

In the Name of God

The Export Ring Trading Executive Instruction

The present instruction, based on the proposal dated July 14, 2009, has been approved on August 14, 2009 by the board of directors of the Securities and Exchange Organization comprising 21 Articles and 18 notes.

Article 1- The terms and definitions used in this instruction are as follows:

1-International Trade Standards: including ownership transition condition, risks, commodity price and the contractual obligations of a certain transaction according to latest approved international trade rules and regulations.

2-Offer Notice: It's a document prepared based on the received information from the selling broker to be released through the exchange official website as well as the trading system to the public and the brokers. The total information the broker is obliged to render to the exchange and the offer notice form sheet shall be ratified by the board of directors of the exchange.

3-Pre-advise Notice: a document indicating the basic information of the documentary letter of credit (L/C) to be transmitted by the opening (buyer's) bank to the seller's bank in due course.

4-International Target Market: means a market destination out of where the buyer and seller trade the commodity in the export ring aiming at shipping the commodity thereto.

5-Exchange: means Iran Mercantile Exchange Co.

6-Proforma Invoice : a binding document issued by the seller after execution of transaction in the exchange indicating the terms and conditions of the transaction.

7-Settlement: means the confirmation of the exchange that the seller implemented the process of issuing the purchase warrant and the buyer has paid the transaction value or has settled it according to the received documents based on which the transaction is finalized.

8-Demand: means announcement of the broker on readiness for purchasing a certain quantity of the commodity.

9-Purchase warrant: a document issued or certified to the order of the buyer by the exchange, the seller or the selling broker and the buyer could be able to presenting such warrant to the warehouses nominated by the seller and certified by the exchange and take delivery of the purchased commodity.

10-Compensation: certain amount of money paid by any parties to the contract or the third parties as it may arise, in terms of relinquishment or non-relinquishment of a certain action, as per regulations and the mutual agreement.

11-Working day: means the days not indicated as the official holidays of the Islamic Republic of Iran and the exchange runs operation therein, as per regulations.

12-Export Ring: the exchange trading ring for the commodities the target of which is the international market.

13-Organization: The Securities and Exchange Organization of .

14-Trading Platform: means the electronic and non-electronic platform/network that the exchange utilizes for executing the transactions.

15-Payment terms: the settlement terms and conditions, including spot, credit, spot-credit or any other methods of payment approved by the exchange as per regulations and indicated in the offer notice.

16-Delivery terms: it comprises conditions comprising quality, packaging, means of transportation, weight tolerance, the provisions of customs declaration and other provisions indicated in the offer notice, as per regulation, that the seller should deliver the purchased commodity accordingly.

17-Force Majeure: means an external, inevitable and unforeseeable circumstance in which the committed party to the contract couldn't be able to fulfill his/her obligation because of that.

18-Non competition: a situation in the export ring in which the purchasing applicants accepted the basic offer price but the total quantity of the bids is lower than the total quantity of the offer.

19-Offer: means the selling broker's declaration on readiness for selling a certain quantity of commodity.

20-Secondary Offer: means an offer, offered again after it has not been traded in the first round offer in the same export ring.

21-Primary Offer: means the first offer of a certain commodity during an export ring in the exchange.

22-Base Price: a price that the seller is required to quote as per regulations in order to offer the commodity in the exchange. Such price shall be the base for starting the auction in the trading floor.

23- Transaction price: The price that the transaction shall be executed based on which in the export ring. Such a price shall be both registered in the trading system and quoted officially by the exchange.

24-Final price¹: means the price which is determined when delivering, shipping or loading of the traded commodity based on the payment terms indicated in the offer notice.

25-Broker: every one of the brokers authorized under the exchange rules and regulations, trading commodity for the clients and to their accounts.

26-Shipment Tolerance: means weight or volume difference at the time of delivery of a certain traded commodity, accepted by the exchange

27-Client: means the individual applying to buy or sell commodity in the exchange.

28-Regulations: requirements and bindings set by competent authorities within their authority, and the exchange, brokers, clients and other pertinent persons are liable and bound to adhere to.

29-Other Expenses: all costs and expenses other than contract value to be paid or settled as per payment terms by the client (buyer).

Article 2: Prior to doing any transaction in the exchange, the exchange is required to register the buyers of the export ring in any manner or through any practice which is to be approved by the board of the exchange. The suppliers of the exporting commodities, brokers and the buyers are obliged to render the required information to the exchange should the exchange require so.

Note: placing the order of buyer by the broker for transaction in the export floor is subject to enrolling of the buyer in the list of the buyers of the export ring.

