



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

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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

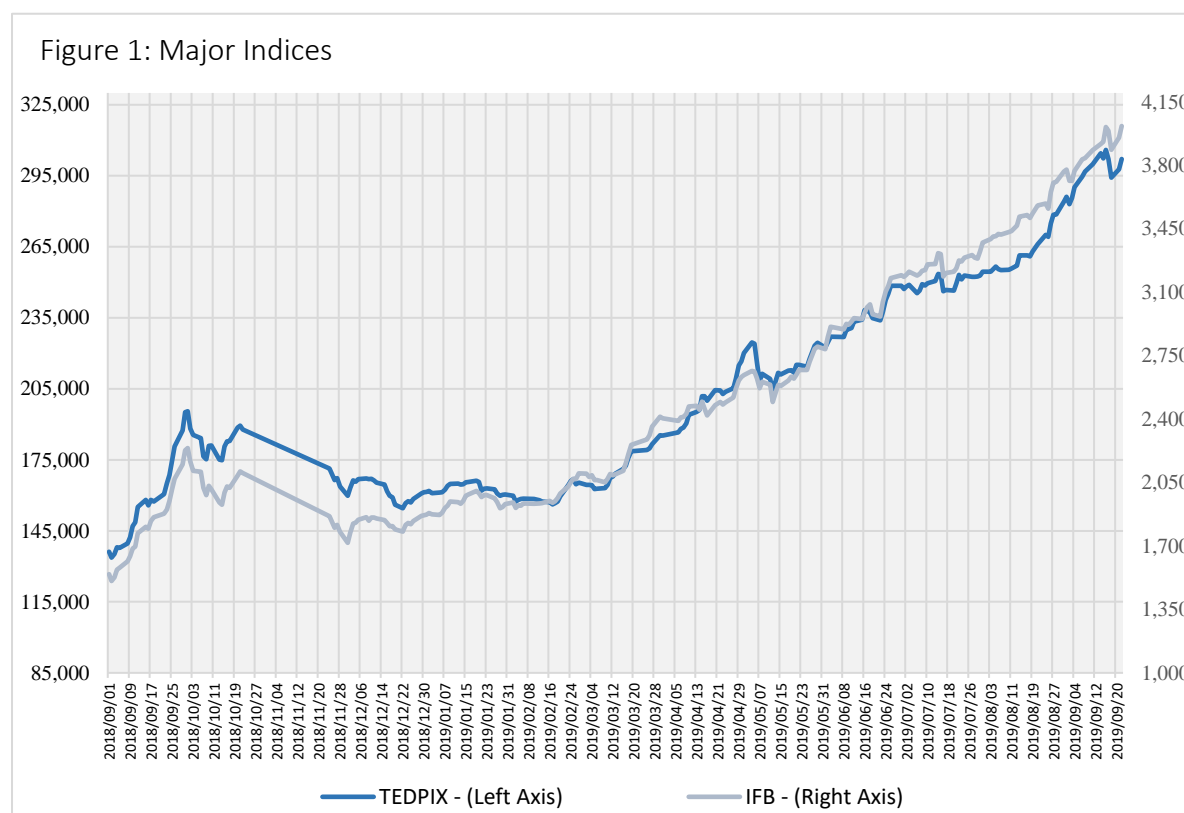
Stock Market Indices

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

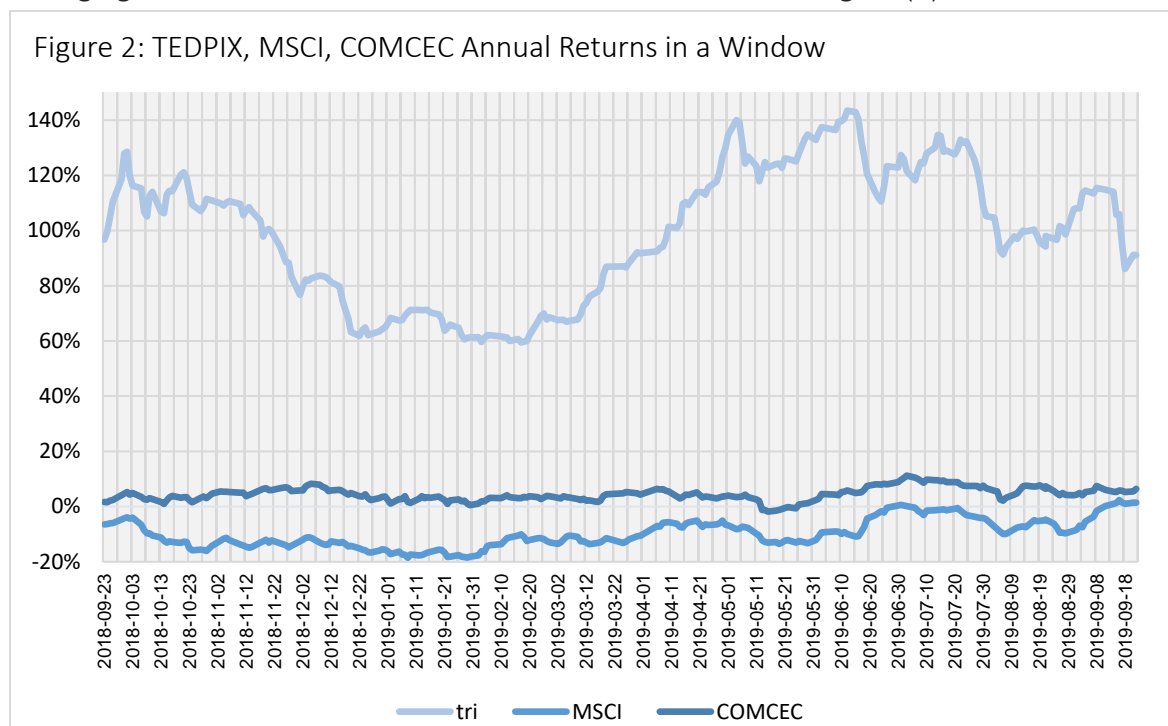
Table 1: Stock Market Indices

Index	September 2019	August 2019	Change (%)
TEDPIX	302,104	266,127	13.52%
IFB	4,017	3,579	12.24%

The past year 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).

