

The Tehran Stock Exchange indices witnessed profound improvements as of the beginning of 1388 till the month of Mehr of the same year. This trend, however, reversed in the months of Aban and Azar, and again increased as of Dey 1388. These developments largely resulted from improvement in international financial markets, rise in the price of raw materials, supply of public enterprises' shares under Article 44 of the Constitution, prevailing recession in other domestic markets, and diversification of financing instruments.

In the review year, the High Council of Securities and Exchange formulated and approved a set of rules and guidelines including:

- Regulations regarding futures market trading in line with Paragraph 4, Article 4 of the Law Governing the Securities Market;
- Executive regulations relating to "option", "Istisna", and "mortgage bonds";
- Rules on the trading of housing mortgage loan papers;

- Rules on the purchasing of state-owned shares floated in the capital market;
- Regulations regarding Over-the-Counter (OTC) Market;
- Guidelines on the setting of the minimum and the maximum amount of fees charged by the Securities and Exchange Organization for the supervision of trading by Iran's OTC Company.

Share Trading

During 1388, a number of 85,625.1 million shares and rights worth Rls. 184,166.2 billion were traded on the TSE, indicating respectively 78.5 and 34.1 percent growth, in terms of volume and value, compared with previous year.

Of total number of shares and rights traded in 1388, 89.9 percent were traded in the primary market and 10.1 percent in the secondary market. Moreover, in terms of value of trading, 88.9 percent were traded in the primary market and 11.1 percent in the secondary market.

TSE Share Trading¹

| | Volume of trading (million shares) | | | Value of trading (billion rials) | | | Number of trading days of TSE | Average volume of day trading (million shares) | Average value of day trading (billion rials) |
|------|---------------------------------------|--------|-----------------|-------------------------------------|--------|------------------|--|---|---|
| | Shares | Rights | Total | Shares | Rights | Total | | | |
| 1387 | 47,254.9 | 720.5 | 47,975.4 | 136,853.2 | 532.2 | 137,385.4 | 238 | 201.6 | 577.2 |
| 1388 | 84,769.5 | 855.6 | 85,625.1 | 183,253.7 | 912.5 | 184,166.2 | 244 | 350.9 | 754.8 |

Source: Tehran Stock Exchange (TSE)

¹Including companies listed on the unofficial board

In the review year, the TSE was active for 244 days. The average volume and value of day trading were 350.9 million shares and Rls. 754.8 billion, representing respectively 74.1 and 30.8 percent rise, compared with 1387.

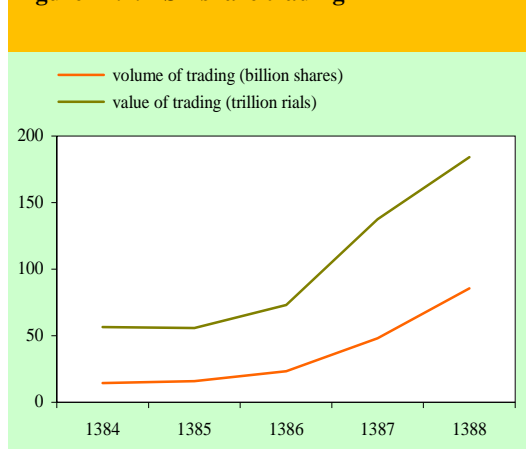
A comparison of trading in the first half of 1388 with the second half reveals that out of total trading, 49.6 percent, in terms of volume, and 30.2 percent, in terms of value, were traded in the first half, and 50.4 and 69.8 percent, in terms of volume and value, respectively, in the second half of 1388.

Shares and Rights Trading on the TSE
(share/percent)

| | Volume | | Value | |
|------|----------------------|----------------------|----------------------|----------------------|
| | 1 st half | 2 nd half | 1 st half | 2 nd half |
| 1387 | 53.9 | 46.1 | 74.3 | 25.7 |
| 1388 | 49.6 | 50.4 | 30.2 | 69.8 |

