2017

Spring 2017, Vol. 8

IME Quarterly

Iran Mercantile Exchange Quarterly Newsletter

In the Name of God

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Spring 2017, Vol. 8
Publisher: Iran Mercantile Exchange (IME)
Adviser: Dr. Hamed Soltaninejad; IME CEO, Dr. Hossein Mohammadi; Senior Advisor to CEO and CBDO
Editorial Board: Zahra Rahmati, Amin Najari
Photographer: Sajad Razm
Design: Graphic Mosaver
No. 351, Taleghani St., Vali Asr Ave., Tehran, Iran
Tel: +98(21)8564000-2
International Relations Department: +98(21)8564 1022, 1028, 1029
www.ime.co.ir
Email: international@ime.co.ir

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Editorial Column

Amin Najari

Iran Mercantile exchange has been through the first quarter of the solar hijri 1396. In the nature of things, like any other corporation with similar missions, IME has also been on the track of expanding its scope of activities in order to not only increase its revenues but also to improve its corporate reputation as the sole commodity exchange of Iran, which plays a decisive role in the economy of the country. Of high priority for IME is to become the price reference for strategic commodities in the region, which will inevitably result in a more transparent trading atmosphere for the real producers and manufacturers, real merchants and finally real customers. IME has been seeking the goal through financial soundness, quality of management, product and services and market competitiveness.

During the spring season IME has been focused on providing new services and launching new financial solutions. Establishing Lotus gold coin fund is construed as a big leap in this regard, as it is the first exchange-traded commodity fund with its underlying asset being gold coins. In fact, the traders investing in these funds are trading gold coin certificates of deposit and derivatives launched on gold coins on IME. Apart from direct investment on gold, the Lotus gold fund has other merits including risk coverage against foreign currency rate changes, protection against inflation consequences, high liquidity, high security, tax exemption and serving as collaterals to raise fund. IME officials are of the opinion that this new solution on IME for investment and hedging against financial risk will be very popular in the not two distant future, as it has absorbed in the first five days after its inauguration day about 17 billion IRR.

The other significant initiative of IME is offering automobiles on its trading floor. The first make of car listed on the exchange has been Cerato, a product of SAIPA Group. In the first offering session, there were 50 Ceratos traded on IME. This event carries a lot of weight in the history of auto making in Iran, as it will pave the way for the industry to have the prices for its products discovered within the bounds of a transparent mechanism based on the fundamentals of supply and demand.

The other benefit of listing of automobiles on IME is that the physical trades of them will step by step lead to other modes of trade like Salam contracts, in which the supplier receives the value of the contract in advance. This is a solution for manufacturers to raise funds for their production lines. Hence, IME will be also a platform on which car manufacturers can rely for meeting their financing needs. The mechanism of selling offering of cars on IME within Salam contracts will be trading securities which are issued for each car as the underlying asset. Therefore, buyers of securities have also got the choice to sell them on the secondary market before the maturity date without being have to get involved in the physical delivery process practically. It is worth noting that such securities have the potential to be put up as collaterals with banks by individual buyers to receive facilities.

Last but not least is that the government officials are beginning to realize the constructive role that Iran Mercantile Exchange is capable of playing in the economy of Iran. Solutions offered on IME could sometimes get the government out of such troubles that might end up in national crises if left unattended. An evident example of this is implementing the guaranteed price plan policy instead of the guaranteed purchase policy for agricultural produce of farmers.

The latter strategy used to be practiced by the government for years, leaving it with tremendous loads of dues to the farmers. Via the initiative suggested by IME (which has been in work for a year), the farmers sell their products on IME and the government has only the commitment of paying the difference between the price at which the product is traded on IME and the price it had earlier guaranteed for the farmers. Iran Mercantile Exchange has not only taken this back breaking burden off the government's shoulder, but also has helped the framers to receive their money at the time good enough for them to pay their dues and buy the essentials for the next year planting and farming. In view of that, the government is planning to continue this program for maize and feed barley, which meant a 7000 billion IRR cut in its costs last year and to run it for the rice of two provinces and wheat, as the most strategic agricultural commodity of the country, for four provinces.

In this volume of IME's English quarterly, you will be informed in detail of the news of the events and happenings pertinent to the three main breakthroughs mentioned above as well as other programs IME has been engaged in. The editorial board is hoping that the information provided and the data and statistics on IME's performance in the spring season will prove to be useful for the readers.

IME Backs Research Projects on Laws Pertinent to it

The president of Securities and Exchange Organization and the chief executive officer of Iran Mercantile Exchange attended the first national conference of capital market law which was held in ”House of Thinkers of Humanities” with the aim of a thorough analysis of practical issues of the law of capital market.

IME CEO, Dr. Hamed Soltaninejad elaborated a bit on the history of the establishment of IME and said IME establishment goes back to 2003 when Tehran Metal Exchange was launched with the aim to provide a groundwork for transparent trades of metal products, as lots of metal producing companies then were governmentally-owned and were in need of price setting.

He added that back then, there were some governmental institutions setting the prices for such products and the other side of the coin was that with shortage of supply and increased demands they were trades at higher prices. For example, back then products made by Esfahan Steel Company were price at 1500 IRR per kilo, but were traded in the free market 3000 IRR a kilo. In the nature of things, there were some rent-seeking real persons or legal ones who bought it at the set priced and sold it at the free market price with no benefits of the difference in prices for the manufacturer or the real consumer.

On the other hand, he continued, in accordance with Iran’s five-year development plans Esfahan Steel Company and other companies were on the verge of privatization, which entailed designing a mechanism for companies to be able to sell their products based on fundamentals of supply and demand in a fair and transparent trading atmosphere.

Soltaninejad also added that Tehran Metal Exchange was the panacea to this problem and their issues on the buyer side were mostly eliminated and every person could buy the product they needed. Moreover, in 2003 the rebar produced in Esfahan Steel Company, within a fair and competitive framework, was traded at 3000 IRR and this way for the first time producers benefited from the real market price and the rent-seekers’ were cut off.

Soltaninejad noted that there was also the Agriculture Exchange established in 2007 which was merged with Tehran Metal Exchange resulting in the birth of Iran Mercantile Exchange as a self-regulated body under the supervision of SEO in order to regulate the market based on the fundamentals of supply and demand. The process of demutualization of the exchanges in recent years has made them transform from member-base to corporate structure and turn collective. IME CEO also pointed out to the vital role that clearing houses play in the structure of the exchanges. Clearing houses are meant to provide a mechanism which protects both sides of the trade from loss. They guarantee that the seller will deliver the commodity and the buyer will pay their dues. He asserted that clearing houses determine exactly the commitments and obligations entailed within a trade. They are responsible for the settlement of trades, as there might be different commodities traded and it is needed to know the exact amount of money to be paid, the amount of commodity to be delivered and the exact date and time of delivery. There are various bodies who are member to clearing houses including brokerages and we are in need of clarity on the legal commitments that they have in relation to a clearing house.

Soltaninejad after that elaborated on clearing houses with a CCP nature and added within his framework brokerages are members to the clearing house and the trades are executed in their name, unlike what we are experiencing in Iran. CCP clearing houses legally obligate the brokerage to take all the responsibilities and there will be no concerns on the side of buyer and seller as to defaults by any of them and they do not need to know one another as all the commitments are on the shoulders of the brokerages and the only body they have to deal with is the brokerage. In fact, with CCP structure for clearing houses there is no risk of default in trades as the guarantee funds insure the commitments.

Soltanenjad mentioned London Metal Exchange as a reference with a clearing house acting under precise rules and regulations available on the website in 1300 pages. He said that one could peruse these texts in search of ideas or methods which could be tailored to our needs.

Then Soltaninejad explained the role that clearing houses play as registrars. In fact, the do the job of filing of the documents and all the data related to the customers, that is both buyers and seller. He added that in some countries like Iran and Norway, the clearing house has access to all the information about the holders of securities and know about the changes happening to owners of the shares of companies. He added that it is a matter of debate that if clearing houses should take this responsibility or the custodians. However, in the structure of capital markets, custodians are not merely doing the job of recoding and filing the data. They also work as trustees. In markets with a simpler structure, their job is done by portfolio managers. There are also lots of legal debates on the structure of custodian as to when they are solvent. What happens to the capital of the customers? Who should compensate for losses?

In the end once again Soltaninejad insisted on the fact that IME will back the research studies on legal issues which are pertinent to its needs, like issues relating to derivatives and spot markets as to their clearing and settlement mechanisms, contracts which are traded on IME and the fundamental differences which exist in the nature of clearing and settlement in securities exchanges and IME in which trades are either on physical commodities or on securities based on commodities.

IME's General News

IME's Performance Report for 1395 Hijri year According to Statistics;

In 1395 Hijri, IME Witnessed a 73% Growth in Trade Value

Over the last year, in excess of 33 million tonnes of commodities worth over 817,000 billion Rials were traded on physical markets of Iran Mercantile Exchange in cash and credit and on financial markets of the exchange within the framework of futures contracts, standard parallel SALAM contracts and certificate of depositary receipts (CDRs), experiencing a growth of 26% in terms of trade volume and a growth of 73% in terms of trade value compared to the same period of previous year.

IME's Financial Market Worth 446,000 billion Rials

Over 1395 Hijri, the value of IME's financial markets including derivatives markets, standard parallel SALAM contracts and certifica te of depositary receipts (CDRs) surpassed 446,000 billion Rials and compared to the market value of 173,000 Rials in 1394 Hijri experienced a growth of 157%.

The derivatives market of IME, in 1395, played host to trading more than 3,245,000 gold coin futures contracts with over 390,000 billion Rials trade value and compared to the same period of the previous year experienced a growth of 91% and 134% in trade volume and value, respectively. Furthermore, 42,852 options contracts worth more than 503 billion Rials were traded on the same market.

Moreover, 7.1 million tonnes of commodities within the framework of standard parallel SALAM contracts and 453,000 of underlying assets were traded in certificate of depositary receipts (CDRs) out of which 10,082 gold coins were traded in CDRs. On this market, IME saw trade value of 55,000 billion Rials in trading standard parallel SALAM contracts and certificate of depositary receipts (CDRs) which, compared to the value of 7,000 billion Rials in 1394, has risen by over 596%.

IME's Physical Market Worth 371,000 billion Rials

Based on the report, in excess of 25,472,000 tonnes of various commodities worth more than 371,000 billion Rials were traded on the physical market of IME. The volume and value of the market, compared to the previous year, witnessed 10% and 25% of growth, respectively.

A 21% Growth in Trade Value of Metal and Mineral Commodities

Over this period, on metal and mineral trading floor, different groups of products including iron ore, aluminum, steel, zinc ingot, gold bullion, copper, cement, precious metals concentrates, molybdenum sulfur and metallurgical coke were traded.