Article 3: The exchange is required to define, set and use a trading ID other than the commodity code ordinarily used in the other rings.

Article 4: Before commencing each export ring, the exchange is bound to quote the latest foreign currency exchange (conversion) rate in Iranian Rial which is determined by the Central Bank of or one of its affiliated banks. The offers of each transaction is made according to such prices which are to be announced and quoted daily through official website of the Central Bank of Iran.

Note 1: The Rial conversion rates quoted daily by the Central Bank of , according to this article, shall be the basis for the exchange to calculate the settlement of all transactions on that day, being the base for calculating the fees, compensations, fines and other expenses.

Note 2: In the event of the buyer's application and agreement of the seller and the written announcement of such practice by the selling broker regarding the settlement of the transaction with a currency other than the previously quoted currency, the newly agreed currency could be the basis for settlement. The board of the exchange is obliged to determine (introduce) an international or domestic reference for quoting the price of currency in this regard.

Article 5: The exchange is required to receive the offer information, already confirmed by the seller, from the selling broker and to announce through its official website at least 3 working days prior to the date of the offer in the exchange and also to display in the trading system through offer notice to the public as well as the brokers.

Article 6: The final price, as per seller's quotation in the offer notice could differ from the transaction price. In any event, the final price must be calculated on the basis of the transaction price.

Note: The seller is bound to notify through his/her broker to the exchange the details of the final price calculation methodology as well as other expenses of the offered commodity. This information must be stated by the exchange in the offer notice.

Article 7: While placing order, the buying broker is bound to receive from the buyer at least 5% of the transaction value based on the basic price of the offered commodity, in order to cover and secure the expenses and pertinent compensation fines stipulated in this instruction,

and to deposit it in deposit account. In any case, as per regulations, all fees, expenses and the losses are to be reimbursed from the amount of 5% by the buying broker.

Article 8: All transactions traded in the export ring shall be final and finished by confirmation of the exchange. The exchange is obliged to finalize the transaction, as per practices, upon payment of the transaction value by the buyer or winning the seller's confirmation on the settlement of the transaction by the buyer, and to collect from contractual parties the relevant expenses, fees and compensation fines on the basis of the value of the commodity and at the price of the transaction. The collected expenses shall not be refunded at all.

Article 9: In cash settlement the buyer shall be entitled to settle the transaction at most 5 working days from the date of transaction. This period shall not be extendable.

Note 1: In case of doing settlement after 5 working days from the date of transaction, the buyer is bound to pay in compensation to the seller 0.25 % of the transaction value for each calendar day of delay at the transaction price. The compensation payment period for delay shall not exceed 10 calendar days.

Note 2: After settlement period, in case the buyer fails to settle his/her obligations through his/her broker within 10 calendar days preceded to the end of the cash settlement period, the transaction shall become null and void and the buying broker shall be bound to pay in compensation to the seller via exchange all the expenses incurred as well as 2.5% of the total value of the transaction at the price of transaction.

Article 10: With reference to the provisions of the offer notice if the seller agrees that the full or partial payment of the transaction value is to be made through Letter of Credit (L/C) or Bank Guaranty (BG) being acceptable to the seller, the buyer is bound to submit the Pre-Advise notice of the L/C no later than 5 working days from the *date of transaction*, and to open the operative L/C or BG no later than 10 working days from such a date, as per terms and conditions notified by the seller within the offer notice, and to notify to the seller, the selling broker and the exchange simultaneously.

Note 1: The documents the buyer required to submit to the seller, selling broker and the exchange at the time of opening of the L/C or while rendering the BG, shall be determined by the board of directors of the exchange.

Note 2: In the event that the L/C / BG opened or advised after the end of the mentioned 10-day period, the buying broker is obliged to pay in compensation to the seller 0.25 % of the commodity value for each day of delay through the exchange. The delay compensation payment period shall not exceed 10 calendar days.

Note 3: In case the buyer fails to settle the obligations subject of this article through his/her broker within 10 calendar days after the deadline for opening of the L/C or BG, the transaction shall be deemed as null and void and the buying broker would be obliged to pay

in compensation to the seller through the exchange all expenses, commissions, fees as well as 2.5% of the total value of the commodity at the price of transaction.

Note 4: Since the whole or part of the value of the transactions subject of this article shall be settled by the seller in credit, the liability of the exchange is only restricted to the stage of the opening of the L/C or BG and within the deadlines indicated in this instruction, and any required provision or condition set by the seller in order to fulfill the subsequent obligations of the buyer must be envisioned and stipulated within the context of the L/C or BG.

