

Tehran Stock Exchange Price Index (TEPIX) recorded an increase of 187.1 percent in March 2020 to reach 512,900.0 points. This growth was mainly rooted in the increase in the exchange rate, formation of inflationary expectations, and the flow of liquidity into the stock market as of October 2019. The growth rate of the TEPIX in March 2019 was 85.5 percent. Meanwhile, the price-earnings ratio (P/E) reached 10.3 in March 2020, indicating a rise of 3.4 points compared with March 2019.

All Tehran Stock Exchange price indices experienced growth in March 2020. Free float, referring to those shares readily available for trading in the stock market, registered the highest rise by 225.0 percent, reaching from 200,125.0 points in March 2019 to 650,345.0 points in March 2020.

Securities and Exchange High Council, Securities and Exchange Organization (SEO), and the SEO's Board of Directors formulated and approved a set of rules and guidelines for 2019/20 as follows:

- Approval concerning the code of conduct for directors of issuing companies, not under the direct supervision of the SEO;

- Approval concerning the increase in stock liquidity and enhancement of transparency in the main market of the OTC;

- Approval concerning the calculation of free float;

- Executive Guideline on transfer of certificates confirming participation in crowdfunding;

- Executive Guideline on inviting tenders for transactions on Iran Mercantile Exchange;

- Guideline on granting permits to foreign nationals for establishing financial institutions or having stocks in them;

- Guideline on dispute settlement under Iran's Securities Market Act;

- Guideline on issuing Sukuk Al-Wakala (powers of attorney);

- Guideline on keeping and transferring clients' funds in brokerage firms;

- Guideline on prevention of violations and offenses in the capital market;

- Guideline on investigations into violations and offenses in the capital market;

- Guideline on handling affairs through powers of attorney and on behalf of another party on Iran Mercantile Exchange and Iran Energy Exchange;

- Approval concerning the remuneration required by the Securities and Exchange Organization for supervising transactions of all types of derivatives in the capital market;

- Approval concerning the confirmation of the academic qualification of candidates applying for a position in financial institutions; and

- Approval on rendering legal support to professional reporters of violations in the capital market, through granting incentives and cash bonuses.

16.1. Stocks

16.1.1. Share and Rights Trading

A total of 1,086.2 billion shares and rights, valued at Rls. 4,673.7 trillion, were

traded on the TSE in March 2020, up by 112.7 percent and 232.1 percent, respectively. The TSE was active for 238 days in 2019/20, with the average daily trading volume at 4,563.8 million shares and the average daily trading value at Rls. 19.6 trillion, up by 115.3 percent and 236.3 percent, respectively. "Banks and credit institutions" industry had the lion's share in the number of traded shares and rights by 32.1 percent. "Manufacture of chemicals and chemical products" had the highest share in the value of traded shares by 11.6 percent. "Manufacture of textiles" and "manufacture of pharmaceuticals, medicinal chemical and botanical products" industries experienced the highest increases in terms of both the number and the value of traded shares. Meanwhile, market capitalization amounted to Rls. 18,731.5 trillion in March 2020, indicating an increase of 174.2 percent compared with March 2019.

Figure 16.1. Shares Traded on TSE

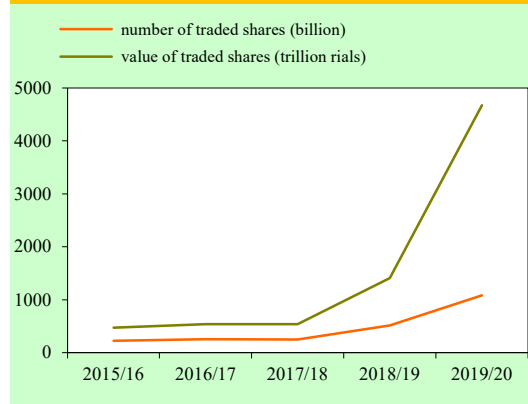


Figure 16.2. Comparison of Growth Rate of TEPIX with Inflation

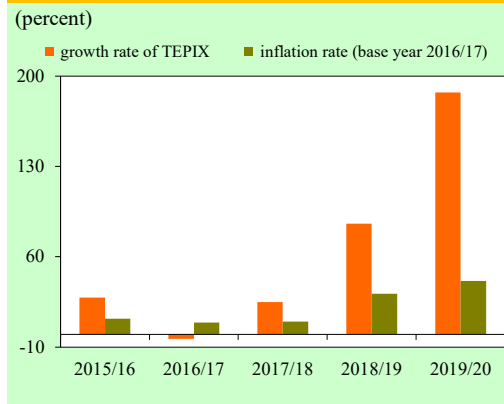


Table 16.1. TSE Activity Indicators¹

	Number (billion shares)			Value (trillion rials)			Number of trading days on TSE	Average daily trading volume (billion shares)	Average daily trading value (trillion rials)
	Shares	Rights	Total	Shares	Rights	Total			
March 2019	492.4	18.3	510.8	1,397.2	10.2	1,407.4	241	2.1	5.8
March 2020	1,070.4	15.8	1,086.2	4,631.8	42.0	4,673.7	238	4.6	19.6

Source: Securities and Exchange Organization (SEO), Tehran Stock Exchange (TSE)

¹ Includes the unofficial board.

