

# Capital Market of Iran

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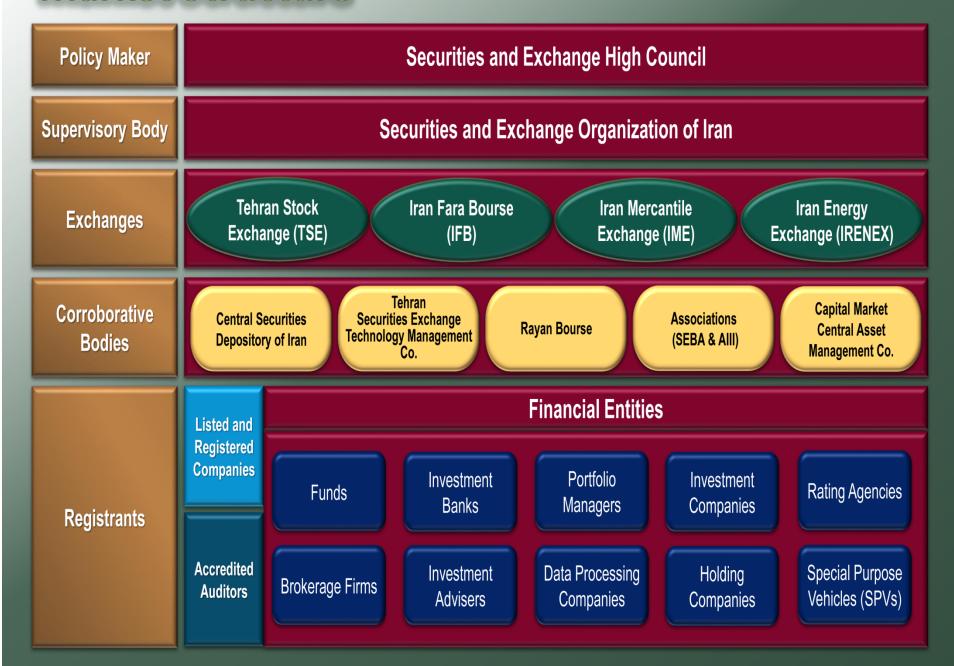
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#### A Brief History of Iran Capital Market



## Market Structure



#### The SEO and its Mission

• Article 2 of the SM Act: the SEO shall be formed In order to protect the investors' rights, maintain and develop a transparent, fair and efficient market securities and supervise the proper enforcement of the law.

#### • The SEO Board Mission:

Protecting Investors Rights;

Managing Systemic Risks;

Conducting Development Researches;

Promoting Internationalization;

Enforcing Relevant Rules and Regulations;

Developing Technology Infrastructure.

#### Three Exchanges and One Alternative Investment Exchange (Farabourse)

### Tehran Stock Exchange

- Main Venue for Stock Trading
- More than 380 Corporations listed
- Embedded Options, Single Stock Futures, Index Futures, and Options

#### Iran Farabourse

- Behaves both as Exchange and OTC
- The Host of Sukuk
- Financial Innovation Market
- The Host of ETFs

