



Securities & Exchange  
Organization

# Iran Capital Market Insight

Jun 2022



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

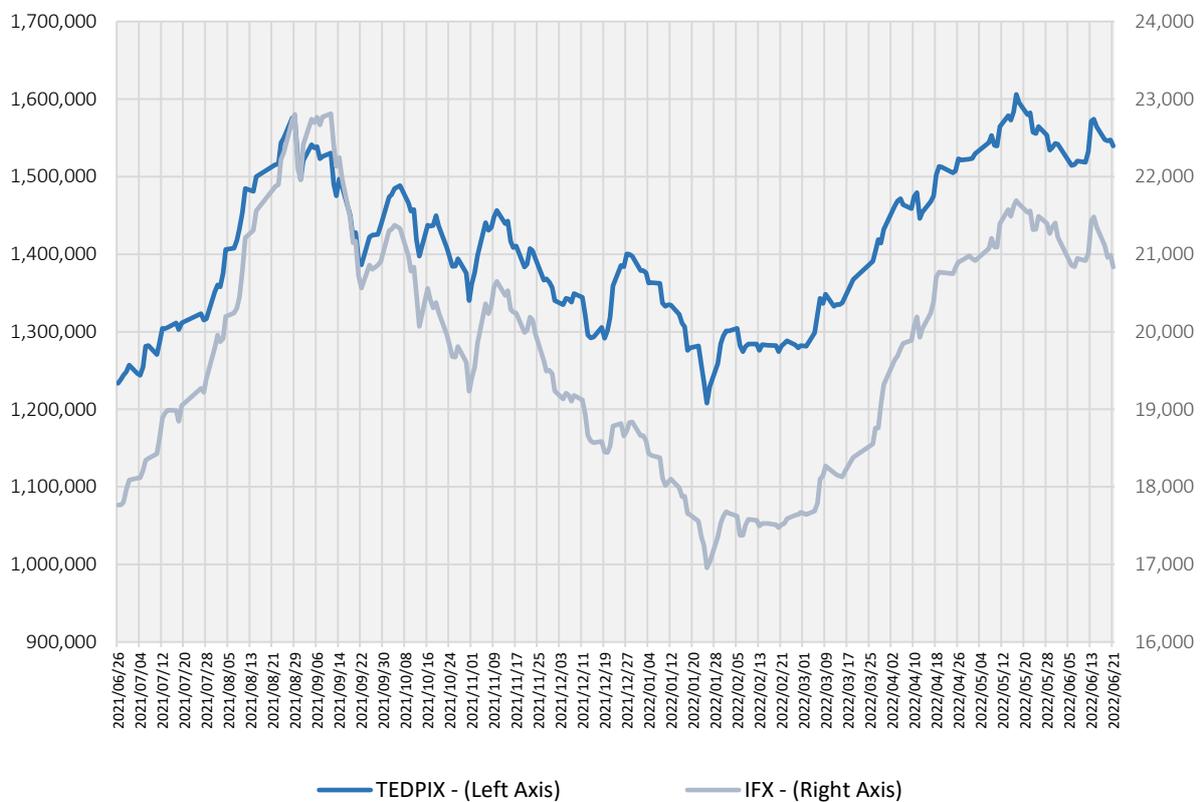
The end of month figure of Iran stock market major indices including the TSE's (TEDPIX) and the IFB's total return index (IFX) is compared with that of the previous month in Table 1.

Table 1: Stock Market Indices

Index	Jun 2022	May 2022	Change (%)
TEDPIX	1,539,632	1,579,687	-2.54%
IFX	20,833	21,538	-3.27%

