

IME: The Heart of Industry Throbbing in the Iranian Capital Market

Members

There are 77 listed brokerage companies in IME who are the members of the exchange licensed by the market regulator, the Securities and Exchange Organization (www.seo.ir). The brokers trade and clear the contracts on behalf of their clients. The contact details of brokerage companies are available on IME website.

Offerings and Orders:

The offerings of the commodities in the spot market are notified to the market 24 hours before the trading takes place, through the exchange website so the clients would be able to place their orders with the brokers, rest assured their orders are executed accordingly. In the derivatives market the clients order their trades as per specifications of the futures contract and in accordance with the order types specified in terms of validity and the market price. Around 65 brokerage firms are licensed to trade futures for their clients. At the same time there are 4 consecutive contract months available for the investors to trade and take position therein.

Trading

Spot Trades

Based on the settlement and clearing terms and conditions mentioned in the offering notice, the metal, petrochemical and agricultural products are traded and cleared as per following mechanisms:

- **Cash:** prompt delivery against prompt payment within 72 hours from matching of the trade. After matching of the order the buyer pays the full amount of the contract value. The clearing house issues the warehouse warrant (receipt) and the customer takes the delivery of the commodity within 10 days or less.
- **Forward:** prompt payment and forward date delivery. The buyer pays, within 72 hours after matching of the trade, the contract value and takes delivery of the commodity at a date specified in the offering notice. The seller is required to pledge collateral specified by the clearing house to ensure fulfillment of the contractual obligations.
- **Credit:** In this type of transaction settlement the seller delivers the commodity to the buyer within 72

hours after matching of the trade and the buyer pays the trade value in deferred payment at the maturity stated in the notice of offering posted on the IME website. The clearing house imposes collaterals on the buyer to ensure payment in due course. Seller shall receive money from the clearing house within the period specified in the notice of offering.

Futures Trading

According to the trading rules of the futures market futures trading is broker-based so the clients must place their orders as per contract specification with a licensed brokerage company. The clients should pay initial margin to their margin accounts with the brokerage firms managed by the clearing house to start trading; and the clearing house is the sole authority for transferring of the margins or deducting charges and fees between the client margin accounts. The bid and ask orders are placed electronically in queues waiting to match to their identical prices.

Trading commences dynamically via pre-opening auction. After matching of the bid and ask prices, trading positions or open interests are formed which may remain up to the end of the trading session or may be offset and closed by the broker at the clients' request. At the end of trading hour a daily settlement price is calculated and announced to the market by the clearing house for settlement of the contracts thereby offsetting the risky accounts. The C/H margin calls the clients whose margins are lower than the maintenance level so they are required to bring the amount of their margin account back to the initial margin level. At the end of the contract month those clients who are interested in physical delivery of the underlying asset may take or make delivery of the commodity subject of the contract and the contract is terminated at the end of the last trading day and post-trade process begins.

IME: A Safe and Fast Solution for Financing the Business Enterprises

How to Get Trading Code

1. Referring to Customer Registration Office
2. Opening account with an IME broker
3. Payment of margin or spot commodity value
4. Cash settlement or physical delivery of the underlying asset at sellers-buyers option

The Built-in Clearing House

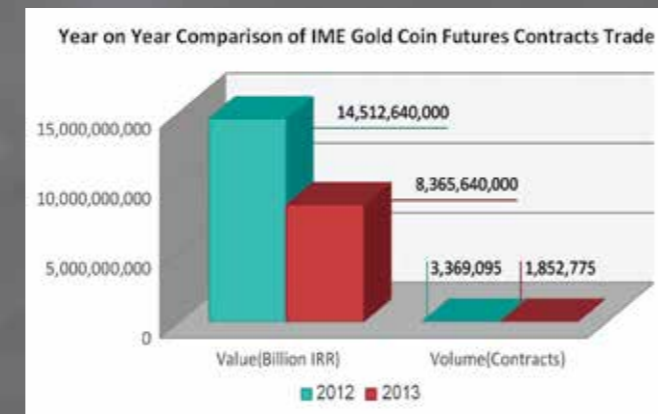
The clearing house operates as the central counterparty (CCP) of every trade keeping anonymity of the clients ensuring sound, clearing and settlement process.

Futures Market Facts:

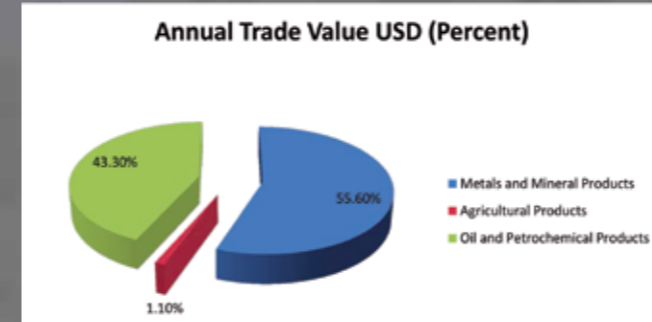
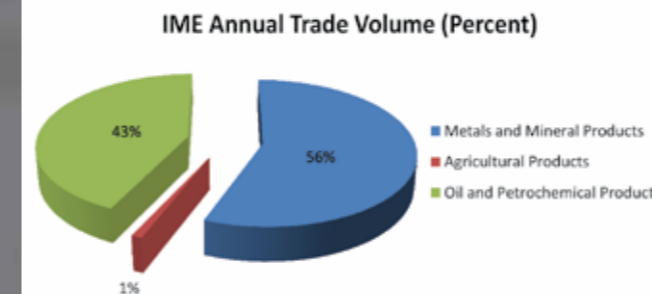
Gold Coin: The Salient Futures Contract of IME

Facts of 2013

The gold coin futures contract was launched in 2008 and since then the number of market participants has been increasing on a monthly basis.