Source: TSE

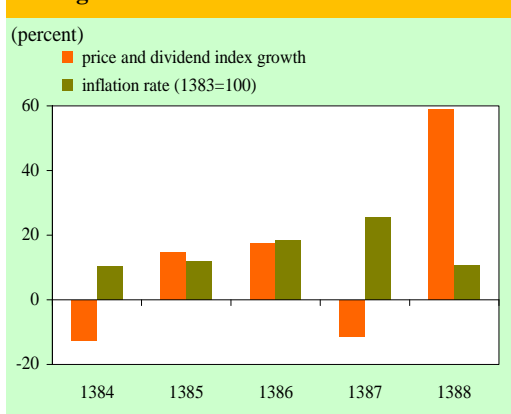
Figure 17.1. TSE share trading



Data on shares and rights traded on the TSE, by industries, indicate that "banks, credit institutions, and other monetary foundations", with 40.1 percent of total volume of traded shares and "telecommunication", with 44.5 percent of total value of traded shares, had the highest shares in total volume and value

of shares and rights traded on the TSE. In 1388, "banks, credit institutions, and other monetary foundations" and "telecommunication", holding 69.4 percent of total volume and 63.9 percent of total value had the highest impact on TSE trading.

Figure 17.2. Comparison of price and dividend index growth with inflation



In 1388, share trading of almost half of industries increased as compared with preceding year. The volume and value of shares of 21 industries grew in 1388.

In the review year, "banks, credit institutions and other monetary foundations", "telecommunication", and "exploitation of gas oil and other activities, excluding exploration" had the highest impact on the volume of shares and rights traded by respectively 66.3, 19.1 and 4.3 percentage points, compared with previous year, accounting for 89.7 percentage points of total growth. Moreover, "telecommunication", "banks, credit institutions and other monetary foundations", and "technical and engineering services" had the highest share in raising the value of shares and rights traded by 46.5, 22.7, and 3.7 percentage points, respectively, compared with the year before. Securities were traded for 3.0 million times, indicating 61.6 percent growth compared with the 11.2 percent fall in the preceding year.

Volume of Trading and Number of Buyers

| | 1386 ¹ | 1387 ² | 1388 | Percentage change | |
|--|-------------------|-------------------|------------------|-------------------|-------------|
| | | | | 1387 | 1388 |
| Volume of trading (times) | 2,112,065 | 1,875,372 | 3,030,379 | -11.2 | 61.6 |
| Number of buyers | 1,095,359 | 540,398 | 859,584 | -50.7 | 59.1 |
| Average volume of buying per person (shares) | 21,363.7 | 88,778 | 99,612.2 | 315.6 | 12.2 |
| Average value of buying per person (million rials) | 66.7 | 254.2 | 214.3 | 281.1 | -15.7 |

Source: TSE ¹ Based on total trading of shares and participation papers ² Due to the implementation of the new trading system of Stock Exchange as of Azar 16, 1387, calculation assumptions on the number of buyers have changed, leading to a different statistical trend of the mentioned variable.

Market capitalization rose by 45.1 percent to Rls. 651,428.3 billion at end-1388, compared with the respective figure of 1387. Furthermore, based on interbank exchange rate¹, market capitalization went up by 43.4 percent to \$66.2 billion.

In the review year, "basic metals", "banks, credit institutions, and other monetary foundations" and "telecommunication" had the highest contribution to market capitalization by 16.2, 14.2, and 13.1 percent, respectively, (a total of 43.5 percent). Turnover ratio rose by 3.4 percentage points to 33.5 percent in 1388, compared with the year before. Ratio of shares traded to shares issued rose by 6.4 percentage points to 29.8 percent, compared with preceding year.

Tehran Stock Exchange Dividend and Price Index (TEDPIX)

Tehran Stock Exchange Dividend and Price Index (TEDPIX) picked up by 58.8

percent to 51,006.0, compared with 1387. Tehran Stock Exchange Price Index (TEPIX) increased by 57.4 percent to 12,536.7 points at end-1388, compared with preceding year. TEPIX experienced a continued rising trend during the review year, except for the months of Aban and Azar.

The P/E ratio reached 5.8, indicating 51.3 percent growth as compared with preceding year.

Among the components of TEPIX, "financial index" surged by 63.7 percent to 33,641.6 points compared with the year before. Meanwhile, "industrial index" increased by 56.0 percent from 6,172.6 points at end-1387 to 9,629.5 points at end-1388.

In 1388, the primary market index went up by 61.9 percent to 10,336.5 points compared with the respective figure of last year. The secondary market index rose by 41.0 percent from 12,563.5 points in 1387 year-end to 17,710.4 points at end-1388.