The oil and petrochemical trading floor witnessed trading of bitumen products, polymer and chemical mateRials, slaps wax, insulation, argon, sulfur lumps and granulated sulfur, heavy and light lube-cut oil, and VB feed stock were traded on the export and domestic sectors. The agricultural trading floor played host to trading of commodities such as feed barley, maize, sugar, meals, frozen chicken, saffron, wheat and durum, rice, oilseed and crude vegetable oil.

The metal and mineral trading floor within the period witnessed trading of more than 9 million tonnes of commodities worth more than 155,000 billion Rials, compared to the same period last year, experiencing over 21.6% of growth in terms of trade value.

Out of the total transactions on this trading floor, approximately 6.8 million tonnes of commodities worth 116,000 billion Rials were traded in SALAM (physical forward). About 2.5 million tonnes of goods worth more than 40,000 billion Rials were traded in cash. Also, 5,740 tonnes worth 460 billion Rials were traded in credit.

On the steel group, more than 6,968,000 tonnes of commodities with over 117,000 billion Rials trade value were traded and compared to the same period of the previous year experienced growth of 4.2% and 27% in trade volume and value, respectively. Furthermore, on this trading floor, over 111,000 tonnes of aluminum, 1,490 tonnes zinc ingot, 261,000 tonnes of copper, 126 tonnes of precious metals concentrates, 6,040 tonnes of molybdenum sulfur, 8,500 tonnes of metallurgical coke, 2,030,000 tonnes of iron ore and 5,500 tonnes cement were traded. 620 Kg of gold bullion were traded on the same trading floor which compared to 1394 Hijri experienced growth of 3% and 19% in trade volume and value, respectively.

A 229% Growth in Agricultural Commodities Trade Value

Over 1395 Hijri, more than 2,509,000 tonnes of agricultural commodities were traded that compared to the same period of the previous year experienced growth of 229% and 199% in trade volume and value, respectively.

Out of the total transactions on this trading floor, approximately 2.215 million tonnes of commodities worth 20,000 billion Rials were traded in cash. About 286,000 tonnes of goods worth more than 7,000 billion Rials were traded in SALAM (physical forward). Also, 7,260 tonnes worth 105 billion Rials were traded in credit.

On the feed barley group, more than 1,247,000 tonnes of commodities with over 8,000 billion Rials trade value were traded and compared to the same period of the previous year experienced a significant growth. Furthermore, on this trading floor, more than 342,000 tonnes of mazie, 11,360 tonnes of meals, 15,046 tonnes of frozen chicken, 12 Kg of saffron, 18,571 tonnes of rice, 50 tonnes of oilseed and 50,014 tonnes of crude vegetable oil were traded. Also, 400,698 tonnes of sugar valued at more than 9,000 billion Rials were traded on this trading floor.

Trading over 13 million tonnes of Oil and Petrochemical Products

Over 1395 Hijri, in excess to 13 million tonnes of various commodities worth more than 184,000 billion Rials were traded on the oil and petrochemical trading floor that experienced growth of 7% and 16.32% in trade volume and value, respectively.

Polymers account for the highest transaction volume of petrochemicals so that 2,597,000 tonnes worth 96,000 billion Rials were traded that compared to the same period of the previous year experienced growth of 27% and 32% in trade volume and value, respectively.

On the chemical products group, trading of 961,000 tonnes of chemical products with over 17,000 billion Rials trade value was recorded and compared to the same period of 1394 Hijri experienced growth of 25% and 44% in trade volume and value, respectively.

On the oil products group, 5,227,000 tonnes of bitumen products worth over 40,000 billion Rials were traded and compared to the same period of 1394 Hijri experienced a growth of 20% in terms of trade volume. 350,000 tonnes of sulfur, 3.2 million tonnes of VB feed stock, 1,024,000 tonnes of lube-cut oil, 29,100 tonnes of slaps waxes as well as 44,527 tonnes of insulation are among the other commodities traded on this trading floor.

Trading over 30 billion Rials of Various Commodities on Export Ring of IME

Over the last year, about 5 million and 748 thousand tonnes of different kinds of products worth more than 30 billion Rials were traded on the export ring of IME. On this ring, two million and 30 thousand tonnes of iron ore worth more than 2 billion Rials for export to global markets were traded. Also, 3 million and 396 thousand tonnes of bitumen worth more than 26 billion Rials were traded on this ring. Moreover, 210 thousand tonnes of sulfur valued at more than 366 million Rials were traded. Other commodities traded on this ring include 44 thousand 527 tonnes of insulation, 31 thousand tonnes of agricultural products, 15 thousand 700 tonnes of lube-cut oil and 17 thousand 750 tonnes of VB feed stock.

Side Market Performance

Last but not least, on the side market of IME, over 1395 Hijri, 114 thousand 606 tonnes of goods in agricultural commodity groups, polymers, chemicals, scraps, metals and minerals, sulfate and lime, worth more than 1,472 billion Rials were traded.

A Seal of Approval on IME's Performance by Annual General Meeting Electing New Board of Directors Members

Holding the IME's annual general meeting, its shareholders approved its performance and new BOD Members were elected.

During the IME's annual general meeting which was held on Wednesday, May 24, 2017, in Niroo Research Institute Conference Hall, after presenting the board of directors' report for the year 1395 hijri (2016-2017) and explaining the IME's highlights and developmental practices over the year by Dr. Hamed Soltaninejad, the CEO of IME, the financial statements, independent auditor's report and explanatory notes were presented and it was announced that the IME's financial position, over 1395 and its financial performance and cash flows for the fiscal year, in terms of all important aspects and in accordance with accounting standards is desirable.

Moreover, the IME's annual general meeting approved a 150 riyals dividend per share. Also, over the meeting, Behrad Moshar Auditory Firm was chosen as the independent auditor and legal inspector and Ettelaat Newspaper as well as donya-e-eqtesad Newspaper as the government gazette.

At the end of the meeting, shareholders approved by majority the election of new members of IME's Board of Directors, so that representatives of Isfahan Ste-el Company, Tamin Petroleum &

Petrochemical Investment Company (TAPICO), Mobarakeh Steel Company, Agricultural Bank Brokerage, National Development Investment Group, Mellat Brokerage Firm, Mehr Ayandegan (Naft Fund) were elected as board members.

IME’s Highlights in 1395 Hijri

On the IME’s annual general meeting, CEO of IME announced that the total value of IME in 1395 hit 817,000 billion Rials (approximately 23.3 billion USD) and experienced a significant growth of %73.

Dr. Hamed Soltaninejad pointed to IME’s strategic practices on the spot and futures market and expressed that over 1395 hijri trade value of the IME’s spot market reached 371,000 billion Rial, facing 25% growth. He said that in the metal and mineral trading floor in addition to iron ore, its products also were listed and offered in the domestic market.

He added that over 1395 hijri the transaction of oil and petrochemical products experienced a %26 growth in trade volume and a %34 growth in trade value, breaking a record in trade value and volume for petrochemical products over 1395 hijri.

He said that the ratio of trade volume to offer volume for petrochemical products increased from %49 to %67. Furthermore, the long-term contracts and retail transactions for these commodities were launched and National Competition Council announced its final decision regarding the continuity of offering of petrochemical products in IME.

Meanwhile, CEO of IME referred to status of trading agricultural commodities over 195 hijri in IME and stated that trade value and volume of agricultural commodities witnessed growth of %229 and %199, respectively, and 422,000 MT of whe at were traded on this market. Also, over that last year, the guaranteed price plan was implemented for feed barley and maize from all over the country as well as trading pistachio in this exchange. Technical Inspection and listing 73 warehouses for maize and feed barley as well as collaboration with poultry market players in order to complete supply chain for poultry products in IME are among the other IME’s practices in agricultural commodities market.

Afterward, CEO of IME pointed to IME’s initiations in derivatives market and explained that in the derivatives market important measures have been taken in IME leading to an unprecedented record in 4 years for daily, weekly, monthly and yearly trade volume of gold coin futures contract.

In addition, call and put options contracts were launched and the required instructions for the contracts and their collaterals were prepared. Also, instructions regarding listing commodity based exchange traded funds (ETFs) were reformed and administrative regulation for launching and trading commodity based funds were developed and approved by the board of director. According to Soltaninejad, evaluating oil and petrochemical products to be listed in futures market, conducting feasibility studies, specifications and prospectus of futures contracts on bitumen, linear low-density polyethylene (LLDPE), as well as maize and saffron are among other measures of IME in the derivatives market.

Pointing to IME's achievements in certificates of depositary receipts (CDRs), Soltaninejad said that that launching online trading system for trading certificates of depositary receipts, a %185 growth in trade value of CDRs, launching CDRs on saffron as well as launching continuous trading for maize on the domestic production are among the most important achievements of IME in this market.

He outlined the other initiative as signing MoU with Iran Small Industries and Industrial Parks Organization and the Investment Guarantee Fund for, Pakistan Mercantile Exchange, Mellat Bank, Iran Chamber of Commerce (ICC) and Indonesia Commodity and Derivatives Exchange (ICDX).

IME's Priorities in 1396 Hijri

IME's CEO, on this meeting, pointed to the exchange's hopeful events over the year 1396 hijri and said: launching derivatives market on foreign currencies, trading options contracts on maize and feed barley, launching online trading system for options contracts, trading forwards contracts and commodity swaps, bitumen futures contracts, lunching commodity based funds are among the IME's priorities in 1396 Hijri.

Economic Transparency Entails an Upswing in IME's Scope of Activity

Head of economy committee of Iran's parliament, Reza Pour Ebrahimi, stated that the status of transactions in IME will be considered as acceptable when there is a balance between the volume of physical trades and that of derivatives contracts.

He, as the representative of Kerman and Ravar Cities, added that when it is predicted that there will be a rise in the price of gold, it is reflected in the trades of futures contracts in IME. He then referred to the fact that the prices for base commodities like gold correlate with volatilities of foreign exchanges rates. One can come to the conclusion that the changes that the national currency experiences compared to foreign currencies will be directly reflected in the trades of futures contracts on IME.

He continued that it seems that due to the slump in the physical trades of commodities on IME, there has been a surge in trades of derivatives contracts in which there will be no real delivery of commodities.

IME’s International Events

Designing a Business Model for Exports to Iraq

CEO of Iran Mercantile Exchange and Chairman of Iran & Iraq Chamber of Commerce attended a meeting session to discuss Iran's commodity exports to Iraq on Wednesday, April 26, 2017.

