At A Glance

Established on 20 September 2007 from the merger of the Tehran Metal Exchange and the Iran Agricultural Exchange, IME trades in agricultural, metal and mineral, oil and petrochemical products in the spot market and gold coin in the futures market. The Exchange handles over 25 million tonnes of commodities on an annual basis worth in excess of 14 billion USD. IME caters to both the domestic and regional markets, bringing together a host of trade participants and market makers from the capital market community, trade and industrial sectors, hedgers, retail and institutional investors.

The Exchange uses advanced technology in providing trading infrastructure as well as facilitating other services. IME has global ambitions and currently provides price referencing for the regional market in main commodities and intermediaries.

www.ime.co.ir
Contact Us
Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran

Phone: +98 76 444535724

CSDI is located at: 13 Naderi Street, Italy Intersec-
tion, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com
Upcoming Plans

Derivatives Products Development: launching new futures on foreign currency, bitumen and agriculture products

CDR Product Development: new underlying assets like vehicles on warehouse warrants trading platform

Holding the Tenders of Governmental and Private Sectors: IME is working on an initiative to hold national and international tenders using exchange-traded instruments and CSDI collateral management and clearing services mechanisms

Transactions of Export-import Rights: based on this innovation all trade licenses or permissions issued by the legal authorities for the export or import of commodities can be traded and transferred through the transparent infrastructure of the commodity exchange.

ETC: the launch of exchange-traded commodity funds
Contact Us

Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran
Phone: +98 76 444535724

CSDi is located at: 13 Naderi Street, Italy Intersection, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com
IME provides a range of different services, allowing clients to maximise opportunity on the exchange. The scope of the services includes:

- Access to the initial offering of listed commodities
- Price discovery for over-the-counter and secondary markets
- Representing governmental buyers and sellers of commodities
- Settlement services with certified third-party clearing house
- Risk management services
- Facilitating financing options
- Providing training and education for market end users and members of the public

**Risk management:** Competent risk management ensures market integrity and continuity. There are two types of risks IME transactions are exposed to:

1. Spot market risk can occur if the seller defaults on delivery. This can be mitigated through collateral management and guarantees by the clearing house, the central depository, and settlement companies.
2. Volatility risk can occur from positions in the derivatives market. To mitigate this, the Exchange operates end-of-day and real-time margining systems to identify risky clients and broker accounts.

IME views risk from two standpoints; firstly, the risk management of exchange-traded contracts are administered by the clearing houses in the spot and derivatives markets using instruments including collaterals and margins. Secondly, the Exchange provides tools to manage the risk of price volatility as well as changes in production. The IME is active in the area of risk hedging tools, presenting a range of standardized derivatives contracts.

**Price discovery:** The IME plays its role of price ‘discovery’ efficiently in the commodity markets. A wide variety of commodities are listed and traded on the IME for which price discovery takes place at a national and international level. The IME spot market price ‘discovery’ mechanism is based on supply and demand as well as bids and offers posted into the trading platform (TTS). On IME’s derivatives market daily transactions commence with an initial price discovery through single price auctions for each contract month, followed by continuous auctions.
Contact Us
Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran
Phone: +98 76 444535724

CSDI is located at: 13 Naderi Street, Italy Intersection, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com
Markets

As an exchange that operates as the main platform for commodities trading, IME has developed suitable solutions for efficient service delivery:

1. **Main Market:** For all listed commodities trade is implemented by registering all buyers (and their associated brokers) with an IME ID, this is used to place purchase orders on the Total Trading System (TTS). On the trade platform transactions are performed as auctions and prices are discovered based on the supply and demand orders of participants. The international side of IME transactions are performed in the Persian Gulf for export-transactions.

   1.1 **Spot Market:** Operates the cash, credit and forward physical trading of listed commodities. For cash/credit (also called Naghdi), commodities are cleared and settled on T+0 and delivery of the product is made on T+3.

