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# Iran Fara Bourse

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In The Name Of God



## CEO Message



Benefiting from diverse markets that span equities, sukuk, intellectual property, etc; Iran Fara Bourse as one of the two stock exchanges in Iran is uniquely positioned to enhance corporate value, build public trust and help companies to embark on fundraising. Securitization of all types of assets along with efficient allocation of resources toward greater transparency is our mission.

I recognize the current tough situation due to the economic pitfalls hanging over the industries listed at equity market. However, I see an economic momentum and a bright future ahead with many potential investment opportunities enticing international investors.

IFB offers a wide range of products, including equity, sukuk, certificate of deposit, mortgage rights, exchange-traded fund, exchange-traded construction fund, Islamic treasury bills and intellectual property. Though, our exchange is mostly known for its lucrative initial public offerings and debt market.

IFB is also willing to offer strategic Cooperation with stock exchanges across the globe in various areas such as trading infrastructure, financial instrument development and market data.

Considering enormous natural resources, Iran - as one of the world's untapped markets - has many attractive investment opportunities. IFB, as a fully regulated gateway, is trying to facilitate the foreign investment process.

*Amir Hamooni*

# Why Iran?

1

Comparative Advantage in Natural Resources, including Oil, Gas and Minerals

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Substantial Gross Domestic Product at \$437 billion



2

■ Second Largest Population and Strategic Positioning in the Middle East

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■ the world's 18th economy in GDP derived from purchasing power parity (PPP) calculations

3

■ Competitive Labor Market With Average Salary at \$300 per Month

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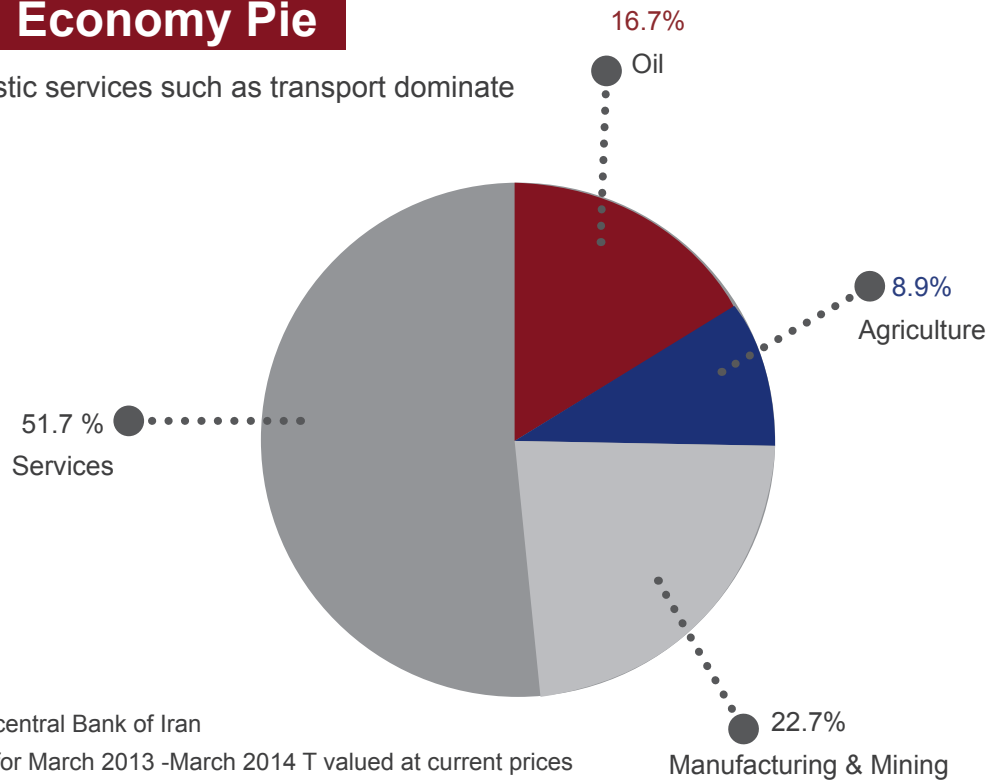
■ Real GDP Growth at Almost 6% for 2016-17

4

■ Talented human resources including 5 million high-educated students which are studying in about 2500 Universities and higher education institutions

