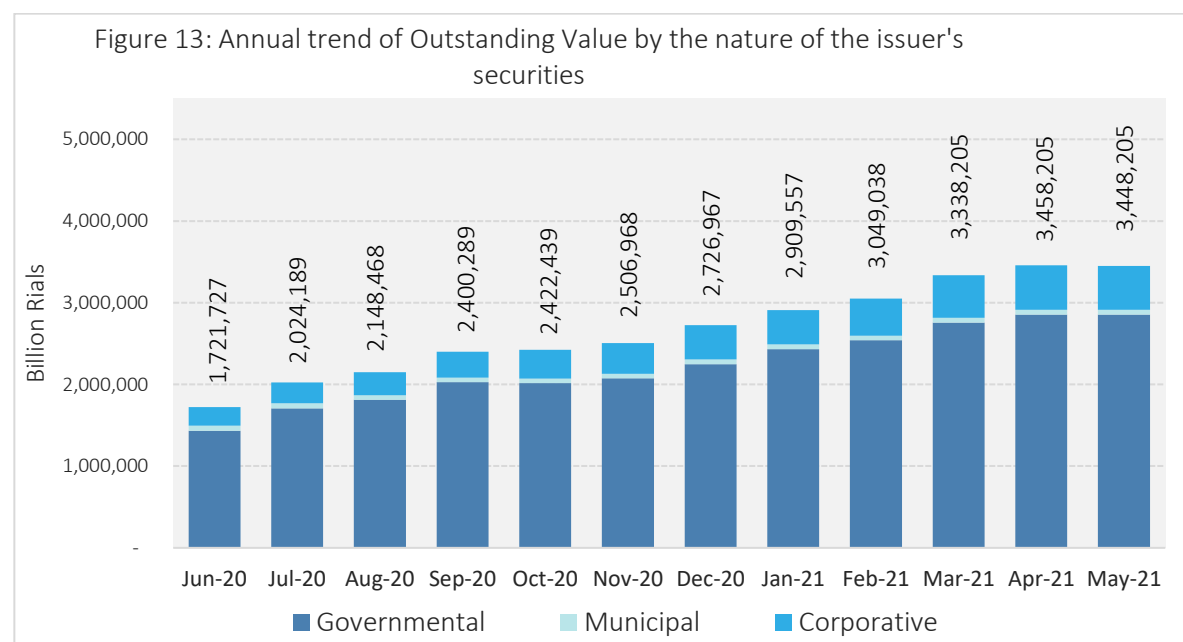
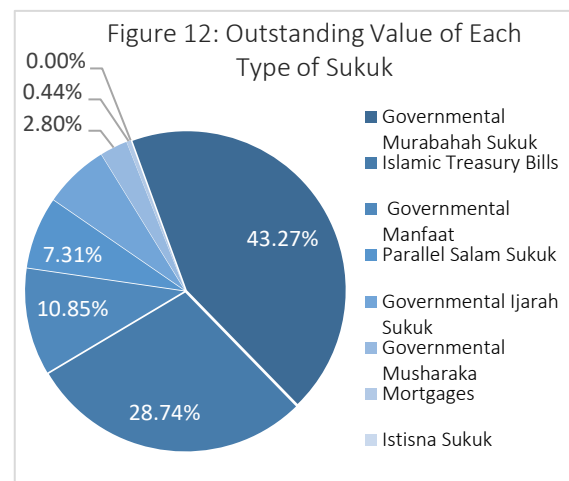
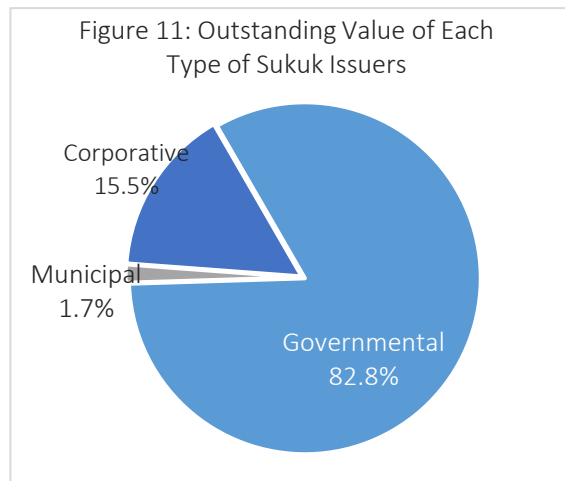
Institutional and Individual contribution for each category of instruments in TSE and IFB is demonstrated in the following figure.



