

Tehran Stock Exchange Price Index (TEPIX) recorded an increase of 155.0 percent in March 2021 to reach 1,307,707.1 points. Growth in TEPIX was mainly rooted in the increase in the exchange rate, formation of inflationary expectations, and the flow of liquidity into the stock market during April-September 2020. TEPIX had experienced a growth rate of 187.1 percent in 2019/20 compared with 2018/19. Meanwhile, the price-earnings ratio (P/E) reached 16.4 in the year under study, indicating a rise of 6.1 points compared with the year before.

All Tehran Stock Exchange (TSE) price indices experienced growth in March 2021. Free float, referring to those shares readily available for trading in the stock market, registered the highest increase by 182.1 percent, rising from 650,345.0 points in March 2020 to 1,834,616.0 points in March 2021.

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 2020/21 as follows:

- Executive Guideline on vesting of Edalat (Justice) Shares¹;

¹ A portfolio of the shares of certain state-owned companies allocated to lower-income deciles of the society to generalize economic justice.

- Approval concerning the authorization of the Securities and Exchange Organization of Iran to raise the price range;

- Guideline on the acceptance and opening of GAM papers (LCs with the aim of providing liquidity to productive units);

- Guideline on the issuance of commodity-backed debt-purchase securities on Iran Mercantile Exchange (IME) and Iran Energy Exchange;

- Executive Guideline on the capital increase of companies listed on the TSE or on Iran Fara Bourse out of share premium, or offering of shares at prices higher than the nominal value (by the Iranian National Tax Administration and the SEO);

- Guideline on the categorization of classified information and supervision of the access of natural or legal persons to such information in the capital market;

- Guideline on the receipt and execution of sale orders placed by the holders of the Edalat (Justice) Shares;

- Guideline on implementing Article (18), Executive By-law to the Securities Market Act;

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

- Guideline on preferential transactions on Iran Fara Bourse (OTC market).

17.1. Stocks

17.1.1. Share and Rights Trading

A total of 2,230.1 billion shares and rights, valued at Rls. 24,683.4 trillion, were traded on the TSE in March 2021, up by 105.3 percent and 420.6 percent, respectively. The TSE was active for 243 days in 2020/21, with the average daily trading

volume at 9.2 billion shares and the average daily trading value at Rls. 101.6 trillion, up by 101.1 percent and 409.9 percent, respectively. "Banks and credit institutions" industry had the lion's share in the number of traded shares and rights by 26.8 percent. "Manufacture of parts and accessories for motor vehicles" had the highest share in the value of traded shares by 11.1 percent. "Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur; manufacture of footwear" industry experienced the highest increases in terms of both the number and the value of traded shares. Meanwhile, market capitalization amounted to Rls. 52,745.9 trillion in March 2021, indicating an increase of 180.6 percent.

Figure 17.1. Shares Traded on TSE

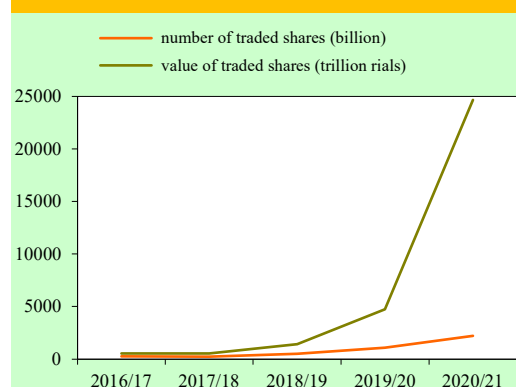


Figure 17.2. Comparison of Growth Rate of TEPIX with Inflation

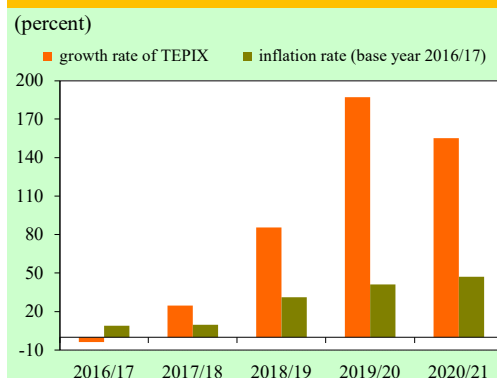


Table 17.1. TSE Activity Indicators¹

	Number of traded shares (billion)	Value of traded shares (trillion rials)	Number of trading days on TSE	Average daily trading volume (billion shares)	Average daily trading value (trillion rials)
March 2020 □▲	1,086.3	4,741.4	238	4.6	19.9
March 2021 □	2,230.1	24,683.4	243	9.2	101.6

