



Summer 2016, Vol. 5

IME

Quarterly

Iran Mercantile Exchange Quarterly Newsletter



In the Name of God



Iran Mercantile Exchange Quarterly Newsletter

Summer 2016, Vol. 5

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Editorial Column

Now that Iran, with the lifting of sanctions, is about to cement its place among the economic powers in the region and compensate for the downturn in trade in recent years by improving commercial ties with economies other than its next-door neighbors, IME will be playing a crucial role in facilitating this process and expediting the procedures involved in the field of commodities.

Along with the initiatives of Iran's financial market regulator, Securities and Exchange Organization, as to establishment of a new clearing model to address the concerns of foreign investors about risks settlement in Iran, IME is putting more effort into modernization of tools in trade of commodities with the aim to attain an optimal qualitative and quantitative growth in its main functions as one of the pillars of the Country's financial market. Measures IME has taken to meet that goal are by and large divided into 4 different categories: designing new futures and Salaf (physical forward delivery) in order for providing the production sector with

The background of the page is a photograph of a wheat field. The wheat stalks are green and yellow, indicating they are ripe. The sky is a clear, bright blue. The text is overlaid on the upper part of the image.

their financing needs; developing modern warehousing facilities; establishing a derivatives market for foreign exchanges which will be a huge step forward in risk management and attracting foreign investment and finally securitization of commodities.

IME's authorities are of the opinion that under no pretext our economy can carry on with traditional ways institutionalized in Iran's economy. We need to let go of old ones and bring in localized, yet updated, trends which are both in compliance with our values and in conformity with globally recognized business atmosphere. In this 5th volume of the IME's quarterly, its beneficiaries and those interested in the last achievements, events and operations at IME will be provided with the relevant information and also the statistics of IME's transactions within the summer season. As always we hope you will find the content useful.

Interview with IME CEO, Dr. Hamed Soltaninejad: Iran Mercantile Exchange to Account for 10 to 15 Percent of Iran's GDP

Elahe Peyrovi: Journalist

Dr. Hamed Soltaninejad, CEO of Iran Mercantile Exchange, who presided over the company about one and a half years ago, has elaborated on the achievements of IME over the last year and his plans for future in an interview with IME's monthly magazine. He believes that IME has the potential to serve an iconic role of "resistance economy" and to become a platform to practice transparency at a national, regional and international level. He also observes designing and implementing futures and Salaf contracts as initiatives IME has taken in line with the provision of suppliers' financing needs along with executing article 33 of the law of increasing agricultural productivity which had been consigned into oblivion for a long time, leading to wheat and barley trades accordingly.

Soltaninejad holds that IME's

most important plans for future are accelerating provision of financing facilities for manufacturing companies through IME, expanding professional warehousing, entering into coin and foreign currency pricing and establishing foreign currency derivatives market. With respect to foreign currency derivatives market, Soltaninejad insisted that it will be a turning point in risk management for foreign currency volatilities which in turn will lead to more investors finding Iran an attractive destination for investing projects. He also prognosticates IME's share in the country's GDP to increase from its current 4 to 7 percent to somewhere between 10 and 15.

Below you will be reading the complete version of his interview with IME's magazine:

Q: At the turn of IME's establishment anniversary, with more than a year of being in charge at this company, can you elaborate on the measures taken within your term in office?

Over the last year IME has been focused on designing and implementing new financial instruments as the commodity market is a multi-national one

and is in urgent need for the relevant infrastructures to attract as much market participants as possible. Issuing securities based on commodities will provide market intermediaries to perform most of the trade on them in a competitive atmosphere which in turn will lead to more logical prices to the benefit of both producers and consumers. Accordingly, we will be experiencing the challenge among intermediaries instead of it being between them and the producers. It means that prices will be discovered based on the fundamentals of supply and demand. Hence, instead of crossing them out our approach is to support market intermediaries in our financial market, as they have the potential to provide this market with its financing needs. Moreover, a commodity market based on securities creates a win-win situation for both producers and consumers: the consumers feel certain that they will be receiving their goods at a fixed price on a specific date, which gives them the advantage of planning for their future in advance. In addition to that, this market entails a modern approach to warehousing which is also a great merit to the market, as goods will pass controlling measures for standardization

before entering warehouses as well as being stored in places nearer to the end users. Among other benefits of warehousing is when certificates of deposit are issued on the commodities stores in warehouses. IME has prepared the groundwork for market players to constantly trade these certificates as securities in the secondary market. As a result, I can say that the commodity-based securities market on IME along with its spot market bridges the gap between the real and the financial section of the country's capital market. That's why IME has put a lot of effort into establishing commodity-based securities market.

Promoting Futures and Salam Contracts

Among the advantages of trading securities is buying or selling commodities on a future date. In line with that IME has developed Salam and Standard parallel Salam contracts. The former provides producers and consumers the benefit of trading commodities based on the agreements between them at a specific price at a future time. The latter will also give others the opportunity to enter into trade of such commodities on the secondary market. These

contracts could be also used as financing methods.

Over the last year Salam contracts have been encouraged, accounting for up to 25 percent of petrochemical contracts. Pardis, Shiraz and Abadan petrochemical companies have issued Parallel Salam contracts which are to be joined by Borzouyeh Company in the future. These securities are issued with the aim of providing funds for producers and strengthening the secondary market. Meanwhile, metals are also traded in Salam contracts which may soon pave the grounds for implementing futures and forward contracts in this market.

It is worth noting that IME is moving towards trading agricultural products in Salam contracts as well so that we can establish a regulated market for the producers in this field. For instance, a chicken producer can receive the funds they need for buying feed barley for their chicken via Salam contracts: a safe, transparent and practical method on the platform of IME.

Implementing Article 33 - Maize and Barley Trades

On the other hand, IME managed

to put into practice the capacity of helping farmers with implementing the sunk-into-oblivion article 33 of the law of "increasing agricultural products efficiency" on the platform of certificate of deposits, in which the guaranteed purchase plan was replaced with the guaranteed price plan. Trading within the new-structured guaranteed price plan was launched for maize and barley as the first two commodities.

Replacing "guaranteed purchase plan" with "guaranteed price plan" means that the farmer will sell their produce at whatever price that is discovered on IME and will receive the remaining margin from the government.

Therefore, this new plan will not only result in transparency in the information about production but also will take a lot of burden off the government's shoulder. Trading products within certificates of deposit will also result in farmers seeking market and price data. This way, farmers will step into the capital market and will enjoy its benefits. It is worth noting that out of 65,000 farmers 45,000 have been able to receive their money from the government.

Among IME's initiatives with respect to international policies

was trying to define a structure for interactions with our neighbors so that importers will be able to offer their commodities on IME through which the country's needs to imported commodities will be met.