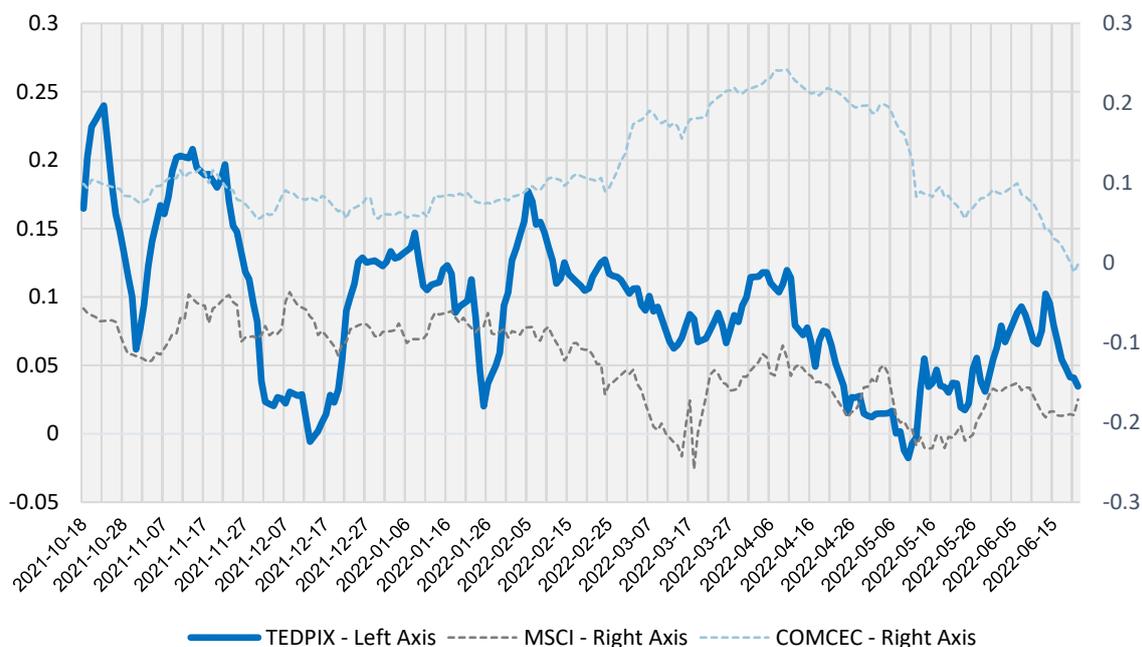
The past year's trend of the indices is illustrated in the following figure.

Figure 1: Major Indices



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).

Figure 2: TEDPIX, MSCI, COMCEC Annual Returns in a Window



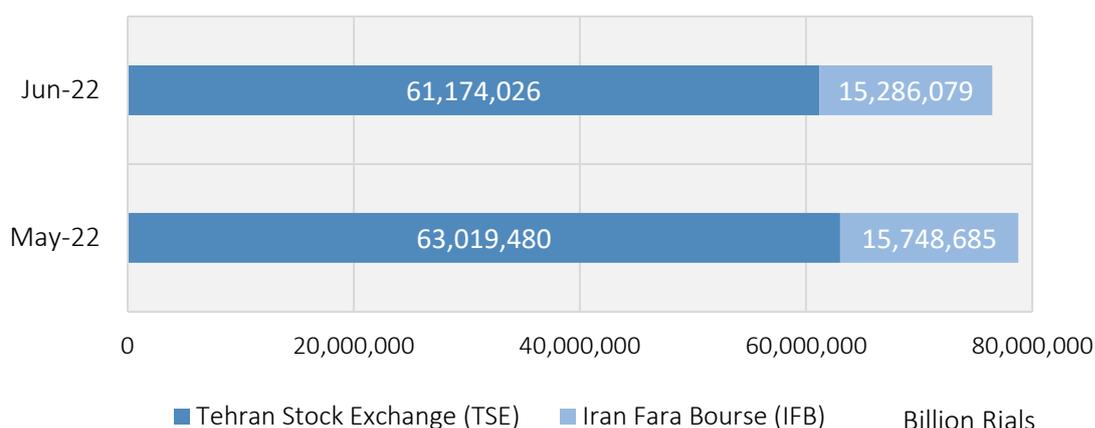
MSCI Emerging Market TRI: The index includes securities from 23 countries; however, it excludes stocks from emerging and frontier economies.