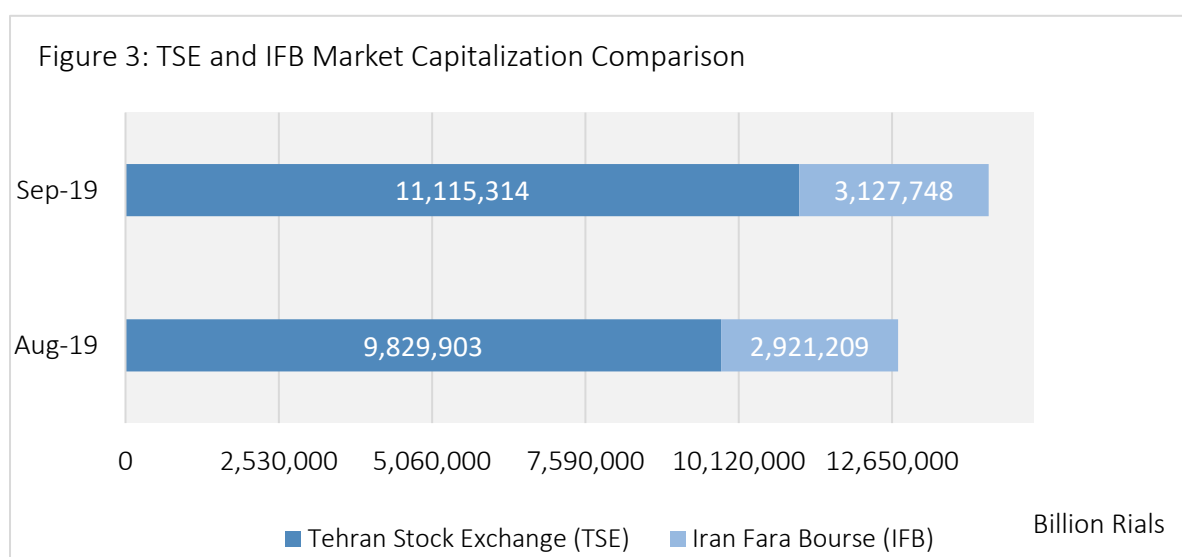


MSCI Emerging Market TRI: The index includes securities from 23 countries; however, excludes stocks from emerging and frontier economies.