## Iran Economy Pie

Domestic services such as transport dominate

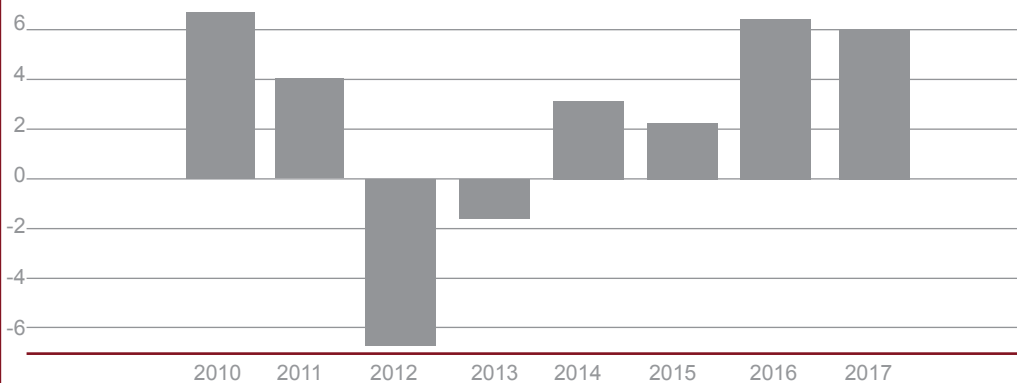


source central Bank of Iran

figures for March 2013 -March 2014 T valued at current prices

## Iran Economy Growth

Real GDP is expected to grow by 6%

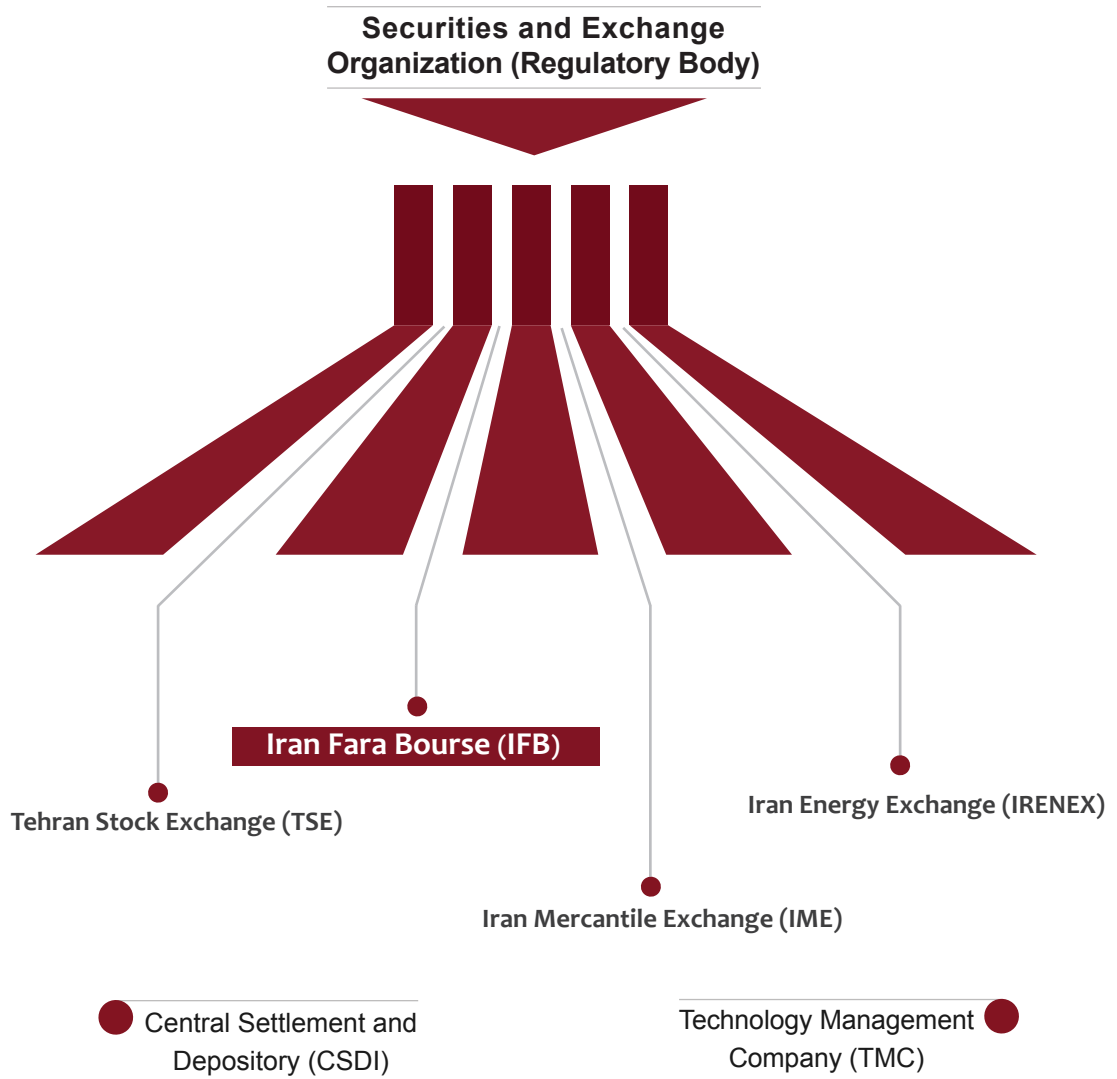


source :central Bank of Iran:IFF.

Note:2015 and beyond is an IFF forecast: years refer to fiscal years that begin march 21.

# Iran Capital Market

Iran capital market, as a part of Iran financial sector is Structured as follows:



## Introduction to IFB

Iran Fara Bourse as a regulated Public Joint-Stock Company by the Securities and Exchange Organization is an exchange that founded on November 12, 2008 in Tehran. IFB operates as a self-regulatory organization under supervision of SEO. IFB is a market for both listed and unlisted securities. Its transactions officially started on September 28, 2009. Currently, there are 5 market segments, including First Market, Second Market, Third Market, Base Market and Modern Financial Instruments Market.