Q: In your opinion, what has been the biggest challenge for IME over this period?

The biggest challenge I believe was the issue of petrochemical companies exiting the IME, which was dismissed by the government and the parliament. In this regard, IME is after implementing a supervisory mechanism instead of the controlling system which is in work currently, based on which all companies and organization are involved in a kind of surveillance process; IME is about to take this role, as it is a market which can act as a platform for price discovery, transparency, supervision and developing financial instruments. The next challenge has been our capital market players' ignorance about new trading procedures on IME; a shortcoming which is being dealt with currently. We are designing pedagogical plans to teach our beneficiaries what they

need to be active participants in IME.

Q: Regarding that IME is at the threshold of the 10th establishment anniversary for IME, what do you think of IME's position in ten years from now?

In view of the increase in the need that commodity market players feel to trade via IME, I suppose that there will be sharp increase in the trading value of securities comparing to IME's spot market in the next 10 years. For instance, we can pre-sell sugar and based on that decide how much sugar to import to meet our domestic needs. Hence, IME could be referred to as a source for planning how much commodity to supply the market with. That's why it is estimated that IME will account for 10-15 percent of the GDP instead of the current rate of 4-7 percent.

Q: What are IME's most important programmes for future?

Among the most substantial steps IME is about to take forward is securitization and developing financial instruments so that producers can rely on IME for the provision of the financing facilities they needs. This way produces, even speculators- can trade security-based commodities and new financial instruments.

Moreover, IME as a fund provision platform has the capacity to make this market as transparent as possible through issuing Salam securities and futures contracts. We are also trying to scale up professional warehousing as an efficient tool in boosting economic growth on the condition they operate according to standard procedures.

Another program is to give more reigns to market participants or



financial intermediaries focused on securities, like commodity funds, to play a more effective role in trades within a regulated structure, as these funds can act as intermediaries and finance providing agents.

IME has also the plans to enter into foreign currency and gold pricing. In this regard, we are trying to establish the foreign currency derivatives market which will be a big step forward

in risk management and in turn attracting foreign investment in the country and more foreign financing for domestic industries. Last but not least is IME's programe to run options instrument through which both producers and consumers can trade commodities within a simpler trading structure.

IME's General News







IME's 100% Capital Increase Approved by Extraordinary General Meeting

A Seal of Approval on IME's Performance by Annual General Meeting

Capital Increase Approved by Extraordinary General Meeting
A Seal of Approval on IME's Performance by Annual General Meeting

Holding the IME's annual general meeting, its shareholders approved its performance and the extraordinary general meeting agreed on 100% capital increase for the IME.

During the IME's annual general meeting which was held on Monday, July 18th, in Razi Conference Hall, after presenting the board of directors' report for the year 1394 hijri (2014-2015) and explaining the IME's highlights and its best practices over the year by Dr.

Hamed Soltaninejad, the CEO of IME, the financial statements, independence auditor's report and explanatory notes were presented and it was announced that the IME's financial position, over 1394 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. At the end of the meeting, the IME's annual general meeting approved 51 riyals of dividend per share. Also, over the meeting, Osool-e-Paye Faragir Auditory Firm was chosen as the independent auditor and legal inspector and Ettelaat Newspaper as the government

gazette. Moreover, during the IME's extraordinary general meeting which was held after the annual general meeting, the extraordinary general meeting agreed with an amendment to the IME's Articles of Association, Article 3, paragraph 6 and a 100% capital increase from 450 billion Rials to



900 billion Rials through the IME's retained earnings and reserve fund.

Based on the report, the IME's CEO, on this meeting, pointed to the exchange's hopeful events over the New Year 1395 hijri and said: launching foreign currency futures market, integrating operational systems, implementing article 33 of the law of "Increasing Productivity

for Agricultural Sector "for maize and feed barley in the country, trading the IME's stocks in the primary market of the Farabourse (OTC), launching international marketing website, launching trading certificates of deposit for gold, PVC, steel, aluminum, Brazilian maize and saffron, launching a bidding system on transactions and increasing futures contracts trading hours are among the IME's priorities in 1395 Hijri.

Soltaninejad outlined the IME's best practices on the spot market over 1394 hijri as implementation of Article 33 of the law of "increasing productivity of agricultural and natural resources" to meet the guaranteed price policy for barley and maize in the two provinces of Kermanshah and Khuzestan respectively, for the first time; trading 190 KT of certificates of deposit for maize worth 1,192 billion Rials in Khuzestan province; Trading 302 MT of certificates of deposit for maize worth 2,426 billion Rials in Kermanshah province; identifying and listing 9 warehouses in Kermanshah for feed barley and 26 warehouses in Khuzestan for maize; launching the electronic system for issuing certificates of deposit; identifying and issuing trading accounts for more than 7,000 agricultural suppliers; holding over 3,520 m/h training courses for

farmers, managers from selected provinces and warehousemen; setting up short message system for beneficiaries, especially the farmers; launching trading certificates of deposit for gold coins; trading 969 certificates of deposit for gold coin worth more than 9,715 billion Rials.

The CEO of IME added that on the derivatives market of the IME we can refer to issuing the standard parallel forwards contracts on 7 occasions; financing over 6,764 billion Rials through issuing standard parallel forwards contracts; trading 1,695,890 futures contracts; conducting Feasibility Study for maize and bitumen futures contracts; conducting Feasibility Study, developing prospectus and contract specifications for saffron; launching the first phase of the project of «round -the-clock futures trading»; up to 19:00 for the time being; preparation for launching currency futures contracts; and setting up commodity funds as the IME's most important initiatives over 1394 hijri.

Finally Dr. Soltaninjad said that on the operation and surveillance department of the IME the best initiatives could be described as trading 23 million tonnes commodities on the various trading floors; listing 100 new permissions for brokerage activities; listing 61 new types

of already existing commodities including 57 domestic commodities and 4 imported commodities on the spot market of the IME; listing 3 new domestic commodities; listing 34 commodities from 22 domestic manufacturers and a foreign supplier on the side-market of IME; listing 10 standard parallel forwards contracts for different products; setting National Standards for warehousing system–warehouse equipment specifications; developing and updating guidelines for quantity and quality control of agricultural products.



CEO of IME on a Meeting in Iran Chamber of Commerce:

The Appealing Prospect of Becoming Price Reference for Commodities and First Choice for Financing in 1404 hijri (2025)

According to the CEO of Iran Mercantile Exchange the IME tries to be the price reference for the basic commodities for market participants and one of financing and hedging priority options for producers in 1404 hijri (2025). Based on the report by the IME's International Affairs and PR, Dr. Hamed Soltaninejad, the CEO of IME, in the meeting of "The role of IME in supply and demand for industrial commodities" held in Iran Chamber of Commerce (ICC) stated that in 1382 hijri (2003) according to Iran's third development plan, it was decided to move toward privatization, but some companies which their prices were controlled by the government could not supply their commodities based on the government pricing after privatization. Therefore, the best mechanism for price discovery was the IME.