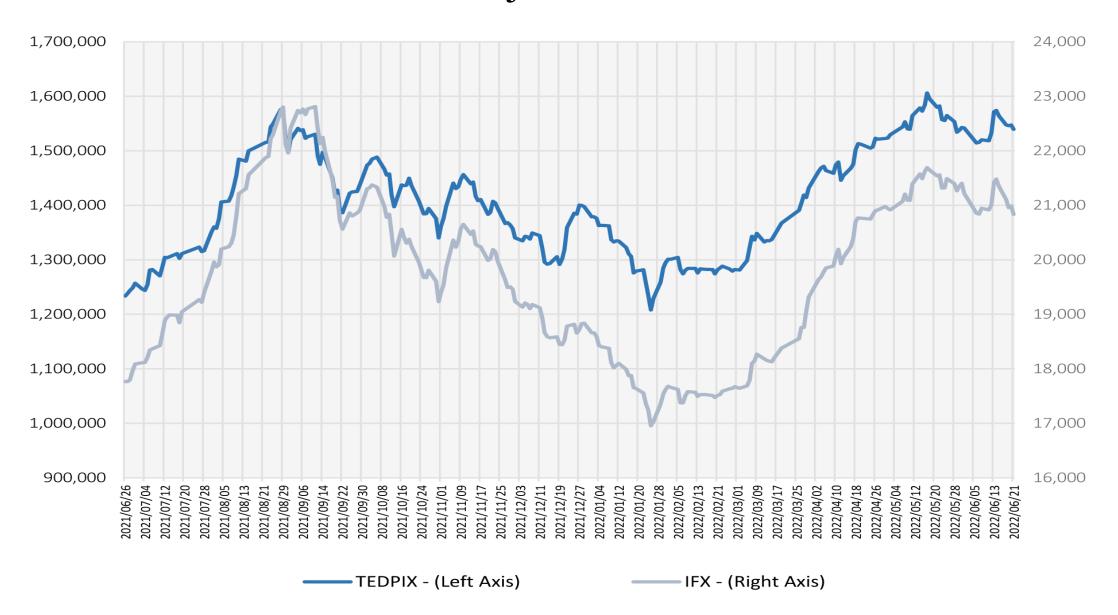
# Iran Mercantile Exchange

- Cash market as well as Derivatives
- Islamic Contracts have been applied
- Commodity ETFs

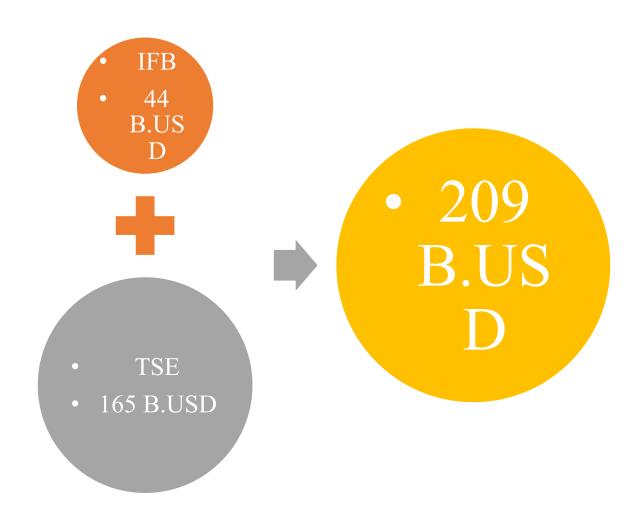
#### Iran Energy Exchange

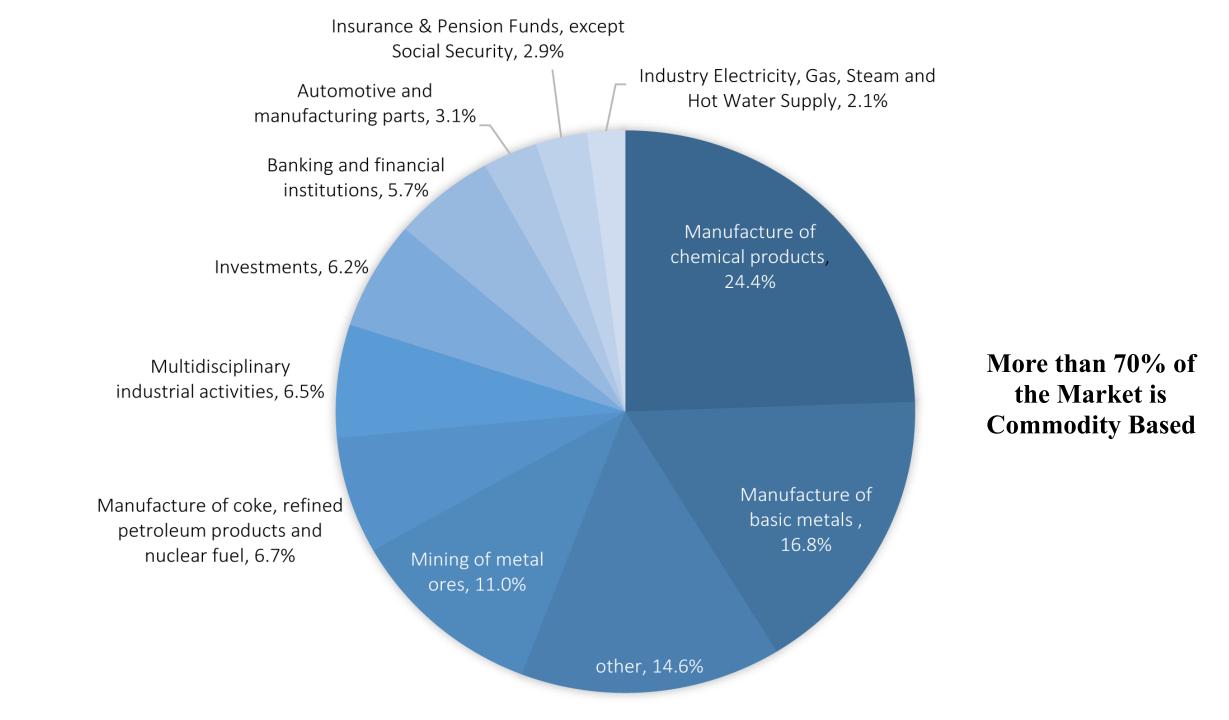
- •Oil, Gas and Electricity are Traded as Cash Market
- •Energy Derivatives
- •Energy Savzing Certificate