IFB is member of the Federation of Euro-Asian Stock Exchanges (FEAS) in addition to the Organization of Islamic Cooperation (OIC) Member States' Stock Exchanges Forum.

Introduction to IFB  
Introduction to IFB  
Introduction to IFB





## IFB at a glance

|  |  |
|--|--|
| <b>Type</b>                                    | Stock Exchange   |
| <b>Location</b>                                | Tehran, Iran   |
| <b>Founded</b>                                 | 2008   |
| <b>Currency</b>                                | Iranian Rial (IRR)   |
| <b>Market Timings</b>                          | 9:00 to 12:30, Saturday to Wednesday   |
| <b>Time Different</b>                          | GMT+4:30   |
| <b>Index</b>                                   | IFB Index named "IFX" is a Total Return Index which is consisted of listed companies.  |
| <b>Brokerage Companies</b>                     | 99   |
| <b>Trading Stations</b>                        | 1466   |
| <b>Investment Banks</b>                        | 9  |
| <b>No. of Investors in Iran Capital Market</b> | 7 million  |
| <b>No. of Employees</b>                        | 78   |
| <b>System</b>                                  | Fully Automated Trading system is designed by Tehran Securities Exchange Technology Management Co. (TSETMC) which is named "EBS".                                  |
| <b>Mechanisms</b>                              | Continuous Auction at First & Second Market, Cross-Trade, Market Making at Modern Financial Instruments Market, English Auction, Dutch Auction, M&A                |
| <b>Market-Maker/ Specialists</b>               | Yes  |
| <b>Real Time Information</b>                   | bid/ask, last price, closing price, total volume/value, Symbol, Max/Min, company announcements   |
| <b>Orders</b>                                  | Limit order, Market order, Market to limit order, Market on opening order, Stop loss order, Stop limit order, Cross-order, Iceberg-order, fill & kill, All or None |
| <b>Time Settlements</b>                        | T+1 for Sukuk and Fixed income Funds, T+2 for Mixed equity and Fixed income Funds, t+3 for Equity and Equity Funds   |

## Taxes

|   |                           |
|---|---------------------------|
| Cash Dividends  | No                        |
| Interest Income   | No                        |
| Capital Gains   | No                        |
| Income tax rate for companies listed in IFB with less than 20% free float share | 23.75%                    |
| Income tax rate for companies listed in IFB with more than 20% free float share | 22.5%                     |
| Tax on transfer of shares   | 0.5% of the Trading Value |

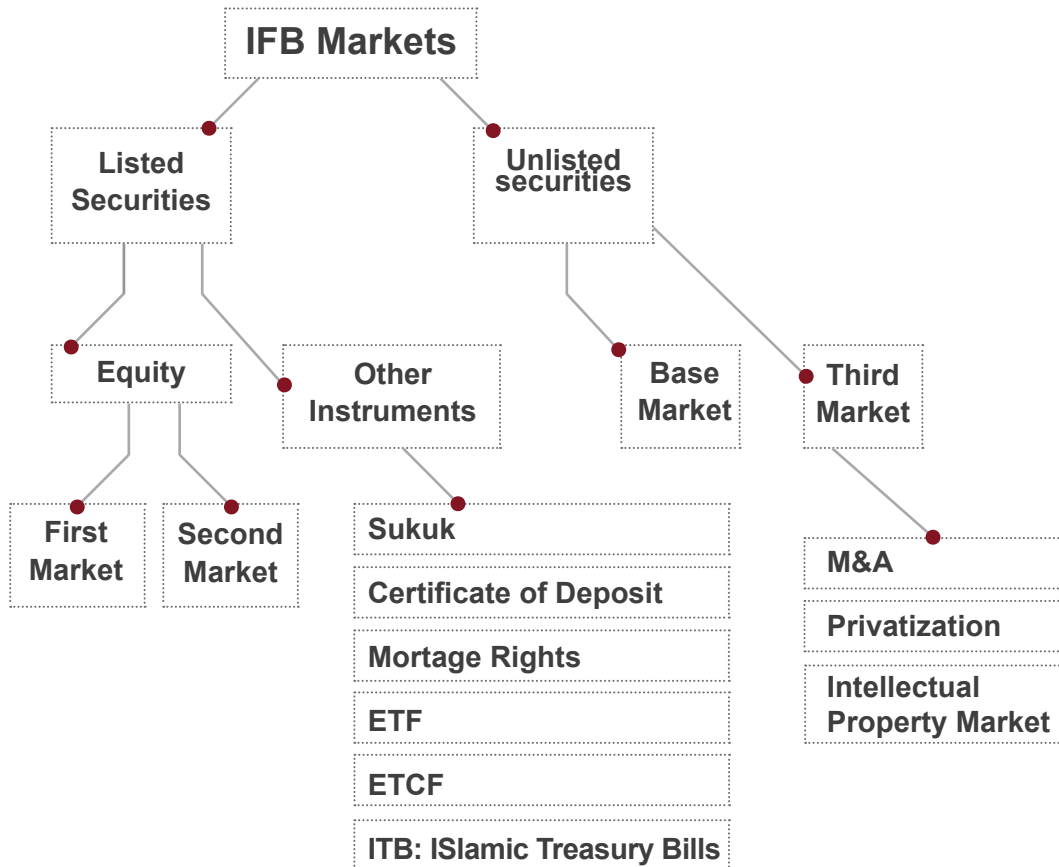


## How IFB Can Help You?

- Issuance of dollar / euro denominated sukuk, is planned to be done at IFB
- IFB is the gateway for lucrative Initial Public Offerings
- IFB features M&A cases for respective local and international customers
- Islamic Treasury Bills listed at IFB is a risk-free investment opportunity guaranteed by government
- IFB is governed by a team of local young financial experts under supervision of high level experienced board
- IFB is the main platform for privatization