He added that by development of a system based on supply and demand, IME is preparing the groundwork for these companies



to enjoy the benefits of a fair price discovery mechanism and move towards privatization.

Physical and Financial Market Close Competition

CEO of IME pointed to the exchange's trading statistics and noted that in 1394 hijri (2015) despite fluctuations in the real sector of the economy, a significant trading volume and value were registered in IME, with over 26 million tonnes of commodities worth over 470 billion Rials traded on spot and financial markets of IME.

"It is predicted that by development of physical and financial market these figures will increase in the current year, as over the first half of the year the trading value has reached to 300 billion



Rials half of which from physical market and the remaining part from the financial market.” he emphasized.

The IME’s Vision

Then Soltaninejad said that the IME tries to be the price reference for the basic commodities for market participants and one of financing and hedging priority options for producers in 1404 hijri (2025).

He pointed to IME’s strategies and noted that as derivatives have significant roles in hedging in the world commodity exchanges, the IME is seeking to develop these securities as well in order to provide a connection between the real sector and the financial sector of the economy through the derivatives.

Moreover, the forwards and credit

contracts will be converted to standard parallel forwards contracts and derivatives such as futures and options in the not too distant future

Leading Intermediaries’ Resources toward Production

Mentioning that the derivatives are prospering in IME and have their own customers, he stated that the derivatives can attract the intermediaries who are destructive to the physical and spot market and disruptive to the trading procedures and prices. According to the CEO of IME, intermediaries can be beneficial to the economy provided that we, not them, determine the rules of the game. If we allow them to be present in the financial markets, then we can use their resources in order to finance

producers.

Dr. Soltaninejad, stating that one of the IME's capabilities is the price discovery reference in the financial market, said that the IME can provide the groundwork for market surveillance because an exchange is a market in which all activities related to price discovery, transparency, monitoring and development of financial instruments can take place.

Financing Buyers and Sellers
The CEO of IME stated that the other function of IME is securitization. Securitizing commodities will lead to an increase in commodity flow with a lesser need to the physical delivery of commodities, which in turn will encourage more involvement of market players.

Reducing the Financial Burden of Government in Agriculture Sector

Dr. Soltaninejad pointed to raising 26,500 billion Rials of finances in standard parallel forwards SALAM contracts for wheat through the IME and said in these contracts each 100 Kg of wheat is equal to a security enabling its owner to receive the commodity or its value in the next 6 months.



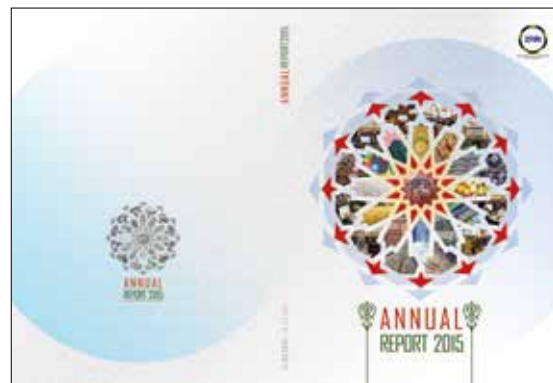
IME's English Annual Report Published

Iran Mercantile Exchange published its first English annual report for the fiscal year ending March 19, 2016.

Regarding the IME's position in national economy and its role in creating a competitive, transparent and productive market as well as developing financial instruments, implementing new financial instruments to expand IME's scope of activities and preparing the groundwork for IME with an aim to gear up for more international relations and the necessity of publicizing related information, the IME's first English annual report was published for the fiscal year ending March 19, 2016.

With that in mind, the report includes the IME's General Data, Organizational Structure, General Trading Data, Financial Data Summary, Board of Director's Message and CEO's Post, IME's History, Field of Activity and Strategies, Vision and Mission, Capital and Shareholders, Legal Environment of IME, IME's Function in 2015 (1394), Key highlights and Best practices, The Market Status and Trading

Statistics, Commodities, Suppliers, Commodity based Securities and Listed Warehouses, Active Brokers and Brokers' Performance, Company's Financial Position, Comparison between Actual Results and Budgets, IME's Governance and Management Structure, Board of Directors and Human Resources, Priorities in 2016 (1395) and finally Financial Statements, Independence Auditor's report and explanatory Notes.





CEO of IME on the Valediction Ceremony of the Chairman of SEO

A Bright Future for Iran's Capital Market by Electing an Erudite Expert as the Head of SEO

On Wednesday, 27th of July, Dr. Hamed Soltaninejad, on the valediction ceremony of the chairman of SEO attended by

deputies of minister of Economic Affairs and Finance and senior officials of the capital market, said that first he should sincerely thank Dr. Fetanat for his support during the past 20 months with the intention to empower Iran Mercantile Exchange's position in the national economy.

According to the CEO of IME, development projects of the IME would not have borne fruit without Dr. Fetanat's assistance especially in the field of agricultural



commodities and financial instruments. Soltaninejad, in addition to greeting Dr. Shapour Mohammadi as the new chairman of SEO and acknowledging the high council of exchange and the minister of Economic Affairs and Finance for electing a qualified, committed and competent chairman for the SEO, stated that his selection will certainly prove beneficial in designing and launching new financial instruments and in market development in the capital market of Iran.

Stating that the Dr. Mohammadi possesses valuable experience in different positions in the money and capital market, added that this choice reflects the firm determination of the authorities to give enough rein to Iran's capital market to play a more constructive role

in financing businesses within the country's economy.

Finally Soltaninejad referred to the SEO's new chairman's selfless and continued support of transparent transactions in the IME in his previous positions as well as his expertise in derivatives market are heralds of a prosperous future for physical and derivative trading on IME.



IME to Raise Offering Sugar and Chicken, Expecting Balance to Return to these Markets

Dr. Hamed Soltaninejad, IME CEO, was quoted by IRIB News Agency as saying that there has been an upswing in sugar market in IME, with 265,000 tonnes of sugar offered on IME from the beginning of the current year-solar hijri-(as of 20th of March). Today, 9th of August, 6600 tonnes of sugar were also offered on its agricultural trading floor and IME will go along the way till it

will redress the balance in the market.

With regards to offering the commodity in spot and Salam, he went on to say that currently our buyers are large consumer markets and to restore the balance of the market we need to have small-scale consumers joined to our market as trade unions, cooperatives and wholesalers. Soltaninejad also added that although currently large-scale consumers, sugar factories and downstream industries are among our customers, the whole sugar produced in the country is not offered on this market. IME has the plans to cover all the role players in this market from both suppliers and consumers.