IME's Axis Rotating on Two Main Axes

CEO of IME, Hamed Soltaninejad, insisted in this session on the fact that IME could play a vital role in Iran's exports to Iraq with regards to two main factors: continuous offering of commodities and quality control.

He then added that most Iraqi merchants are after a safe route to receive their purchased products so that they can make sure that the quality of the commodities are guaranteed. IME could do better than any other business entity in fulfilling this aim given the nature of its mission.

Soltaninejad also mentioned that IME is capable of eliminating problems in way of Iraqi consumers' desirable access to Iranian products and prevent dumping of commodities via real and fair discovery procedures through employing fundamentals of supply and demand.

Focusing on settlement and clearing issues, IME's chief executive officer said that we are in need of a solution which is agreed upon based on the banking rules and regulations of both countries to overcome the problem of transferring money.

Iraq, a Valuable Market to Iran

Yahya Al-e-Es'haq, Chairman of Iran and Iraq chamber of commerce stated that from a political and ideological point of view and with regards to security issues Iraq bears a strategic importance for Iran and all these factors will manifested more than anywhere else in economic ties between the two sides.

He then added that Iraq's market is really valuable to Iran as far as the quantity is concerned and we need to have a long-term plan to have a big share of that. He said that Iraq's market is a complicated one due to its ethnical, logical and economical intricacies and is needed to be analyzed precisely in order for us to come to a comprehensive understanding of its nature so that we can design a model that works.

Among the other issues he emphasized on was thinking of a solution to cover the business risks that Iranian merchants and producer will encounter in Iraq's current beleaguered politics and economy.

Two Entities are Needed to Act Jointly

As the meeting continued, Seyyed

Hamid Hoseini, secretary general of Iraq and Iran chamber of commerce added that Iraq is the biggest business opportunity which has emerged in the recent years and unfortunately despite all the efforts, Iran's share of this market has leveled off at 6 billion USD within the last three years. He also mentioned that there are various challenges to deal with if we are to enter this market. Among these are the corruptions in Iraq's governmental institutions which have their roots in the previous regime and Jami'at department stores of Iraq which have been closed since the previous regime toppled off, etc. he continued that the chamber is about to prepare the groundwork in Iraq's market so that people can accept modern models of business and commerce.

Hosseini pointed to financial solutions which are designed and put into practice by IME and said these instruments can play a pivotal role in expediting the modern models that the chamber is trying to institutionalize in Iraq.

It was suggested in the meeting by one the chamber's board members, Mehdi Asadpour, that a day with fixed hours should be specified to Iraqi merchants who are interested in buying from IME, so that the chamber can promote this facility in Iraq via media.

Dr. Eskandari, market development and economies studies deputy of IME, said that this is viable and IME has this plan on the top of priority in the big scenario which has been discussed for Iraq.

At the end of the session, in line with the business model Fateme Sha'bani, another board member to chamber asked to be provided by IME in the not too distant future, Soltaninejad and Al-e-Es'haq asked for a joint committee to be established with members from both sides to follow the issues stated in the meeting.

High-Ranking Officials of Iran Mercantile Exchange in Iraq

Expansion of Economic Ties between Iran & Iraq

A high-ranking delegation from IME travelled to Iraq to start talks with Iraqi officials to investigate solutions to strengthen economic ties between the two countries over the platform of Iran Mercantile Exchange. They also paid a visit to renowned markets of Iraq. After long time of meticulous investigation and promoting IME's plans in this regard on the media, IME finally sent a delegation of senior managers to Iraq in order for them to evaluate the situation on the ground while visiting markets in important cities of the country like Baghdad, Kerbela and Najaf.

Decision-makers in IME are of the opinion that the company will rekindle trade of Iranian commodities in Iraq by establishing an office there and play a vital role in continuous provision of Iranian goods, preparing the groundwork for Iranian companies to appear more actively in the strategic market of Iraq. On the one hand, the promising future of some commodities like bitumen and iron ore in Iraq and on the other the potentials of IME for supplying such commodities for export creates an optimistic attitude towards the whole project. Yet, the trades are to still be operated on IME and goods delivered to Iraq via gateways.

During the journey, IME senior officials, along with visiting warehouses and cold storages, paid an official visit as well to Iran's ambassador in Iraq and

Iran's commercial counsellor of Iran in Iraq and elaborated on the business models and mechanisms practiced in IME.

"As a vast country with a population of 34 million, Iraq has 12 border customs with Iran, which makes it an ideal business goal for us", Masjed Jame'ie stated and insisted o the fact that to enter Iraq's market we will be in need of investment, long-term presence in Iraq, introducing Iranian goods and good publicity. He also mentioned that Iran's embassy in Iraq will do whatever it takes to support IME's business actives in Iraq as he believes a powerful and advanced Iraq is more preferred. He added that with rivals like Turkey, Saudi Arabia, Jordan, UAE and even Egypt, Iranian merchants and investors have no other choice but to strive for winning its fair share of Iraq's market.

As the meeting went on, Ebrahim Mohammad Reza Zade, Iran's commercial counselor in Iraq, appreciated IME's plans for playing an active role in Iraq's market and pointing to the vigorous spirit of enterprise among Iraqi businessmen said that IME's mechanism to guarantee the quality of purchased products and its capacity for continuous offering of commodities will pave the way for more effective presence of Iran's export commodities in Iraq if the issues pertinent to pricing are taken into consideration too, as competitive pricing models carry lot of weight in this market.

At the end of the meeting, he added that there have new windows opening to the banking system of Iran after lifting of sanctions, which makes the transaction with Iraqi banks carried out more smoothly adding to the potentials of Iran's presence in Iraq's market.

Agricultural Trading Floor of IME

In a Meeting of Cabinet of Iran Chaired by the President:

IME Host Guaranteed Price Plan for Wheat on 1396 Hijri (2017)

In a meeting of cabinet of Iran chaired by Hasan Rouhani, the president of Iran, the cabinet determined the mechanism of guaranteed purchase policy for wheat for the year 1396 Hijri.

According to the report by the official website of the president of Iran, in this cabinet meeting the government obliged that the wheat from Markazi, North Khorasan, Ardabil and Zanjan should be traded through IME within the framework of guaranteed price plan.

The government obliged that the Government Trading Corporation of Iran (GTC), as the market maker, should purchase the wheat cargo if it is not traded by the customers up to two weeks after the first offering.

In the case of direct purchase of wheat from farmers, flour mills are also required to pay the first phase of contract value through the guaranteed purchase system of Keshavarzi Bank.

The difference between the price paid by the flour mills and the guaranteed purchase price for wheat will be paid from the line of credit of national budget; fiscal year 1396 Hijri.

Directive of Implementing ”Guaranteed Price Plan on IME” Adopted

The directive of implementing the guaranteed price plan enforcing the whole wheat produce of Markazi, North Khorasan, Ardebil and Zanjan Provinces to be sold on IME, which was adopted on May 28th, 2017 by board of ministers, was declared on June 10th, 2017 by First Vice President, Es`hagh Jahangiri.

Iran board of ministers on the mutual suggestion of the management and planning organization of Iran and the ministry of agriculture jihad, with reference to article 138 of Iran’s constitution and article 33 of the law of ”productivity enhancement in agricultural sector and natural resources”, stipulated that:

1. The whole wheat produced in Markazi, North Khorasan, Ardebil and Zanjan Provinces to be sold to industries and bakeries is merely permitted to be offered traded on Iran Mercantile Exchange.
2. Government trading corporation of Iran, as the market maker, is obliged to buy framers’ produce in case it is not sold on IME’s trading board 2 weeks after the first offering on IME at the latest.
3. Operating costs of implementing the guaranteed price plan is to be provided by IME in coordination with ministry of agriculture jihad and on the approval of the management and planning organization.
4. The difference between the guaranteed price plan value and the price at which the wheat is traded on IME’s trading floor will be provided from the funds in the county’s budget for 2017.

Offering of Wheat on IME, Government's Plan to Facilitate Export of Wheat

Proposal of offering the domestic wheat on IME at the daily global price, eliminating the ban on the imports of wheat in order for preparing the groundwork for exports of wheat flour and other processed products with wheat base incentives by Ministry of industry and mining and business to encourage exports in the country.

In line with the decree by Iran's supreme leader as to increasing the volume of exported commodities from Iran, the deputy to minister of industry, Reza Rahmani said that using the Green Corridor to decrease the delivery time for Iranian commodities and increasing the export volume for them on a legal basis, providing facilities to exporting firms in the form of working capitals, proposal of offering domestic wheat on Iran Mercantile Exchange, eliminating the bans to start provisional imports of wheat to make flour for export as well as other wheat base products are among the measures taken by the ministry to support flour producing factories in Iran.

He added that Iran's flour producing companies are operating with half of their nominal capacity which leads to higher production costs and this in turn makes them lose the competitive advantage in global markets; a shortcoming which will end up in financial crisis for them, making them unable to pay their dues. That's why the government has the plans to free the provisional imports of wheat which will be then exported as flour. It seems that the private section is needed to step in and find better ways to enhance productivity and take care of the marketing job based on the most modern strategies and techniques in this regard. He continued that the growth the flour industry experiences through removing the imports ban on wheat will inevitably bring about a surge in the production of industries like confectionaries, chocolate, pasta etc., providing them with opportunity to operate with their maximum nominal capacity.

Necessity of Dates Trades on IME

Offering of dates on IME with their prices discovered there based on the fundamentals of supply and demand will result in a booming market for the product and will play a pivotal role in providing the producers with their financing needs.

There has been a meeting in which date producing provinces' officials took part, discussing the issues pertinent to the market of this product, its production costs, its various qualities, efficient irrigation, hygienic packaging and its direct access to a transparent market. In this regard, the head of the Economy Commission of Iran's parliament, Mr. Pour Ebrahimi, said that what Iranian dates farmers are struggling with is the final price of their produce, which is not competitive as compared to our neighbors being up to 3 times more expensive than that of them. The solution seems to be the offering of this product on IME which will prepare the groundwork for a fair price discovery as to this product.

Pointing to the provision of funds for exporters as a preliminary step for them to expand their business, Pour Ebrahimi who was attending the meeting said that we need to gear our efforts towards non-oil exports if we are to support our exporters and regarding the export of dates we can count on the market which is available for it in Russia. Iran and Russia have set up good and active business relations. Iran has managed to export only 300 million dollars' worth of commodities to Russia, one-fifth of the value of Russia's exports to Iran. Iranian dates exporter can benefit from this opportunity and increase the volume of their exports to this country.

Referring to his recent travel to Russia he said that the Iranian ambassador believes that the biggest problem facing Iranian businessmen is rooted within their own approach toward competition with each other. In view of that Pour Ebrahimi is of the opinion that a transparent platform for exports of dates will be a panacea to this problem.