# IFB Markets & Instruments

## IFB Markets & Instruments



Observing diversification of products and markets, Iran Fara Bourse can meet the requirements of all types of investors. Considering the risk appetite of investors and their information, diversification is made in three forms; diversification in industries, diversification in markets and diversification in instruments.

## 1. Diversification in industries

Several companies active in different industries have been listed in the first and second market. These companies, which are mostly engaged in industries such as metals, petrochemicals and refineries, are more likely to bear fruit for investors. Considering the comparative advantage of Iran-as an emerging economy- in industries such as handicraft, tourism and knowledge-based sectors; Iran Fara Bourse is encouraging investors through diversification of industries.

## 2. Diversification in markets

### Equity Market

The First Market is for the equities of public limited companies registered at SEO. In order to be verified and listed at the market, companies are required to submit prospectus and other respective documents of company status. The Second Market like the First Market is for equities of public limited companies. However, it has easier listing condition.

### Merger and Acquisition (M&A) at Third Market

Shareholders of a private/public limited company, including governmental and non-governmental company can apply to sell a percentage of company's share to a strategic partner in third market of IFB.

The merger and acquisition market of Iran Fara Bourse is an appropriate platform for implementation of exit strategies of investors.

The merger and acquisition market of Iran Fara Bourse is also being used for privatization in Iran.

### Intellectual Property Market

Intellectual Property Market of IFB was launched on June 2014. Initializing a market place can prepare a common ground for owners of intellectual property and investors to

find each other for further cooperation. Offering of intellectual properties be done through the following methods:

- 1- Assigning IP through direct offering (permanent transfer of Intellectual Properties ownership)
- 2- Licensing IP for a limited time
- 3- Licensing IP for a certain amount
- 4- Crowd funding
- 5- Assigning the license benefits.
- 6- Offering IP-based securities of a Private Joint-Stock Company

### **3. Diversification in Instruments**

#### **Sukuk and Treasury Bills**

In Iran, debt instruments are issued based on Sharia. At present, different kinds of sukuk, including Murabaha, Musharaka and Ijara are being traded at IFB. In addition, Islamic treasury bills have been issued for the first time since 1965, at Iran Fara Bourse on September 2015.

ITBs are assigned to contractors aimed at offsetting government' debt. T-bills are Zero-Coupon with one-year maturity.

#### **ETFs and ETCFs**

Mutual Funds were launched on June 2007 in Iran. First Exchange-Traded Fund was launched at Iran Fara Bourse on September 2013.

Another kind of investment fund at Iran Fara Bourse is called "Exchange Traded Construction Fund". The fund seek to collect people's substantial and insubstantial savings and then, allocating them to fund construction projects. Afterwards, dividing income resulted from selling building units among investors. Underwriting of the first ETCF happened at IFB on August 2014 and was listed at IFB accordingly.

#### **Rights**

The only derivatives at IFB are called "Mortgage Rights". Holders of this Right can use mortgage loan with preferred rate from Bank Maskan. The government tried to design the instrument to provide the opportunity of cheap loans. The Rights was listed for the first time at IFB on October 2010.



## Ongoing projects

### Edalat Share

Privatization through transfer of managerial ownership of shares of governmental companies to individuals is of the main purposes of the government decentralization and privatization in Iran economy. The plan has been implemented through transfer of Edalat shares to more than 45 million Iranians. The Edalat share indicates the ownership of each individual over a portfolio of shares of companies, which is planned to be tradable in Iran Fara Bourse.

### Project Funds

Project Funds are vehicle to attract limited partnership in project financing. The articles of association and prospectus of project funds provide a legal framework for limited partnership. Such funds perform based on their own articles of association and prospectus and do not follow the commercial law.

### Private Market

IFB private market is going to be a specialized platform for engagement of Private joint stock companies and professional investors including high net worth individuals and institutional investors. In this market, private joint stock companies would have the opportunity to acquaint themselves with their major partners and to expand their market through cooperation with those partners.

Companies passing early stages of their growth are also entitled to be listed in this market, where their corporate governance is supervised.

Through merger and acquisition, a proper market is provided for implementation of exit strategies of venture capital funds.

### Venture Capital Funds and Private Equity Funds

Given their articles of association and prospectus, venture capital funds and private equity funds provide a legal framework for limited partnership in a portfolio of unlisted high-risk companies. Such Funds perform based on their own articles of association and prospectus and do not follow the commercial law.