He continued that IME has set a new record of offering sugar on Monday, 8th of August, with 10,000 tonnes of trade volume; yet most of the sugar produced in Iran is not traded on IME.

«I believe that we have the capacity to cover even retailers if all of those who are in demand of sugar enter the exchange and get a trading code.» Soltaninejad said. He also hoped that the sugar made from sugar beet will enter

the market; hence, producers will be needed to increase the number of delivery spots.

As to frozen chicken he pointed to the notion that large-scale customers, including restaurants and downstream industries like sausage makers are not yet in the habit of purchasing this commodity from the exchange. Nonetheless the «animal husbandry support» company has started to offer the commodity on a regular basis



on IME over the last weeks. IME CEO reiterated that on the condition that we cover large-scale demands on IME, we will witness a boom in this market, with also a balanced and fair price for chickens outside the exchange. Yet, the rise in the chicken price we saw recently has partly its root in the increase in the costs of factors of production (inputs).



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International Events

Chairman of SEO

Announced:

World Federation of Exchanges Admits Iran Mercantile Exchange as Its Affiliate Member

Mohammad Fetanat, the SEO chairman, during a ceremony in Tehran for inking a memorandum of understanding (MOU) with Pakistan for cooperation between the two countries' mercantile exchanges said IME's admission became possible as WFE Affiliate Member. During an official meeting held at Securities and Exchange Organization (SEO) attended by Mr. Ejaz Ali Shah, the managing director of PMEX, Dr. Mohammad Fetanat, the chairman of SEO and Dr. Hamed Soltaninejad, CEO of IME and a group of senior managers of Iran capital Market, an MoU was signed between IME and PMEX. As to IME's request for WFE's membership, Dr. Fetanat said that the good news is WFE has approved IME's request as an Affiliate Member and I hope the same pleasant happening take place for other sectors of Iran's capital market in not too distant future.

Moreover, the CEO of IME, Dr.



Hamed Soltaninejad stated that before this Iran was not eligible to become a member of international institutions due to the Western sanctions but stepping into the post sanction era provided the IME with the opportunity to become a member to WFE.

Pointing to the importance of WFE and its membership for exchanges, he said that IME's compliance with international standards, having continuous and better communication with commodity exchanges in the world, attending sophisticated and specialized workshops of the WFE and sharing experience and knowledge as well as introducing and sharing new financial markets

to and between the members and finally development of economic activities such as hedging through exchanges are among the advantages of membership in WFE.

CEO of IME

Explained:

Advantages of Affiliation to WFE for Iran Mercantile Exchange

Affiliate status IME is enjoying now will bring more ease in its communication and interaction with the world outstanding exchanges. Standing among the officials of highly-recognized exchanges



across the world, the IME's representative will not face difficulties in networking procedures as before.

The CEO of IME explaining the advantages of affiliation to WFE for the IME stated that attending all WFE's conferences, assemblies as well as public and specialized meetings is the first advantage of affiliation to this highly reputable association.

Dr. Hamed Soltaninejad added that attending workshops, specialized conferences, work committees and sharing knowledge and experience among WFE's members which are from the world outstanding exchanges are among other advantages of the affiliation.

According to Soltaninejad, enhancing IME's international interaction with other exchanges is one of the most important privileges of affiliation to WFE for the IME.

This advantage will lead to IME meeting international standards and to be operating in compliance with known and acclaimed world exchanges.

Based on the report, at the beginning of the year, Soltaninejad announced that the IME will extend its

international relations upon the removal of international sanctions; a goal which is materializing by affiliation to WFE simultaneous with signing MoU with Pakistan Mercantile Exchange as IME's first steps toward internationalization. Moreover, export trading settlement with foreign currencies as well as development of warehousing system for export and import are IME's other plans to achieve this goal.

Happened in SEO: **Signing MoU between IME and PMEX**

On Thursday, 31st of June, a memorandum of cooperation between Iran Mercantile Exchange (IME) and Pakistan Mercantile Exchange (PMEX) was signed. During an official meeting held in Securities and Exchange Organization (SEO) attended by Mr. Ejaz Ali Shah, the managing director of

PMEX, Dr. Mohammad Fetanat, the chairman of SEO and Dr. Hamed Soltaninejad, CEO of IME and a group of senior managers of Iran capital Market, an MoU was signed between IME and PMEX. The MoU was signed in order to facilitate trade between the two countries and to share experience and knowledge in the field of commodity markets, especially derivatives contracts and trading physical commodities and commodity based securities.

IME's Contribution to Fulfill Iran and Pakistan Presidents' Commercial Goals

The CEO of IME during the meeting of inking memorandum of understanding (MoU) between two countries' mercantile exchange said that exchanges provide a transparent and regulated mechanism and infrastructure to facilitate transactions between



countries such as Iran and Pakistan.

It was on March, over a meeting between Dr. Hasan Rouhani, president of Iran and Mamnoon Hussain, president of Pakistan, it was decided that the trading volume between two countries rise up from 1 billion USD to 5 billion USD. In line with that, on Thursday, 30th of June, a memorandum of understanding (MoU) was signed between Iran and Pakistan Mercantile Exchanges to facilitate trading between two countries through



exchanges. CEO of IME stated that exchanges provide a transparent and regulated mechanism and infrastructure to facilitate transactions between countries such as Iran and Pakistan.

Stating that advanced economies

have achieved huge gains through commodity exchanges, Dr. Hamed Soltaninejd added that the value of transactions between Iran and Pakistan is about 1 billion USD which is about to increase to 5 billion USD over the agreement by the two presidents and the IME and PMEX can make significant contributions to achieving this goal. The PMEX has valuable experience on derivatives market based on different commodities and on the other hand the IME has taken successful measures in the field of commodity based securities, standard parallel forward SALAM contracts and other kinds of sukuk and sharing these experience and knowledge will begin in the not too distant future.

Dr. Soltaninejad said that the PMEX is going to establish an agricultural trading floor in which we have had great achievements on physical trading and also on financial markets including trading Custodian Deposit Receipt (CDRs) and implementation of Article 33 of the law of increasing agricultural sectors productivity which seems to be interesting for PMEX's managers and experts.

Pointing to negotiations on establishing joint trading



platforms for oil and petrochemical commodities such as bitumen, CEO of the IME added that exchanges provide accessibility to markets for market participants so that the exchanges can facilitate access to Iranian exports for Pakistan market participants and on the other side provide Iranian buyers with required commodities from Pakistan. According to Dr. Soltaninejad, development of international transactions through commodity exchanges, in addition to ensuring traders about quality, price and timely payment, will provide a standard and transparent mechanism for trading commodities. So that, on the condition that these trades are up and running, the possibility of needs assessment and planning to produce, import and export of commodities opened up.