We are in Dire Need of Establishing Dates Faculties in Iranian Universities

Head of Iranian Dates National Association said in this meeting that we need to trust the private sector more that before and downsize the government through outsourcing the tasks. Mohesn Rashid Farrokhi added that with establishing dates faculties we will be leaving the professional jobs in the hands of experts of the field, which for sure brings fruitful results.

Seyyed Mehdi Tabib Zade, Head of Kerman Commercial Chamber continued that in spite of the activities done after launching the dates business in Kerman, there are still concerns in this regard like harvest increase and guaranteed purchase that we have to deal with every year. He also mentioned that with setting up research centers we can increase the productivity of this business and in fact revolutionize the industry. At the end of the meeting three MoUs were signed under the supervision of the Iranian Dates National Association which were all aimed at reducing the costs of production, increasing productivity and a better harvest for the date's production industry of the country.

Head of Agricultural Jihad Organization of Khuzestan Visited IME

Wheat Enters the Trading Cycle of Guaranteed Price Plan

During a meeting hosted by CEO of IME and attended by the head of Agricultural Jihad Organization of Khuzestan conditions of facilitating and improvement of registering agricultural products suppliers in the new agricultural suppliers' information system were laid down.

In this meeting, issues such as registering mechanism of the system, training courses and coordination for the better implementation of the guaranteed price plan were debated.

Keykhhosro Changalvaei, the head of Agricultural Jihad Organization of Khuzestan, outlined support for suppliers, transparency of transactions, fair price discovery and training and education as the main function and advantages of IME and said that last year the guaranteed price plan for maize was implemented for the whole country through IME which yielded many benefits for agricultural suppliers and the government.

Changalvaei announced that wheat will be traded through guaranteed price plan in IME and said that wheat will be added to trading cycle of guaranteed price plan, so in order to develop the agricultural instruments, we should provide the groundwork for making high-volume and optimal transactions in cooperation with IME and other agricultural sector institutions.

Then he added that given the anticipated growth in wheat production and self-sufficiency in this sector, all infrastructure including training, hardware, standard silos and warehouses should be provided to fulfil the goal in the shortest time possible.

Changalvaei said that since the agricultural suppliers' information system is newly designed and the suppliers need more education, so the IME can solve this problem by holding more training courses.

the head of Agricultural Jihad Organization of Khuzestan, emphasizing on the fact that some aspect of implementing guaranteed price plan on Khuzestan wheat by IME is a fresh and uncommon approach of trading for the market participants, stated that by collaboration between executive bodies, the groundwork for trading the whole Khuzestan wheat within the framework of guaranteed price plan is provided and we hope the whole wheat be traded like maize without any problem and prompt payments be made by the exchange.

He added that implementation of guaranteed price plan by IME led transactions to transfer from traditional to the modern, legal and efficient market. This mechanism will decrease the government's expenditure and growth in production quantity and quality.

Workshop of Implementation of Guaranteed Price Plan Held by IME

Providing Transparency for Farmers by Launching a New System

In presence of Members of Parliament of Kermanshah and Kurdistan provinces the workshop of implementation of guaranteed price plan was held by IME.

In this workshop, the agricultural suppliers' information system was introduced to the suppliers of agricultural products and also the mechanism of trading certificates of deposit and the spot market of IME were described.

On the agricultural suppliers' information system, the identification information, bank account numbers, the area under cultivation and agricultural commodities production forecast by Agricultural Service Centers is entered and after verification by county and provinces management will be submitted to IME. The IME, using this information, will monitor the offerings, transactions and settlements to prevent any kind of problems. On the other hand, the Ministry of Agriculture will use this information to pay the difference between the discovered price in the IME and the guaranteed price, so that, through interaction between IME and the Ministry of Agriculture, this information will be provided for the ministry that will be useful in identifying the suppliers and making progress in implementation of supportive policies.

Furthermore, IME will provide a trading account for those suppliers which offer their commodities through certificate of deposit mechanism and will use the information of this system for settlement of transactions.

It is worth noting that on this workshop, in addition to introducing the agricultural suppliers' information system, the mechanism of trading certificate of deposit including the process of delivering the commodity to the listed warehouses, IME's monitoring system, offering the commodities in IME as well as physical transactions and delivery of agricultural products to Livestock Support and Logistic Corporation were thoroughly explained.

Based on the report, from 2016, the guaranteed purchase was officially replaced by the guaranteed price plan by the government. In the guaranteed price plan the agricultural suppliers can offer their commodities in IME instead of selling to the government and in case of discovering lower price in IME than the price guaranteed by the government, the difference between the two prices will be paid by the government. Through implementation of this plan, the suppliers can gain most of their commodities' value and the remaining will be deposited to their account, within a short time. Also, the government's expenditure will decrease and the products volume will become transparent and by shrinking the role of middlemen in agricultural products market a fair and transparent price will be discovered.

It is worth noting that the workshops of Implementation of Guaranteed Price Plan have been held in Tehran, Alborz, Khuzestan, Fars, Ilam, Chahar Mahal and Bakhtiari, Qom, Isfahan, Kermanshah and Kurdistan.

Metal & Mineral Trading Floor of IME


R-2000iB

One Week Delivery Term for "CERATO" Make Car on IME with Golden Card

CEO of IME announced that the "CERATO" make car, one of the SAIPA Corporation, is listed in IME to be offered on the spot market of the exchange, providing the opportunity of financing for the SAIPA through standard parallel forward contracts in the not too distant future.

On May 27, 2017, 50 cars of terms of delivery for "CERATO" make car is one week and its base price equals its market price.

About the price discovery for this newly offered commodity, CEO of IME stated that the conditions for price discovery for the CERATO make car through matching the demand and supply is created by the IME.

CERATO make manufactured by SAIPA Corporation was offered on IME priced at 872,604,446 Rials with them all traded by customers.

CEO of IME, Hamed Soltaninejad said that the offered car on IME will be delivered within one week. The terms of delivery for different vehicles being offered on IME will vary; the

According to Soltaninejad, offering vehicles in IME in fact is a measure towards financing the automaker companies through SALAM and standard parallel SALAM contracts, with long term maturity. On the other hand, by offering this commodity different suppliers will enter the market and the commodity can be traded on the

secondary market.
Referring to the one week delivery term for CERATO make car on IME as its main advantage and said that for buyers of the car on IME there are several benefits such as early delivery and a golden card comes with each car guaranteeing some special services for the buyer on the future.
Regarding the delivery of the cars he added that all customers having trading account can buy the commodity from the IME and also choose the car dealership to receive the commodity.

IME against the Monopoly of Automobile Market

Pour Ebrahimi, the head of the Economy Commission of Iran's parliament mentioned that any commodity which has the potential of standardization could be offered and traded on IME if the producer or manufacturer is willing to do that.
Head of the Economy commission of Iran's parliament is of the opinion that the greatest advantage of offering automobile on IME is a transparent market for industry as well as a competitive environment which eliminate the monopoly of this business. Besides, physical trades of automobiles on IME can provide the automakers with their financing needs. This could be done if automakers disseminate their pre-sale price data and the changes in their prices via the platform of IME

IME Brings About Transparency for the Market

Trades of automobiles on IME will be following specific rules and regulations, pre-determined delivery mechanisms with its own collateral management system, which provides the customers to do pre-sale trades and buy futures contracts on automobiles as well.
Pointing to the problem of bubbles in the prices of the automobile industry, Pour Ebrahimi added that this issue will result in an uncompetitive market. IME could step in here and make the market more transparent via employing market and supply mechanism and bring back the market to a normal and real condition.

Derivatives Markets in IME

70% of IME's Futures Contracts are Traded Online

Chief Executive Officer of IME, Hamed Soltaninejad said that the Online Future Trade Software which was launched a few years ago has now been expanded so that 70% of futures contracts in IME are traded online.

To overcome the challenges pertinent to the electronic infrastructures of trades with big size transitions, back office companies are needed to provide IME with the software that create linkages needed by this financial market.

Soltaninejad added that at the very beginning, IME designed all the software pertinent to any specific department and the only challenge IME was facing was the interlinking of these software.

With an optimistic view of the future of technical infrastructures need for financial markets, Soltaninejad continued that fortunately we are benefiting from an interlinking network of software and in an integrated way.

Pointing to the fact that, IME has now access to the groundwork prepared for online trades as a great advantage added that the trading hours for certificates of deposit have been extendend and now it is justifiable for companies providing technological service in the growing market for trade of commodity based securities.

Futures Contracts to Be Launched on Five New Products

Chief Business Development Officer of IME, Hamed Soltaninejad said that IME is about to launch futures and option trades on five commodities, mostly agro-products including maize, barley, saffron, pistachio and bitumen.

Soltaninejad is of the opinion that the prerequisite to a successful futures market is having a bearish spot market on the same commodity, which is going to be base to set the price for futures contracts on that commodity.

Insisting once again on the necessity of having a bullish and deep spot market as the preliminary step to launching a successful futures market, he added that IME is about to establish both spot and futures strong markets for petrochemical products and bitumen.

He then mentioned that a successful spot market entails launching trades of certificates of deposits. Commodities which are transformed to certificates of deposit could be traded on a daily basis with retailors also being able to participate in the market as they put their commodities in warehouses in exchange of certificates which are capable of being traded on financial markets like Iran mercantile Exchange.

He then talked about the more popular commodities like those offered on the industrial ring and elaborated on the fact that why IME is not after establishing the futures market on them. He asserted that these commodities are offered on IME once a week and such an interval is nowhere near suitable for lunching futures contracts, as a daily based offering scheme is the inseparable part.

Next, he referred to petrochemical products and said that there has been a sharp upward trend in trading volume and trading value for these commodities and thanks to the initiatives taken by IME including long-term contracts, removing the ban of maximum price limitation and provision of some facilities for downstream industries, there seems to be no problem for producers and it is obvious that it would be to their benefit

to continue to offer their products on IME.

Last but not least, he accepted that there might be some firms that could not bear a transparent atmosphere for trades, but they are for sure the minority and in the end all market participants have no choice but to respect the law and abide but the rules and regulations each market has made for running transparent trades on a competitive and fair basis.

The First Gold ETF Makes Debut in IME

Iran's capital market witnessed the underwriting of its first investment fund with Bahar Azadi Gold Coin as its underlying asset on Saturday, June 10. Offered by Lotus Investment Fund, Lotus Gold Fund's underwriting is set to continue on to Wednesday under the 'TALA' symbol on Iran Mercantile Exchange.

As the Iranian capital market's very first exchange-traded commodity, the fund will have an asset composition of both derivatives and securities based on gold.