   1.2 **Derivatives market:** Comprises of futures and options trading. Futures are a contractual agreement to pay for a commodity at an agreed price on a future date and options provide the extra benefit of the buyer being able to choose to opt out of the futures contract, at a premium. IME has launched various futures contracts on gold coins and is now developing new standalone and combination products for currency, agriculture and other commodities.

   1.3 **Financial market:** Provides instruments for financing the industrial and production sectors. The exchange provides two transaction methods: Standard Parallel Salam (SPS) and Custodian Depository Receipts (CDR). Forwards (Salam) have T+45 deliveries.

2. **Side market:** Operates on the spot market mechanism to provide trading and price discovery opportunities for the non-exchange listed commodities, such as; real estate, aviation, land and property.

3. **Export Pit:** The export pit of the IME was launched in 2007 trading bitumen. However, based on the long term strategy of the Iranian government to increase the export of crude oil and petrochemical products, the international trading floor is located on Kish Island aimed at:

   - The trading of different oil by-products including bitumen of different grades, sulphur, chemicals
   - The pricing of petrochemicals
   - The development of the Exchange as a regional price setter
   - Unrestricted access for traders and international participants to enable block trading

www.ime.co.ir
Contact Us
Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran
Phone: +98 76 444535724

CSDI is located at: 13 Naderi Street, Italy Intersec-
tion, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com
IMF facilitates the trading of commodities and products through its main and side markets. The main market focuses on standardized industrial, petrochemical, and agricultural commodities as well as some oil by-products like bitumen. The trades are done in single open outcry auctions for each commodity which are cleared with different terms of settlement and delivery.

### Commodities

<table>
<thead>
<tr>
<th>Main Market</th>
<th>Commodities of Market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial</strong></td>
<td>Ferrous and non-ferrous metals: steel, copper, aluminium, zinc, lead</td>
</tr>
<tr>
<td></td>
<td>Precious metals: gold bar and bullion, rare metals concentrate</td>
</tr>
<tr>
<td><strong>Petroleum</strong></td>
<td>Bitumen, vacuum bottom, lube-cut oil</td>
</tr>
<tr>
<td><strong>Petrochemical</strong></td>
<td>PP, PE, LDPE, aromatics, SBR feed stocks, MS, PS</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>Maize, sugar, meat, eggs, rice, soybean, lentils, saffron</td>
</tr>
<tr>
<td><strong>Side Market</strong></td>
<td>Non-exchange commodities, land, property, real estate, automobiles, aeroplanes</td>
</tr>
</tbody>
</table>
Contact Us
Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran
Phone: +98 76 444535724

CSDI is located at: 13 Naderi Street, Italy Intersection, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com
Types of Trading

Spot Trading Resulting in Physical Delivery

The Exchange has developed a solid infrastructure for transactions using various methods of sales including: Physical Cash; Credit and Forward contracts. IME employs Certificates of Deposit (CDR) as instruments facilitating the physical delivery of commodities.

- **Cash trades:** After matching the trade 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 72 hours as standard. This can be extended to a maximum of 10 days as per the offering notice on the delivery information.

- **Forward:** The Exchange has provided the opportunity for suppliers and producers to sell their commodity in the spot market in the form of cash forward delivery contracts. Sellers are paid the full transaction value by the clearing house at a discounted rate and are supposed to deliver the commodity to the buyer at contract maturity. This way the listed producers can raise the required capital for production. The exchange has facilitated the raising of 8 billion USD for the listed industries on the spot market since 2008.

In this type of trading, the buyer pays in advance the contract’s effective value after matching the trade. The buyer is issued a warrant by the clearing house and receives the commodity within the period specified in the offering notice. The seller receives the contract value within a standard 72 hours or within the time specified in the offering notice up to a maximum of 10 days. The offering details and delivery date are announced to the brokers by the trading floor supervisor before the trade.

**Credit:** In this type of transaction, the buyer receives the commodity in advance after matching the trade based on the warrant issued by the clearing house. The seller receives money from the clearing house within the period specified in the notice of offering.