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) rose by 61.6 percentage points compared with March 2020 to reach 132.6 percent. "Manufacture of chemicals and chemical products", "manufacture of basic metals", "mining of metal ores", "multi-activity enterprises", "own-account investment activities", "banks and credit institutions", and "manufacture of coke and refined petroleum products; reprocessing of nuclear fuel" had the highest shares in market capitalization by 20.6, 15.5, 9.2, 8.2, 7.8, 7.4 and 6.6 percent, respectively (a total share of 75.3 percent). The turnover ratio increased by 32.1 percentage points to 69.0 percent in March 2021.

17.1.2. Tehran Stock Exchange Price Indices

The Tehran Stock Exchange Price Index (TEPIX) was 1,307,707.1 points in March

2021, showing an increase of 155.0 percent compared with March 2020. The price-earnings ratio (P/E), a metric comparing a company's share (stock) price ratio with its earnings per share, was 16.4 in March 2021, indicating an increase of 6.1 points compared with March 2020. Among the components of the TEPIX, "financial index" experienced an increase of 179.9 percent compared with March 2020 to reach 1,782,206.7 points in March 2021. Moreover, "industrial index" increased by 152.0 percent from 458,032.5 points in March 2020 to 1,154,292.6 points in March 2021.

The first market index was 969,099.2 points in March 2021, indicating an increase of 167.2 percent compared with March 2020. The second market index reached 2,602,748.2 points at year-end, showing an increase of 139.2 percent compared with March 2020.

Table 17.2. Indices of Return on Investment in TSE

(base year 1990/91)

	March			Percentage change	
	2019	2020	2021	March 2020	March 2021
Tehran Stock Exchange Price Index (TEPIX)	178,659.0	512,900.5	1,307,707.1	187.1	155.0
Free float index	200,125.0	650,345.0	1,834,616.0	225.0	182.1
Financial index	205,265.0	636,668.0	1,782,206.7	210.2	179.9
Industrial index	161,030.9	458,032.5	1,154,292.6	184.4	152.0
First market index	133,866.0	362,731.0	969,099.2	171.0	167.2
Second market index	345,162.0	1,088,094.5	2,602,748.2	215.2	139.2
Top 50 performers index (weighted average)	7,668.3	18,627.5	49,589.9	142.9	166.2

Source: TSE

Table 17.3. 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 2020 □ ▲	18,795.7	4,741.4	12,839.0	36.9	71.0
Percentage change compared with the year before	173.1	211.1	139.9	N/A	38.1 ⁵
March 2021 □	52,745.9	24,683.4	35,770.8	69.0	132.6
Percentage change compared with the year before	180.6	420.6	178.6	32.1 ⁵	61.6 ⁵

Source: SEO

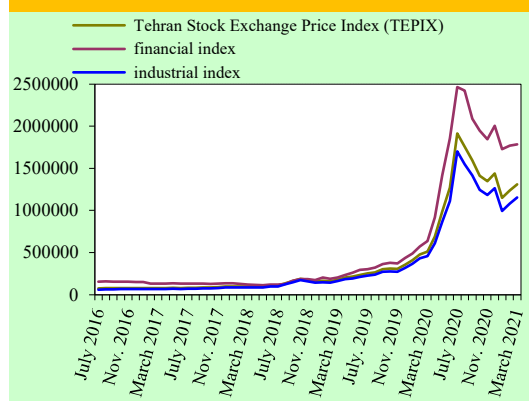
¹ Excludes the unofficial board, investment funds, derivatives, and debt instruments.