Market Capitalization, Turnover Ratio, and Ratio of Shares Traded to Shares Issued^{1,2}

| | Market capitalization (year-end) | Value of trading | Market capitalization (average) | Turnover ratio (percent) ³ | Ratio of shares traded to shares issued ³ |
|------|----------------------------------|------------------|---------------------------------|---------------------------------------|--|
| 1387 | 448,954.9 | 137,117.5 | 455,530.1 | 30.1 | 23.4 |
| | (-2.8) | (88.3) | (6.3) | | |
| 1388 | 651,428.3 | 184,166.2 | 550,191.6 | 33.5 | 29.8 |
| | (45.1) | (34.3) | (20.8) | | |

Source: TSE ¹ Excluding companies listed on the unofficial board and trading of participation papers ² Figures in parentheses indicate percentage change over the previous year. ³ The turnover ratio and the ratio of shares traded to shares issued are based on the market capitalization average at the beginning and the end of the period.

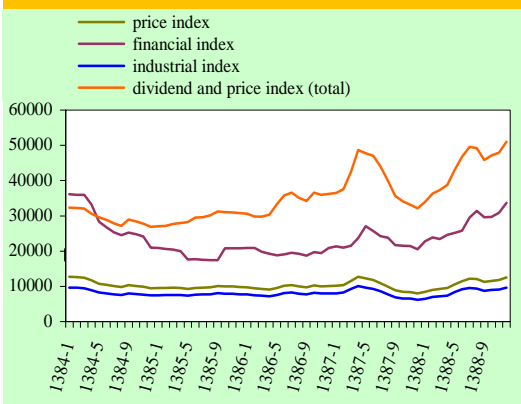
¹ On the last active day of the TSE in 1388, dollar was exchanged at a rate of Rls. 9,834.

TSE Indices (1369=100)

| | Year-end | | | Percentage change | |
|---------------------------------|-----------------|-----------------|-----------------|-------------------|-------------|
| | 1386 | 1387 | 1388 | 1387 | 1388 |
| Dividend and Price Index | 36,193.1 | 32,117.3 | 51,006.0 | -11.3 | 58.8 |
| Price index | 10,081.9 | 7,966.5 | 12,536.7 | -21.0 | 57.4 |
| Free float adjusted index | .. | 9,657.0 | 15,818.9 | 0 | 63.8 |
| Financial index | 20,882.5 | 20,552.8 | 33,641.6 | -1.6 | 63.7 |
| Industrial index | 7,966.9 | 6,172.6 | 9,629.5 | -22.5 | 56.0 |
| Primary market index | 9,016.0 | 6,383.7 | 10,336.5 | -29.2 | 61.9 |
| Secondary market index | 11,046.3 | 12,563.5 | 17,710.4 | 13.7 | 41.0 |
| Top 50 performers index | 559.2 | 291.1 | 549.2 | -47.9 | 88.7 |

Source: Securities and Exchange Organization, and the TSE

Figure 17.3. TSE monthly indices

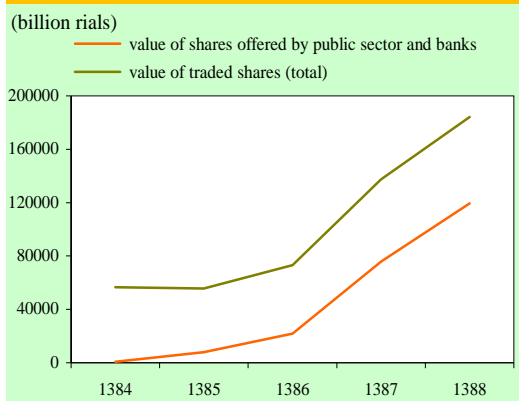


Share Offering by Public Sector and Banks

The privatization of public enterprises which started in 1385 under the Justice Plan continued in 1388 as well. The main purpose of Justice Plan is to broaden private sector ownership of enterprises, a more even distribution of income and wealth, increase in the income and self-dependency, and the downsizing of the public sector. In 1385, the authorities relating to implementation of Justice (Edalat) shares distribution plan as well as the relevant secretariat affairs were conferred upon the Iranian Privatization Organization (IPO). Moreover, the 4th FYDP

Law and the Law for Implementation of General Policies of Article 44 of the Constitution reiterated on the continuation of the Justice Plan.