### Other Financial Instruments

Iran Fara Bourse intends to list other kinds of financial instruments, like Gold ETFs, Exchange Traded Project Fund (ETPF) and currency-based ETFs. Moreover, designing other financial instruments, including governmental sukuk, liquidation treasury bills and inflation-protected securities are included in IFB plans in upcoming years.





## Market Data

### 2014 Vs. 2013 (%) - Up to Sep. 2015

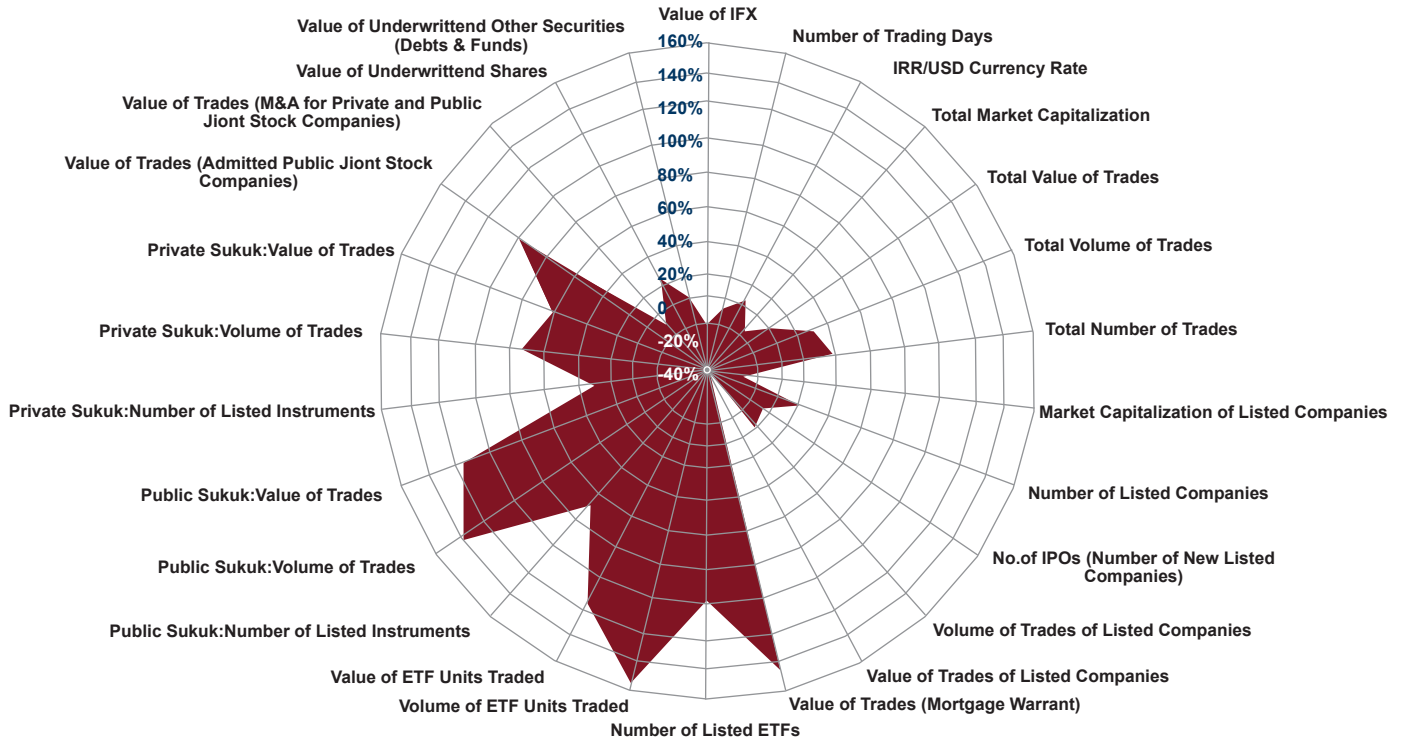
| Type of Securities   | Topic   |  |
|--|---|--|
| <b>Index</b>   | Value of IFX (Total Return Index for listed Companies)                  |  |
| -  | Number of Trading Days  |  |
| -  | IRR/USD Currency Rate   |  |
| <b>Total: Whole Types of Securities</b>                    | Total Market Capitalization   |  |
|  | Total Value of Trades   |  |
|  | Total Volume of Trades (Total No. of Securities Papares Traded)         |  |
|  | Total Number of Trades  |  |
| <b>Listed Companies<br/>(1st &amp; 2nd Market)</b>         | Market Capitalization of Listed Companies                               |  |
|  | Number of Listed Companies  |  |
|  | No. of IPOs (Number of New Listed Companies)                            |  |
|  | Number of <u>Other</u> New Listed Companies (Without IPOs)              |  |
|  | Volume of Trades of Listed Companies                                    |  |
| <b>Mortgage Right</b>                                      | Value of Trades of Listed Companies                                     |  |
|  | Number of Securitized Derivatives (Mortgage Right)                      |  |
|  | Volume of Trades (Mortgage Right)                                       |  |
| <b>Listed ETFs &amp; Exchange Traded<br/>Project Funds</b> | Value of Trades (Mortgage Right)  |  |
|  | Number of Listed ETFs   |  |
|  | Volume of ETF Units Traded  |  |
| <b>Listed Sukuk</b>  | Value of ETF Units Traded   |  |
|  | Public Sukuk: Number of Listed Instruments                              |  |
|  | Public Sukuk: Volume of Trades  |  |
|  | Public Sukuk: Value of Trades   |  |
|  | Private Sukuk: Number of Listed Instruments                             |  |
|  | Private Sukuk: Volume of Trades   |  |
| <b>UnListed Companies<br/>(Continuous Trading)</b>         | Private Sukuk: Value of Trades  |  |
|  | No. of Admitted Public Jiont Stock Companies                            |  |
|  | Volume of Trades (Admitted Public Jiont Stock Companies)                |  |
| <b>UnListed Companies (M&amp;A)</b>                        | Value of Trades (Admitted Public Jiont Stock Companies)                 |  |
|  | No. of Merge & Acquisition for Private and Public Jiont Stock Companies |  |
|  | Volume of Trades (M&A for Private and Public Jiont Stock Companies)     |  |
|  | Value of Trades (M&A for Private and Public Jiont Stock Companies)      |  |