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

Figure 3: TSE and IFB Market Capitalization Comparison

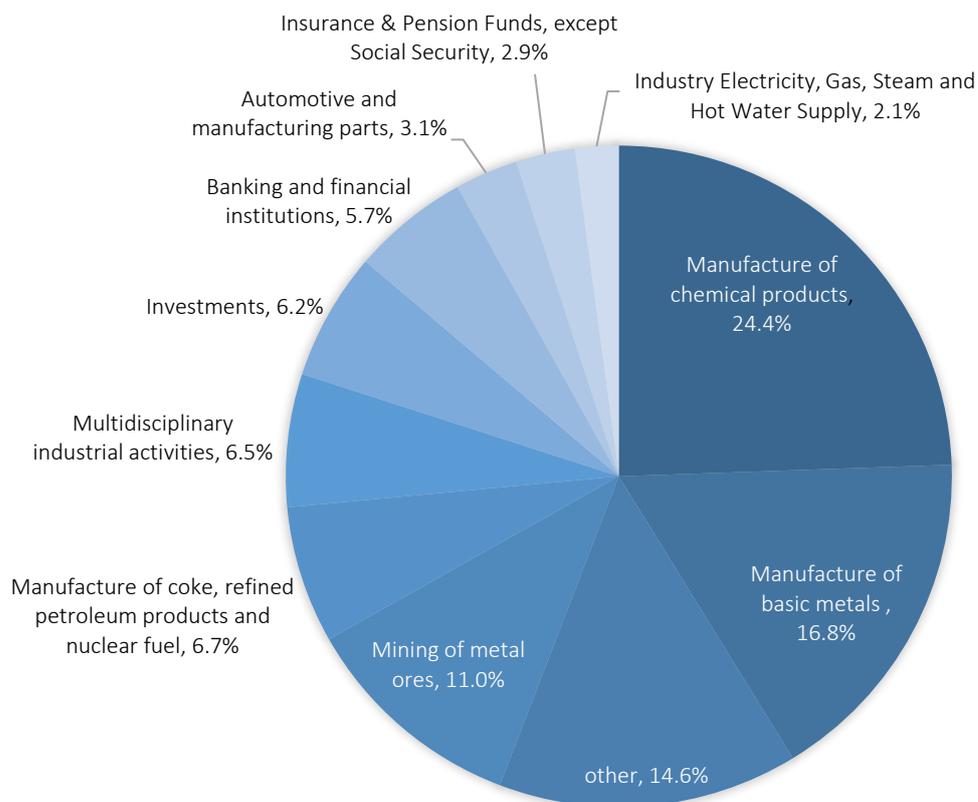


## Industries Market Capitalization

### 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.

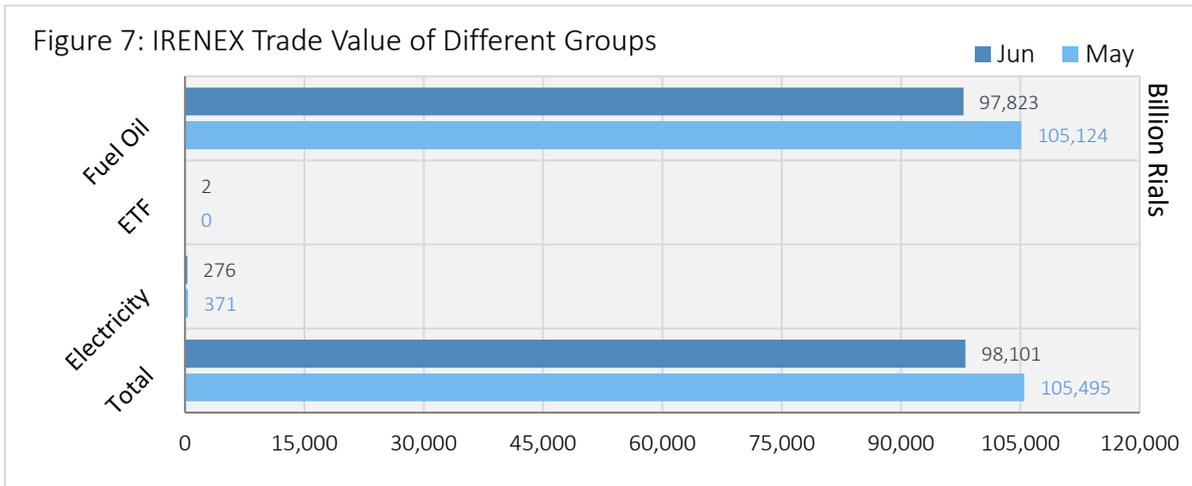
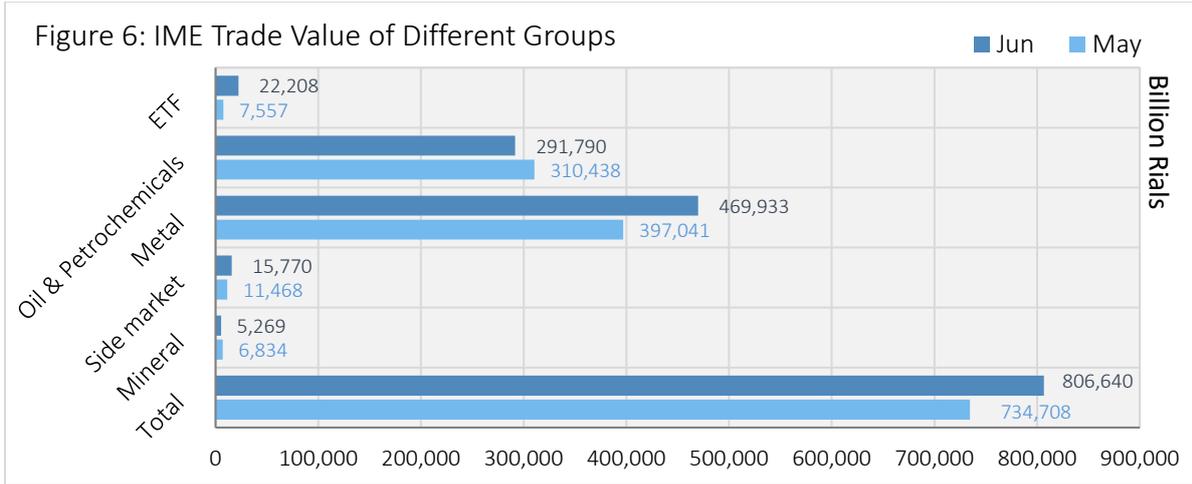
Table 2: Value of trades for each exchange