Figure 17.4. Value of offered shares



According to data released by the TSE, in 1388, 16,074.8 million shares worth Rls. 12,056.4 billion were offered to private sector and regional agents of Justice Plan by the Iranian Privatization Organization. The IPO floated these shares on the TSE on agency role on behalf of governmental holding companies, and public and specialized companies as Justice (Edalat) shares. This indicates

an increase, in terms of volume, and a decrease, in terms of value, as the corresponding figures of the previous year were 14,507.1 million shares valued at Rls. 15,867.2 billion. The volume and value of shares offered through the stock exchange surged respectively 2.7 and 1.3 times to 31,691 million and Rls. 97,940.5 billion. Furthermore, in 1388, 7,013.8 million shares worth Rls. 9,192.0 billion were offered by public sector, in the form of Preferred (Tarjihi) shares for workers, shares transfer for the repayment of government indebtedness to public organizations, and export rewards.

Among public corporations and institutions, "Telecommunication Company of Iran (TCI)" and "Iran Power Generation, Transmission and Distribution Management Company (TAVANIR)" accounted for 42.2 and 3.1 percent of the volume and 65.7 and 4.1 percent of the value of offered shares in 1388. Ranking first among banks, Bank Saderat Iran accounted for 18.9 and 6.6 percent of total shares, in terms of volume and value, respectively.

New Listing on the TSE

In the review year, the privatized "Bank Saderat Iran" and "Tejarat Bank" as well as "Alborz Insurance Company", "Asia Insurance" and "North Drilling Company" were listed on the TSE, raising total number of listed companies to 352 by end-1388.

This was their first initial public offering. Moreover, 15 companies were delisted from TSE, reducing total number of listed companies on the TSE to 337.

Financing Capital Increase of Listed Companies

In 1388, capital increase of listed companies totaled Rls. 9,857.3 billion, indicating 57.1 percent decrease compared with previous year. Companies' claims and cash assets were the main source of financing capital increase, constituting 83.4 percent of total. The remaining, 16.6 percent, were financed through shareholders' reserves and accumulated profit.

Number of Listed Companies

| | Year-end | | | Change | |
|---|------------|------------|------------------------|------------|------------|
| | 1386 | 1387 | 1388 | 1387 | 1388 |
| Listed companies | 442 | 448 | 352 | 6 | -96 |
| Companies comprising the financial index ¹ | 20 | 22 | 26 | 2 | 4 |
| Other companies | 422 | 426 | 326 | 4 | -100 |
| Delisted companies | 29 | 102 | 15 | 73 | -87 |
| Companies listed on the boards | 413 | 346 | 337² | -67 | -9 |

Source: TSE

¹ Including "banks, credit institutions, and other monetary foundations", "investments", "other financial intermediations", and "insurance and pension fund, excluding Social Security"

² Of total companies listed on the TSE board at end-1388, 48 companies were listed on the main board, and 60 on the second board of the primary market. Meanwhile, 229 companies were active in the secondary market.

Shares Offered by Public Sector and Banks¹

| | Volume (million shares) | | Value (billion rials) | | Percentage change | | Share (percent) | |
|--------------------------------------|----------------------------|-----------------|--------------------------|------------------|----------------------|-------------|--------------------|--------------|
| | 1387 | 1388 | 1387 | 1388 | Volume | Value | Volume | Value |
| | | | | | | | | |
| Public corporations and institutions | 26,887.7 | 28,517.8 | 75,191.9 | 96,659.3 | 6.1 | 28.6 | 51.9 | 80.9 |
| Banking system | 655.0 | 26,400.7 | 687.8 | 22,851.1 | ⊖ | ⊖ | 48.1 | 19.1 |
| Total | 27,542.7 | 54,918.5 | 75,879.6 | 119,510.4 | 99.4 | 57.5 | 100.0 | 100.0 |

Source: TSE

¹ Including Justice (Edalat) and preferred (Tarjihi) shares, shares for the settlement of government indebtedness, and export rewards

**Financial Resources of Capital Increase
of Listed Companies**

(billion rials)

| | Reserves and accumulated profit | Claims and cash assets | Total | Percentage change |
|------|---------------------------------|------------------------|----------|-------------------|
| 1387 | 10,194.8 | 12,802.3 | 22,997.0 | 45.6 |
| 1388 | 1,639.4 | 8,218.0 | 9,857.3 | -57.1 |

Source: Securities and Exchange Organization

Stock Exchanges

In order to expand the stock exchange geographically, to prepare the ground for public access to capital market and create investment opportunities for the public, 32 stock exchanges were established in the country until 1388 year-end. In 1388, 171,250.1 million shares worth Rls. 368,339.8 billion were traded on different stock exchanges, revealing respectively 78.5 and 34.0 percent rise compared with the previous year. Furthermore, of total shares traded, in terms of volume and value, 87.1 and 88.4 percent were traded on the TSE, 2.3 and 2.0 percent on Isfahan Stock Exchange, and 1.3 and 1.3 percent on Mashhad Stock Exchange.