\* More than 1.8%, equally \$681 Million of Market Capitalization decrease in 2014, is due to moving 3 companies to Tehran Securities Exchange.

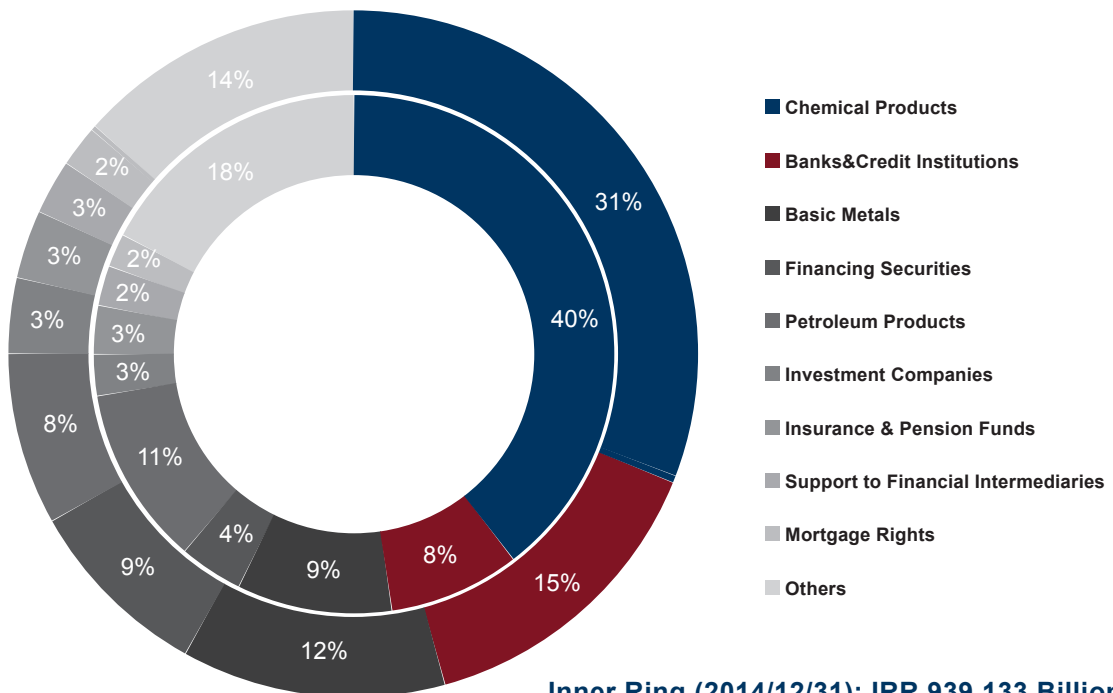
| Time & Duration of Values | Unit of Values   | 2013      | 2014      | Growth Percentage | 9 Months 2015 |
|---------------------------|------------------|-----------|-----------|-------------------|---------------|
| End of Duration           | -                | 867       | 776       | -11%              | 678           |
| Entire Duration           | Days             | 240       | 241       | 0.4%              | 182           |
| End of Duration           | IRR/USD          | 24,774    | 27,138    | 10%               | 29,956        |
| End of Duration           | USD Million      | 37,032    | 34,606    | -7% *             | 25,642 *      |
| Entire Duration           | USD Million      | 11,048    | 12,029    | 9%                | 9,506         |
| Entire Duration           | Million Papers   | 39,501    | 51,551    | 31%               | 58,637        |
| Entire Duration           | No. of Times     | 4,093,264 | 5,684,246 | 39%               | 3,462,446     |
| End of Duration           | USD Million      | 29,254    | 23,548    | -20% **           | 15,195 **     |
| End of Duration           | No. of Companies | 49        | 59        | 20%               | 64            |
| Entire Duration           | No. of Companies | 10        | 10        | 0%                | 7             |
| Entire Duration           | No. of Companies | 0         | 3         | -                 | 3             |
| Entire Duration           | Million Shares   | 21,875    | 22,683    | 4%                | 28,052        |
| Entire Duration           | USD Million      | 5,501     | 3,469     | -37%              | 2,279         |
| End of Duration           | No. of Products  | 36        | 31        | -14%              | 23            |
| Entire Duration           | Million Papers   | 10        | 16        | 60%               | 9             |
| Entire Duration           | USD Million      | 179       | 445       | 149%              | 229           |
| End of Duration           | No. of Products  | 3         | 6         | 100%              | 9             |
| Entire Duration           | Million Papers   | 52        | 132       | 155%              | 294           |
| Entire Duration           | USD Million      | 15        | 32        | 119%              | 58            |
| End of Duration           | No. of Products  | 3         | 5         | 67%               | 11            |
| Entire Duration           | Million Papers   | 5         | 12        | 141%              | 15            |
| Entire Duration           | USD Million      | 209       | 462       | 122%              | 459           |
| End of Duration           | No. of Products  | 24        | 31        | 29%               | 30            |
| Entire Duration           | Million Papers   | 64        | 114       | 76%               | 124           |
| Entire Duration           | USD Million      | 2,604     | 4,217     | 62%               | 4,152         |
| End of Duration           | No. of Companies | 127       | 144       | 13%               | 153           |
| Entire Duration           | Million Papers   | 11,053    | 23,574    | 113%              | 19,099        |
| Entire Duration           | USD Million      | 765       | 1,523     | 99%               | 1,342         |
| Entire Duration           | No. of Companies | 6         | 15        | 150%              | 16            |
| Entire Duration           | Million Papers   | 4,149     | 2,078     | -50%              | 8,924         |
| Entire Duration           | USD Million      | 1,230     | 1,217     | -1%               | 593           |

