

Tehran Stock Exchange Price Index (TEPIX) recorded an increase of 4.6 percent in March 2022 to reach 1,367,250 points, maintaining a relatively stable trend. In 2020/21, TEPIX had experienced a growth rate of 155.0 percent compared with 2019/20. Meanwhile, the price-earnings ratio (P/E) reached 7.9 in March 2022, indicating a fall of 8.5 points compared with March 2021. In 2021/22, TEPIX, industrial index, first market index, and top 50 performers index indicated positive growth. However, the financial index and the second market index declined by respectively 17.2 and 1.7 percent, compared with the previous year. Free float, referring to those shares readily available for trading in the stock market, decreased by 4.0 percent from 1,834,610 points in March 2021 to 1,761,245 points in March 2022.

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 2021/22 as follows:

- Approval concerning the registration of public companies;
- Approval on expediting the distribution procedures for Edalat (Justice) Shares¹;

¹ It is a portfolio of shares of certain state-owned companies allocated to lower-income strata and deciles of the society to generalize economic justice.

- Cancellation of the approvals passed by the Securities and Exchange High Council concerning the limit set on the investment units in investment funds;

- Approval concerning the fees to be charged for reviewing the applications for the establishment of financial institutions;

- Approval on market making in initial public offerings;

- Approval on the establishment of testing environments (sandboxes) in the capital market, regulated by the Securities and Exchange Organization;

- Guideline on market making activities on Tehran Stock Exchange (TSE) and Iran Fara Bourse (OTC market);

- Guideline on the issuance of establishment and operation permits for brokerage firms;

- Executive guideline on the online receipt and submission of requests for the issuance and cancellation of investment units in investment funds;

- Executive guideline on the operationalization of testing environments (sandboxes) in the capital market;

- Guideline on supporting and rewarding the whistleblowers spotting violations in the capital market;

- Executive guideline on how to conduct block trade for the transaction of securities on Iran Mercantile Exchange (IME) and Iran Energy Exchange;

- Guideline on regulating financial institutions with respect to security requirements and information technology in the capital market;

- Executive guideline on futures trading on Iran Energy Exchange (public joint-stock);

- Guideline on establishment and operation of investment funds;

- Guideline on the credit purchase of securities on the TSE and Iran Fara Bourse (IFB) (OTC market);

- Guideline on establishment and operation of financial information processing units;

- Guideline on the acceptance of commodities and commodity-backed securities on Iran Mercantile Exchange;

- Guideline on order registration of goods on Iran Mercantile Exchange;

- Guideline on dissemination of trading data by IFB (public joint-stock company);

- Guideline on determining the purchase and sales prices of securities in exchange-traded funds (ETFs);

- Guideline on trading of put options on the TSE and Iran Fara Bourse (OTC market).

17.1. Stocks

17.1.1. Share and Rights Trading

A total of 1,407.4 billion shares and rights, valued at Rls. 8,849.4 trillion, were traded on the TSE by March 2022, down by 36.9 percent and 63.9 percent, respectively.

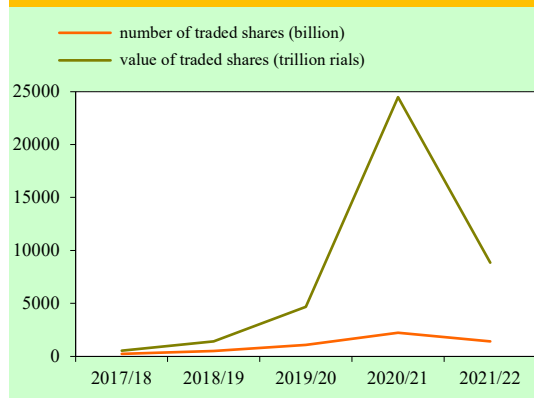
The TSE was active for 239 days in 2021/22, with the average daily trading volume at 5.9 billion shares and the average daily trading value at Rls. 37.0 trillion, down by 35.8 percent and 63.3 percent, respectively. "Manufacture of parts and accessories for motor vehicles" and "banks and credit institutions" had the lion's shares in the number of traded shares and rights by 29.0 percent and 12.8 percent, respectively. "Manufacture of basic metals" and "manufacture of chemicals and chemical products" had the highest shares in the value of traded stocks by 14.3 percent and 12.3 percent, respectively. "Other mining and quarrying" and "manufacture of textiles" experienced the highest increases in terms of the number and the value of traded shares, respectively. Of note, most groups experienced reductions in the value of traded shares in 2021/22. Meanwhile, market capitalization amounted to Rls. 54,674.1 trillion in March 2022, up by 4.0 percent. Market depth (the ratio of stock market capitalization to GDP) fell by 48.3 percentage points compared with March 2021 to 83.8 percent in March 2022.