Mercantile Exchange

In 1386, upon the merging of "Metal Exchange" and "Agricultural Commodity Exchange" and the formation of "Iran Mercantile Exchange", as well as inauguration of "Petroleum Products Exchange", metals, agricultural products, and oil and petrochemical products were offered on three floors of the Mercantile Exchange.

In the review year, 7,438.5 thousand tons of metal products valued at Rls. 53,842.0 billion were traded on Iran Mercantile Exchange, indicating 11.4 percent increase, in terms of volume, and 13.3 percent decrease, in terms of value, compared with 1387. Among traded metal products, steel had the lion's share by 7,055.5 thousand tons valued

at Rls. 41,447.2 billion. Moreover, 227.1 thousand tons of copper worth Rls. 8,211.9 billion, and 148.7 thousand tons of aluminum valued at Rls. 3,028.8 billion were traded on the Mercantile Exchange in this year.

In 1388, a total of seven oil and petrochemical products were traded on Iran Mercantile Exchange. The volume and value of traded products amounted to respectively 7,052.9 thousand tons and Rls. 36,450.7 billion. Bitumen accounted for the highest share, in terms of volume and value, by respectively 63.8 and 43.2 percent. Ranking next, Polymer constituted respectively 18.5 and 42.8 percent of the volume and value of traded products.

Over-the-Counter (OTC) Market

In pursuance of the 4th FYDP Law, and with due regard to the creation of the legal foundation for the over-the-counter (OTC) market by the ratification of the Law Governing the Securities Market in the Islamic Republic of Iran in Azar 1384, studies on the creation of OTC started in this year. The SEC Act envisages that the High Council of Securities and Exchange can issue license for companies to be registered in OTC. The same Act has granted the regulatory and supervisory role to the same council for safe and sound conduct of OTC transactions.

The SEC High Council approved the launching of the OTC market in 1386. A year after this approval (in Mordad 1387), the General Assembly of OTC Company met amongst the OTC founding members, and a board of directors was elected for OTC. The OTC market became officially operational by the public offering of "Marjan Kar" and "Kavir Tire" companies' shares on Mehr 6, 1388.

OTC is an official securities market, supervised by the Securities and Exchange Organization, for facilitation of issuance and exchange of financial instruments, and a remedy for the shortages resulting from lack of access to capital market by most industrialists. Indeed, the majority of economic firms face financing constraints, and a number of public and private corporations depend heavily on credits provided by major shareholders or the banking system. OTC is an organized market, offering opportunities for trading the shares of those companies which are not, or may not be listed on the TSE. The OTC market is intended to create an efficient, fair and transparent platform, and help just and rapid dissemination of information in cooperation with Securities and Exchange Organization; thereby enabling investors to make optimum decisions by greater awareness of various types of securities, degrees of risks, and other major market indicators.

According to the guideline for the listing and offering of securities in Iran's OTC market, OTC operations are divided into the primary market, the secondary market, the third market, and the fourth market. The primary market is dedicated to admission and trading of the shares of companies' and investment funds' registered subsidiaries. The secondary market is assigned to public joint-stock companies', loss-making companies', newly-founded companies', and small

companies' shares, as well as those of private joint-stock companies, which intend to transform into a public joint-stock company by raising capital. The third market stands as a safe, transparent and profitable platform for the supply of securities which may not be admitted in the OTC market. Subscription of various securities, comprising those belonging to public joint-stock companies, which are in the formation process, is also a salient feature of this market. The fourth (participation papers) market belongs to trading of such financial instruments, which enjoy a guaranteed return, including participation papers and banks' certificates of deposit (CDs) whose maturity date is at least one year later than the subscription time, provided that their trading in the secondary market is solely done on the OTC. Participation papers issued by corporations as well as those replaceable with stocks, mortgage participation papers, residential participation papers, Sukuk, general CDs, and special CDs are traded in the fourth market.

In 1388, total trading in the OTC market, in terms of volume and value, amounted to 523.7 million shares and Rls. 1,103.9 billion. Of this figure, 85.7 percent were offered by legal entities, and 14.3 percent by natural persons. In the review year, 0.94 million participation papers worth Rls. 937.7 billion were traded in the fourth market. Of this amount, 99.2 percent were supplied by legal entities, and 0.8 percent by natural persons.