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

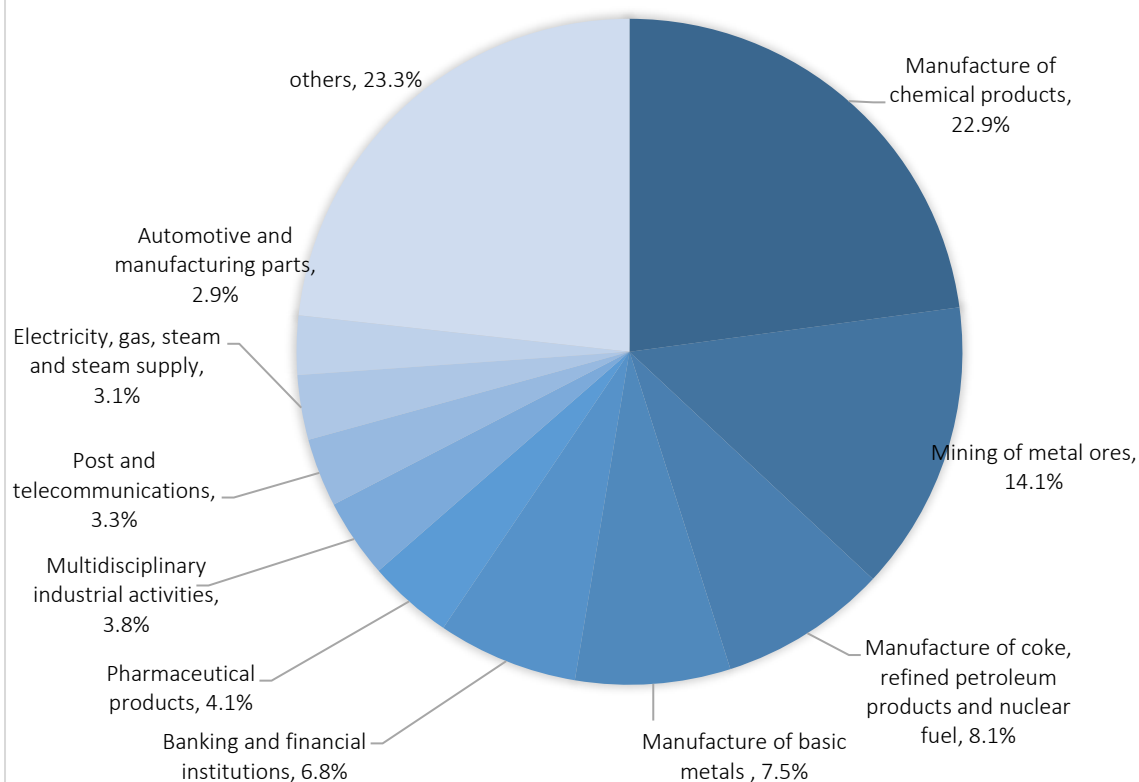


Industries Market Capitalization

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



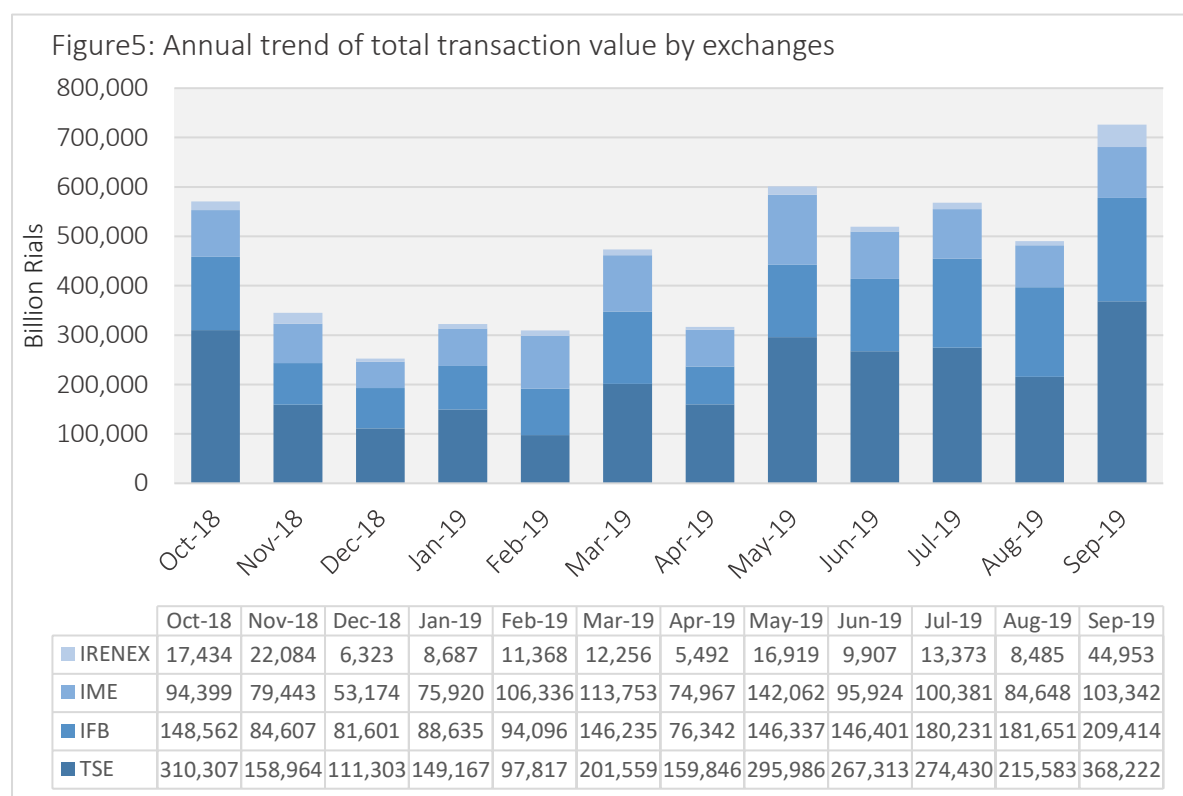
Exchanges' Trading Statistics

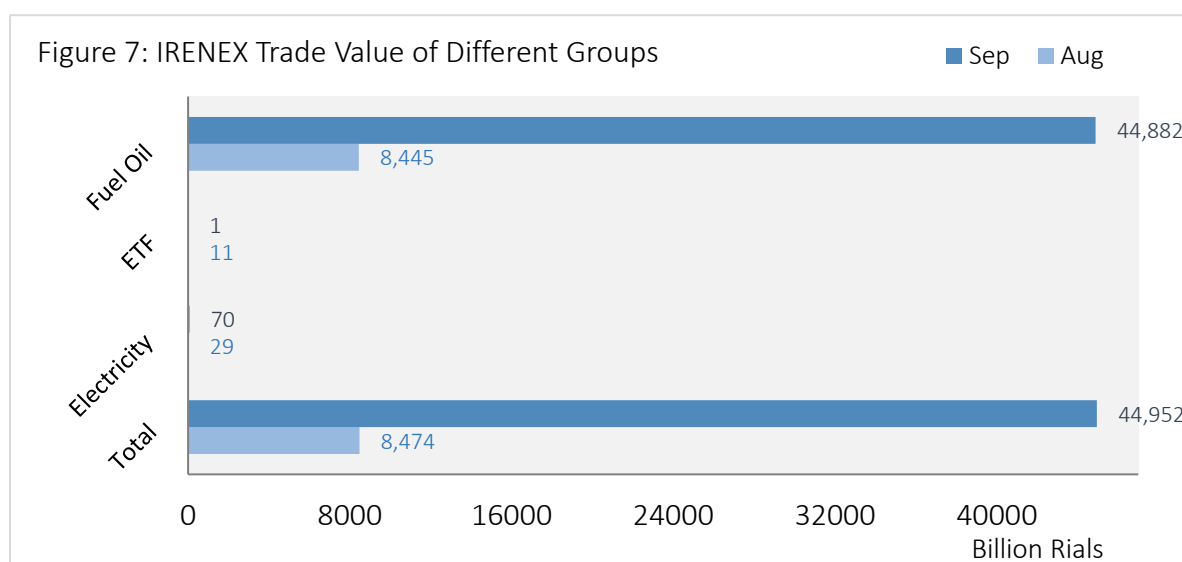
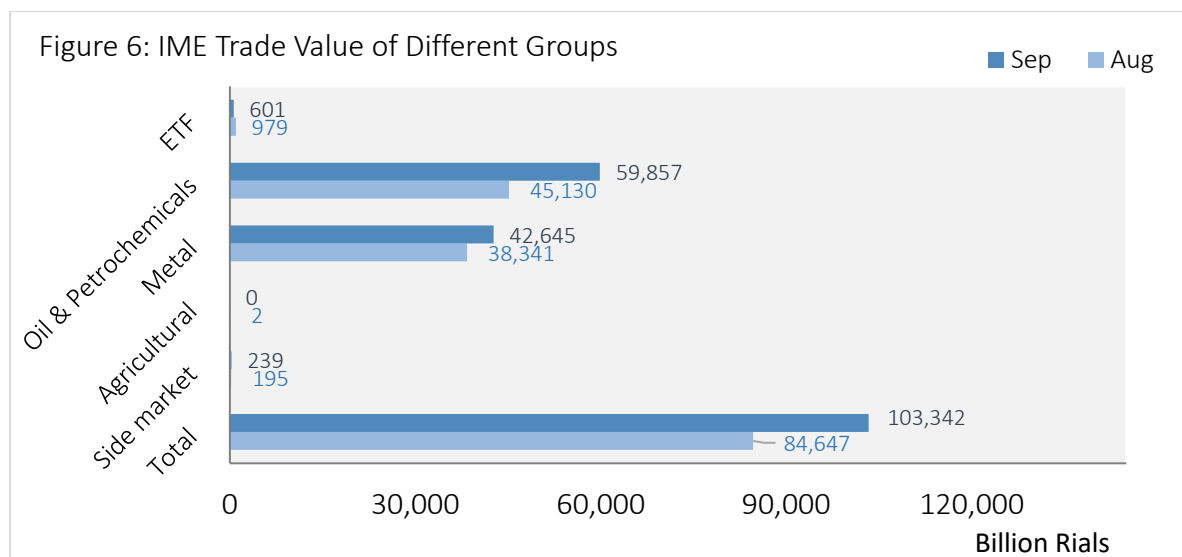
Value of trades for each exchange is depicted in the following table.

Table 2: Value of trades for each exchange

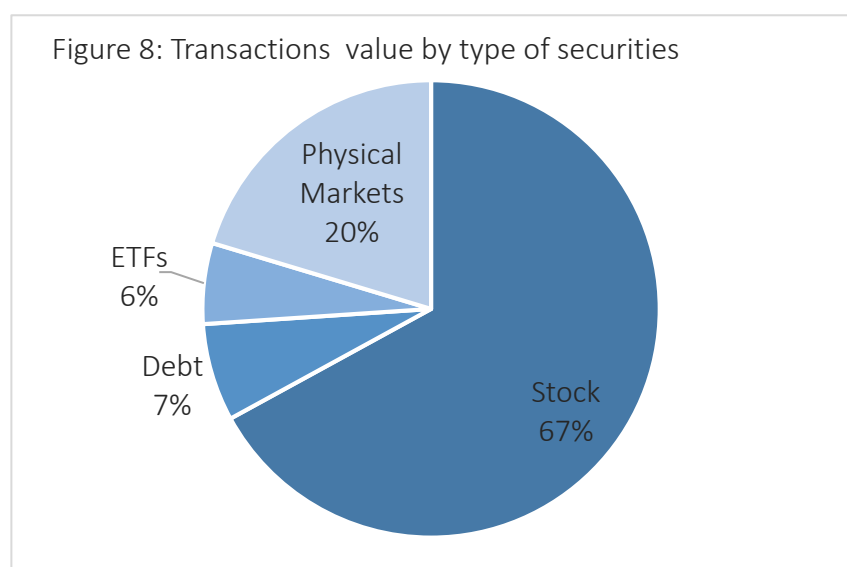
Exchange	Securities	Trade Value (Billion Rials)			change Percent	
		Sep-19	Aug-19	Sep-18	compared to month previous	compared to previous year
Tehran Stock Exchange	Stock	335,012	201,222	167,533	66.49%	99.97%
	Sukuk	7,148	7,025	7,256	1.75%	-1.49%
	ETFs	26,062	7,336	5,089	255.25%	412.16%
Iran Fara Bourse	Stock	151,638	132,501	50,190	14.44%	202.13%
	Sukuk	42,957	40,177	49,983	6.92%	-14.06%
	ETFs	14,819	8,973	4,295	65.16%	245.06%
IME	Physical Market	102,741	83,669	76,104	22.79%	35.00%
	ETFs	601	979	4,634	-38.54%	-87.02%
IRENEX	Physical Market	44,952	8,474	9,580	430.47%	369.23%
	ETFs	1.00	11	85	-93.99%	-99.22%
Grand Total		725,931	490,367	374,747	48.04%	93.71%
Daily Average		36,297	24,518	18,737	48.04%	93.71%

Trading value of each exchange are depicted in the following figures.