Moreover, the CEO of IME, Dr. Hamed Soltaninejad stated that before this Iran was not eligible to become a member of international institutions due to the Western sanctions but stepping into the post sanction era provided the IME with the opportunity to become a member to WFE.

Pointing to the importance of WFE and its membership for exchanges, he said that IME's compliance with international standards, having continuous and better communication with commodity exchanges in the world, attending sophisticated and specialized workshops of the WFE and sharing experience and knowledge as well as introducing and sharing new financial markets to and among the members and finally development of economic activities such as hedging through



exchanges are among the advantages of membership in WFE.

The managing director of PMEX maintains that trading commodities through exchanges can regulate the trading mechanism and make it transparent in addition to impacting on regional prices. Iran and Pakistan have plenty of mutual relations and by signing this MoU a new opportunity will be provided for the two countries. Mr. Ejaz Ali Shah stated that development of trading and relationship between two countries will result in great achievements in the economy of both sides. The PMEX has lots of experience in trading agricultural commodities such as rice, sugar and wheat as well as trading derivatives instruments and we want to experience trading a part of required commodities between the two countries through the exchanges. These transactions

can be done physically or based on new financial instruments and can be expanded gradually.

At the end of the meeting, Mr. Ali Shah invited officials of the Iranian capital market to Pakistan to accelerate communications between Iran and Pakistan Mercantile Exchanges and to consider enhancing relations between Iran and Pakistan stock market.

IME Attends the 9th International Exhibition of Bank, Exchange & Insurance

Iran Mercantile Exchange will attend the 9th International Exhibition of Bank, Exchange & Insurance by holding 16 workshops, launching a book on currency futures market and by attending economic officials and experts. According to the report by IME's International Affairs and PR, the IME is going to be an active participant in the FINEX 2016 through holding 16 workshops on introduction to financing approaches in the IME, introduction to gold coin futures, introduction to new instruments such as Custodian Deposit Receipt (CDRs), commodity funds, commodity based securities, bidding platform and long term contracts.

On the other hand, the IME will launch a book on currency futures market during the exhibition. Moreover, the IME will provide an opportunity to discuss the most important issues relating Iran's capital market by inviting economic officials and experts as well as ambassadors and embassies economic advisers.

It is worth noting that in addition to the CEO, the IME's managers in different areas and experts from various sectors will attend the 9th International Exhibition of Bank, Exchange & Insurance to meet visitors and to guide potential investors.]

The 9th edition of this exhibition will be held on 10 - 13 July 2016 in Tehran International Permanent Fairground and the IME will host visitors at Hall 35, Booth 318.





An Introduction to IME's Appeals for Foreign Investors in the second Day of the International Exhibition of Exchanges

IME CEO expounded on the appealing markets and financial instruments of Iran's capital market for foreign investors during the panel of intriguing products of Iran's Capital Market CEO of Iran Mercantile Exchange Attended the Panel of Intriguing Products of Iran's Capital Market Dr. Hamed Soltaninejad, pointing

to the fact that Iran Mercantile exchange as one of the pillars of Iran's capital Market plays an underpinning role to the goods produced in Iran in terms of quality and quantity, said that currently various agricultural, mineral, industrial, petrochemical and oil products are traded on IME while it has managed to prepare the groundwork for foreign investors to enter Iran's capital market through its export ring in Kish island.

IME's CEO asserted that there are incentives in Iran's free zones like exemption from customs duties and taxes which are to be incorporated in IME's overall plans to attract foreign investors. IME's export ring he said accounts for 10 percent of commodities traded on IME, among which bitumen, iron ore and insulation



are. Given that Iran is one of the main producers of bitumen, oil, petrochemical products and cement Soltaninejad said that IME is about to initiate ties with global exchanges so that we can hedge against domestic and international trade risks through implementing new financial instruments. He pointed to the development of derivatives markets in IME and said that it's been 7 years that Gold Coins trade on IME in futures contracts with a good number of investors being active in the market. He announced that IME has more plans for this market in the future.

To elaborate on IME's potential to affect people's lives, he took the example of agricultural products and said, "Agricultural products usually go through phases of price volatility at times, having adverse impacts on people's lives. IME is about to duplicate the solution offered by other commodity exchanges across the world; that is to insure such products against the changes in their prices at different times" He also mentioned the petrochemical products and explained that today the Chinese are striving to gain more than their fair share of this market through designing financial instruments to come up with a modern and transparent mechanism for trades;

the question is why we are not taking this opportunity to play a more active role in benchmarking for petrochemical products in the region as one of the biggest producers of this industry.

He pointed to this notion at the end of the panel that IME has the development of financial instruments and the trade of commodity-based securities in collaboration with domestic and international entities high on agenda in the hope that we attain the position we really deserve.

CEO of IME on the First Iran Bitumen and Asphalt Forum 2016:

IM's Plan to Launch Futures Contracts and CDRs for Bitumen



On the First Iran Bitumen and Asphalt Forum 2016, CEO of Iran Mercantile Exchange announced that the IME is about to launch futures contracts and CDRs for bitumen.

On Tuesday, August 30th, the first day of “Iran Bitumen and Asphalt Forum 2016” held by Conference Connection and sponsored by Jey Oil Refining Company and Pasargad Oil Refining Company, Dr. Hamed Soltaninejad explained how IME is to launch trading bitumen in futures contracts.

Presenting a brief overview of futures contracts for trading bitumen on the export pit of IME, he reiterated that launching futures contracts for bitumen as

a means of helping the market participant of the commodity to hedge themselves against the price volatilities is amongst the IME's programs to develop trading of the commodity.

Pointing to the necessity of futures contracts for bitumen due to price fluctuations, Soltaninejad said that fluctuating prices entail launching risk management instruments and the most important factor for launching futures contracts for bitumen is to enhance the spot market of the commodity. “Furthermore, we have put issuing the CDRs for the bitumen, to increase liquidity of the market, high on agenda.” he added.

CEO of IME explained that we launch the CDRs for the bitumen in order to provide a continual price discovering system and to achieve this goal bitumen suppliers should allocate some of their production to drums. On the other hand, launching CDRs and the investment institutes entering the market, will increase the liquidity of these securities.