Spot Market Statistics of IME in 2013



Commodity Asset Class	Market Report	
	Value(USD)	Volume(KT)
Metals and Mineral	9,040,640,000	13,555
Agricultural	109,920,000	266
Oil and Petrochemical	7,964,520,000	10,572
Total	17,122,880,000	24,393

IME Spot Market Statistics in 2013

Suppliers

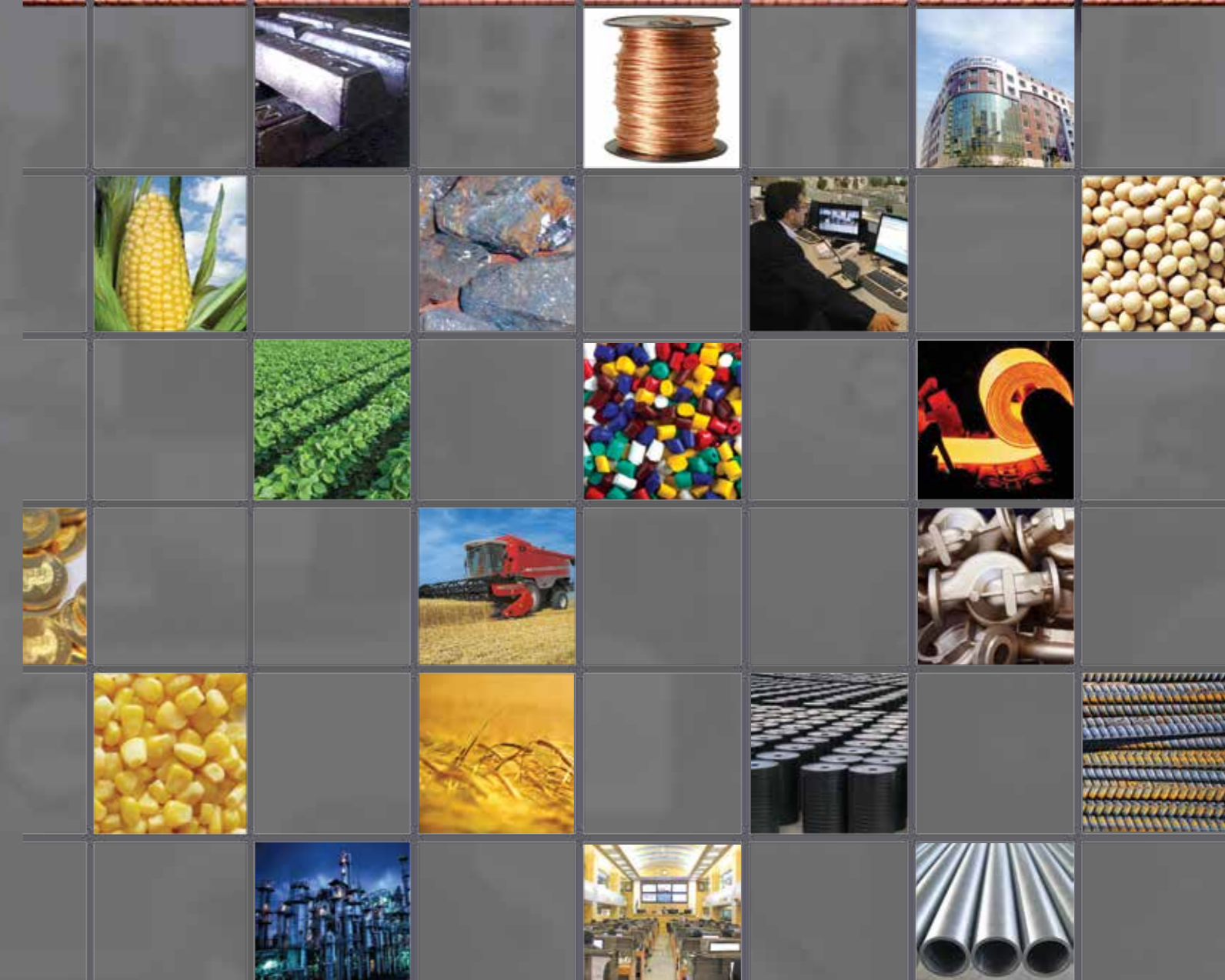
Listed Commodities	Companies	
Metals and Mines	49	Local Listed Companies: 230
Oil and Petrochemical	74	Foreign Suppliers (not listed): 81
Agricultural	185	
Total	308	Total: 311

IME At a Glance

Iran Mercantile Exchange



شرکت بورس کالای ایران IRAN MERCANTILE EXCHANGE CO.