#### Major Indices

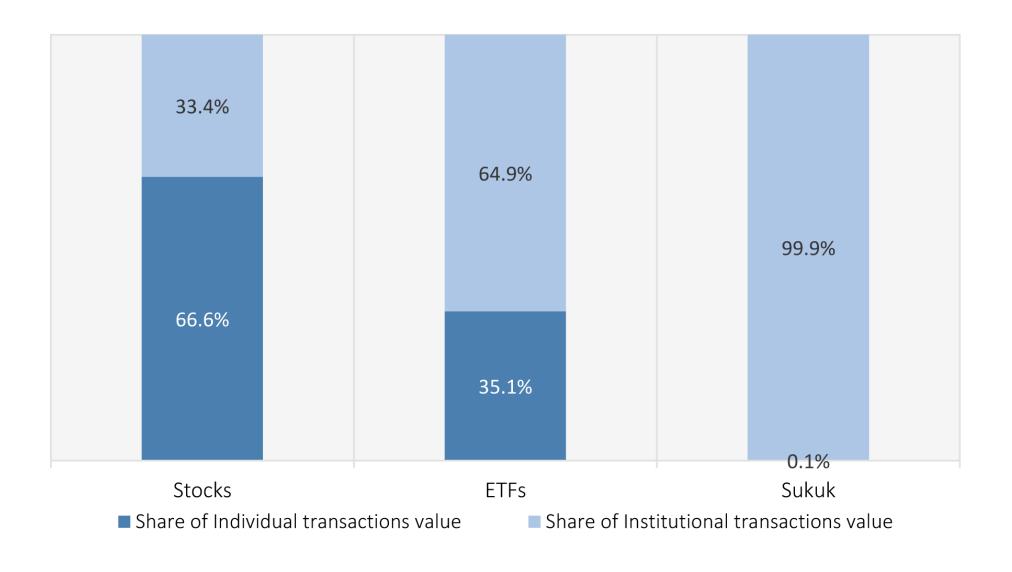


## Market Capitalization

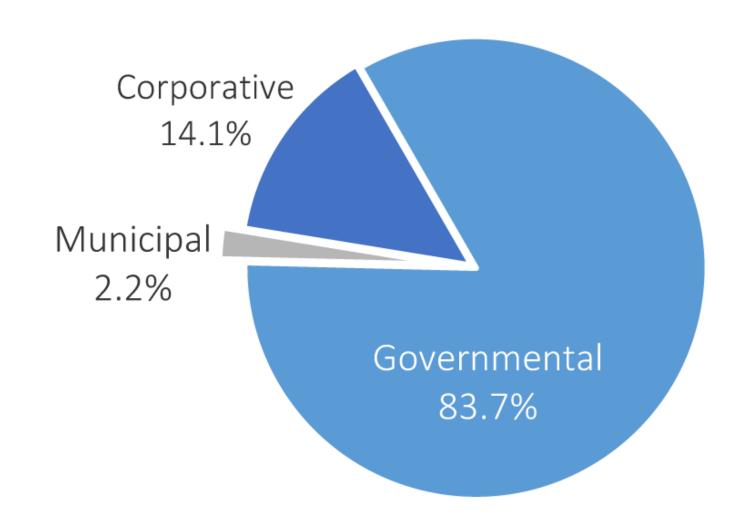




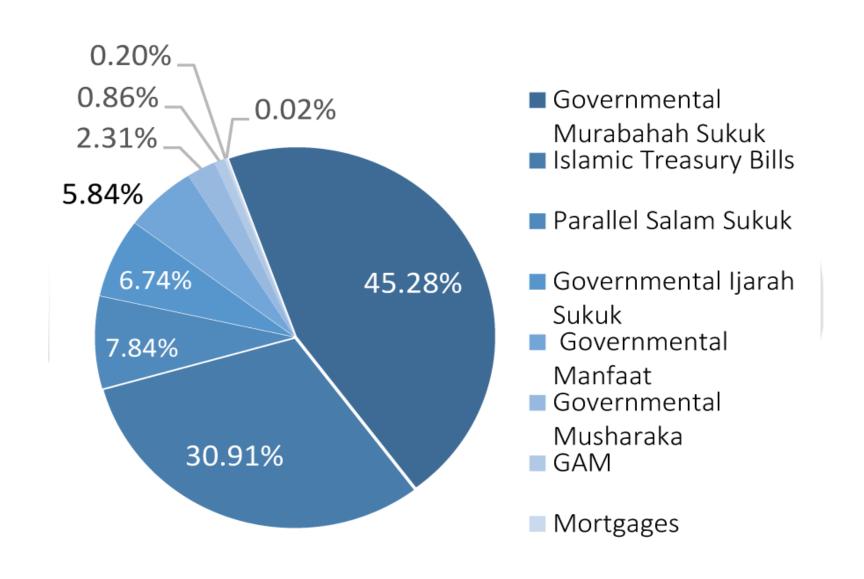
#### **Investors Trading Value of Securities**