Highlighting the challenges of warehousing in the bitumen industry, Soltaninejad said that today most of the suppliers deliver their commodity in bulk, while in order to implement bitumen CDRs and to store the commodity in accordance with determined

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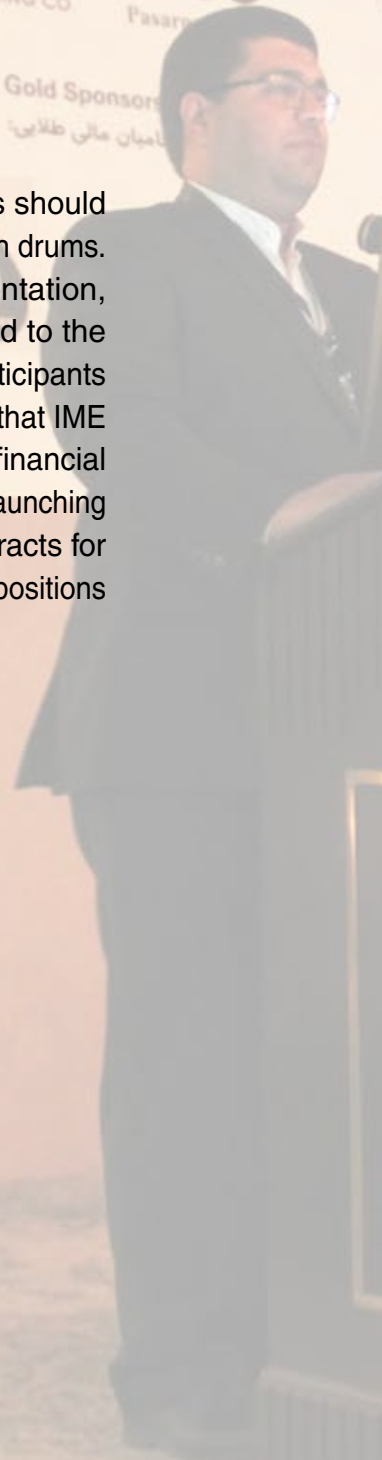
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standards the suppliers should deliver their commodity in drums. At the end of presentation, the CEO of IME pointed to the international market participants in the industry and said that IME needs to tap into other financial entities' experiences for launching successful futures contracts for bitumen. Hence, any propositions are welcome by IME.





IME Hosts Participants of the First Iran Bitumen and Asphalt Forum 2016

On Tuesday, 30th of August, the participants of the First Iran Bitumen and Asphalt Forum 2016 visited the Iran Mercantile Exchange.

A meeting attended by the participants of the he First Iran Bitumen and Asphalt Forum 2016 mostly from Indian capital market and the IME's senior managers and experts, was held in IME. The attendees were briefed shortly on IME performance, mechanisms of its activities, its status in Iran's capital market and its plans to be more active in the international arena particularly

in bitumen and asphalt industry to develop futures contracts and CDRs on the commodity, enhancing direct relationship with the suppliers, hedging, and providing a fair market.

It is worth noting that the inaugural of Iran Bitumen/Asphalt Forum 2016 (IrB 2016) was held by the Conference Connection on 29 – 30 August 2016 in Tehran. The conference provided the most authoritative assessment of the Iranian bitumen/asphalt markets and brought together over 150 senior government officials, suppliers, distributors, traders and consumers of bitumen/asphalt from across the Middle East, Africa, Asia, Europe and rest of the world.



IME Quarterly



**Standard
Parallel
Forward**



IME Quarterly



**SALAM
Contracts on
IME**

CEO of IME Announced:

IME agrees the First Long-Term Petrochemical Contract with Downstream Industries



IME agrees the First Long-Term Petrochemical Contract with Downstream Industries

The CEO of IME made public the signing of the first long-term contract on products from Tondgooyan Petrochemical Company with downstream industries in Iran Mercantile Exchange on Saturday, 25th of June.

Hamed Soltaninejad stated that one of the requests of petrochemical companies from IME, in addition to a lawful, safe and transparent trading system for transactions and price discovery, has always been signing long-term contracts with production units so that they can have their own long term

production plans, knowing that there will be constant feedstock for their firms which guarantees their sales in the long run.

The CEO of IME said that, after negotiations and joint meetings with those involved in the petrochemical industry, yesterday the first long-term contract was signed on the oil and petrochemical trading floor and the first steps to respond to the demands of petrochemical plants were taken.

Regarding the details of trading he added that the first long-term contract between Tondgooyan Petrochemical Company and downstream industries was signed on polyethylene terephthalate for textile and bottles with the average rate discovered through the previous public offering of these products on the exchange with a total volume of 616 tonnes. The CEO of IME, pointing to the period of contracts between petrochemical plants and downstream industries being 6-12 months, noted that both supplier and buyer are obliged to guarantee the long-term supply and demand for the agreed products on the IME according to the contract. He also added that the next offering

the buyer's requirements.

Finally, Soltaninejad declared that development of long-term contracts between petrochemical companies and downstream industries in the IME is being investigated regarding the conditions of producing and supplying the products so that there will be no complications in the process of the initial offerings of petrochemical companies.

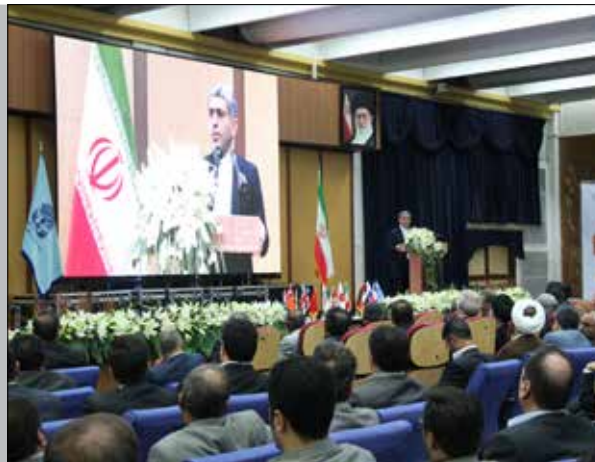
Minister of Economic Affairs and Finance on the opening day of the 9th International Exhibition of Bank, Exchange & Insurance stated:

Launching Online Trading and Issuing Standard Parallel Forwards SALAM Contracts on IME as Great Achievements in Iran's Capital Market

On the opening day of the 9th International Exhibition of Bank, Exchange & Insurance, the minister of economic affairs and finance, speaking of Iran's capital market current achievements, pointed to the launching of online trading

and issuing standard parallel forwards SALAM contracts on the Iran Mercantile Exchange. According to the report by IME's International Affairs and PR, Dr. Mohammad Tayebnia stated that SEO's membership in International Organization of Securities Commissions (IOSCO), membership of pillars of the capital market in World Federation of Exchanges (WFE), launching online trading in Tehran Stock Exchange and Iran Mercantile Exchange and issuing Sukuk and standard parallel forwards SALAM contracts are among the most important measures in the capital market of Iran.