\*\* About 11.8%, equally \$2.78 Billion of Market Capitalization decrease in 2015, is due to moving 4 companies to Tehran Securities Exchange.

## 2014 Vs. 2013(%)

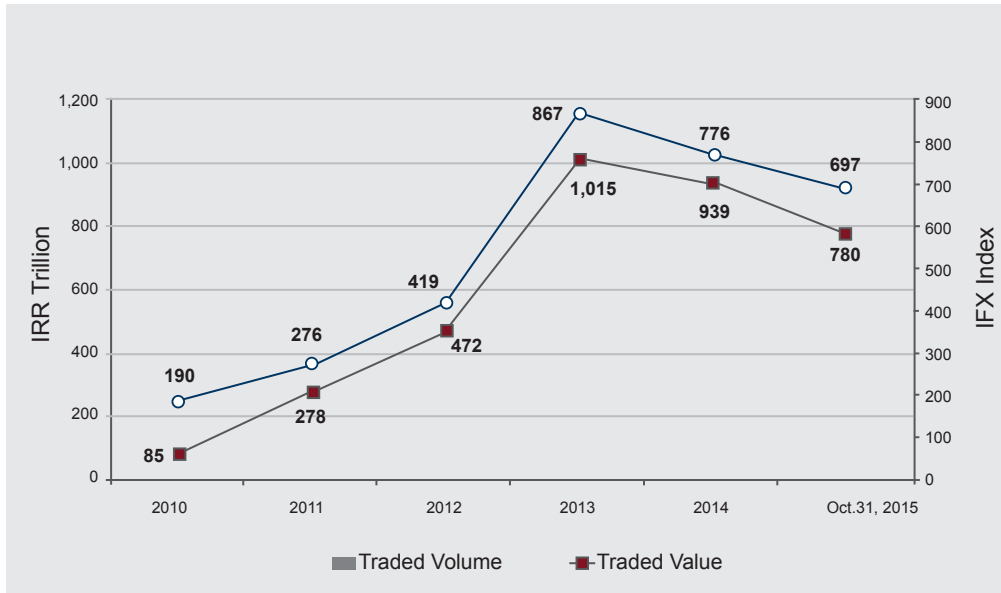


## Market Capitalization By Sector

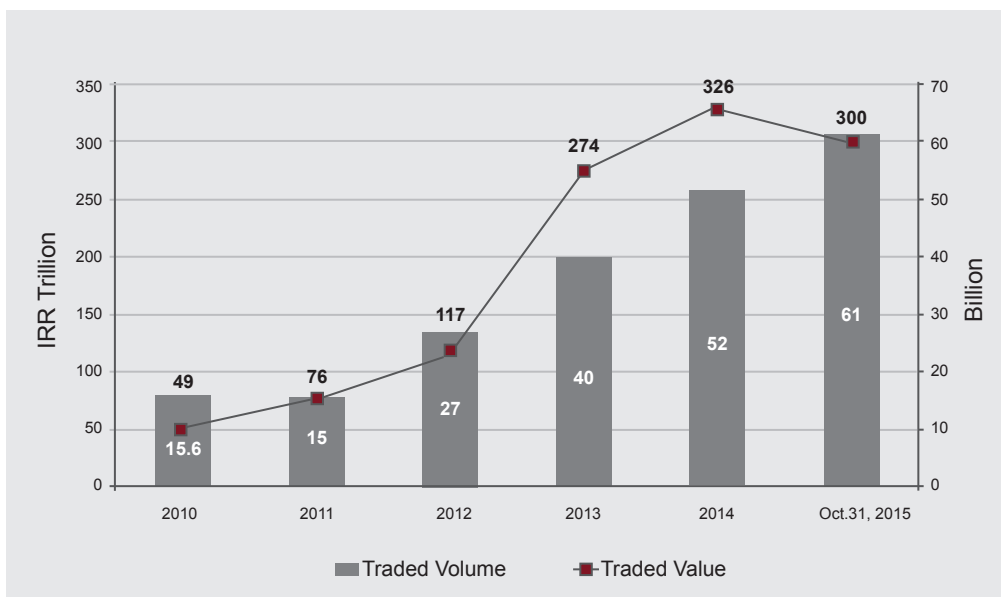


Inner Ring (2014/12/31): IRR 939,133 Billion  
 Outer Ring (2015/10/31): IRR 779,720 Billion