Article 11: In case of the buyer's request and the agreement by the seller, the buyer shall be entitled to cash settle a transaction due to be settled, as per offer notice, thoroughly or partially through opening L/C or issuing BG, or to make the full or partial settlement of a transaction already stated to be implemented in cash, through opening L/C or BG. In this case the buying broker is required to inform the exchange of such a case no later than 5 working days from the date of execution of the transaction and to settle the transaction according to the context of the articles 9 and 10 of this instruction as the case may require.

Article 12: Upon opening of the L/C or issuance of BG by the buyer, the buying broker, as per offer notice, is bound to extradite to the buyer the amounts, subject of the article 7 of this instruction, received primarily from the buyer after deduction of all expenses and compensation fines as per this instruction.

Article 13: In all transactions in which the final price declared by the seller does not equal to the transaction price, the buying broker is bound to submit the required settlement documents to the selling broker, the seller and the exchange no later than 10 working days from the execution of transaction.

Note 1: The documents required for settlement must be indicated in the offer notice.

Note 2: In case of failure in submitting the documents within the period of 10 working days from transaction, the buying broker shall be obliged to pay in compensation to the seller through the exchange 0.25% of the value of the commodity at the price of transaction for each calendar day of delay. The delay compensation payment period shall not exceed 10 calendar days.

Note 3: In case the buyer fails to submit the documents required for settlement of transactions within the 10-calendar day period from the termination of document presentation deadline, the transaction shall be construed as null and void and the buying broker shall be required to pay through the exchange in compensation to the seller all pertinent fees and commissions as well as 2.5% of the commodity value.

Article 14: The buyer is entitled to apply for revocation of the transaction through his/her broker within the period before the end of settlement deadline. In such a case, the transaction shall be revoked after payment of the fees and 2.5% of the commodity value by the buying broker in compensation to the seller.

Article 15: The selling broker is required , upon announcement of the exchange, to render the purchase voucher to both exchange and the buying broker simultaneously. The seller is bound to deliver or to carry the commodity to the destination of the buyer within 72 hours from the date indicated in the offer notice. The delay compensation payment period shall not exceed 10 calendar days.

Note 1: In case of delivery after termination of the deadline indicated in this article, the seller must pay a compensation equivalent to 0.25% of the value of the commodity for each day of delay at the price of transaction. The delay payment period shall not exceed 10 calendar days.

Note 2: If the seller fails to deliver the commodity within 10 calendar days from termination of the deadline indicated in this article, the transaction shall be null and void and the seller shall be bound to return the received amount of transaction value to the buyer in addition to extraditing all relevant fees and other expenses, fines and compensation fees.

Note 3: Should the buyer and the seller agree that, despite occurrence of more than 10 calendar days of delay in delivery, the transaction remains in force, the commodity subject of the transaction shall be construed, in view of the exchange, as taken and delivered, and the subsequent liabilities shall be borne by both the buyer and the seller.

Article 16: If it is indicated within the offer notice that the seller would declare the commodity with customs to his/her own order, the seller is required to declare the commodity within 2 weeks with the customs submitting the required guarantees.

In case of seller's delay in fulfillment of the obligation subject of this article, the seller shall be required to pay in compensation to the buyer 0.25% of the commodity value for each day of delay.

Article 17: In case the competition would not occur, the remainder of the commodity shall be available for the buyers at the end of the same export ring which is offered again to the applicants at the base price.

Note: In case of availability of remainder commodity at the end of a certain export ring, the seller may offer the remainder to the buyers at the same price and within the period of time approved according to each commodity, commodity group or all the listed commodities separately, ratified by the board of the exchange. In any case the transaction of the remainder commodity shall be possible, according to this article, until the subsequent offer of the same commodity in the export ring.

Article 18: The commodity which is traded in the export ring shall exclusively be for exportation and transition to the international target market. All responsibilities and liabilities arising from failure in exportation to international target market shall be borne directly by the buyer.

Article 19: Resolution and settlement of disputes arising between buyer and seller shall be pursuable upon mutual agreement of which the documents has previously been presented as

per regulations to the exchange on the basis of standard international commerce terms and through competent legal authorities.

Article 20: In case that non-fulfillment of obligations arises from the Force Majeure condition, both the buyer and the seller or each of them separately shall not be held responsible for compensation of the loss of the counterparty.

Article 21: The provisions and conditions not envisioned in this instruction shall be subject to the other rules and regulations governing the operation and performance of the exchange.

1- In some contracts the final price is comprising the price settled through the exchange clearing house in addition to a premium to be paid later at the time of delivery or maturity date, otherwise the final price shall be the same as settlement price.