Market depth (the ratio of stock market capitalization to GDP) increased by 38.1 percentage points compared with March 2019 to reach 70.8 percent. "Manufacture of chemicals and chemical products", "manufacture of basic metals", "mining of metal ores", "banks and credit institutions", "manufacture of coke and refined petroleum products; reprocessing of nuclear fuel", "multi-activity enterprises", and "manufacture of pharmaceuticals, medicinal chemical and botanical products" had the highest shares in market capitalization by 21.7, 14.2, 7.8, 6.6, 6.6, 5.0 and 4.9 percent, respectively (a total share of 66.8 percent). Moreover, the turnover ratio increased by 10.2 percentage points to reach 36.6 percent in March 2020.

16.1.2. Tehran Stock Exchange Price Indices

Tehran Stock Exchange Price Index (TEPIX) reached 512,900.0 points in March

2020, showing an increase of 187.1 percent compared with March 2019. The price-earnings ratio (P/E), a metric comparing a company's share (stock) price ratio with its earnings per share, was 10.3 in March 2020, indicating an increase of 3.4 points. Among the components of the TEPIX, "free float index" increased remarkably by 225.0 percent from 200,125.0 points in March 2019 to 650,345.0 points in March 2020. Moreover, "financial index" experienced an increase of 210.2 percent compared with March 2019 to reach 636,669.0 points in March 2020. "Industrial index" increased by 184.4 percent from 161,030.9 points in March 2019 to 458,032.0 points in March 2020. The first market index was 362,731.0 points in March 2020, indicating an increase of 171.0 percent compared with the previous year-end. The second market index reached 1,088,094.0 points at year-end, showing an increase of 215.2 percent compared with March 2019.

Table 16.2. Indices of Return on Investment in TSE (base year 1990/91)

	March			Percentage change	
	2018	2019	2020	March 2019	March 2020
Tehran Stock Exchange Price Index (TEPIX)	96,289.9	178,659.0	512,900.0	85.5	187.1
Free float index	103,136.0	200,125.0	650,345.0	94.0	225.0
Financial index	119,175.0	205,266.0	636,669.0	72.2	210.2
Industrial index	86,081.7	161,030.9	458,032.0	87.1	184.4
First market index	68,124.2	133,867.0	362,731.0	96.5	171.0
Second market index	206,486.0	345,162.0	1,088,094.0	67.2	215.2
Top 50 performers index (weighted average)	4,036.3	7,668.3	18,628.0	90.0	142.9

Source: TSE

Table 16.3. Volume of Trading and Number of Buyers¹

	March 2019	March 2020	Percentage change
Volume of trading (million times)	33.3	112.1	237.2
Number of buyers (thousand persons)	667.5	2,243.7	236.1
Average number of shares bought by each person (thousand)	765.2	484.1	-36.7
Average value of shares bought by each person (million rials)	2,108.4	2,083.0	-1.2

Source: TSE, SEO

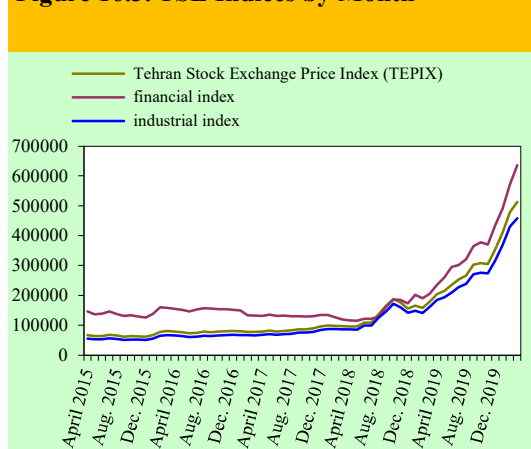
¹ Includes the unofficial board.