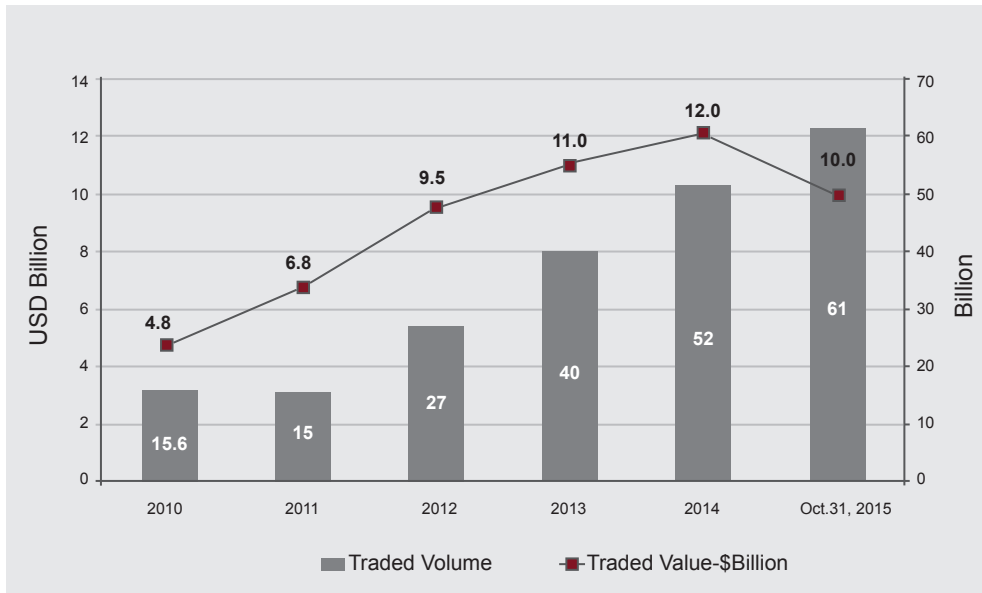
## Annual Index and Market Capitalization



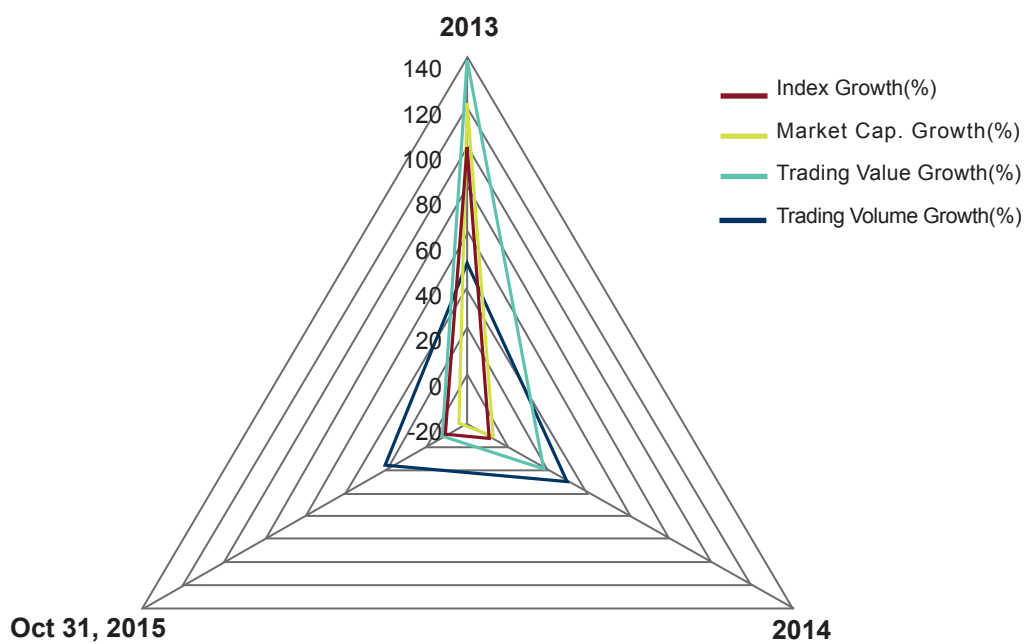
## Annual Trades



## Annual Trades



## Key Indicators Annual Growth





**IRAN FARA BOURSE**

Address: No.1, North Didar St.,

Haqqani Hwy., Tehran, Iran

Telephone: +98(21) 42150000

[www.ifb.ir](http://www.ifb.ir)