The minister of economic affairs and finance added that launching rating agencies and investment funds, as well as development of guidelines and regulations to facilitate the affairs are some of the recent activities of the capital



market's institutions. Mentioning the upward trend of financing in the capital market, Dr. Ali Tayebnia said that financing through the capital market has increased from 10 billion USD to 33 billion USD, indicating the increasing shift from the banking system to the capital market for provision of financing as of the government programs. He stated that we need to move toward a situation that short-term financing to be done by banks and long-term financing through capital market instruments.

The chairman of securities and exchange organization (SEO) on the opening day of the 9th International Exhibition of Bank outlined 4 significant figures in the capital market of Iran in the Government of Prudence and Hope. Dr. Mohammad Fetanat said that the first achievement in this government is related to the volume and size of the capital market; the size of the capital market was around 80 billion USD in 2013 which increased to 185 billion USD. On the other hand, the number of shareholders in 2013 was about 6,500,000 and this number has increased to 10,000,000 shareholders. He added that the trade volume and value during the last three years has increased twice as much

its volume and value during the last 8 years. Today, the value of firms' financing through the capital market has reached to 33 billion USD which is not comparable with the figures before the current government.

Financing 2,000 Billion Rials for Shiraz Petrochemical Company through IME

Welcomed by investors, the standard parallel forward SALAM contract on granulated urea from Shiraz Petrochemical Company worth 2,000 Billion Rials which has been issued on the Iran Mercantile Exchange to finance working capital of the company were traded in less than a minute.

The initial offering of standard parallel forward SALAM contract on granulated urea from Shiraz Petrochemical Company was issued on 26th of June on the Iran Mercantile Exchange. Based on the report, the purpose of issuing the standard parallel forward SALAM contract on granulated urea from Shiraz Petrochemical Company has been declared as financing working capital for the Petrochemical Complex.



These securities were issued by the IME within the "extended offering with a fixed price" plan up to 285,167 tonnes at a price of 7,013,440 Rials per tonne (7,013,440 Rials per contract) and were traded in less than a minute. It is worth noting that the securities are issued in the customer's name and are capable of being traded on the exchange and exempt from taxes.

The purchase price per contract will be the base price for the initial offering which is in turn based on last price of the exported granulated urea from Iran, according to figures included in the FMB

Weekly report, considering the average market exchange rate quoted by three valid exchange companies. The maturity date for the securities will be 12 months after each initial offering and the date for submitting physical delivery request will be 10 days before the maturity date.

Finally, the minimum number of contracts for physical settlement is 500 contracts equal to 500 tonnes and buyers can receive their commodity Ex-work a month after the maturity date.

Vice Chairman to SEO's Board of Director Announced while Visiting IME's Booth at FINEX Exhibition:

Issuing Standard Parallel Salam Securities ;A Great Solution to Answer Producer's Needs for Finance

Issuing Standard Parallel Salam Securities will be an efficient way, widespread in the near future, to provide producers with their financing needs

Dr. Ali Sa'eedi, Vice Chairman to SEO's Board of Director, paid a visit to Iran Mercantile Exchange Booth at the 9th international exhibition of exchanges, banks and insurance and said financial instruments would be a great help to producers with their working capital. This initiative at IME he maintained is aimed at meeting the producer's financing needs. Referring to the fact that Parallel Salam contracts are more consistent with the structure of the market he said that utilizing these securities would mitigate risk of trades and thus are appealing to trades. He added that these

securities have gone through complementary changes and we hope that they will be used as a common financing instrument in Iran's capital market. He also mentioned that these contracts will facilitate raising capital for producers; which could be used for their purchasing and investment needs.

Dr. Sa'eedi focused on Parallel Salam Contracts' advantage of reducing time of trades and said that they will also reduce risk of trades as they are commodity-based.

He insisted that the interesting point for these contracts is that they are issued on commodities which are traded spot on IME and will an extra benefit for those producers that sell their products on IME in cash as a means of receiving financing facilities.

Finally he mentioned that CDRs or Certificates of Deposit are among other newly-established instruments at IME based on which warrants are issued for commodities deposited in warehouses to be used as another means for raising capitals.

Details of Issuing Standard Parallel Forward SALAM Contract on Urea from Shiraz Petrochemical Company on IME

The initial offering of standard parallel forward SALAM contract on urea from Shiraz Petrochemical Company will be on 26th of June on the Iran Mercantile Exchange. These securities will be issued by the IME within the "extended offering with a fixed price" plan up to 285,167 tonnes at a price of 7,013,440 Rials per tonne

volume is about 572,000 tonnes provided that the total value of securities will be no more or less than 4,000 billion Rials. The Initial offering will be twice worth 2,000 billion Rials each time. The interval period will not be less than 30 days. Moreover, the secondary market for the securities will be from 26th of June to 12th of July.

The purchase price per contract will be the base price for the initial offering which is in turn based on last price of the exported granulated urea from Iran, according to figures included in the FMB Weekly report, considering the average market exchange rate



(7,013,440 Rials per contract). Based on the report, these securities will be issued in the customer's name, which are capable of being traded on the exchange and exempt from taxes. The purpose of issuing the standard parallel forward SALAM contract on granulated urea from Shiraz Petrochemical Company has been declared as financing working capital for the Petrochemical Complex. According to the IME's offering announcement, the initial offering

quoted by three valid exchange companies.

The maturity date for the securities will be 12 months after each initial offering and the date for submitting physical delivery request will be 10 days before the maturity date.

Finally, the minimum number of contracts for physical settlement will be 500 contracts equal to 500 tonnes and buyers can receive their commodity Ex-work a month after the maturity date.

To Finance Government
within the Guaranteed
Purchase Plan for Wheat:
**Issuing 26,500
Billion Rials
Standard
Parallel
Forwards Salam
Contracts for
Wheat on IME**

Going through official procedures of the IME's listing committee; 26,500 billion Rials of standard parallel forwards Salam contracts for wheat will be issued as the largest financing to date for the agricultural sector of the country through the capital market of Iran. After successful financing for the industrial sections through the capital market, the standard parallel forwards Salam contract for wheat worth 26,500 Billion Rials will be issued.

These securities are held in the customer's name and are tax-exempt with a 6-month maturity date, the report says. The rate of return is 10 percent for six months equal to 20 percent of annual interest rate. Agricultural Bank Brokerage is the underwriter as well as the market maker up to the maturity date.

The issuer is Government Trading Corporation of Iran (GTC). The

offering adviser is the Agricultural Bank Brokerage, the government of Iran, the treasury and the Keshavarzi Bank will guarantee the principle and the return of the securities.

**Offering 3
Million Tonnes
of Wheat
through IME**

The GTC has committed to offer all of the country's non-subsidized wheat in the IME to be sold through standard parallel forwards Salam contract in order for discovering a fair price. The total volume of the non-subsidized wheat is 3 million tonnes annually.