The minimum investment threshold is 10 units and the maximum is 10 million. Each unit is priced at 10,000 Rials ($0.26), bringing the ETF's total capital to 1 trillion Rials ($26.31 million).

The ETF is also going to utilize active management, which is a portfolio management strategy where the manager makes specific investment with the goal of outperforming an investment benchmark index. It operates in contrast to passive management, in which investors expect a return that closely replicates a benchmark index's movement and returns.

The gold fund will offer no dividend per share and the investor will profit based on the increasing value of purchased units over time. Considering ETF's active management, earnings are expected to exceed profits made from physical gold trading. Investors can participate in the underwriting process both through brokerages and online using their personal trading codes. An exchange-traded fund gives traders and investors exposure to commodities in the form of shares. Traded like a stock, ETCs track the price movement of various commodities such as oil, gold and silver, and then fluctuate in value based on those commodities. ETCs may track individual commodities or a basket of commodities. ETCs provide a net asset value, which is considered as their fair value. Since the ETC is traded on an exchange, its value on the market may fluctuate above or below the net asset value.

In the Presence of SEO Chairman on the 10th Exchange, Bank and Insurance Exhibition Launching Derivatives Virtual Market System

On the 10th Exchange, Bank and Insurance Exhibition the derivatives virtual market system was launched in the Presence of SEO chairman.

This system is aimed at raising awareness of market participants of derivatives in IME, practical training of investment in IME and proper training in the field and providing the groundwork for entering the market more sensibly.

The advantages of this system are that the virtual forum is matched to the actual market conditions and also registration is free. Making transactions in less than a few seconds, training and practicing the rules governing the derivatives market, practicing investment without money and without investment risk, gaining required experience and skills to invest in IME are among the other advantageous of the virtual marketplace system.

Moreover, of other capabilities of this system we can refer to user friendliness, real time portfolio display, breakdown of transactions into open and close positions, ability to choose the initial amount of capital, real time profit and loss display, account balance display with no lapse of time.

IME’s Presence on the 10th Exchange, Bank and Insurance Exhibition

FINEX 2017

International Exhibition of **Exchange, Bank & Insurance**

15-18 April 2017

Tehran - Iran
Tehran International
Permanent Fairground

Strong Presence of IME on the 10th Exchange, Bank and Insurance Exhibition by Holding 13 Workshops

Iran Mercantile Exchange attends the 10th Exchange, Bank and Insurance Exhibition by holding 13 workshops. This exchange had extensive program to participate more effectively in the international exhibition of Exchange, Bank and Insurance and intended to establish 13 workshops with topics such as introduction of Iran Mercantile Exchange, its functions and trading mechanisms, introduction of gold coin trading tools (futures - certificates of deposit - options), introduction of certificates of deposit receipts (saffron, maize, pistachios, rebar), introduction of standard parallel SALAM contracts and commodity funds, introduction of trading strategies for futures and options contracts, to name a few.

This exhibition is the prime event annually organized by the regulatory and supervisory authority to the Iranian capital market, the Securities and Exchange Organization (SEO), and is attended by local and international companies working in the realm of financial markets. The event makes it possible to have face-to-face discussions with top managers of all Iranian banks, insurance companies, and Iran's capital market that convene in a unique professional gathering, an opportunity for its audiences to witness, study, discuss and make strategic decisions on their future interaction with Iran's capital market.

Chairman of SEO Announced:

Splendid Initiatives of Iran Mercantile Exchange

Launching gold coins options contracts, listing pistachios and saffron as well as shifting from the guaranteed purchase mechanism to guaranteed price mechanism are splendid initiatives of IME over the last year.

The chairman of Securities and Exchange Organization (SEO) on the opening ceremony of the 10th Exchange, Bank and Insurance Exhibition (FINEX 2017) referred to the IME's last year performance and stated that IME has taken plenty of key measures over the last year, launching pistachio and saffron being the most important.

Shapour Mohammadi added that shifting from the guaranteed purchase mechanism to guaranteed price mechanism is one of the best events in IME's agricultural products market and we hope through the mentioned measures, the trade volume of IME will increase and this company will play a significant role in a targeted and transparent market.

CEO of IME:

FINEX, an Opportunity to Enhance Knowledge of Finance

Elaborating on IME's plans for the Hijri year 1396 in the 10th international exhibition of exchange, bank and insurance, CEO of IME called the exhibition a platform to increase the level of financial knowledge and an introductory encounter for market participants with the capital market.

Mineral and industrial markets' indices experienced a 22% growth in 1395 Hijri compared to those of 1394; Hamed Soltaninejad was quoted as saying by IME international affairs and PR.

Comparing agricultural trading value and volume of 1395 with 1394, IME witnessed 197% and 229% of growth respectively, he continued.

Pointing to the 34% growth of petrochemical products he said that IME took some ameliorative measures including launching long-term contracts, helping downstream industries to buy products and also eliminating volatility. He added that the

slump in world oil prices has led to lowered trading values, yet an upturn in trading volume.

Soltaninejad continued that during 1395 Hijri year –compared to the year before that – IME's spot market rose by 10% in trading volume and 25% in trading value. These figures were 89% and 134% for IME's futures trades over the same period. He also pointed out the 500 billion IRR worth of option trades and the 91% and 134% growth of IME's derivatives market in trading volume and value respectively. The same trend was true also for Standard Parallel Salam contacts - a financial tool on IME to raise funds for producers - with 163% and 669% of growth in trading volume and value respectively. IME provided various industries with 157,000 billion IRR of finances through this financial instrument. Industrial and mineral section received the lion share: 74 %, with petrochemical and agricultural sections taking second and third places.

He reiterated that IME's total market experienced a 26% increase in trading volume and 73% in trading value in the last Hijri fiscal year as compared to the year before that. He added that IME market value of commodity-based securities is 446,000 billion IRR accounting for 55% of IME's total market value .IME's spot market shares are divided between mineral and industrial trading floor, petrochemical trading floor, oil products and agricultural trading floor with 42%, 31% 19% and 8% respectively.

IME's market trend the CEO added was upward for CDR (certificate of depositary receipt) trades with an 82% of growth in trading value for maize and 15% for barley. He insisted on the fact that IME has no other choice but to have a strong and efficient market in both spot and derivative trades if it is to become the price reference in the region; a goal which entails price discovery mechanisms to be managed via CDRs.

As to IME's plans for 1396 Hijri, Soltaninejad said that IME is about to launch options trades on commodities like maize and barley. Among other initiatives to be taken in 1396 will be online options trades, futures bitumen trades, trade of CDRs on industrial and petrochemical products, trade of forwards and swaps on commodities, setting up a tender trades board, designing housing index and developing the infrastructure needed for assessment of clients, designing a model for issuing transportation tickets and setting up a strategy-oriented mechanism for collaterals in options trades.

IME’s Presence on the Iran Oil Show 2017

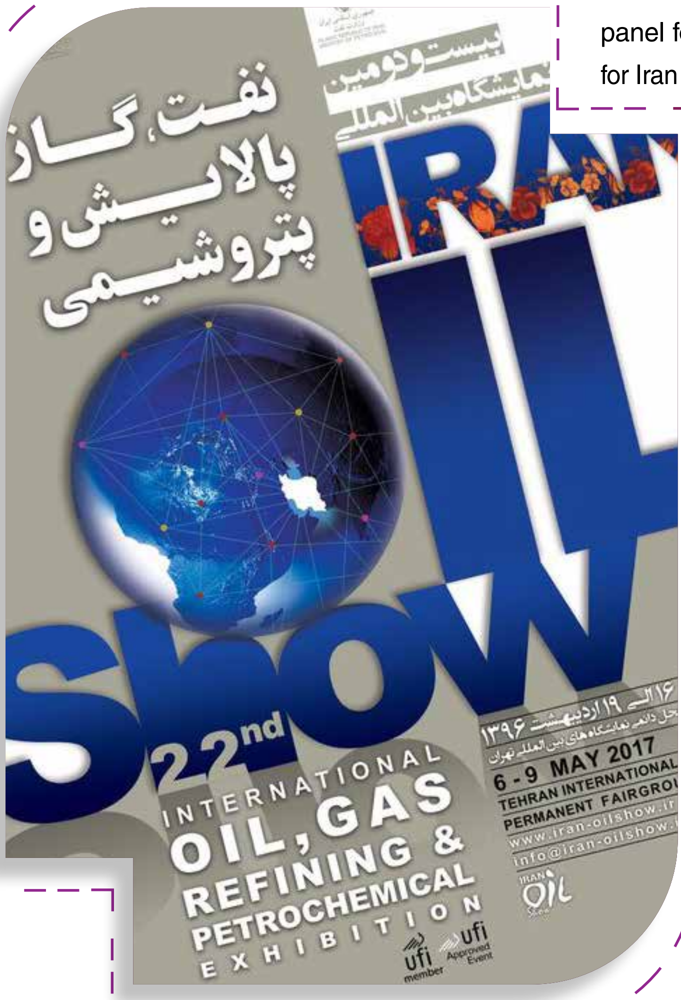

RAN
2017
RNATIONAL
FAIRGROUND
show.ir
lshow.ir

Introducing IME's Financial Instruments on the Iran International Oil, Gas, Refining and Petrochemical Exhibition (Iran Oil Show 2017)

The 22nd Iran International Oil, Gas, Refining and Petrochemical Exhibition (Iran Oil Show 2017) held in Tehran International Permanent Fairground, on 6-9 May, 2017.

The exhibition, which in terms of the number of participants and size is the biggest energy exhibition in the Middle East, is a valuable opportunity to companies active in this industry to show their achievements and products to professionals and industry experts and to determine their future direction and initiatives taking into account the market demand trends and industry growth.

One of the major events of the Iran Oil Show 2017 was holding a professional panel focused on financing methods for Iran oil industry through Iran capital market. In this regard, Iran Mercantile Exchange, one of the Iran capital market pillars, which is directly linked with the producers and consumers of petrochemical industry, had a strong presence, introducing its financial instruments. Standard parallel SALAM contracts is an appealing financial instrument for industries, being employed by some petrochemical companies for financing.



Affirmed by Iran Capital Market and Petrochemical Industry Officials: Necessity of Petrochemical Industry to Consider Financing through the Capital Market

Meanwhile the 22nd Iran International Oil, Gas, Refining and Petrochemical Exhibition (Iran Oil Show 2017) the professional panel on financing Iran's Oil Industry through the capital market was held in the presence of Iran capital market and petrochemical industry officials.

Alireza Naserpour, derivatives market development manager of IME in this panel said that up to now 32,000 billion Rials financing is provided by Iran Mercantile Exchange for petrochemical companies through standards parallel SALAM contracts.