#### Outstanding Value of Each Type of Sukuk Issuance



#### **Outstanding Value of Each Type of Sukuk Issuance**



# Associations and Accredited (Qualified Investors)

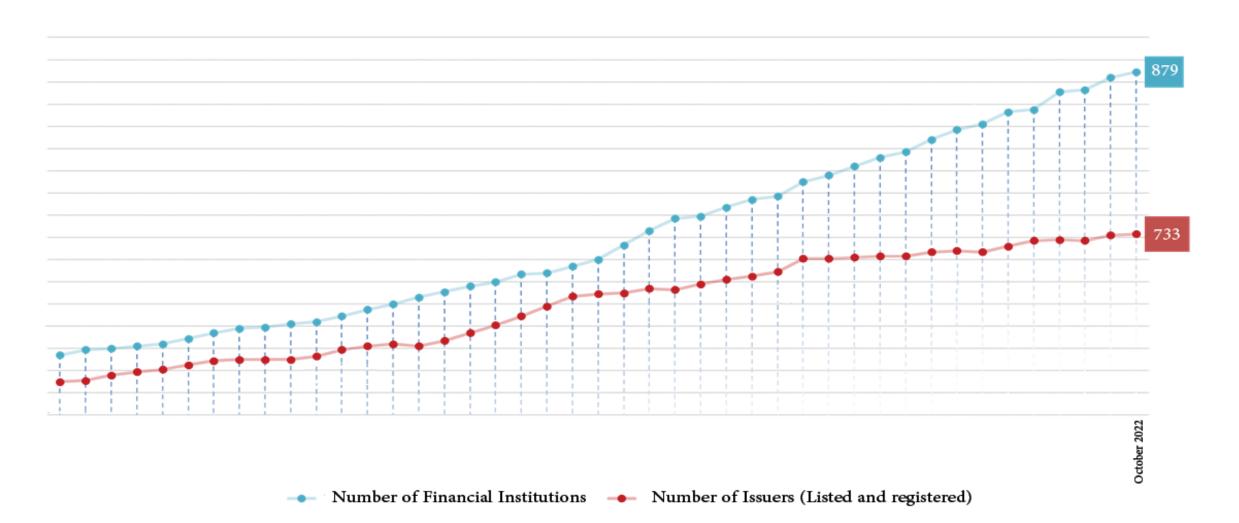
- Iran Investment
  Institutions
  Association
  (IIIA)
- Securities
  Exchange
  Brokers
  Association
  (SEBA)
- Provincial Investment Companies Association (PICA)

Item 27, Article 1 of the SM Act: Private Placement means the direct sale of securities by the issuer to institutional investors;

#### **SEO Board Defines institutional investors as:**

- Banks and Insurance Companies;
- Holdings, Investment Companies, Investment Banks, Mutual Funds and Pension Funds;
- Individuals and Legal Persons holding more than 5% or 5 billion Rial share of a company;
- Public Companies;
- Board Members and Issuers' Manaagers.

#### Financial Institutions and Issuers



Main Financial Institutions	Number
Funds	303
Brokerage Firms	108
Investment Banks	10
Portfolio Management	55
Investment advisor	20
Investment Companies	127
Data Processing Companies	5
Holding Companies	105
Rating Agencies	3

