***Executive Regulations Governing Chapter Six***

***of the Securities Market Act of I.R.I***

**Article 1-** The following definitions apply for the purposes of the terms and phrases used in the present regulations:

* 1. **Act** means the Securities Market Act of I.R.I ratified on November 23, 2005 by the Islamic Parliament (Islamic Consultative Assembly) which received the assent of the Council of Guardian on November 24, 2005.
  2. **Organization** means **"the Securities and Exchange Organization"** subject of article 5 of the Act which is hereinafter referred to as the **"SEO".**
  3. **Deputy's Office for Legal Affairs** means the Organization's Legal Deputy serving under the Organization President who is responsible to fulfill the SEO's functions under chapter six of the Act.

**Article 2-** The Deputy for Legal Affairs shall, in the case of detecting an offence and discovering that an offence has been committed, have to gather the records and evidence related to each of the offences and submit them to the authorities of competent jurisdiction while implementing the orders issued by the appropriate judicial courts.

**Article 3-** Prosecution of the accused, issuance of the non-guilty verdict or stoppage of prosecution or his acquittal by the judicial authorities shall not prevent investigation into other offences committed by the accused in a competent court.

**Article 4-** The parties who have sustained loss due to occurrence of an offence shall, under article 52 of the Act, be entitled to bring a legal case in a competent court, seeking redress on the strength of the evidence gathered by the SEO.

**Article 5-** where, for the complaint filed by the parties, a verdict is issued as being subject to another court proceeding and the interested party is compelled to take his claim to another court of law, the Deputy for Legal Affairs shall have to provide assistance to the interested party in gathering and submitting the evidence and exhibits to the competent law-court.

**Article 6-** The Deputy for Legal Affairs shall have to implement all the judicial orders issued by the competent authority within the scope of the SEO's jurisdiction as the case may be.

**Article 7-** The Deputy for Legal Affairs shall, on the strength of the authorization obtained from the public prosecutor's representative, take action to gather information, exhibits and evidence required from institutions, entities, organizations, companies and other persons by exercising his own discretion as per the article 19 of the Act.

**Note 1-** In the circumstances that the criminal case is pending with the judicial authorities, the Deputy for Legal Affairs shall apply the provision of the said article through the judicial authorities.

**Note 2-** In enforcing the provision of article 19 of the Act, each of the persons involved shall, within the specified time-limit, have to implement the order given by the public prosecutor's office. The SEO shall indicate the urgency of action at its own discretion as approved by the public prosecutor.

**Article 8-** All the persons that are regulated by the SEO shall at the time of detecting the offence or crime, have to immediately report the matter to the Deputy for Legal Affairs within the scope of their competence and shall, before any other action, have to gather the exhibits and evidence and prevent spreading of the offence or crime as well as eliminating the effects and evidence thereof.

**Article 9-** The Deputy's Office for Legal Affairs shall commence the preliminary investigations in the following circumstances:

1. receipt of a report;
2. the statements and news reported by any of the participants subjected to the provision of the Market Act;
3. the statements and news sent by other persons/parties;
4. the statements made by the judicial, administrative and police authorities as well as the officers in charge of public services;
5. the information supplied to the Deputy for Legal Affairs as to the commission of offence/crime in any manner possible.

**Article 10-** The preliminary investigations conducted by the Deputy's Office for Legal Affairs shall constitute a series of actions which includes detecting offences and crimes, preserving the evidence and grounds of occurrence, identifying the accused and gathering the documents and materials for complaint/claim and submitting them to the competent authorities.

**Article 11-** The Deputy for Legal Affairs shall, in the performance of his functions under article 52 of the Act, be allowed to invite the accused to give his explanations on the given case.

**Article 12-** The Deputy for Legal Affairs shall, within the specified period of time, have to implement the orders issued by the judicial authorities and, if such orders are not carried out in due course of time, shall request for issuance of new orders (ad referendum) or extension of such period by stating the grounds and reasons thereof as the case may be.

**Article 13-** The Deputy for Legal Affairs shall, in addition to his application, be allowed to appear at the different departments in the course of the investigation and monitor the process of gathering related evidence, documents and reports.

**Article 14-** When in the course of preliminary investigations, there exists sufficient evidence to bring against the accused person, the Deputy for Legal Affairs shall immediately lodge a complaint and shall, in addition to taking preventive measures as to the spread of the crime/offence or continuation of the criminal acts, directly issue the necessary instructions to other SEO's departments while requesting for inquiries from the judicial authority.

**Article 15-** If, in the course of preliminary investigations, it is ascertained that the accused person has also committed other offences which are not associated with the capital market the Deputy for Legal Affairs shall immediately report the cases to the competent judicial authority along with the relevant evidence and documents.

**Article 16-** After the case has been referred to the public prosecutor's office, if the Deputy' Office for Legal Affairs comes across new information and evidence which shall entail issuance of other order by the judicial authority, the case shall be followed up to the stage of issuing the order by the court.

**Article 17-** Other evidence and documents required under article 52 of the Act are as follows:

1. supervisory, operational and financial reports on a particular transaction;
2. report based on the data banks in the trading system;
3. a report on the activities of participants in the market and analysis of its seminal effect on the market;
4. a report on the market reliance on the inside information;
5. a reconstructed report on the market at the time of offence commission based on the information which existed in the archives of the trading system;
6. a report containing the information obtained from electronic orders entry systems;
7. a report on the quantity and quality of the data electronic disclosures;
8. all the materials, paper and electronic documents used as evidentiary evidence for the preceding reports;
9. further documents, exhibits and circumstantial evidence.

**Article 18-** After the complaints have been lodged or the claims have been brought, the Deputy for Legal Affairs shall take all the required measures thereon, such as the follow-up process, defense against the statements made by the accused person, objection against the decisions rendered, request for revision and second appeal against the court decisions as well as request for issuance of enforcement writ pursuant to article 52 of the Act and subject to the Penal Procedures Code passed in 1999.

The present regulations comprising 18 articles and 2 notes were adopted by the joint commission of the Judiciary and the Securities and Exchange Organization on September 03, 2007 which should be communicated to the SEO's board of directors for approval and execution.

**Members of Commission:**

1. **Ali Saleh Abadi, Ph.D**. (President, Securities and Exchange Organization)
2. **Abdolsamad Khoram Abadi** (Justice, the State Supreme Court)
3. **Hussein Fahimi** (Board member and Deputy for Legal Affairs of the Securities and Exchange Organization)
4. **Javad Tahmasebi, Ph.D.** (Director General, Committee in Charge of Drafting Bills and Plans)
5. **Ahmad Ahmadpoor Kasgari, Ph.D.** (Board member and Deputy for Executive and Developmental Affairs of the Securities and Exchange Organization)
6. **Hussein Akbari Gharini** (Justice, the State Supreme Court)