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 2021 ▲ □	2,229.9	24,491.2	243	9.2	100.8
March 2022 □	1,407.4	8,849.4	239	5.9	37.0

Source: Securities and Exchange Organization (SEO)

¹ Includes the unofficial board.

Figure 17.1. Shares Traded on TSE

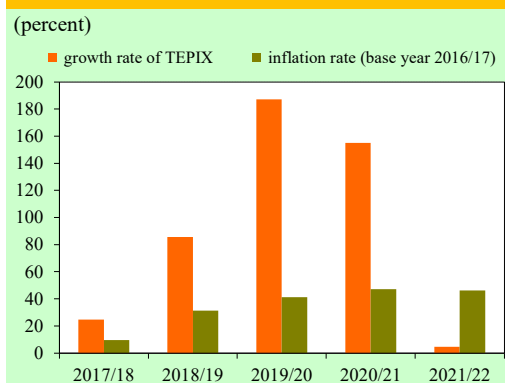
"Manufacture of chemicals and chemical products", "manufacture of basic metals", "mining of metal ores", "multi-activity enterprises", "own-account investment activities", "banks and credit institutions", and "manufacture of coke and refined petroleum products; reprocessing of nuclear fuel" had the highest shares in market capitalization of the TSE by 23.7, 17.6, 11.8, 6.8, 6.6, 6.1 and 6.0 percent, respectively (a total share of about 78.7 percent). Moreover, the turnover ratio fell by 52.2 percentage points to reach 16.5 percent in March 2022.

17.1.2. Tehran Stock Exchange Price Indices

The Tehran Stock Exchange Price Index (TEPIX) was 1,367,250 points in March 2022, showing an increase of 4.6 percent

compared with March 2021. The price-earnings ratio (P/E), a metric comparing a company's share (stock) price ratio with its earnings per share, was 7.9 in March 2022, indicating a decrease of 8.5 points compared with March 2021. Among the components of the TEPIX, "financial index" experienced a decrease of 17.2 percent compared with March 2021 to reach 1,474,948 points in March 2022. Moreover, "industrial index" increased by 9.2 percent from 1,154,293 points in March 2021 to 1,260,896 points in March 2022.

The first market index was 1,064,111 points in March 2022, indicating an increase of 9.8 percent compared with March 2021. The second market index reached 2,559,428 points at year-end, showing a decrease of 1.7 percent compared with March 2021.

Figure 17.2. Comparison of Growth Rate of TEPIX with Inflation**Table 17.2. Indices of Return on Investment in TSE**

(base year 1990/91)

	2020	March		Percentage change	
		2021 ▲	2022	March 2021	March 2022
Tehran Stock Exchange Price Index (TEPIX)	512,900	1,307,707	1,367,250	155.0	4.6
Free float index	650,345	1,834,610	1,761,245	182.1	-4.0
Financial index	636,668	1,782,207	1,474,948	179.9	-17.2
Industrial index	458,032	1,154,293	1,260,896	152.0	9.2
First market index	362,731	969,099	1,064,111	167.2	9.8
Second market index	1,088,094	2,602,748	2,559,428	139.2	-1.7
Top 50 performers index (weighted average)	18,628	49,590	55,147	166.2	11.2

Source: Securities and Exchange Organization (SEO)

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 2021 ▲ □	52,547.6	24,491.2	35,639.6	68.7	132.1
Percentage change compared with the year before	180.5	424.0	178.3	32.1 ⁵	61.3 ⁵
March 2022 □	54,674.1	8,849.4	53,610.9	16.5	83.8
Percentage change compared with the year before	4.0	-63.9	50.4	-52.2 ⁵	-48.3 ⁵

Source: SEO

¹ Excludes investment funds, derivatives, and debt instruments.² Iranian year-end (end-1399 equals March 2021 and end-1400 equals March 2022 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.

Of total 41 industries traded on the TSE by March 2022, price indices of seven groups including "mining of metal ores", "electricity, gas, steam and air conditioning supply", "manufacture of chemicals and chemical products", "manufacture of coke and refined petroleum products; reprocessing of nuclear fuel", "multi-activity enterprises", "manufacture of basic metals", and "manufacture of communication equipment" experienced positive growth rates of respectively 44.5, 35.7, 21.9, 15.7, 15.6, 9.0 and 0.3 percent. The price indices of other groups either decreased or remained unchanged. The highest decreases in price index by 78.6, 59.9, 51.2, 46.1 and 45.8 percent were related to "activities auxiliary to financial service and insurance activities", "manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials", "printing and reproduction of recorded media", "manufacture of paper and paper products", and "manufacture of rubber and plastics products", respectively.