Table 16.4. Market Capitalization, Value of Trading, Turnover Ratio, and Market Depth¹

(trillion rials)

	Market capitalization (year-end) ²	Value of trading	Market capitalization (average) ³	Turnover ratio ⁴ (percent)	Market depth (year-end market capitalization to nominal GDP ratio) (percent)
March 2019 ▲	6,830.5	1,407.4	5,326.7	26.4	32.6
Percentage change compared with the year before	78.7	161.1	51.3	..	9.0 ⁵
March 2020	18,731.5	4,673.7	12,781.0	36.6	70.8
Percentage change compared with the year before	174.2	232.1	139.9	10.2 ⁵	38.1 ⁵

Source: SEO. ¹ Excludes the unofficial board, investment funds, derivatives, and debt instruments. ² Iranian year-end. ³ It is the sum of the market capitalization at the end of the year under review and that at the end of the year before, divided by 2. ⁴ Calculated through dividing the value of trading by the average market capitalization, multiplying the result by 100. ⁵ In percentage points.

Figure 16.3. TSE Indices by Month

Of total 40 industries traded on the TSE by March 2020, price indices of 38 industries rose, and the price indices of "manufacture of measuring, testing, navigating, control, and electromedical equipment; watches and clocks" and "outsourcing; activities on a fee or contract basis" industries remained

unchanged compared with March 2019. The price indices of "manufacture of communication equipment", "crop and animal production, hunting and related service activities", "manufacture of other porcelain and ceramic products", and "manufacture of paper and paper products" experienced the highest rises by respectively 981.3, 716.2, 709.4 and 594.7 percent compared with March 2019.

16.2. Listed Companies

The total number of companies listed on the TSE boards reached 334 by March 2020. Forty-four entities constituted the financial index in this year, including 11 banks and credit institutions, 15 companies active in investment, 6 companies active in insurance and pension funding, except compulsory social security, 6 entities active in other monetary intermediation, and 6 entities dealing with activities auxiliary to financial service and insurance activities.

Table 16.5. Number of Companies Listed on the TSE

	March			Change	
	2018	2019	2020	March 2019	March 2020
Listed companies	326	327	334	1.0	7.0
Entities comprising the financial index ¹	40	43	44	3.0	1.0
Other companies	286	284	290	-2.0	6.0
Delisted companies	3	0	0	-3.0	0.0
Companies listed on boards²	323	327	334	4.0	7.0

Source: TSE. ¹ Includes "banks and credit institutions", "companies active in investment", "companies active in insurance and pension funding, except compulsory social security", "other monetary intermediation", and "entities dealing with activities auxiliary to financial service and insurance activities". ² Of total companies listed on the TSE boards by March 2020, a total of 135 companies were active in the first market and 199 companies were active in the second market.

16.3. Licenses Issued for Capital Increase of Companies Listed on TSE and OTC Market

In March 2020, the total capital increase of companies listed on the TSE or active in the OTC market amounted to Rls. 1,097.3 trillion, up by 74.8 percent compared with March 2019. All sources of capital increase rose by March 2020, with "reserves" accounting for the highest increase.

16.4. Iran Mercantile Exchange (IME)

Iran Mercantile Exchange was active for 238 days in 2019/20. A total of 26.3 million tons of "manufacturing and mining", "oil and petrochemical", and "agricultural" products were traded on the IME, indicating an increase of 6.0 percent compared with 2018/19. The value of transactions on the IME amounted to Rls. 1,371.3 trillion, up by 55.7 percent compared with the year before. In the year under review, 9.7 million tons of "manufacturing and mining products" worth Rls. 615.3 trillion were traded on Iran Mercantile Exchange, indicating rises of 24.8 and 87.5 percent in terms of the weight and value of trading, respectively, compared with 2018/19. The weight and value of "steel" reached 9.1 million tons and Rls. 444.1 trillion, respectively. The weight of traded "copper" was 0.2 million tons in 2019/20, valued at Rls. 106.5 trillion, and that of "aluminum" was also 0.2 million tons, worth Rls. 44.9 trillion.

In 2019/20, a mere 4.1 thousand tons of agricultural products, worth Rls. 93.6 billion, were traded on the IME. Meanwhile, a total of 10 oil and petrochemical products, weighing 16.6 million tons and valuing at Rls. 756.0 trillion were traded on the IME.

16.5. Over-the-Counter (OTC) Market

In March 2020, the total value of trading on the OTC market increased by 218.7 percent compared with March 2019 to amount to Rls. 3,242.0 trillion. The number of shares traded on the OTC was 448.0 billion, indicating an increase by 163.3 percent compared with the year before. In the year under review, 35.8 percent of the value of the OTC market transactions was related to the second market, 33.8 percent was related to the market for new financial instruments, 7.8 percent was related to the first market, and 0.1 percent was related to the third market and the SMEs. The main OTC market, starting its operations in implementation of Paragraph (B), Article 99, 5th FYDP Law in 2011, had a share of 22.4 percent in the total value of transactions and a share of 46.7 percent in the total number of shares. The number and value of shares traded on the first market increased by about 105.6 and 326.7 percent, respectively, compared with March 2019.