Exchange	Securities	Trade Value (Billion Rials)			change Percent	
		Jun-22	May-22	Jun-21	compared to month previous	compared to previous year
Tehran Stock Exchange	Stock	734,461	886,707	711,031	-17.17%	3.30%
	Sukuk	30,093	47,423	9,264	-36.54%	224.85%
	ETFs	279,956	282,161	288,877	-0.78%	-3.09%
Iran Fara Bourse	Stock	381,688	390,809	205,929	-2.33%	85.35%
	Sukuk	7,972,136	7,206,494	1,108,397	10.62%	619.25%
	ETFs	171,988	133,150	76,313	29.17%	125.37%
IME	Physical Market	784,432	727,151	442,452	7.88%	77.29%
	ETFs	22,208	7,557	2,073	193.87%	971.30%
IRENEX	Physical Market	98,099	105,495	68,696	-7.01%	42.80%
	ETFs	2	0	0	-	3074.60%
<b>Grand Total</b>		<b>10,475,063</b>	<b>9,786,948</b>	<b>2,913,033</b>	<b>7.03%</b>	<b>259.59%</b>
<b>Daily Average</b>		<b>498,813</b>	<b>543,719</b>	<b>138,716</b>	<b>-8.26%</b>	<b>259.59%</b>

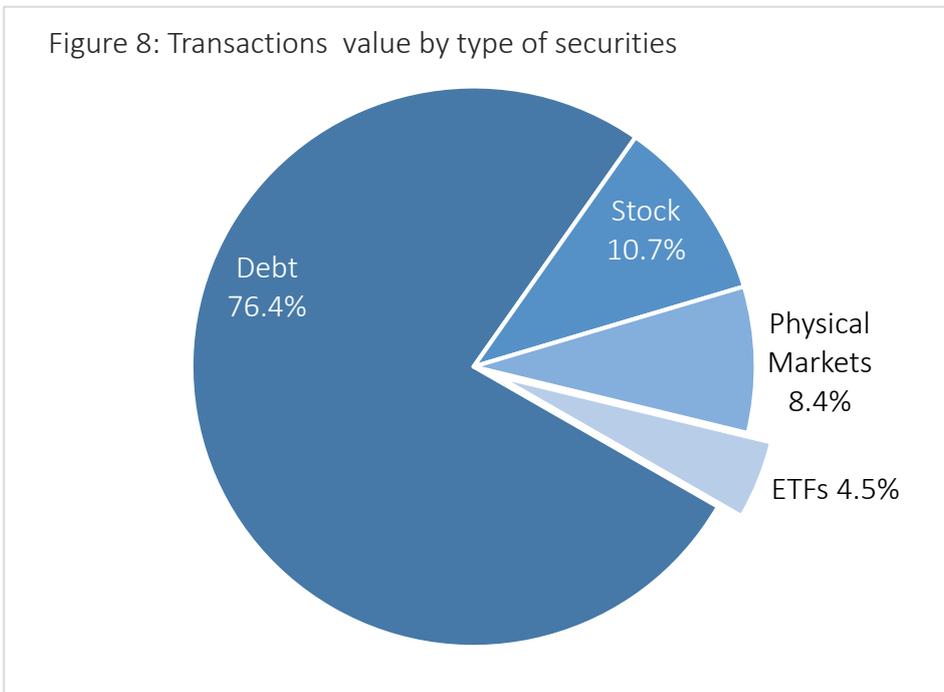
The trading value of each exchange is depicted in the following figures.