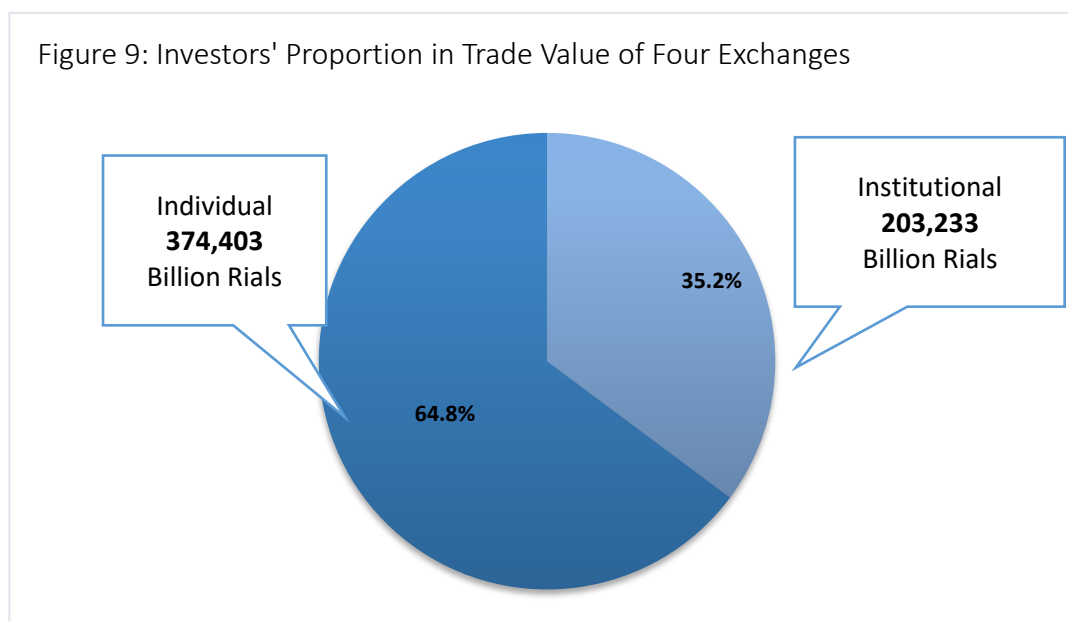


Instruments' Trading Statistics



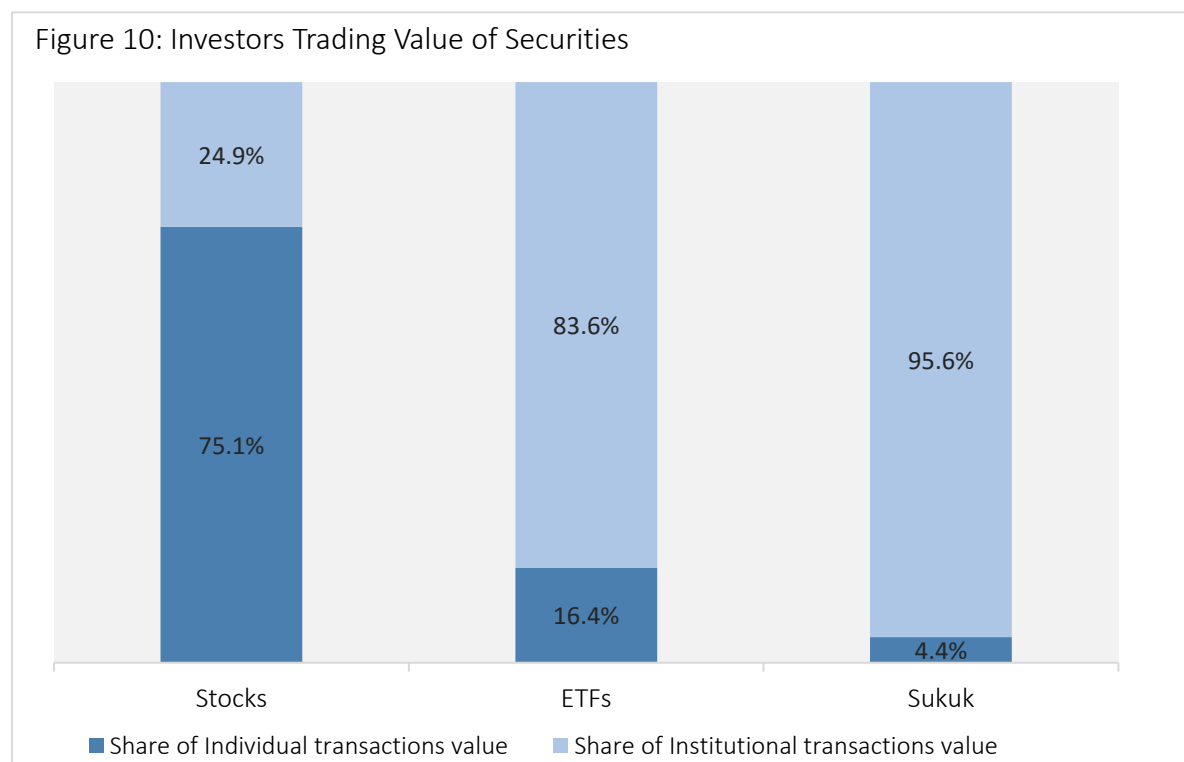
Share of Institutional and Individual Investors in Trading Value