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

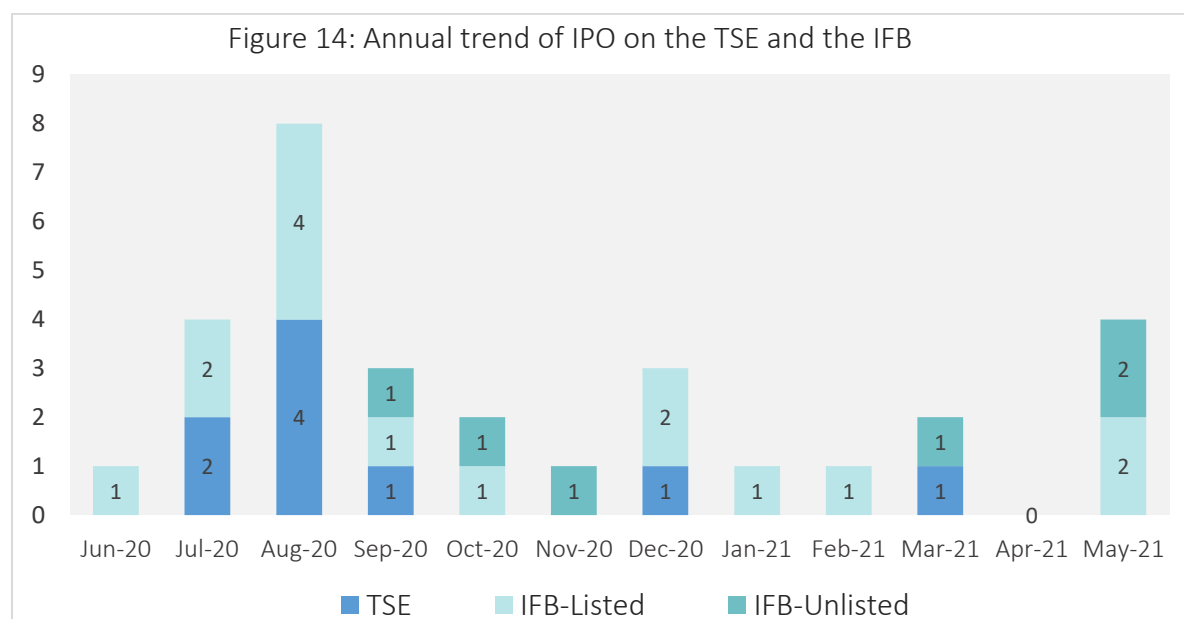
The number of listed and registered companies on the TSE and the IFB are presented in the following table.

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

May 2021	
Listed Companies in the TSE	371
Listed Companies in the IFB	142
Unlisted Companies in the IFB	176
Total	689

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
IFB - Listed	Base Metals	Iranian Zinc Ind.	IZIZ	500	~ 496	16%	2021/05/12
IFB - Listed	Base Metals	Iranian Lead & Zinc	ILZZ	500	~ 496	13%	2021/05/19
IFB - Unlisted	Insurance & Pension Funds, except Social Security	Baran Life INS	BLIP	1,200	~ 140	3%	2021/04/21
IFB - Unlisted	Fabricated Metal Products	Kamand Parts Mfg	KPMP	76,6	~ 5,6	1%	2021/05/03

1- Restorative Justice Principles in Iran Capital Market

Restorative justice center, as a department for protecting investors and preparing a secure environment in the capital market, has recently been established in the Securities and Exchange Organization of Iran.

Regarding the Exchange High Council's meeting in November, 2020, the below enactment over (concerning) "restorative justice" has been approved:

The legal affairs deputy of SEO is responsible for executing restorative justice principles and cooperating with other responsible entities to

- 1) Uphold the rights of investors, capital market practitioners, and other entities in the SEO's jurisdiction;
- 2) Prepare a secure investment environment;
- 3) Protect entities against any violation of law;
- 4) Protect investors' rights by encouraging entities to be voluntarily accountable and compensate for any adverse results arising from their faults, and finally revive their reputation in society;
- 5) Interact with the judiciary, executive and supervisory bodies in order to implement the principles of restorative justice, as well as managing the required and appropriate compensation;
- 6) Propose punitive alternatives;
- 7) Supervise cyber space activities;
- 8) Enhance the level of financial literacy, transparency, and efficiency in the capital market.

2- "Project Public Joint Stock Company" to Establish

The SEO approved the instructions and directives to establish "Project Public Joint Stock Company", aiming to strengthen the primary market and direct the liquidity to economically justifiable projects. "Project Company" is a public joint stock company, to be set up based upon public underwriting mechanism, aiming to complete and operate macroeconomic projects.

The minimum paid-in capital of such companies is IRR 10,000 billion, while founders must commit to provide at least 50% of the company's capital, either in cash or non-cash.

Moreover, the founders are obliged to present in the company until the completion of the project, while deposited guarantees in the SEO, including part of their stocks, in order to complete the project at the announced time. No doubt, the establishment of such companies will not only help to develop the country, but also will lead to a boom in production and employment in line with the resilient economy.

3- Excess Demand for Financial Institutions Licenses

The SEO announced the issuance of licenses for the establishment of 22 “Portfolio Management” and 2 “Investment Consulting” companies this year (ends March 20, 2021).

According to the Securities Market Law and its executive regulations, those legal entities whose their subject of activity is “financial institution” are obliged to register within the SEO; refusing to do so is considered a violation.

It is worth mentioning that in recent years, financial institutions have played an important role in the capital market, and this has led to a significant increase in the demand for licenses of financial institutions.