² Iranian year-end (end-1398 equals March 2020 and end-1399 equals March 2021 in the Gregorian calendar).

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 17.3. TSE Indices by Month

Of total 41 industries traded on the TSE by March 2021, price indices of 38 industries rose. "Manufacture of paper and paper products" was the only industry experiencing a decline of 29.6 percent. Meanwhile, 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 2020. The price indices of "activities auxiliary to financial service and insurance activities", "manufacture of parts and accessories for motor vehicles", "banks and credit institutions", and "mining of metal ores" experienced the highest increases of 488.9, 224.0, 209.5 and 208.6 percent, respectively.

17.2. Listed Companies

The total number of companies listed on the TSE boards reached 369 by March 2021. Fifty-eight entities constituted the financial index in 2020/21, including 11 "banks and credit institutions", 40 "companies active in investment", and 7 companies active in "other monetary intermediation".

Table 17.4. Number of Companies Listed on the TSE

	March			Change	
	2019	2020	2021□	March 2020	March 2021
Listed companies	327	334	369	7	35
Entities comprising the financial index ¹	43	44	58	1	14
Other companies	284	290	311	6	21
Delisted companies	0	0	0	0	0
Companies listed on boards ²	327	334	369	7	35

Source: TSE

¹ Includes "banks and credit institutions", "companies active in investment", and "other monetary intermediation".

² Of total companies listed on the TSE boards by March 2021, totally 151 companies were active in the first market and 218 companies were active in the second market.

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

In March 2021, the total capital increase of companies listed on the TSE or active in the OTC market amounted to Rls. 1,957.9 trillion, up by 78.4 percent compared with March 2020. All sources of capital increase indicated positive growth, with "reserves" accounting for the highest rise.

17.4. Iran Mercantile Exchange (IME)

Iran Mercantile Exchange was active for 243 days in 2020/21. A total of 33.4 million tons of goods in the four main groups of "manufacturing and mining", "oil and petrochemical", and "agricultural" products as well as the "secondary market" were traded on the IME, indicating an increase of 26.7 percent compared with 2019/20. The value of transactions on the IME amounted to Rls. 3,126.3 trillion, up by 127.2 percent compared with the year before. In the year under review, 13.7 million tons of "manufacturing and mining products" (excluding the weight of gold transactions), valued at Rls. 1,669.2 trillion (including the value of gold transactions), were transacted on Iran Mercantile Exchange, indicating increases of 41.6 and 171.3 percent in terms of the

weight and value, respectively. Of total 13.7 million tons of manufacturing and mining products traded on the IME, 12.4 million tons, valued at Rls. 1,309.1 trillion, were related to "steel". The weight of traded "copper" was 0.2 million tons and the value of traded copper was Rls. 202.2 trillion. Meanwhile, 0.2 million tons of "aluminum", worth Rls. 95.7 trillion, was traded on the IME. In 2020/21, a mere 0.7 thousand tons of agricultural products worth Rls. 6.5 trillion, including dates and saffron, were traded on the IME. Meanwhile, a total of 10 oil and petrochemical products, weighing 19.5 million tons and valuing at Rls. 1,441.1 trillion were traded on the IME. The highest weight of trade was related to vacuum residue, accounting for 32.3 percent of the weight of traded petrochemical products. Polymer enjoyed the highest value, constituting a share of 47.7 percent of the value of traded petrochemical products.

17.5. Over-the-Counter (OTC) Market

In March 2021, the total value of trading on the OTC market increased by 338.1 percent compared with March 2020 to amount to Rls. 9,391.8 trillion. The number of shares traded on the OTC was 596.1 billion, indicating an increase of 36.8 percent compared with the year before.