Financial Market

- **Futures Trading:** In futures trading clients place their orders with one of the brokers licensed for futures trading. The initial margins are paid by the clients to their own specific account code but the clearing house is the sole authority for transferring the margins between client accounts.

Bids and orders are placed electronically with clients able to adjust bids through their broker based on market movements. By matching the prices of bids against asks, open positions or open interests are formed which can remain open only up to the end of the trading session. At the end of the trading hour a daily settlement price is calculated and announced by the clearing house for the settlement of the contracts. The clearing house issues margin calls for the lower-than-the-maintenance-amount client accounts to bring the amounts of their accounts to the initial margin level. At the maturity date clients scheduled for physical delivery of underlying assets may perform their delivery subject to contract.
To become a customer of the futures market, one should:
- Open an account with IME clearing house via a broker
- Have an initial margin payment
- Place orders
- Match orders based on the price and order in the trading system (CDN)
- Deliver the underlying asset at sellers/buyers option

Standard Parallel Salam (SPS) is another innovative solution launched for the first time by the exchange. The instrument comprises of an initial offering and a daily secondary market within the contract period. The seller issues units of investment using volumes of an underlying asset. These units are able to make capital gains or accumulate interest for the owner; such that the underlying assets allocated only need to be delivered at a specified maturity date. An investment bank pays the producer in advance with the expectation it will be delivered by a set maturity date.

Investors who would like to close out their investment can sell these units at a higher price and earn the interest for their investment. Investors that choose to keep the units up to maturity date would receive the physical delivery of the commodity/underlying asset from the issuer. IME has raised working capital for industries based on this solution worth 2 billion USD annually.

Custodian Depository Receipts (CDRs) are financial contracts based on commodities stored in the Exchange’s licensed warehouses. The initial trade of the commodity is implemented through IME’s platforms and the receipt is issued to the buyer. IME provides the opportunity for secondary trading of warehouse receipts through Tehran Securities Exchange Technology Management Company (TSETMC). These receipts could be accepted by banks as collateral for financing and obtaining loans.
Trading Process

Offer Announcement Procedure

To offer commodities on IME, the supplier’s broker should fill in the order placement form and deliver it to the exchange along with the following documents by 12 a.m. at the latest on the working day before the offering day:

1. Product specifications
2. Quantity of product
3. Maximum increase in offering by supplier
4. Type of trade (cash, SALAM or credit)
5. Base price
6. Offering date
7. Name of supplier and producer
8. Settlement information
9. Timing and place of delivery
10. Packaging
11. Other information

Offerings for commodities in the spot market are announced 24 hours before the trading takes place; this happens through the Exchange’s website allowing clients to place orders with their brokers and ensure trades will be matched and cleared. Clients in the derivatives market perform trades in line with specifications covering futures contract, order type, validity and price.

Preliminary Stages before Trading Floor

The buyers shall choose from the active brokers approved by IME to place their order. They will go through the following stages for their first purchase via IME:

1. Choosing a broker
2. Receiving trading identification code for the exchange (for the first purchase)
3. Receiving a bank account (for the first purchase)
4. Placing the order through the broker
The Clearing House

The Central Securities Depository of Iran (CSDI) acts as the clearing house for IME. CSDI acts as a central counterparty to every trade on the Exchange, and ensures collateral management, settlements of trades, and fulfilment of the contractual commitments for all parties.

Clearing Process: In accordance with the instructions, regardless of type of contracts (cash, SALAM or credit) the clearing process is possible in one of two forms i.e. cash or credit settlement.

In cash settlements, the buyer is required to deposit the amount stated on the contract to the settlement account, within the deadline (maximum of three working days).

In the credit settlement method, the credit settlement document and other documents on official company format are rendered by the buyer to the clearing house, after getting confirmation of the seller, the buyer and buyer’s broker.

The Settlement Deadline: The settlement deadline is three working days after completion of trading. The timing of settlement would be determined based on the IME’s Board of Directors resolution. Accordingly, the last time to deposit the amount stated on the contract is 1 p.m. of the third day. The receipt of deposit and all contract documents should be submitted to the clearing house by brokers before 3 p.m. of each day through the system (TTS).