Pointing to financing with a maturity of one year for petrochemical industry through IME's standard parallel SALAM contracts, he added that launching the standard parallel SALAM contracts goes back to year 1383 Hijri (2004) for financing GolGohar Co. after which the ground work for financing via this method was provided for petrochemical companies such as Abadan, Shiraz and Pardis petrochemical companies worth more than 5,000 billion Rials.

Naserpour referred to collaterals mechanism for financing petrochemical industry through IME and explained that the certificate of deposit (warrants) can be considered a constructive instrument in this regard and it is expected by boosting trading of this instrument, we witness using this instrument as collateral.

Influencing Prices as a target of Iran Energy Exchange

During this professional panel, Hossein Hasan GholiPour, the Marketing and Listing Manager of Iran Energy Exchange, reviewed the financial instruments available for the Oil and Petrochemical Industries in Iran Energy Exchange and said that despite several progresses in this area, companies and market participants did not realize potentials of the capital market of Iran, properly.
According to GholiPour, the standard parallel SALAM contract is the main instrument of Iran Energy Exchange to provide financing for the oil and petrochemical industries. Although this instrument is commodity based, it does need a strong spot market in Iran Energy Exchange for delivering the contract in the exchange.
GholiPour stated that the target is to introduce the capital market's tools and instruments to the oil market participants and it requires a grim determination by the capital market officials to provide the ground work for introducing efficient financial instruments and rational price discovery for influencing the regional prices.

Paving the Path to Design New Financial Instruments

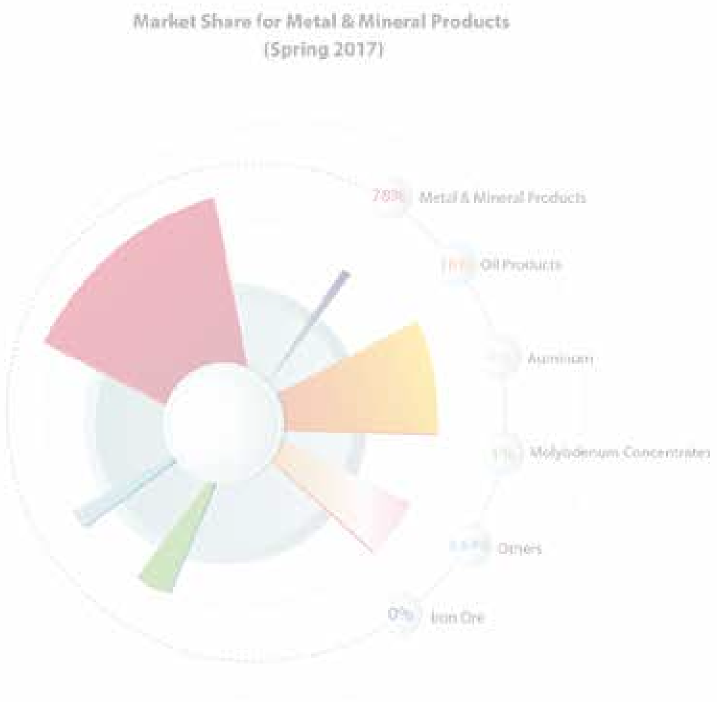
Thereafter, over the professional panel, Esmaeel Dargaahi, the Listing Manager of the Tehran Stock Exchange, pointing to the importance if the oil industry in the Iran's economy and the need for massive investments in upstream and downstream oil industry, said that the oil industry for flourishing requires 20 billion USD investment and to achieve this goal the potential of the capital market should be taken into account.
According to Dargaahi, in the exchanges and the OTC market of Iran appealing instruments have been designed and introduced that the oil and petrochemical industries can take advantage of.
He added that most companies in the oil industry took advantage of the capital market at the peak of privatization, due to the requirement of Article 44 according to which they were obliged to participate in the exchange.
He said that the mechanism of price discovery is the most significant functions of Iran Mercantile Exchange and the Iran Energy Exchange and these exchanges introduced a variety of instruments and the oil industry as an efficient and low-risk industry should make use of these attractions.

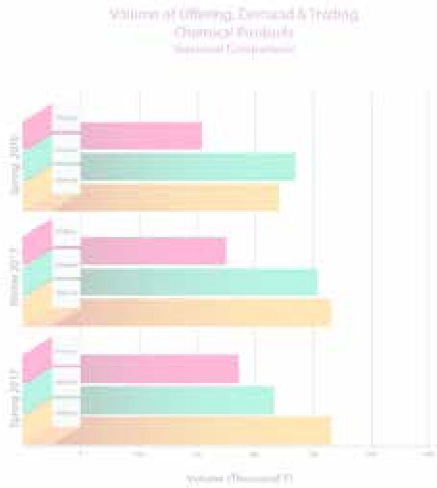
A Successful Financing for Petrochemical Complexes through IME

At the end of the panel, Raza MohtashamiPour, the head of complementary industries' development office in National Petrochemical Industry Company illustrated that the petrochemical industry has two images before and after the privatization. Before privatization, the petrochemical companies, enjoying the least limitations in financing, fulfilled their monetary needs from foreign investors. Then, the privatization caused the petrochemical companies to split up into the smaller companies and on the other side the sanctions led the petrochemical companies to grapple with problems.

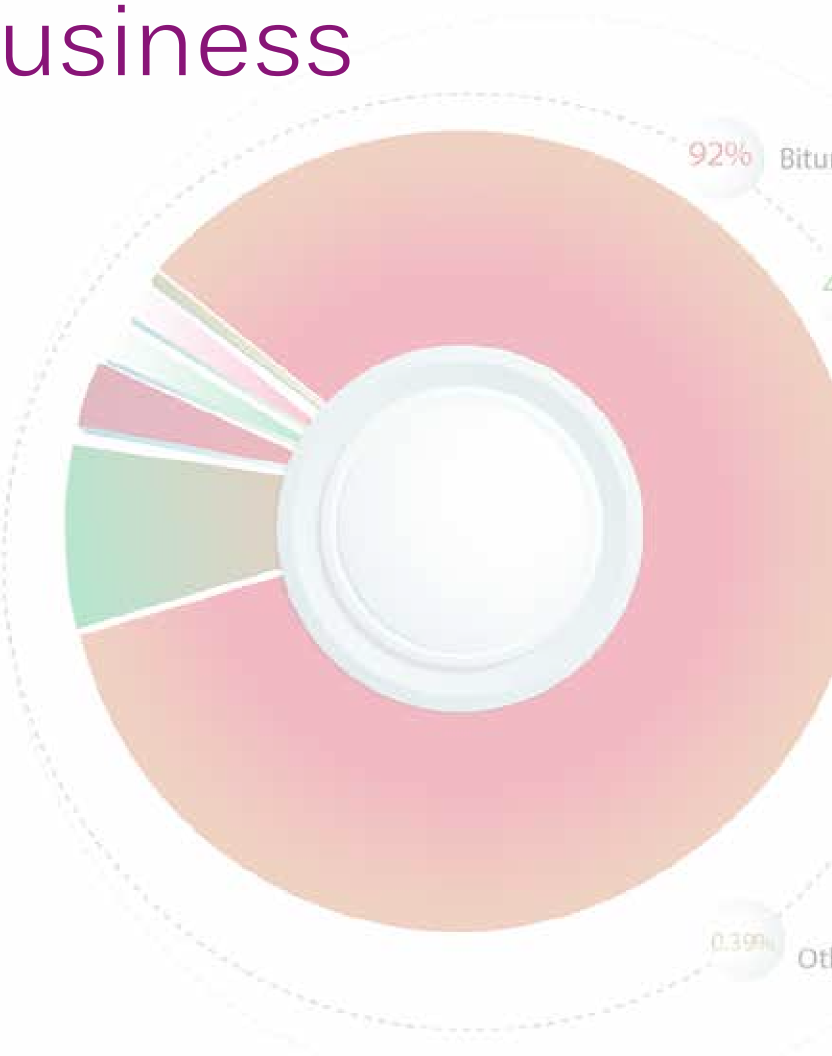
He pointed out that some of the problems of the industry are splitting up the companies into the smaller companies and carrying out projects with high capital investment and said that in this area we are deadlocked because assets of some companies are so far less than their needs to implement their projects.

MohtashamiPour referred to the successful financing for petrochemical complexes through IME and stated that one of the positive measures taken in Iran capital market in this area is designing financial instruments and holding various briefings for petrochemical companies leading to issuing standard parallel SALAM contracts for companies which have not had any experience in financing through modern approaches.