Table 17.5. 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 2020	228.5	56.2	132.9	679.6	1,097.3	74.8
March 2021	496.1	197.6	296.4	967.9	1,957.9	78.4

Source: SEO

In the year under review, 47.8 percent of the value of the OTC market transactions was related to the second market, 27.6 percent was related to the main market, and 24.6 percent was related to the first market. The number and the value of the shares traded in the second market rose by respectively 30.3 and 286.4 percent in 2020/21 compared with 2019/20. The main OTC market, starting its operations in implementation of Paragraph (B), Article (99), 5th FYDP Law in 2011, experienced a rise of 256.2 percent in terms of the value of transactions and an increase of about 10.7 percent in terms of the number of transactions compared with March 2020. The number and value of shares traded on the first market increased by about 207.6 and 813.1 percent, respectively, compared with March 2020. The number of ticker symbols on the OTC market, including the

number of companies and the securities constituting the market value of equity, was 315 in 2020/21, indicating an increase of about 6.8 percent compared with 2019/20.

17.6. Joint Investment Funds

The number of Joint Investment Funds increased by 13.7 percent to 240 by March 2021. The total capitalized value of Joint Investment Funds rose by 115.5 percent from Rls. 2,059.1 trillion in March 2020 to Rls. 4,437.4 trillion in March 2021. The total number of investors in Joint Investment Funds (including natural and legal persons) increased from 2,190.6 thousand persons in 2019/20 to 9,303.2 thousand persons in 2020/21. The trading value (the buying and selling of shares) amounted to Rls. 2,369.9 trillion in 2020/21, indicating an increase of 391.1 percent compared with 2019/20.

Table 17.6. Value and Number of Shares Traded on OTC Market by March 2021

	Value □ (trillion rials)	Share (percent)	Number □ (billion shares)	Share (percent)
First market	2,310.7	24.6	122.1	20.5
Second market	4,487.4	47.8	241.3	40.5
Third market	0.6	*	0.8	0.1
Main market	2,589.4	27.6	231.7	38.9
SMEs	3.7	*	0.2	*
Total	9,391.8	100.0	596.1	100.0

Source: www.ifb.ir

Table 17.7. Joint Investment Funds

	2019/20	2020/21	Percentage change
Number of Joint Investment Funds¹	211	240	13.7
Total capitalized value¹ (trillion rials)	2,059.1	4,437.4	115.5
Number of investors (thousand persons)	2,190.6	9,303.2	324.7
Natural persons	2,184.4	9,287.0	325.1
Legal persons	6.2	16.3	162.4
Value of trading (the buying and selling of shares) (trillion rials)	482.5	2,369.9	391.1

Source: SEO

¹ Refers to performance at the end of the Iranian year (the end of the Iranian year 1398 (2019/20) equals March 2020 and the end of the Iranian year 1399 (2020/21) equals March 2021 in the Gregorian calendar).

17.7. Participation Papers

In 2020/21, a sum of Rls. 112.3 trillion¹ worth of participation papers was issued under the CBI's license, Rls. 49.4 trillion of which (44.0 percent) was sold. According to Paragraph (D), Note (5), Single Article of the Budget Law for 2020/21, 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. On this basis, municipalities issued Rls. 61.0 trillion worth of participation papers out of the mentioned Paragraph in 2020/21, a mere Rls. 18.2 billion of which was sold. In addition, municipalities were given the license for the second-time issuance of Rls. 51.3 trillion worth of participation papers unsold in the year before (2019/20).

Table 17.8. 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 2021 (trillion rials)	
							After maturity date	Before maturity date
As of the first date of issuance until March 2020	310	305	1,381.1	1,342.8	882.7	15-24	741.1	141.6
Participation papers issued by municipalities in 2020 and 2021 ⁽¹⁾	31	31	104.4 ⁽²⁾	104.4 ⁽²⁾	43.5	18	0.0	43.5
Total (as of the first date of issuance in 1994)	341	336	1,485.6	1,447.3	926.2	15-24	741.1	185.0

¹ Refers to participation papers issued under the CBI's license.

² Calculated upon deducting a sum of Rls. 1.9 trillion (related to the cancelled participation papers of Qom and Sanandaj municipalities) and Rls. 6.0 trillion (related to the second offering of participation papers unsold in 2019/20) from Rls. 112.3 trillion worth of participation papers issued in 2020-2021 (See Table (98) in the Appendix).

¹ Includes the issuance of new participation papers in 2020/21, and the second offering of participation papers (Rls. 6.0 trillion) unsold in 2019/20.