Operating Account is a banking account for the settlement based on the Clearing House instructions.
Branding and Warehouses

IME seeks to contribute to the branding and benchmarking of Iranian commodities at an international level. It uses Custodian Depository Receipt (CDR) instruments and export warehouses to establish direct and long-term relations between Iranian manufacturers/producers and international buyers. This initiative will cover bitumen and petrochemicals for which Iran has a huge market share.

The warehousing standards will comply with global stipulations, providing quality and full conformity with analytical specifications. The IME’s assurance is set to best practices applicable to IME’s renowned quality control currently implemented for warehousing companies, with severe penalties for any deviation.
Contact Us
Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran
Phone: +98 76 444535724

CSDI is located at: 13 Naderi Street, Italy Intersection, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com
International Ties

The strategic approach of the IME is to establish and increase constructive ties between regional and international exchanges. The membership of the Exchange in the Association of the Futures Markets (AFM) and its participation in regional and international conferences held by the International Commodities and Derivatives Association (ICDA), and other distinguished bodies are in line with this policy.

IME intends to be at the forefront of regional developments. A list of IME’s recent involvements is given below.

- Full member of AFM (Association of Futures Markets) since 2007
- Memorandum of Understanding (MoU) signed with Belarusian Universal Commodity Exchange (BUCE) since 2012
- MoU signed with Kazakhstan Exchange (BEREKET) in 2012
- Holding on-site training courses for the Federation of Euro-Asian Stock Exchanges (FEAS)
- A member of Inter-Exchange Electronic Trading Union (IEU)
- Launching of joint Trading platform with Indonesian Capital Market
- Several other global partnerships are in discussion to be agreed upon, announcement will commence at a future date
Contact Us

Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran

Phone: +98 76 444535724

CSDI is located at: 13 Naderi Street, Italy Intersection, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com
Members and Shareholders

There are 80 listed brokerage companies in IME who are the members of the Exchange, licensed by the market regulator, the Securities and Exchange Organization. The brokers are authorized to trade, settle and clear contracts on behalf of registered clients who are vetted under IME regulatory requirements.
Contact Us
Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran
Phone: +98 76 444535724

CSDi is located at: 13 Naderi Street, Italy Intersec-
tion, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com
### Shareholder Composition

<table>
<thead>
<tr>
<th>Shareholders type</th>
<th>Number of Shareholders</th>
<th>Number of Shares</th>
<th>Shareholding (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Member Brokerages</td>
<td>33</td>
<td>43,834,500</td>
<td>9.74</td>
</tr>
<tr>
<td>2 Manufacturers, Suppliers and Other Exchange Participants</td>
<td>87</td>
<td>87,867,207</td>
<td>19.53</td>
</tr>
<tr>
<td>3 Financial Institutions Except for Member Brokerages</td>
<td>47</td>
<td>174,528,000</td>
<td>38.78</td>
</tr>
<tr>
<td>4 Other Corporate Bodies</td>
<td>4,324</td>
<td>143,770,293</td>
<td>31.95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,491</strong></td>
<td><strong>450,000,000</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

**SHAREHOLDERS (%)**

- Member Brokerages: 10%
- Manufacturers, Suppliers and Other Exchange Participants: 19%
- Financial Institutions except for Member Brokerages: 39%
- Other Corporate Bodies: 32%

www.ime.co.ir
Contact Us
Iran Mercantile Exchange (IME)
Head Office and Trading Floor
Address: No.351, Taleghani Ave., Tehran, Iran
Zip Code: 1593649315
Phone: +98 21 85641022, 28, 29
Fax: +98 21 89788503
E-mail: international@ime.co.ir
www.ime.co.ir

Kish Export Trading Floor
Address: Sadaf Trading Tower, Kish Island, Iran
Phone: +98 76 444535724

CSDI is located at: 13 Naderi Street, Italy Intersection, Keshavarz Boulevard, Tehran, Iran
en.csdiran.com