17.2. Listed Companies

The total number of companies listed on the TSE boards reached 387 by March 2022. Sixty entities constituted the financial index in 2021/22, including 11 banks and credit institutions, 41 companies active in investment, and 8 companies active in other monetary intermediation.

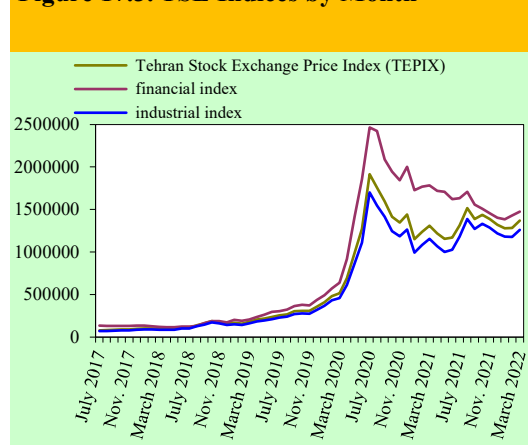
Figure 17.3. TSE Indices by Month

Table 17.4. Number of Companies Listed on the TSE

	March			Change	
	2020	2021▲	2022□	March 2021	March 2022
Listed companies ¹	334	376	387	42	11
Entities comprising the financial index ²	44	58	60	14	2
Other companies	290	318	327	28	9
Delisted companies	0	0	2	0	2
Companies listed on boards ³	349	396	408	47	12

Source: TSE. ¹ Represents the number of ticker symbols with a trading history on the TSE. Of total companies listed on the TSE boards by March 2022, a total of 159 companies were active in the first market and 228 companies were active in the second market. ² Includes "banks and credit institutions", "companies active in investment", "other monetary intermediation", "insurance, reinsurance and pension funding, except compulsory social security", and "activities auxiliary to financial service and insurance activities". ³ Represents the number of listed ticker symbols on the TSE, with and without a trading history on the TSE.

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

In March 2022, the total capital increase of companies listed on the TSE or active in the OTC market amounted to Rls. 4,499.3 trillion, up by 129.6 percent compared with March 2021. All sources of capital increase, except "reserves", indicated positive growth. Notably, capital increase out of "revaluation of fixed assets" source accounted for the highest rise.

17.4. Iran Mercantile Exchange (IME)

Iran Mercantile Exchange was active for 239 days in 2021/22. A total of 76.1 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 physical market of the IME, indicating an increase of 128.0 percent compared with 2020/21. The value of transactions on the IME amounted to Rls. 6,300.2 trillion, up by about 102.0 percent compared with the year before. In the year under

review, 57.5 million tons of "manufacturing and mining products", valued at Rls. 3,699.0 trillion were traded on Iran Mercantile Exchange, indicating rises of 318.5 and 122.6 percent in terms of weight and value, respectively. Of 57.5 million tons of manufacturing and mining products, 14.6 million tons of "steel", valued at Rls. 2,445.3 trillion, was traded on the IME. The weight of traded "copper" and "aluminum" was 0.3 million tons each, valued at Rls. 494.7 trillion and Rls. 178.7 trillion, respectively. In 2021/22, only 5.7 tons of saffron, as an agricultural product, was traded on the IME, with a value of Rls. 758.1 billion. Meanwhile, a total of 11 oil and petrochemical products, weighing 18.3 million tons and valuing at Rls. 2,528.8 trillion were traded on Iran Mercantile Exchange in 2021/22. The highest weight of the oil and petrochemical products traded on the physical market of the IME was related to vacuum residue, accounting for 30.1 percent of the weight of traded oil and petrochemical products. Polymer enjoyed the highest value, constituting a share of 47.3 percent of the value of traded petrochemical products.

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 2021▲	496.1	197.6	296.4	969.4	1,959.3	78.5
March 2022□	1,193.3	102.4	509.4	2,694.3	4,499.3	129.6

Source: SEO

17.5. Over-the-Counter (OTC) Market

In March 2022, the total value of trading on the OTC market decreased by 65.1 percent compared with March 2021 to amount to Rls. 3,275.0 trillion. The number of shares traded on the OTC was 515.1 billion, indicating a decrease of 13.6 percent compared with the year before.