Total Volume and Value of Transactions by Markets in 1388

| | Primary market (Ordinary) | Primary market (Major) | Participation papers market |
|-------------------------|---------------------------|------------------------|-----------------------------|
| Volume (million shares) | 323.7 | 200.0 | 0.9 |
| Value (billion rials) | 559.5 | 544.4 | 937.7 |

Participation Papers

A sum of Rls. 17,700 billion participation papers were issued by public corporations and municipalities in 1388, almost all of which valued at Rls. 17,696.8 billion were sold. This reveals 56.6 percent growth compared with the amount sold in 1387. As in recent years, the profit rate of participation papers was on a daily basis, redeemable at any time. The provisional profit rate for all participation papers was 16.0 percent and tax-exempt, indicating 2.0 percentage points reduction compared with last year.

According to paragraph 19, Single Article of the 1388 Budget Law, municipalities of metropolitan cities are authorized to issue Rls. 2 trillion participation papers for the reinforcement of old buildings in urban areas and informal settlements in the suburbs. Repayment of principal and profit of these papers is guaranteed by municipalities.

4th Five-Year Development Plan

Article 15 of the 4th FYDP Law titled "preparation for rapid economic growth" pertains to capital market and stock exchange. According to this Article, the following measures should be adopted during the 4th Plan:

- Geographical expansion of stock exchanges through appropriate policy making such as opening of regional and provincial stock exchanges, creation of a network of brokerage firms, and admission of local brokers;
- Creation and expansion of specialized markets (the Commodity Exchange);
- Creation of the OTC market;
- Communication and cooperation with regional and global stock exchanges;
- Design and launching of the national network for electronic exchange of securities;
- Design and formulation of the regulatory and supervisory framework, in the capital market and development of TSE.

Review of the performance of Article 15, the 4th FYDP Law reveals that in order to achieve the Plan objectives, Securities and Exchange Organization adopted and formulated efficient and organized measures and plans including:

- Increase in the number of stock exchanges in the country from 14 in 1383 year-end to 32 at the end of 4th Plan;

Issuance of Participation Papers (billion rials)

| | Number of projects | Times of issuance | Total approved amount | Issued amount | Sold amount | Provisional profit rate (percent per annum) | Participation papers at end-1388 | |
|---|--------------------|-------------------|-----------------------|------------------|------------------|---|----------------------------------|-----------------|
| | | | | | | | Matured | Unmatured |
| As of the date of issuance till end-1387 | 139 | 146 | 373,846.9 | 299,346.9 | 246,777.6 | 15.5-24.0 | 194,129.1 | 52,648.3 |
| 1388 | 8 | 8 | 17,700.0 | 17,700.0 | 17,696.8 | 16 | 0.0 | 17,696.8 |
| Total (as of 1373, date of issuance) | 147 | 154 | 391,546.9 | 317,046.9 | 264,474.4 | | 194,129.1 | 70,345.1 |

- Expansion of brokerage network, raising the number of admitted local brokers to 87, with 572 brokerage firms;
- Merger of "Metals Exchange" and "Agricultural Commodity Exchange" for the formation of "Iran Mercantile Exchange" in 1385;
- Creation and operation of the OTC Market in 1388;
- TSE membership in the "Federation of Euro-Asian Stock Exchanges (FEAS)";
- Creation of a platform for share trading on the TSE through the Internet as of 1387;
- Approval of the by-law pertaining to promotion of foreign investment in the stock exchange;
- Creation of four codes for foreign investors' trading on the TSE in 1385.