Currently, 57 portfolio management licenses have been issued. The process of issuing new licenses is carried out carefully. Applicants who failed to submit complete documents and have not met the necessary conditions will not be able to obtain an activity license. Therefore, applicants are advised to refer to the database of rules and regulations of the SEO at: www.cmr.seo.ir to be aware of the relevant laws and regulations in the field of financial institutions. Furthermore, the SEO official website: www.seo.ir is available for applicants to receive the latest announcements, necessary documents and other items.

4- Direct Communication Line with SEO Chairman

Investors may utilize the Public Relations Center to send their requests, complaints, feedbacks and suggestions about the general processes related to the SEO duties; to the capital market regulator. This center will deliver the proposals to the relevant SEO authorities for further considerations.

The address of this center is public@sidsco.ir and once an email is sent, the follow-up process will be started. It is worth mentioning that the Customer Relationship Center (CRM) which was launched earlier, is still in process. People may dial (+98-21) 6375, and communicate directly by phone.

Furthermore, the address chairman@seo.ir is available 7/24 for investors to directly communicate and correspond with the SEO Chairman to mark their messages, comments, suggestions and feedbacks. Received messages will be investigated immediately, and the shareholders will be received proper responses.

5-Year Residence Permit for Capital Market Foreign Investors

SEO Vice Chairman of International Affairs announced the details of granting 5-year residence permit to the foreign investors purchasing stocks, bonds or units of investment funds in Iran Capital Market.

Bahador Bijani stated that this ratification was confirmed by the Cabinet, while the SEO Chairman highlighted this subject in a news session with government's spokesman for the first time, to overcome the ambiguities.

He further noted that several meetings have been organized with the officials of relevant authorities such as the Interior Ministry, Organization for Investment, Economic and Technical Assistance of Iran (OAITAI), Central Bank of I.I Iran, the SEO, and other related institutions which was resulted in the project of providing a "5-year residence permit" to foreign depositors and investors.

"Based on this regulation, a minimum of USD 250,000.00 or its equivalent investment in Iran Capital Market, will receive residence permit to the family, including spouse, boys under 18 and unmarried girls and the spouses' parents, up to 5 people", Vice Chairman said adding that should investors wish to add more than 5 members in the list, an additional USD 50,000.00 or its equivalent as deposit or investment per person is obligatory.

The OAITAI is responsible for issuing the "5-Year residence permit".

Since the internationalization of Iran capital market is among the top agenda among SEO and other market players, Bijani expressed hope that this regulation would welcome by foreign investors and would definitely being extended.

To find the "style guide" and the "form" for 5-Year Residence Permit, click:

<https://en.seo.ir/Page/349/5-Year-Residence-Style-Guide>

6- SEO's Recent Step towards Establishing Petit Stockowners Union

Finalizing the documents of establishing and issuing the license of petit stockowners union is being put on the agenda of SEO.

The SEO Board Member and Deputy for Judicial Affairs cited about the announcement of commenting on the draft of statute of the real (petit) stockowners union and remarked: Based on this, we have assigned a specific portal for Capital Markets' activists to comment on this subject. It is requested from the commentators to analyze the documents, and announce their perspectives and amending suggestions about the documents via the address of: <https://cmr.seo.ir>

7- Strategies to Organize the Capital Market

Dr. Mohammad Ali Dehghan Dehnavi, SEO Chairman in a meeting with high-caliber economic officials in the Economic Commission of the Parliament stressed on supporting the capital market considering the well-known situation of this market among public.

“Capital market is a channel for industry financing, job creation and investment” Dr. Dehghan said adding that we are going to create an "industry table" for all industries in the SEO and use their capacities to improve the situation. Meanwhile, we have a number of diverse plans to issue companies information to their stockholders so that they may decide accordingly and more precisely.

We also corresponded with the Central Bank Governor about the exchange rate, which will be announced as soon as the final result is reached, SEO Chairman said. Following today's meeting, He expressed hope to better organize the capital market; part of the proposals have been confirmed by the government and others are under consideration. Indirect investment was among the proposals in the meeting.

Furthermore, facilitating the process of financing for investment and holding companies, through issuing debt securities and buying the shares via the received capital were discussed and confirmed as well.

Additionally, Dr. Mohammad Reza Pour Ebrahimi, Chairman of the Economic Commission of the Parliament announced the approval of the new capital market law in the near future and said: "We are now reforming the position of the stock exchange organization in the government structure". He added some USD 630 billion from the National Development Fund had to be deposited in the Capital Market Stabilization Fund, of which only USD 45 billion has been paid; the government is obliged to provide the remaining resources to the capital market.

At the end of **May 2021**, the market capitalization reached 62,211,406 billion IR, which represents 4.3% Decrease compare with the previous month.

The TSE's total return index (TEDPIX) at the end of one-month trading session in May 2020 decreased by 5.3% and touched 1,154,845, while the IFB's total return index (IFX) reached 17,791, which demonstrates a 0.04% increase.

The total trading value of four exchanges (TSE, IFB, IME, and IRENEX) amounted to 2,631,910 Billion IRR in May 2020, which shows 27% decrease comparing to the last month.



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