In the year under review, 36.7 percent of the value of the OTC market transactions was related to the second market, 33.5 percent was related to the first market, and 29.5 percent was related to the main market. The number and the value of the shares traded on the second market decreased by almost 23.5 and 73.2 percent, respectively, in 2021/22 compared with 2020/21.

The main OTC market experienced a fall of 30.9 percent in terms of the number of transactions and a decrease of about 62.6

percent in terms of the value of transactions compared with March 2021. The number of shares traded on the first market rose by about 33.1 percent, while the value of traded shares on the first market fell by almost 52.5 percent compared with March 2021.

17.6. Joint Investment Funds

The number of Joint Investment Funds increased by 33.8 percent to 321 by March 2022. The total capitalized value of Joint Investment Funds rose by 22.5 percent from Rls. 4,437.4 trillion in March 2021 to Rls. 5,434.8 trillion in March 2022. The total number of investors in Joint Investment Funds (including natural and legal persons) decreased from 9,303.2 thousand persons in 2020/21 to 8,610.9 thousand persons in 2021/22. The trading value (the buying and selling of shares) amounted to Rls. 1,599.5 trillion in 2021/22, indicating a decrease of 55.9 percent compared with 2020/21.

Table 17.6. Value and Number of Shares Traded on OTC Market by March 2022

	Value (trillion rials)	Share (percent)	Number (billion shares)	Share (percent)
First market	1,097.1	33.5	162.6	31.6
Second market	1,202.2	36.7	184.5	35.8
Third market	5.2	0.2	7.7	1.5
Main market	967.7	29.5	160.1	31.1
SMEs	2.7	0.1	0.2	*
Total	3,275.0	100.0	515.1	100.0

Source: SEO

Table 17.7. Joint Investment Funds

	2020/21 ▲	2021/22	Percentage change
Number of Joint Investment Funds¹	240	321	33.8
Total capitalized value¹ (trillion rials)	4,437.4	5,434.8	22.5
Number of investors (thousand persons)	9,303.2	8,610.9	-7.4
Natural persons	9,287.0	8,597.4	-7.4
Legal persons	16.3	13.5	-17.1
Value of trading (the buying and selling of shares) (trillion rials)	3,628.7	1,599.5	-55.9

Source: SEO

¹ Refers to performance at the end of the Iranian year (the end of the Iranian year 1399 (2020/21) equals March 2021 and the end of the Iranian year 1400 (2021/22) equals March 2022 in the Gregorian calendar).

17.7. Participation Papers

In 2021/22, a sum of Rls. 152.5 trillion¹ worth of participation papers was issued by municipalities under the CBI's license, of which Rls. 72.5 trillion (47.5 percent) was sold. According to Paragraph (E), Note (5), Single Article of the Budget Law for 2021/22, the municipalities of large cities and the affiliated organizations were authorized to issue participation papers worth up to Rls. 80.0 trillion, with guarantee and repayment of the principal and interest by

the same municipalities, upon receiving a license from the CBI and the approval of the Ministry of Interior. On this basis, municipalities issued Rls. 80.0 trillion worth of participation papers out of the mentioned Paragraph in 2021/22. However, it is to be noted that out of this figure, a tiny fraction of 0.02 percent, equivalent to Rls. 12.8 billion, was sold. In addition, Rls. 61.0 trillion worth of participation papers, unsold in 2020/21, was sold in 2021/22.

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 2022 (trillion rials)	
							After maturity date	Before maturity date
As of the first date of issuance (1994) until March 2021	341	336	1,485.6	1,447.3	926.2	15-24	829.8	96.4
Participation papers issued by municipalities in 2021 and 2022 ⁽¹⁾	27	27	80.0	91.5 ⁽²⁾	11.5	18	0.0	11.5
Total (as of the first date of issuance in 1994) until March 2022	368	363	1,565.6	1,538.8	937.7	15-24	829.8	107.9

¹ Refers to participation papers issued under the CBI's license in 2021/22.

² Of total Rls. 152.5 trillion worth of issued participation papers in 2021/22, a sum of Rls. 61.0 trillion was related to the second offering of participation papers unsold in 2020/21 and Rls. 91.5 trillion was related to new issuance in 2021/22.

¹ Includes the issuance of new participation papers in 2021/22, and the second offering of participation papers (Rls. 61.0 trillion) unsold in 2020/21. Out of the new issuance in 2021/22 (equal to Rls. 91.5 trillion), Rls. 11.5 trillion (12.6 percent) was approved based on the Budget Law for 2020/21, authorized to be issued in 2021/22. The late issuance of these papers was due to the COVID-19 crisis, implemented upon receiving a special permission of the Cabinet.