Figure5: Annual trend of total transaction value by exchanges



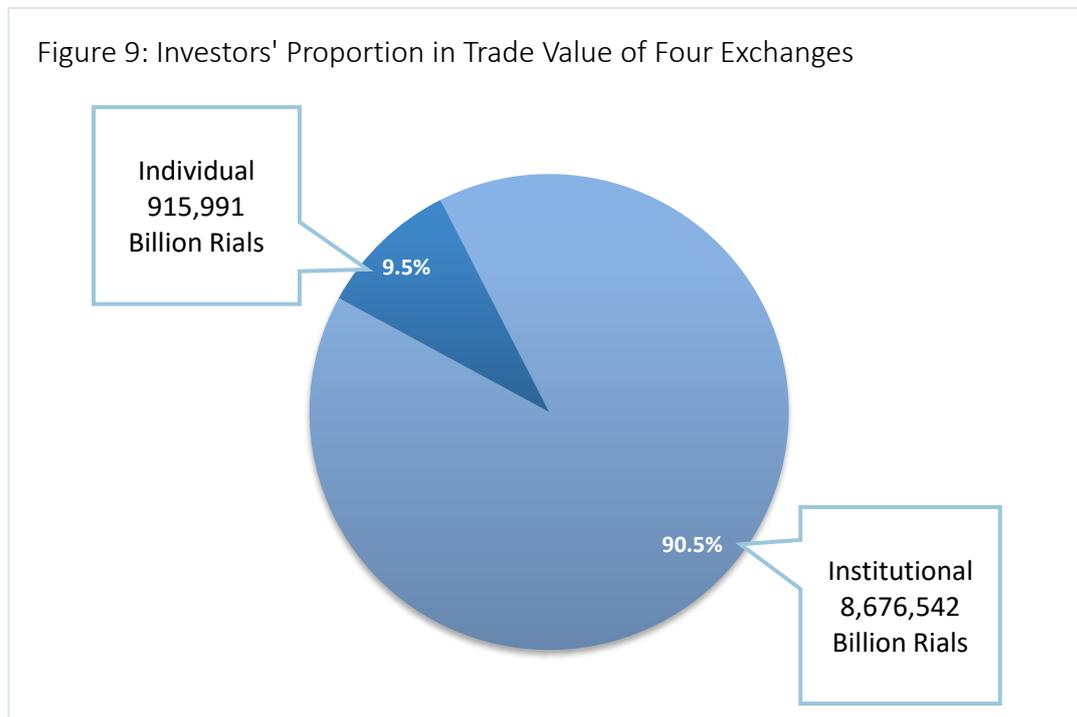


**Instruments' Trading Statistics**



## Share of Institutional and Individual Investors in Trading Value

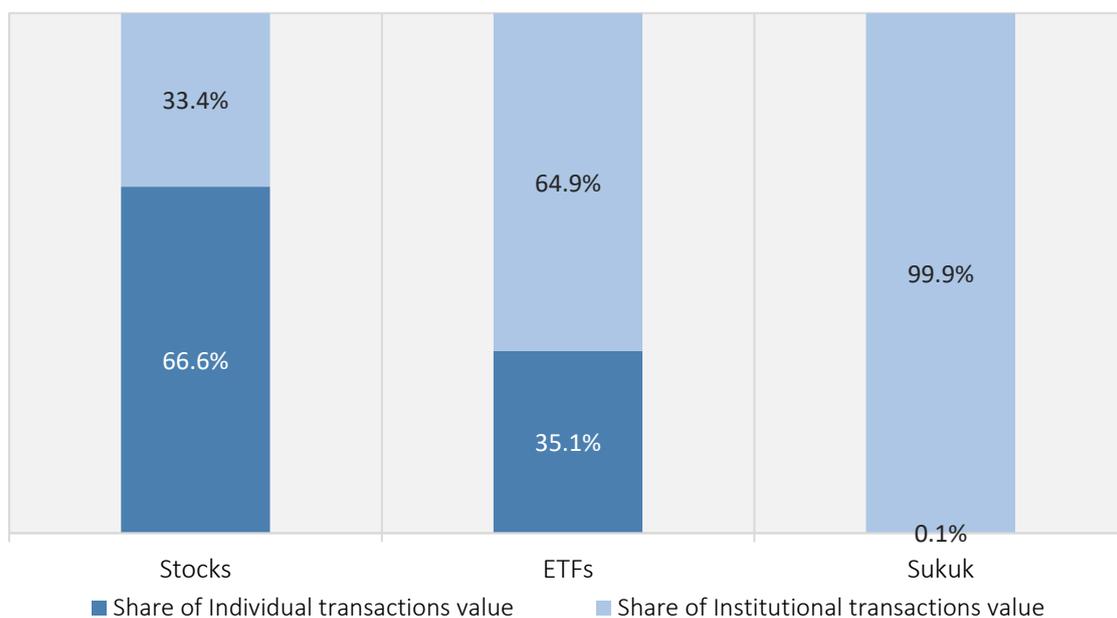
Figure 9 reveals the proportion of individual and institutional investors in the total market trading value of TSE and IFB.