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



Institutional and Individual Transactions

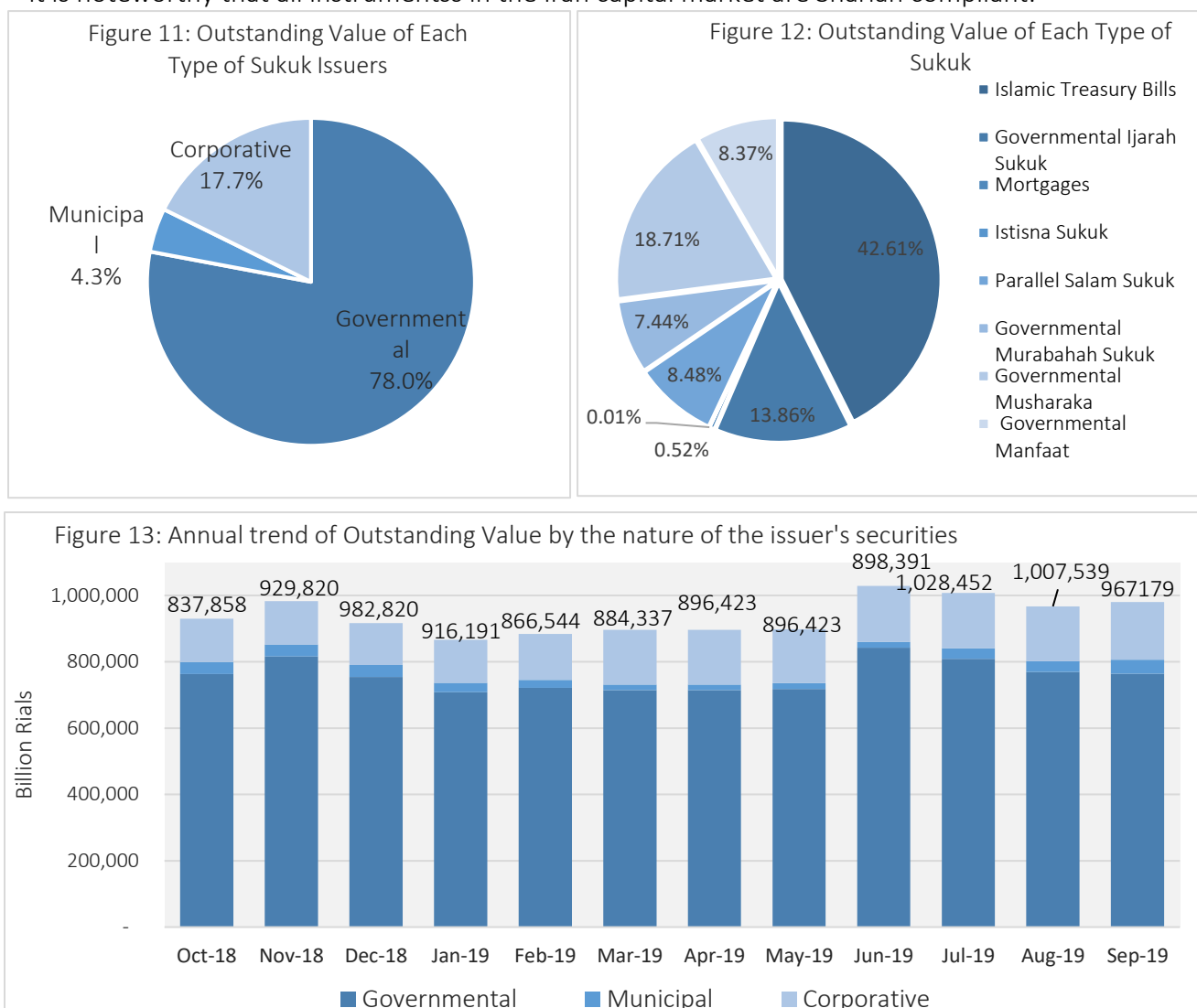
Institutional and Individual contribution for each category of instruments in TSE and IFB is demonstrated in the following figure.



Sukuk

Outstanding Sukuk

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



Number of Listed and Unlisted Companies

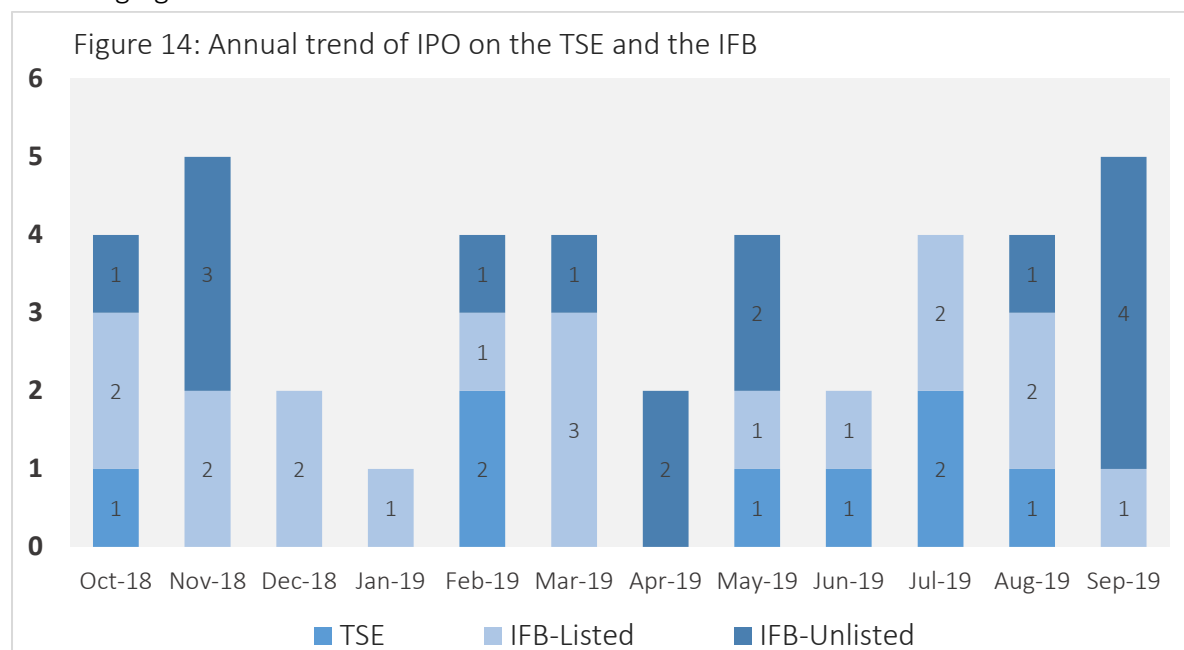
Number of listed and registered companies on the TSE and the IFB are presented in the following table.