Table 16.6. Licenses Issued for Capital Increase of Companies Listed on TSE and OTC Market

(trillion rials)

	Sources of capital increase				Total capital increase	Change in capital increase (percent)
	Accumulated profit	Reserves	Claims and cash assets	Revaluation of fixed assets		
March 2019	160.3	3.8	90.5	372.9	627.6	261.3
March 2020	228.5	56.2	132.9	679.6	1,097.3	74.8

Source: SEO

The "participation papers market" of the OTC market, launched in October 2009, managed to diversify the debt instruments in 2010 and continued its activities as of 2011 under the new title of "market for new financial instruments". In total, 12.1 billion participation papers, worth Rls. 1,097.0 trillion, were traded on this market by March 2020.

16.6. Joint Investment Funds

The number of Joint Investment Funds increased by 5.5 percent to 211 by March 2020. The total capitalized value of Joint

Investment Funds rose by 32.4 percent from Rls. 1,555.7 trillion in March 2019 to Rls. 2,059.1 trillion in March 2020, mainly attributable to the rise in the value of fixed-income funds.

The total number of investors in Joint Investment Funds (including natural and legal persons) increased from 2,141.7 thousand persons in 2018/19 to 2,190.6 thousand persons in 2019/20. The trading value (the buying and selling of shares) amounted to Rls. 482.5 trillion in 2019/20, indicating an increase of 94.7 percent compared with the year before.

Table 16.7. Value and Number of Shares Traded on OTC Market by March 2020

	Value (trillion rials)	Share (percent)	Number (billion shares)	Share (percent)
First market	253.1	7.8	39.7	8.9
Second market	1,161.4	35.8	185.2	41.3
Third market	2.1	0.1	1.4	0.3
Market for new financial instruments	1,097.0	33.8	12.1	2.7
Main market	726.9	22.4	209.4	46.7
SMEs	1.5	*	0.2	*
Total	3,242.0	100.0	448.0	100.0

Source: www.ifb.ir

Table 16.8. Joint Investment Funds

	2018/19	2019/20	Percentage change
Number of Joint Investment Funds¹	200	211	5.5
Total capitalized value¹ (trillion rials)	1,555.7	2,059.1	32.4
Number of investors (thousand persons)	2,141.7	2,190.6	2.3
Natural persons	2,136.3	2,184.4	2.3
Legal persons	5.4	6.2	14.5
Value of trading (the buying and selling of shares) (trillion rials)	247.8	482.5	94.7

Source: SEO

¹ Refers to performance at the end of the Iranian year (the end of the Iranian year 1397 (2018/19) equals March 2019 and the end of the Iranian year 1398 (2019/20) equals March 2020 in the Gregorian calendar).

16.7. Participation Papers

In 2019/20, a sum of Rls. 55.0 trillion worth of participation papers was issued under the CBI's license, Rls. 47.0 trillion of which (85.4 percent) was sold. According to Paragraph (D), Note (5), Budget Law for 2019/20, the municipalities of large cities were authorized to issue participation papers worth up to Rls. 80 trillion, either independently or in coordination with other entities,

upon receiving a license from the CBI and the approval of the Ministry of Interior. Municipalities issued Rls. 6.0 trillion worth of participation papers out of the mentioned Paragraph, a mere Rls. 10.0 billion of which was sold. Municipalities were also given the license for the second time issuance of Rls. 49.0 trillion worth of participation papers unsold in 2018/19.

Table 16.9. Participation Papers Issued under the CBI's License

	Number of projects	Times of issuance	Approved amount (trillion rials)	Issued amount (trillion rials)	Sold amount (trillion rials)	Provisional profit rate (percent annually)	Participation papers by March 2020 (trillion rials)	
							After maturity date	Before maturity date
As of the first date of issuance until March 2019	306	301	1,369.6	1,331.3	871.2	15-24	699.3	171.9
Participation papers issued by municipalities in 2019 and 2020 ¹	4	4	11.5	11.5	5.5	18	0.0	5.5
Total (as of the first date of issuance in 1994)	310	305	1,381.1	1,342.8	876.7	N/A	699.3	177.4

¹ Refers to participation papers issued and sold by Mashhad and Isfahan municipalities under two different projects on 17.06.2019 and 20.06.2019 and two different projects both on 17.03.2020 (Appendix, Table 98).