## Institutional and Individual Transactions

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

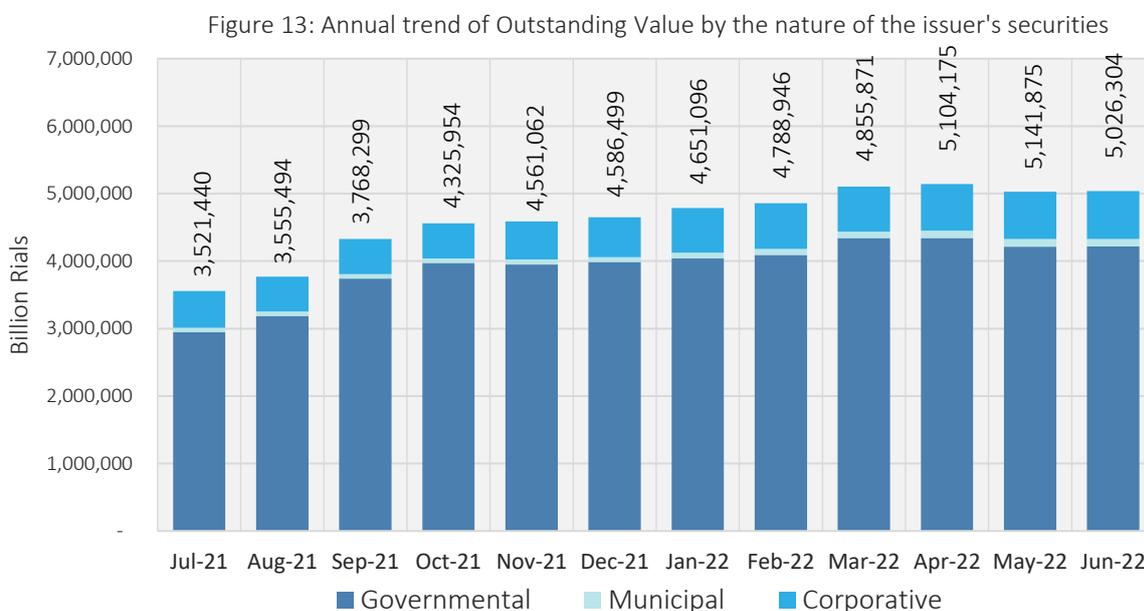
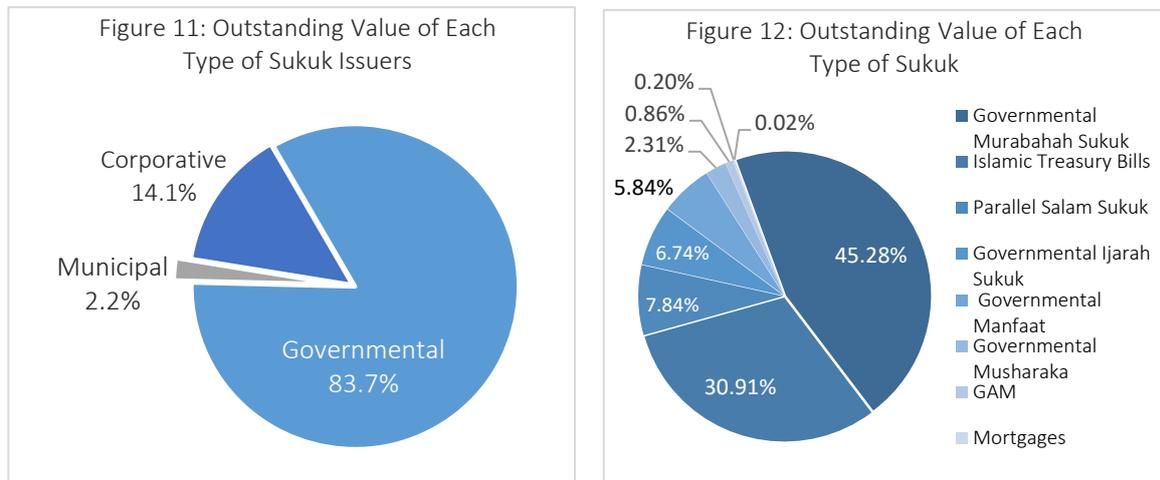
Figure 10: Investors Trading Value of Securities



## 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

Jun 2022	
Listed Companies in the TSE	381
Listed Companies in the IFB	160
Unlisted Companies in the IFB	186
<b>Total</b>	<b>727</b>