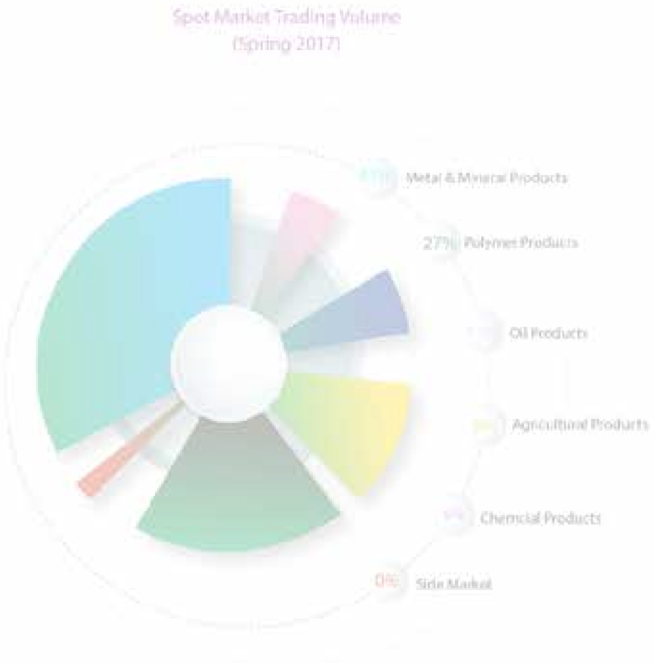




Statistics of IME Business

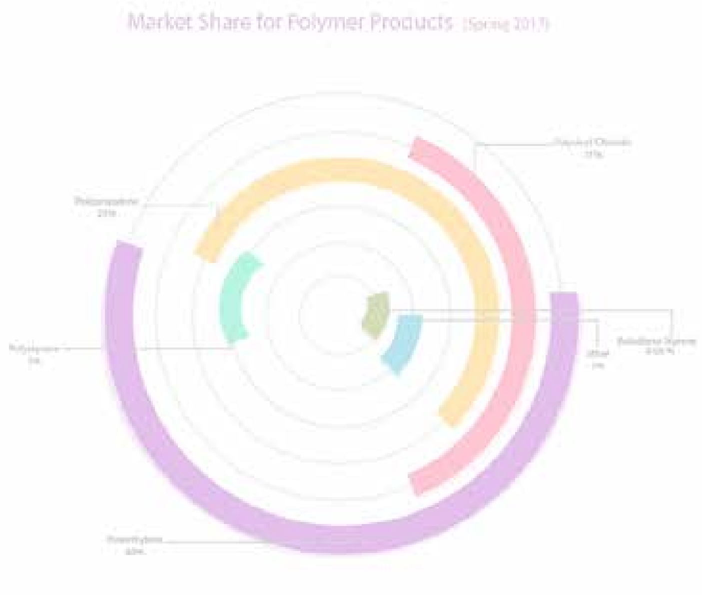



Polymer Products Trading Value
561
619
Value (Millions USD

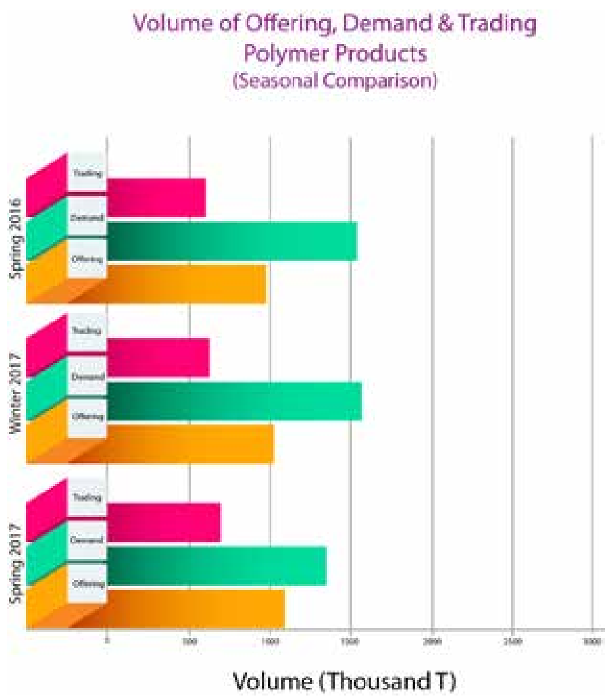

Spot Market Trading Volume
(Spring 2017)
Metal & Mineral Products
27% Polymer Products
Oil Products
Agricultural Products
Chemical Products
0% Side Market

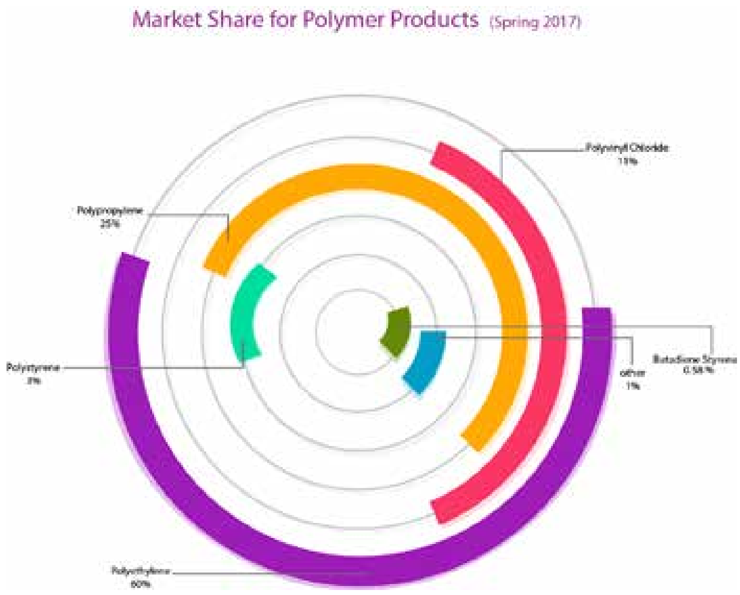

Number of Futures
(Seasonal Compa
651.70K
Value (Milli


men
4% Wheat
2% Iron Ore
1% Insulation
1% Sulfur
her

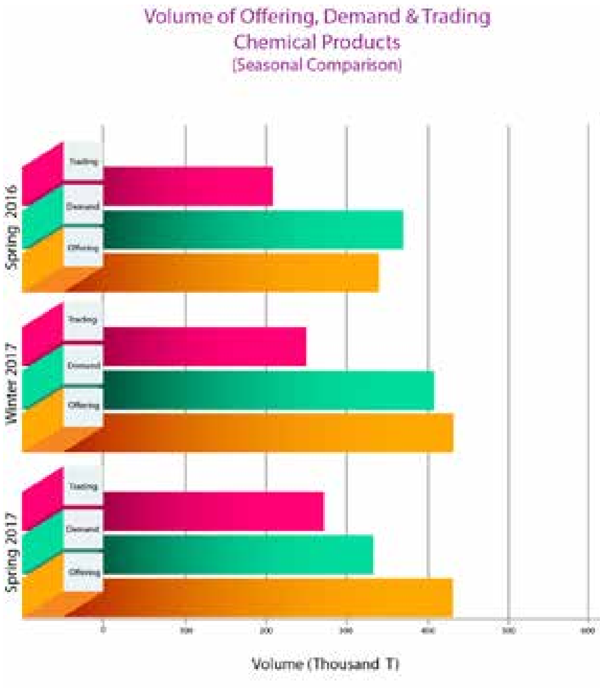

Market Share for Polymer Products (Spring 2017)

Polymer Products Quarterly Statistics

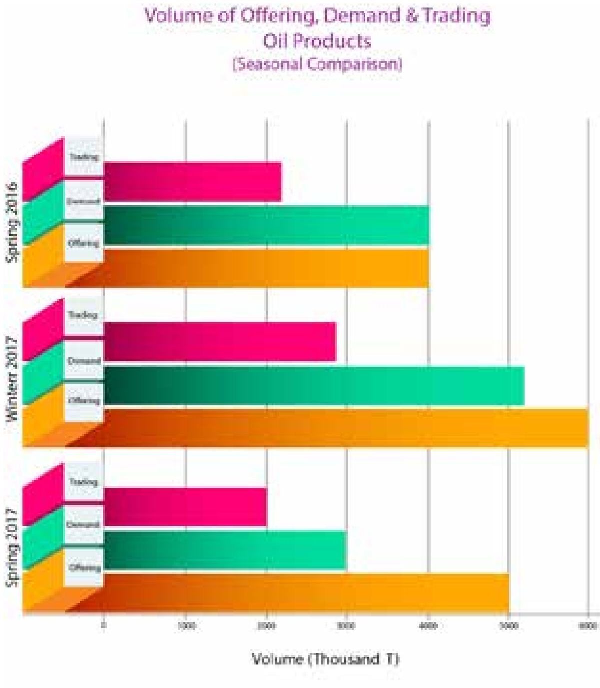


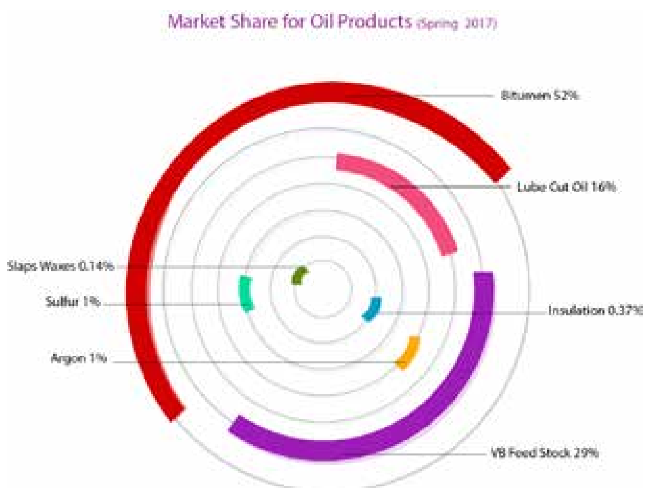


Chemical Products Quarterly Statistics



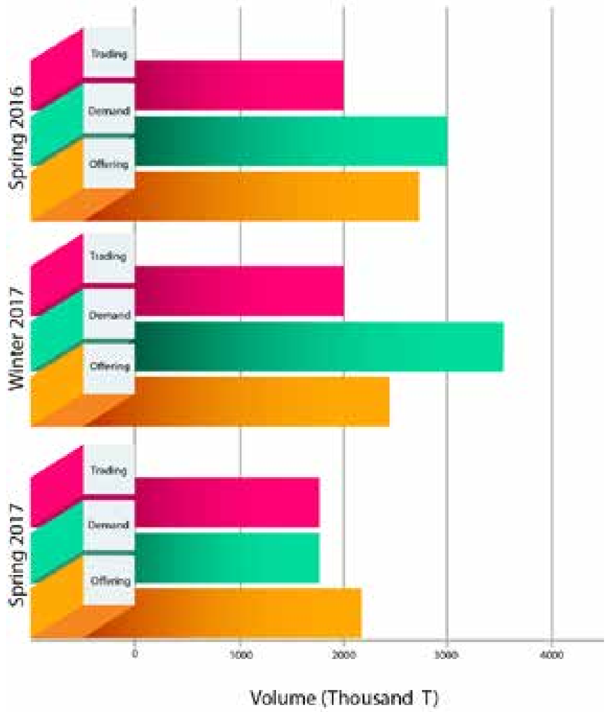
Oil Products Quarterly Statistics





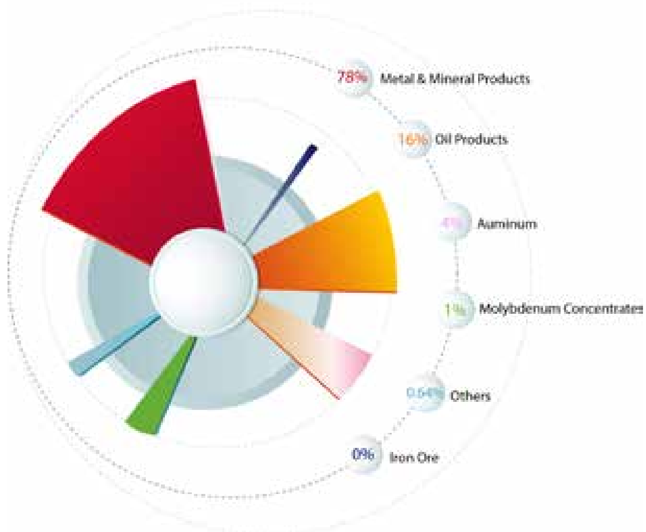
Metal & Mineral Products Quarterly Statistics

Volume of Offering, Demand & Trading
Oil Products
(Seasonal Comparison)