IME At a Glance

Iran Mercantile Exchange

IME: Globalization, the Gateway to Economic Growth and Development

IME: Hedging and Risk Management Opportunities for Traders via Derivatives Contracts

In a Glance

IME is a self-regulated organization operating under supervision of the SEO, market regulator. IME is the leading multi-commodity exchange trading spot and futures contracts in Iran and in the Middle East. Enjoying the state-of-the-art technology, electronic trading floor, fully electronic derivatives market, low latency, efficient trading system, unmatched sound and fast settlement-delivery mechanism, the IME provides a transparent and, at the same time, competitive marketplace where investment needs and trade requirements of a nationwide range of market participants and foreign entities are met through exchange's trading solutions. The exchange provides numerous opportunities to the industry producers to offer their products ranging from metals, agricultural, petrochemical and the oil-related products through listings process in accordance with the latest standards of quality in the world. This has made the IME a world-class and competitive market rendering services to the individual and institutional suppliers and buyers at internationally certified level. Having in place spot market alongside derivatives market especially the futures contracts has turned the exchange to a venue for price discovery using a robust mechanism for clients to trade their requirements. The exchange provides risk management services to the market through futures contracts. This service helps market participants manage their risks and take delivery of the underlying asset where needed and at the same time hedge against the adverse market movements.

IME and Global Organizations

Iran Mercantile Exchange attaches great importance to establishing ties with other exchange markets, foreign missions, technology companies, trade associations and educational institutions. To this end, IME has obtained membership of the Association of the Futures Markets (AFM), the leading entity of the emerging futures markets, and its full membership to the Federation of Euro-Asian Stock Exchanges (FEAS). IME also participates in annual Bûrgenstock Meeting held by SFOA and FIA in Geneva. A number of regional and international cooperation are as follows:



- Signing of Memorandum of Understanding with Belarusian Universal Commodity Exchange (BUCE) in 2012
- Signing of Memorandum of Understanding with Kazakhstan Commodity Exchange (BEREKET) in 2012
- Holding 2nd onsite training courses for FEAS
- Cooperation with the Pakistan capital and commodity markets

IME Services to the Market

Various sectors of economy benefit from the exchange operation. The scope of the services is as under:

- Venue for the first public offering of strategic commodities and products
- A market with sound robust price discovery mechanism
- Providing financing facilities through physical forward contracts
- Providing the trading platform for the brokerage firms
- Providing Clearing & Settlement services thereby adding value to the market
- Risk management and hedging tools
- Technology services and

information dissemination

- Training the market participants
- Issuing delivery certificates
- Exclusive Arbitration and settlement of disputes

Development of International Ties

Based on its strategic policies on development of international ties, IME holds joint meetings with respectful ambassadors and heads of commercial and economic sections of the foreign missions in Iran as scheduled. Some prominent and distinguished visitors are as below Excellencies:

- Giulio Haas, Switzerland Ambassador
- Koji Haneda, Japan Ambassador
- Dian Wirengjurit, Indonesia Ambassador
- Gyula Petho, Hungary Ambassador
- Abdullah Bin Salem Al Salmi, Head of Capital Market Authority of OMAN,
- Inayet Hassan, South Africa Commercial Section
- Pedro Villena, Spain Ambassador
- Pedro Gomez, Cuba Commercial Counselor



Products

Various products and commodities are listed and traded in IME which are categorized in three classifications:

Metals and Mineral Products:

● Ferrous metals:

- Crude Steel: Billet, bloom, slab
- Long Products : I, E, H Beam, Re-bar
- Flat Products: HRC, CRC, Tin plate, Galvanized sheet

● Non-Ferrous metals

- Copper : cathode, wire rod, slab
- Aluminum: ingot, billet, slab
- Zinc : billet
- Minerals
- Iron ore, coke, cement, precious metals concentrate

- Precious Metals
- Gold Bullion(999.9):

Petrochemical and oil-related products:

- Plastics: LLDPE, HDPE, PP, ABS, PVC, PET, PS,...



- Chemicals, caustic soda, acids, melamine, ethanol, Ammonia, urea, Sodium Carbonate, Benzene,...
- Oil-products: VB, Iso-recycle, Lub Cut, Solvent, RPO, Wax, Base oil, bitumen, iso-feed, and etc.

Agricultural Products:

the agricultural products traded in IME range from cereals to oilseeds to oilcakes and other grains like wheat, feed wheat, feed barley, yellow corn, maize, soybean, soybean meal, raisin, lentil, chick peas, sugar, saffron and pistachio traded in the fully electronic Multi-Commodity Trading System™

Derivatives products

- Futures Contracts
- Gold Coin Futures Contracts: with the contract size of 10 coins and a thriving liquid market this contract is traded as one of the most active and successful underlying assets in the futures contracts in IME.
- Cumin Seed Futures Contracts: with the contract size of 1000 Kg and the maximum order size of 20 contracts.