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

September 2019	
Listed Companies in the TSE	330
Listed Companies in the IFB	114
Unlisted Companies in the IFB	172

Initial Public Offerings

The trend of number of Initial public offering 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	Offering Date
IFB - Listed	Technical Services	General Mechanic	GEMZ	1,000,000,000	2019/09/04
	Real estate	Sakht Ajand	SJAP	400,000,000	2019/09/02
IFB - UnListed	Artistic, entertaining and creative activities	Iran Arts DEV.GRP	IADP	850,000,000	2019/09/17
	chemical products	Abadan Petro.	APTP	3,520,000,000	2019/08/26
	Food and beverage except sugar	Golbahar Khorasan	GKHP	388,039,485	2019/09/04

Second Press Festival

The second Press Festival was held in August 2019 for promoting investment culture and elevating financial literacy as well as expanding the cooperation with and appreciating the efforts of press practitioners.

The interested parties could upload their works on the festival's website. The uploaded works were supposed to have been published in the past 12 months by the deadline in one of the local or international media outlets. The participants could upload up to five works under different competition categories including news, report, talk, headline, news photo, opinion as well as audiovisual contents.

A special reward was also given to the best work covering the role of capital market. The top three chosen works by the referees in each category received the awards.

The sample topics include the role of capital market in financing, role of fixed-income securities in the capital market, market developments like amendments in rules and regulations, role of commodity exchanges in economic transparency and preventing monopoly, promoting investment culture, capital markets and entrepreneurship, and capital market role in support for Iranian products.

This event along with other events was another key step to promoting financial literacy and inclusiveness in Iran.

Fintechs Provide New Opportunities in Capital Market

The Chairman of the Securities and Exchange Organization of Iran (SEO) celebrated engagement of Fintech companies in Iranian capital market and called it a new opportunity for working on a win-win basis for the market practitioners. He said: whenever new technologies are introduced into the capital market, new capacities are built for further development of the market and it leads to profitability of market players surge exponentially. It is quite encouraging to have financial startups and Fintech companies function in our capital market and I deem that as an opportunity for our economy to expand and thrive even more than before, he added. He continued: I have seen financial startups in Iran that have managed to multiply their capital 40 times bigger than what they initially started with and that clearly shows tremendous potential that startups could enjoy in the Iranian capital market. Our emphasis in the SEO is to encourage and support endeavors in regards to financial startups and fintech companies which are innovative and employ cutting edge technologies. That being said, we can make sure that experts and talented individuals can contribute to the growth of the economy and wealth accumulation takes place accordingly. In addition, they can catch up with the fast pace of innovations and breakthroughs in terms of financial emerging technologies, Mohammadi concluded.

More Transparency: A Forward Movement to Higher Standardization

As more authorities are being convinced to help restructure the Iranian capital market and upgrade its standards, two key changes are in the work for the foreseeable future. The SEO has reviewed the listing process of companies, disclosure of information, and execution of trades on the base market of the Iran Fara Bourse, as an instance. Instructions have been prepared on the issue, awaiting a final approval from the board of directors in the SEO, as a result, the decision is expected to increase transparency on the base market. The SEO has also been reviewing instructions for companies' listing on the Iranian stock markets. All these steps have been taken in tandem with the international standards to have more foreign investment in the Iranian market.

First Algorithmic Trading Competition In Iran's Capital Market

The SEO, in order to enhance the level of financial capabilities and literacy, has organized a one-of-a-kind competitive setting where different groups of traders sit together and trade in the real market using algorithmic models. The competitors have been granted a real portfolio with an acceptable credit and will be trading algorithmically for around one month. This competition is a follow-up of the league of stars competition where the competitors used the typical trading patterns. The First Algorithmic Trading Competitions is another step taken to raise the awareness of investors and get them acquainted with alternative methods to trade in the capital market.

SIDSCO And IPRA Inked MOU

The "SEO Information Dissemination and Services Company (SIDSCO)" – the wholly owned affiliate company of the Securities and Exchange Organization of Iran (SEO), has inked a memorandum of understanding with the "International Public Relations Associations (IPRA)" in Tehran IN 2019.

On behalf of the SEO, SIDSCO signed the MOU with Ms. Svetlana Stavreva, President of IPRA in 2019, during the 28th meeting of the Ministry of Economy's Information Dissemination Council on the second day of FINEX.