## Initial Public Offerings

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

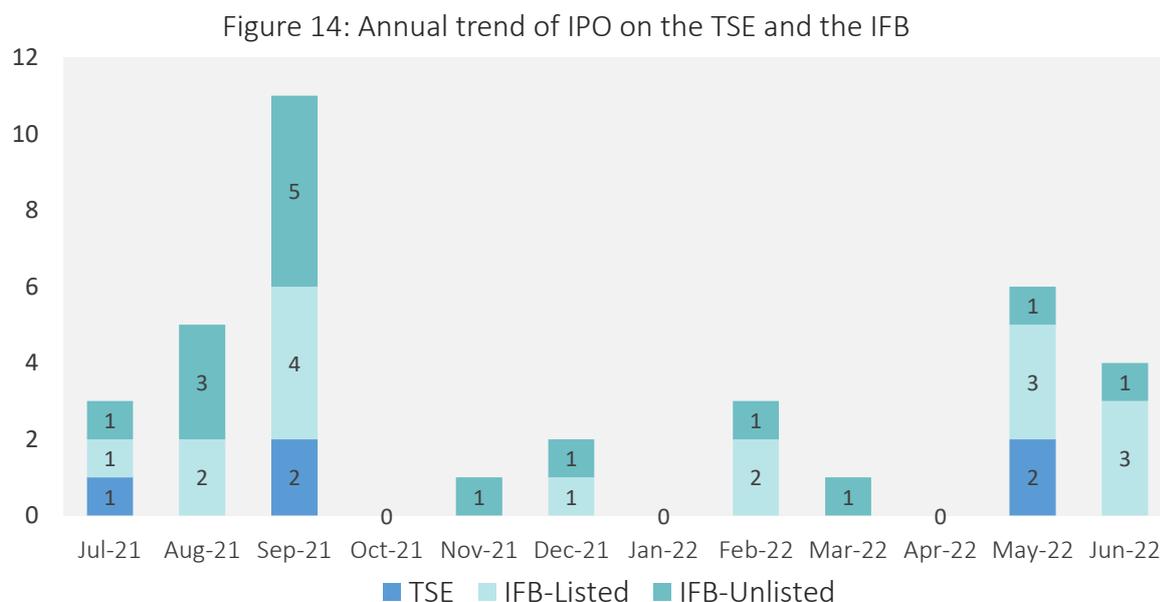


Table 4: detail of IPOs

Exchange	Industry	Company Name	Ticker	No.Shares (Milion)	Trade-Value (Billion Rials)	Percent of Supply (%)	Offering Date
IFB - Listed	Computer & Related Activities	Tapsi	TASZ	1,171	~ 550	5%	2022/06/14
IFB - Listed	Non-Metallic Mineral Products	Yazd Faranasooz	YAFZ	343	~ 2,307	42%	2022/06/01
IFB - Listed	Base Metals	GhadirIranian Iron	GIRZ	12,000	~ 12,418	5%	2022/05/25
IFB - Unlisted	Activities Auxiliary to Financial Service	Persian Golf Inv.	PGOP	5,000	~ 15,747	63%	2022/05/24

## **NEW APPROVALS TO SUPPORT THE BETTER IMPROVEMENT OF FINANCIAL INSTITUTIONS' PROCESSES**

The SEO Board of Directors approved three new resolutions in order to further improve the processes of financial institutions.

Based on these new resolutions, the maximum acceptable level of the trustee may increase to 50 funds.

Further, the possibility of the establishment of funds based on the issuance and cancellation of funds for an indefinite period, aiming to reduce the administrative affairs of the funds, has also been mentioned in the resolution.

Finally, the investment of surplus resources of market-making funds up to 20% of assets in the fixed-income investment funds has also been approved.

## **THE CAPACITY OF IRENEX FUTURES CONTRACTS TO FORECAST COMPANIES' REVENUE**

Launching the futures market and using derivatives in commodity exchanges has always been emphasized by the SEO, and the Iran Energy Exchange (IRENEX) unveils energy futures transactions in line with the organization's plans.

SEO Deputy Chairman, explained: "The derivative market provides great capacities for the capital market, for instance, risk coverage for investors, buyers, and sellers as well as smoothing out the steps towards predictability and price indexation.

He added: "By launching the energy futures market in the capital market, it will be possible to have more transparency in the stock trading of sellers and producers whose shares are traded in the stock exchange. Furthermore, it will be possible to predict revenues based on futures contract maturities."

Pointing out that the establishment and deepening the derivative market has always on the agenda and supported by the SEO, he further continued that the SEO has asked the Energy Exchange to provide a suitable market for other assets in this market and to make this new tool more widely available for investors so that they can simultaneously adopt different investment strategies in the securities and derivatives markets.