Box 2- Major Approvals pertaining to Capital Market during the 4th FYDP

- Guideline on fees and charges for transaction of participation papers approved on Mordad 1, 1384;
- The Law Governing the Securities Market in the Islamic Republic of Iran ratified by the Parliament on Azar 1, 1384;
- Agreement with the establishment of Tehran Stock Exchange approved on Khordad 1, 1385;
- Executive by-law of the Law Governing Securities Market approved on Shahrivar 20, 1385;
- Guideline on registration of securities, and public share offering approved on Dey 25, 1385;
- Guideline on Islamic derivative instruments on lease operations (Sukuk) and futures contracts on Bahman 1, 1386;
- Regulations of the operation of finance companies approved on Shahrivar 12, 1386;
- Agreement-in-principle with the establishment of Electricity Exchange approved on Bahman 29, 1386;
- Procedures for brokers' operations on Iran Mercantile Exchange approved in 1386;
- Regulations of the operation of the OTC Market approved on Esfand 20, 1386;
- Executive regulations on the revision of stock exchange indicators approved on Ordibehesht 30, 1387;
- Rules on transferring shares at non-official transaction hours approved on Mordad 1, 1387;
- Rules on the establishment of land and real estate funds approved on Mordad 28, 1387;
- General rules on initial public offering or large sale of shares of public enterprises designated for sale through the stock exchange approved on Dey 23, 1387;
- By-law on foreign entities' investment in stock exchanges and the OTC Market approved on Esfand 19, 1387;

**Box 2 (cont.)- Major Approvals
pertaining to Capital Market
during the 4th FYDP**

- Regulations regarding futures market trading approved on Ordibehesht 13, 1388;
- Executive regulations on "Option", "Istisna", and "Mortgage Bonds" approved on Mordad 5, 1388;
- Guideline on fees charged by the Securities and Exchange Organization for the supervision of Iran's OTC Company approved on Mehr 6, 1388;

- Law on the development of new financial instruments and foundations to facilitate implementation of General Policies of Article 44 of the Constitution approved by the Parliament on Azar 25, 1388;

- Rules on the trading of housing facilities' rights on the stock exchange and the OTC Market approved on Esfand 3, 1388.

Source: TSE, and Securities and Exchange Organization

TEDPIX rose by 65.8 percent from 30,762.0 points at end-1383 to 51,006.0 points in 1388 year-end. This trend indicates an average annual return of 10.6 percent on investment which is lower than the average annual inflation over the 4th Plan period (15.2 percent). This index had the highest increase by 58.8 percent in 1388, and the lowest by -12.7 percent in 1384.

During the 4th FYDP, average growth rates of "financial" and "industrial" indices were respectively -0.3 and 0.9 percent. The highest rise of these two indices by 63.7 and 56.0 percent was in 1388.

Over the 4th Plan period, a total number of 187,343.8 million shares and rights worth Rls. 506,866.2 billion were traded on the TSE, indicating respectively 533.3 and 141.0 percent growth, in terms of volume and value, compared with the 3rd Plan.

Market capitalization increased from Rls. 387,547.2 billion at the end of the 3rd Plan to Rls. 651,428.3 billion at the end of the 4th Plan.

Turnover ratio increased from 27.7 percent at end-1383 to 33.5 percent in 1388. The highest amount of this ratio by 33.5 percent was in 1388 and the lowest by 15.4 percent in 1385. Turnover ratio was 22.3 percent, on average, during the 4th Plan, up by one percentage point compared with the corresponding figure of the 3rd Plan (21.3 percent).

For further participation of the private sector in the national economy, banks and public organizations offered their subsidiaries' shares on the TSE within the framework of the privatization plan of public corporations referred to in Articles 6 and 7, the 4th Plan Law. The highest amount of shares, 54,918.5 million worth Rls. 119,510.4 billion, was offered in 1388. In total, 93,574.0 million shares worth Rls. 225,567.5 billion were offered on the TSE over the 4th Plan, up by 32.6 and 9.8 times, in terms of volume and value, compared with the shares offered in the 3rd Plan.

According to paragraph (h), Article 10, of the 3rd FYDP Law, CBI was authorized

to issue participation papers with the Parliament approval. Issuance of these papers started as of 1379 and continued during 1384-1386, amounting to Rls. 55,788.5 billion.

For the acceleration and completion of projects for the acquisition of non-financial assets, the government and public corporations issued a sum of Rls. 72,229 billion participation papers during 1384-1388. Of this figure, Rls. 18,282.8 billion were governmental-budgetary participation papers. Based on the 4th Plan, repayment of principal and payment of provisional profit of these papers shall

be envisaged in the annual budget laws. Of note, Rls. 53,946.2 billion of participation papers issued by the government were governmental-non-budgetary. Repayment of principal and profit of these papers was financed through domestic resources of issuing corporations. Thus, these papers were classified as public corporations' indebtedness to the holders. Moreover, corporations issued Rls. 13,100.4 billion participation papers during the 4th FYDP. Sale of participation papers during this Plan totaled Rls. 141,117.9 billion, indicating 24.1 percent growth compared with the 3rd Plan.