Considering the great importance of "financial literacy" issues globally, and the important role of SIDSCO in the Iranian capital market accordingly, this MOU targets training and education purposes as one of the main areas of mutual cooperation. The main objective would be enhancing the level of financial literacy and inclusion, and also awareness raising of stakeholders of the capital market in Iran by getting technical and educational assistance from IPRA.

Subsidiaries Banned For Parent Company Ownership

Approval of “Corporate Governance” instruction was one of the most important measures taken by the SEO to protect investors’ rights, especially minority shareholders.

Special concepts such as independent board members, independence conditions, protecting investors’ rights and the equal treatment thereto, observing the rights of other beneficiaries, motivating beneficiaries, BOD’s disclosure, transparency and responsibility have been set in this instruction. Implementing these instructions would provide a brilliant opportunity to enhance efficiency and absorb investors to the capital market.

Cross ownership of companies is a big concern for a proper corporate governance, which may negatively affect the market through leaking the supervisory issues. Following the international experience and ownership restrictions in many advanced countries, these restrictions may be imposed on all companies; whether listed or non-listed.

Iran And Iraq Signed Mou To Boost Financial Cooperation

The Iraq Securities Commission and the Securities and Exchange Organization of Iran (SEO) signed a memorandum of understanding in Tehran, paving the way to boost bilateral cooperation in financial and exchange fields. The signed MOU is primarily focused on development of Islamic financial instruments, enhancement of technical infrastructures and establishment of common investment funds through shared partnership of both Iranian and Iraqi sides, and dual and cross-listings to name but a few.

Iran and Iraq enjoy tremendous areas of common interests, such as shared cultural and religious heritages.

The First Real Estate Investment Fund To Be Launched Soon

The SEO is launching the first Real Estate investment fund in the Iranian capital market to assist constructors finance their construction projects. Those who are interested in contributing to real estate investment funds may have the option to submit their personal real property as initial capital of the fund and conveniently profit from added value of rents or sale of properties in possession of the fund.

Moreover, “Private Investment Funds” was recently launched in the Iranian capital market. These funds are a real game changer in the capital market since they are able to appropriate stocks of malfunctioning companies or public companies with low rate of profitability, so that management policies are corrected or incisive alterations are made in method of doing business. Once the appropriated company resumed its proper functioning and got back on

the track of profitability, investment fund sells the company and hands over the ownership to new board of directors to take the steering wheel of the business onward.

Such funds are very common in developed capital markets throughout the world and they function within the category of “venture capital funds” to help business overcome variety of financial difficulties as diverse as payment of belated salaries or leadership to start new field of business.

3rd International League Of Stars Come To An End, Lauded By Iosco Secretary General

The “Third League of Stars” officially ended on Tuesday, August 27. League of Stars is a competition among university students, aiming to promote financial inclusion and financial literacy among university students and enabling them to work in the realm of capital market. The League of Stars has found its status in the capital market. While the First League started with just 10 universities from Tehran, the second League absorbed around 30 universities countrywide, and cumulatively the third League, 63 teams not only from Iran, but also from the region welcomed this event. For the first time, five foreign teams from Iraq, Oman, Syria and Turkey joined this event.

Meanwhile, in a video message, the IOSCO Secretary General has also welcomed the event and thanked the SEO for promoting financial literacy and financial inclusion in Iran. The Secretary General of IOSCO, Mr. Paul Andrews, in a recorded video message, highly admired the measures taken by the SEO in terms of upgrading and enhancing financial inclusion and literacy, specifically getting students more acquainted with the capital market, its core functions, and trading mechanisms, over the last couple of years.

Addressing the participants in the 3rd League of Stars competition, Mr. Andrews re-assured that suchlike events could contribute to the elevation of financial literacy and investor education, two of the main objectives IOSCO seeks to reach.

SEO Shariah Board Enactments Regarding “Profit Rate Fluctuations Risk”

There are some approaches for hedging the risk for profit rate fluctuations in the conventional financial markets. Hedging the risks in the Iranian capital market has been under consideration for the past decade.

The SEO Shariah Board confirmed “futures contract”, hence the market participants may partially hedging the risk of commodity prices in Iran commodity markets.

The proposed plan to the SEO Shariah Board is to use “Islamic treasury notes futures contract” to hedge the “profit rate fluctuation risk”. Based on this model, the counterparties

promised to transact the “Islamic treasury notes futures contract” in a specific time in the future between themselves.

At the maturity date, the underlying assets shall be traded at a specific price and subsequently, there will be an agreed profit rate between the counterparts. It is noteworthy to mention that Islamic treasury notes may have different prices in accordance with different profit rates and hence, profit fluctuation rates will be hedged.

The SEO Shariah Board confirmed that the “Islamic treasury notes” may be considered an underlying asset parallel to financial and physical assets. Accordingly, other considerations regarding “futures contract” such as “deliverability” is obligatory for the “Islamic treasury notes” as well.

At the end of September 2019, the market capitalization reached 14,243,062 billion Rials, which represents 11.7% growth in compare with the previous month.

The TSE's total return index (TEDPIX) at the end of one-month trading session in September 2019 increased by 13.5% and touched 302,103, and The IFB's total return index (IFX) increased to 4,017 by 12% growth.

The total trading value of four exchanges (TSE, IFB, IME, and IRENEX) amounted to 725,931 billion Rials in September 2019, that shown 48% increase comparing to the last month.