## **INVESTMENT FUNDS TO OPERATE IN IME OPTION MARKET**

Based on the SEO announcement, investment funds are allowed to operate in the "Option Market" of the Iran Mercantile Exchange (IME), therefore, in addition to diversifying the asset portfolio of investment funds, such funds may cover investment risks in the commodity market.

In order to cover the fluctuation of the price of "Commodity Deposit Certificates (CDC)" in the portfolio of investment funds, the SEO allows the mentioned funds to trade options contracts for CDCs.

CDC has designed aiming to optimize investment in the field of goods and to facilitate transactions for investors. This tool can be used as an asset with a different fluctuation rather than shares and other assets in the capital market, to diversify the investment portfolio of commodity funds.

Based on this Statement, investment funds are allowed to trade in CDCs only if they meet following conditions:

- The maximum amount of investment of funds in the “Commodity Deposit Certificates” and transactions of options contracts is not more than the maximum amount of the investment fund to purchase this type of certificate.
- The number of CDC in the fund’s portfolio should be more than this type of transaction.
- The investment fund is allowed to adopt the terms of “CDC purchase and sale” based on the number of CDC in its portfolio.

## SEO REVIEW OF 2021

In the last meeting of the previous Iranian year (ended March 20, 2022) with the press, Dr. Majid Eshghi, the SEO Chairman highlighted the SEO report for the previous year.

- **Provision of resources:** During the previous year, almost IRR 600,000 billion of capital have been raised through equity and debt securities issuance cumulatively. Moreover, about IRR 244,000 billion of mentioned amount belonged to debt financing.
- **Investment and brokerage companies and funds:** In order to expand capital market services in the country and for financial inclusion reasons, the following initiatives have been taken within the last year: Issuance of 29 licenses to establish or convert financial Institutions into investment companies or holding companies, 15 preliminary confirmations for investment funds, 29 licenses to establish investment funds, and 25 licenses for the operation of investment funds. Furthermore, nine preliminary confirmations were issued to establish brokerage companies, of which, one establishment license has been issued for the first time after 12 years.
- **Financial institutions:** Issuance of eight preliminary confirmations and six establishment licenses for portfolio management companies, three preliminary confirmations for investment advisory companies, one preliminary confirmation to establish an investment bank, and two licenses for the operation of data processing companies.
- **Institutional and regulatory development:** Issuance of the first preliminary confirmation for Real Estate Investment Fund, the first underwriting, and license for operation of the leveraged investment fund and fund of funds.
- **Payment of Justice Shares’ dividends:** a population of 43,665,321 are the owners of Justice Shares. The government is gradually paying the dividends .
- **Enhancing Microstructures and Financing Function of Capital Market:**
  - o Gradual increase in the stock price limits (+5,-5) which will be reviewed every quarter,
  - o Forming IRR 100 billion capital for start-up companies via the capital market,
  - o Listing the first capital market gold mine in Iran Fara Bourse (IFB),
  - o Launching a trading board for Naphtha and Methanol Future Contracts in Iran Energy Exchange (IRENEX), and
  - o Setting a new office named as industry desk and issuers rating within the SEO,
- **Infrastructure and IT Development:**
  - o Unveiling an intelligent system for monitoring and supervising the market,
  - o Holding general assemblies electronically (e-AGM),
  - o Designing and operating an intelligent system to supervise financial institutions,
  - o Designing the local trading system,

- Promoting the capital market integrity,
  - Developing the listing system of the Tehran Stock Exchange (TSE),
  - Enhancing whistleblowers' system,
  - Providing necessary infrastructure to collect data from companies' insiders,
  - Launching a system to collect criminal records of companies' managers,
  - Launching capital market data center in the TSE, and,
  - Improving and enhancing Iran's capital market "Sandbox" besides Reg-Techs and Sup-Techs.
- **Ultra organizational executive measures:** Reducing the income tax rate of manufacturing companies from 25% to 20%, exemption of listed companies to pay tax on capital raising through retained earnings, and fixing the formula for calculating the "state rights of mines."
  - **Research, training, and promotion of financial literacy:** Implementation of the plan of training in cyberspace, development of the capital market professional certification exam system, designing and launching of Tabassum educational platform, and organizing the customer call center.

At the end of Jun 2022, the market capitalization (stock) reached 76,460,105 billion IR, which represents 2.93% decrease compare with the previous month.

The TSE's total return index (TEDPIX) at the end of one-month trading session in Jun 2022 decreased by 2.54% and touched 1,539,632, while the IFB's total return index (IFX) reached 20,833, which demonstrates a 3.27% decrease.

The total trading value of four exchanges (TSE, IFB, IME, and IRENEX) amounted to 10,475,063 Billion IRR in Jun 2022, which shows 7.03% increase comparing to the last month.



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