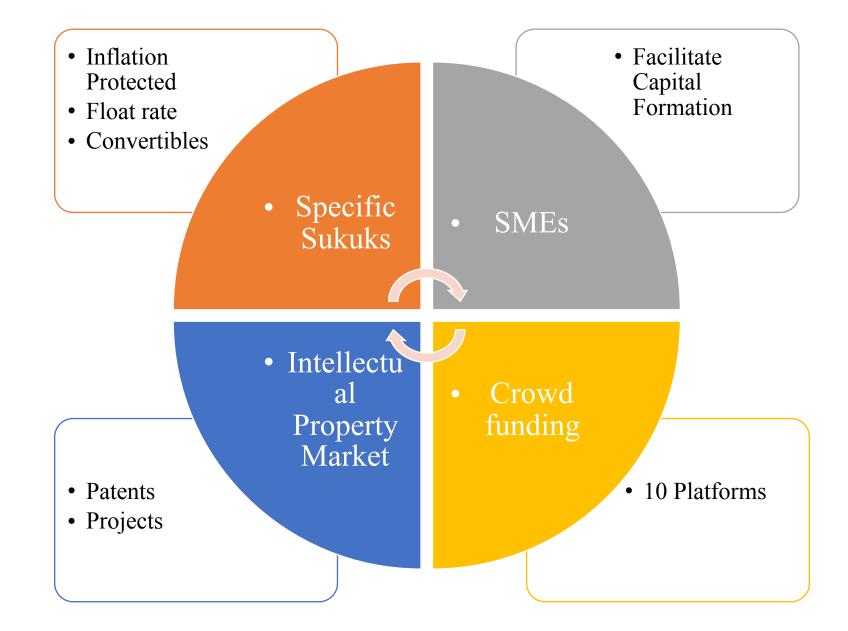
Open End Funds

- Stock Funds
- Balanced Funds
- Fixed Income
- ETFs
- Market Maker Funds

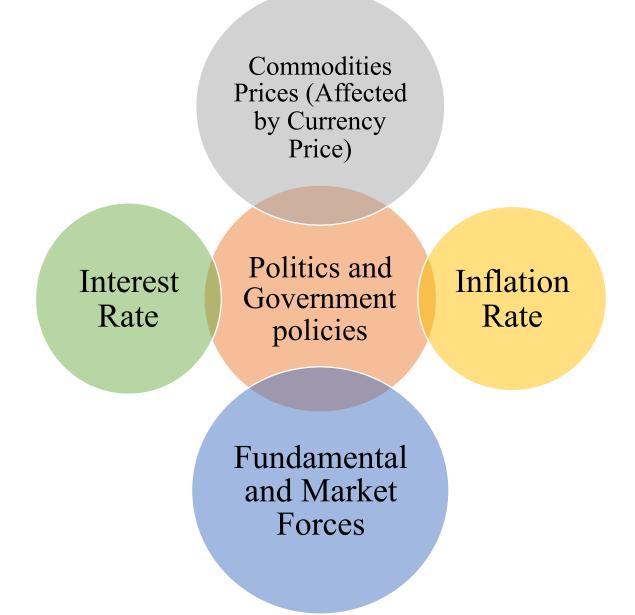
Close End Funds

- PEs and VCs
- Construction Fund
- REITs
- Project Funds
- Fund of Funds

#### Alternative Investments



### Main Factors Influencing The Market



#### **Investors Protection Measures and Initiatives**

reign Investment Promotion and Protection Act (FIPPA) istence of strong and protective laws and regulations; ose cooperation between the SEO and Judicial System (Prosecutor General is a member of the gh Council); istence of the Settlement Guarantee Fund; istence of the Capital Guaranteed Fund; uance of Embedded Options to protect investors from excessive loss by issuers; chain of market makers and Capital Market Stabilization fund;

Education has always been a priority for the SEO to improve financial literacy.

### Foreign Investors: Investment and Advantages

Possibility to hold 100% share of a corporation (Strategic Foreign investor is a person holds more than 10% share of stocks in a single corporation. SFSs cannot exit from investment for at least two years);

Foreign investors must hold trading accounts in Iranian brokerage firms. KYC takes place by the CSDI with cooperation of brokerage firms. Brokerage firms provide API for online traders.

In order to promote investment in capital market, the government has provide 80% tax relief (tax is 0.1%)

There is no tax for dividend;

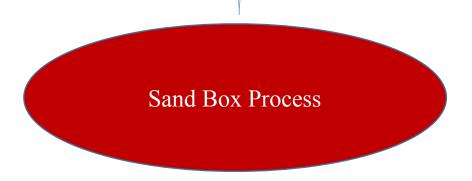
There is no tax for mutual funds' redemption and subscription. Activities of mutual funds are tax free.

The SEO has recently ratified establishment of International Exchange;

### An Alternative Way for Foreign Investment

Tokenizing Financial Assets

Possibility to invest by stable coins



## Prospect of the Market

The market witnessed very sharp ascension (a bubble) in early 2020 and it burst in 2020. Now, fundamentally, stocks has reached to valuable prices. However, economically, the market needs efficacy and stability to raise again and it is not far away.