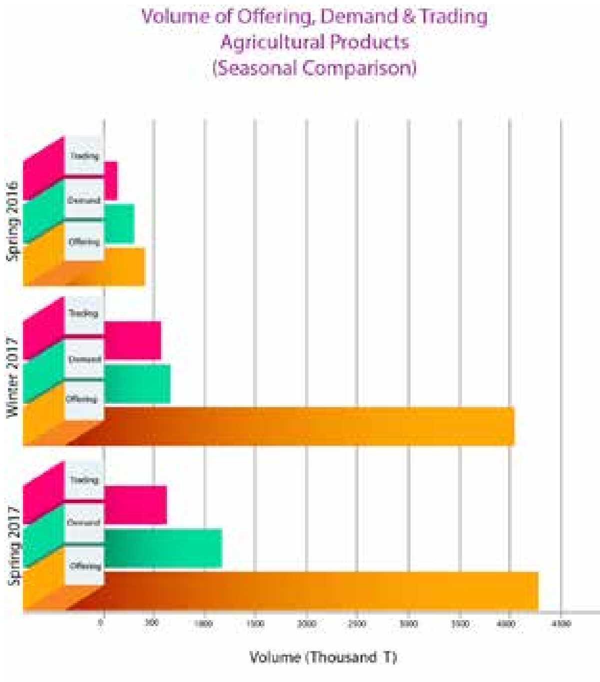


Metal & Mineral ProductsTrading Value
(Seasonal Comparison)

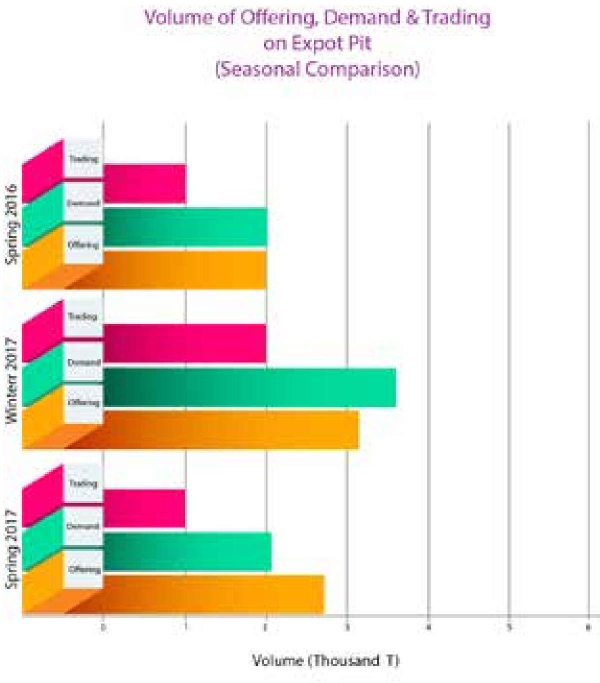
Market Share for Metal & Mineral Products
(spring 2017)

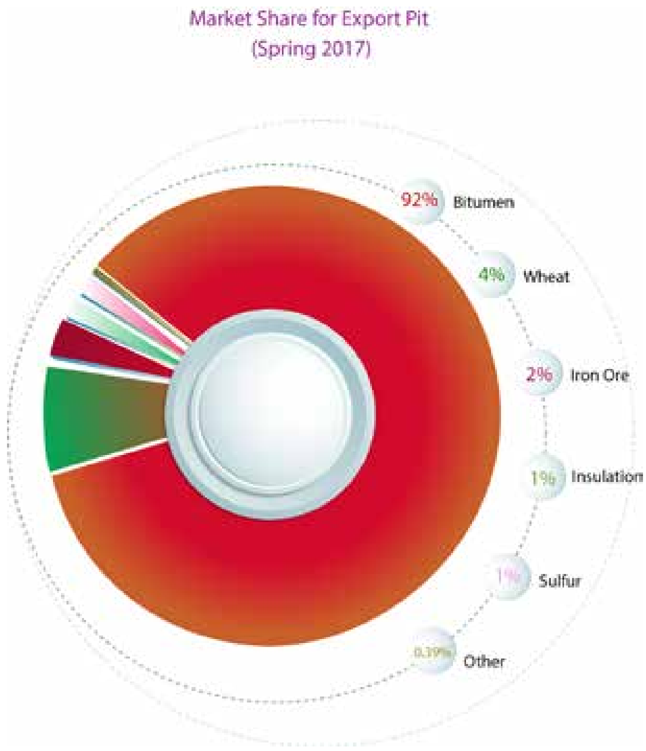


Agricultural Products Quarterly Statistics

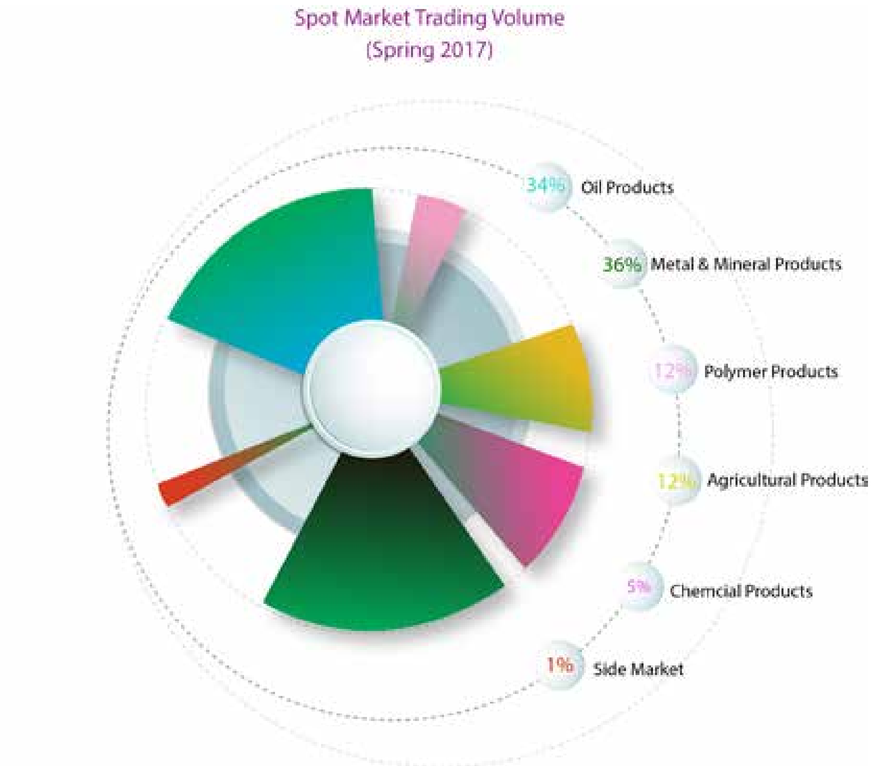


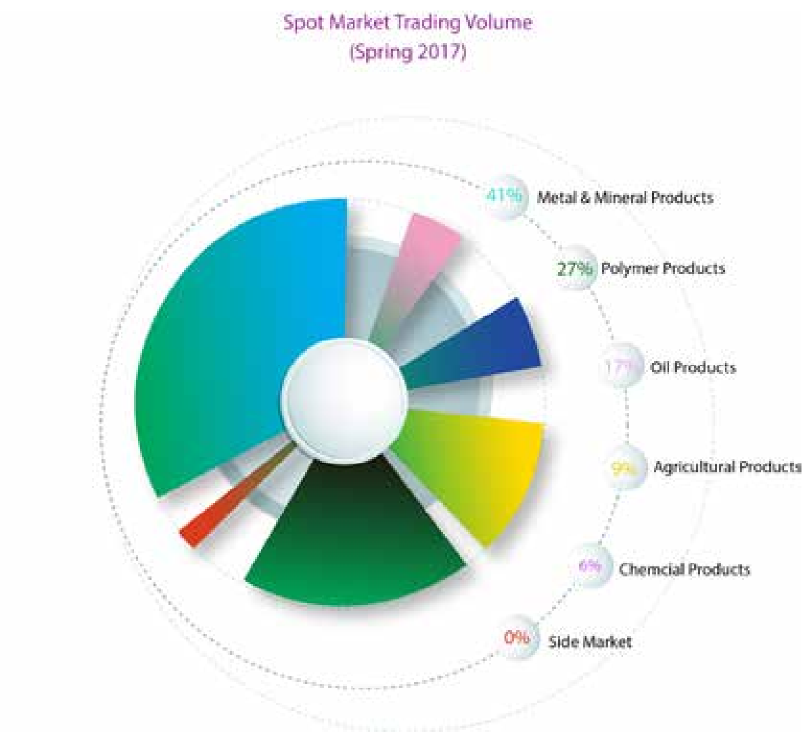
Export Pit of IME at a Glance





IME Business Statistics in Spot Market

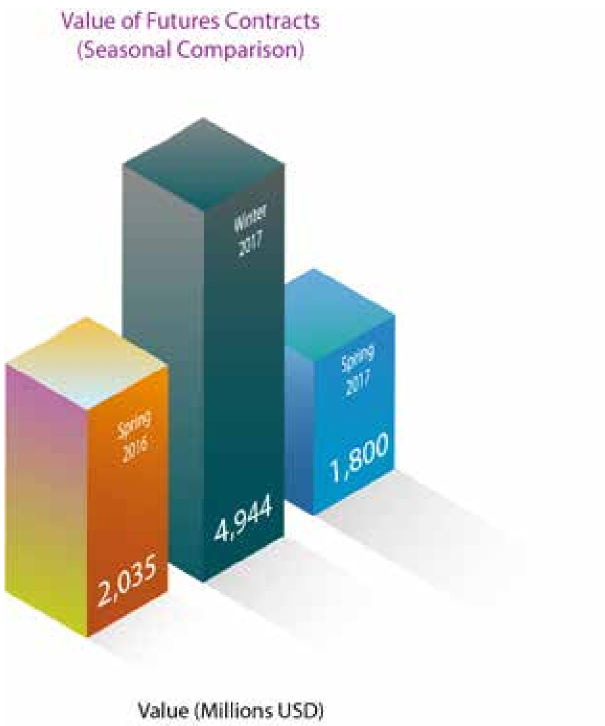





Total Volume of Offering, Demand & Trading
on Spot Market
(Seasonal Comparison)
Spring 2016
Winter 2017
Spring 2017
Trading
Demand
Offering
0
2000
4000
6000
8000
10000
12000
14000
16000
Volume (Thousand T)


Spot Market Trading Value (Seasonal Comparison)
2060
Spring 2016
2691
Winter 2017
2519
Spring 2017
Value (Millions USD)

IME Derivative Market Statistics



2017

No. 351, Taleghani St., Vali Asr Ave., Tehran, Iran
Tel:+98(21)8564000-2
www.ime.co.ir