Welcoming the Largest Agricultural Financing through Capital Market A 12,000 Billion Rial Financing for GTC on IME

On Wednesday, 14th of September, the first standard parallel forwards SALAM contract for wheat to finance the Government Trading Corporation of Iran (GTC) for paying wheat farmers was issued in IME. The trading volume equals to 1,440,000 tonnes of wheat (14 million and 400 thousand contracts) worth over 12,000 billion Rials.

Due to the extensive volume of offering the securities, issuance of standard parallel forwards SALAM contract for wheat will continue up to Sunday, September 18th and the public can go to brokerages licensed to trade IME's standard parallel contracts in order to underwrite these securities.

It is worth noting that these securities are held in the customer's name and are tax free with a 6-month maturity date. The rate of return is 10 percent for six months equal to 20 percent of annual interest rate. Agricultural Bank Brokerage

is the underwriter as well as the market maker up to the maturity date.

The issuer is Government Trading Corporation of Iran (GTC). The government of Iran, the treasury and the Keshavarzi Bank will guarantee the principle and the return of the securities.

Offering of Non-Subsidized Wheat on the IME's Physical Market

In line with offering these securities based on GTC's commitments, all of the non-subsidized wheat at GTC's discretion will be traded only through the IME on a regular basis continuing until maturity date which is based on current market prices. In this regard, in addition to offering standard parallel forwards SALAM contracts for wheat, today, over, 10,000 tonnes of wheat from GTC worth over 90 billion Rials were traded on the Iran Mercantile Exchange physical market.

Announced by CEO of IME:

Financing 26,500 billion Rials for Wheat Suppliers; the Largest Financing for the Agricultural Sector through IME

The largest financing of the agricultural sector of the country in the capital market of Iran was accomplished successfully through the Iran Mercantile Exchange within two days in which the Government Trading Corporation of Iran (GTC) provided the wheat suppliers with 26,500 billion Rials of financing.

The CEO of IME stated that the standard parallel forward contracts issued for wheat on Wednesday, September 14th in IME to finance 26,500 billion Rials for the GTC to pay to wheat suppliers, today, September 17th were traded fully within two days resulting in the largest financing for the agricultural sector of the country.

Hamed Soltaninejad added that on the second day of trading the securities in IME, 1,761,000 tonnes of wheat worth over 14,570 billion

Rials were traded, reaching the anticipated 26,500 billion Rials of capital.

The CEO of IME said that through this financing, the GTC will pay a large part of the wheat suppliers' debts and will solve their financial problems partially.

Pointing to the details of standard parallel forward contract for wheat, Soltaninejad said that these securities are held in the customer's name and are tax free with a 6-month maturity date. The rate of return is 10 percent for six months equal to 20 percent of annual interest rate. Agricultural Bank Brokerage is the underwriter as well as the market maker up to the maturity date.

The issuer is Government Trading Corporation of Iran (GTC). The government of Iran, the treasury and the Keshavarzi Bank will guarantee the principle and the return of the securities.

Moreover, in line with offering these securities based on GTC's commitments, all of the non-subsidized wheat left to the discretion of GTC will be traded only through the IME on a regular basis until the maturity date which is based on current market prices.



IME Quarterly

Custodian Depository



IME Quarterly



Receipt (CDRs) on IME

CEO of IME:

Starting Online Trading for Gold Coin Certificates of Deposit on IME

During the 9th International Exhibition of Bank, Exchange & Insurance, CEO of IME in an interview with reporters announced that the Iran Mercantile Exchange's online trading for gold coin certificates of deposit has been initiated. According to the report by the IME's International Affairs and

gold coin certificates of deposit transactions in collaboration with Tehran Securities Exchange and Technology Management Company (TSETC) and software provider companies, provided the possibility of online trading for this commodity as in stock markets to market participants and traders. It should be noted that to provide more information for market participants, today, on Tuesday July 12th, along with initiating online trading for gold coins on online stock trading system, a



PR, Tuesday, July 12th would be of great importance for gold coin and capital market participants because from this day onwards, online stock traders can trade Bahar-e-Azadi gold coins in cash on the IME. The IME after launching

related workshop will be held at 15:00 at Hall 35, booth 318 in the ninth international exhibition of exchange, bank and insurance. Based on the report, online stock traders agencies including Atisaaz Bazar, Amin Avid, Refah Bank,

Sepah Bank, Keshavarzi Bank, Mellat Bank, Bahman, Ansar Bank, Pishgaman Behparvar, Setareye onoub, Sahm Ashena, Sea Volex Kala, Kala Sepehr, Kalaye Khavar Mianeh, Mofid and Nemad Shahedan from this day on, can trade gold coins in cash (gold coin certificate of deposit) by choosing the coin symbol of the symbols of tradable stocks on the online trading system.

It is worth noting that the above-mentioned brokerage firms have provided their clients with access to online trading for metal commodities certificates of deposit and also other brokerage firms will provide the access for their clients, as soon as possible.

Based on the report, online trading infrastructure from gold coin certificate of deposit or the same as gold coin cash trading will be done on online stock trading system and gold coin cash transaction on this system is similar to trading stocks.

From Tuesday, 12th of July, online stock market traders which their brokerages have the license of trading metal commodities CDRs from the IME can order trading gold coin cash transactions on the online stock trading system. Gold coin cash transactions on the system will be possible for customers every day from

9 am to 12:30, the same as stock trading hours.

Coin symbol has been opened on the online stock trading system and traders can make gold coin cash transactions (gold coin certificate of deposit) and if they wish to receive the coin(s), they can receive them from Refah Bank treasury.

One of the main functions of this financing instrument is to ensure security and safety in trading gold coins, so that anyone who has gold coin, by converting their asset into certificates of deposit, can trade it or keep it without any concerns, because gold coin certificates of deposit are held in the customer's name and even in case of theft of the certificate, there is also the possibility of receiving the coins with their identification documents which leaves no room for any concerns as to the security of coins for the customers.




A Good Start on the First Day of Online Trading of Gold Coins Certificates of Deposit

On the first day of enabling access for online stock traders to gold coin certificates of deposit symbol, 2,440 units of trading units equal to 244 Bah r-e z d gold coin minted on 2007 (1386 hijri), worth over 2692 billion rials were traded on Iran Mercantile Exchange.

On Tuesday, 12th of July, by starting access of online stock traders to this instrument and after 4 months of its initiation, its trading entered a new phase. Based on the report, the online traders can order any number of gold coin certificates of deposit without any limitation and on

a one-day delivery basis from the IME.

On the first day of providing access to online stock trading system, with the trading volume increased significantly compared to the days before, traders provided that its future is promising. It is worth noting that the beginning of the online trading gold coins in cash, which have had a good reflection on the FINEX 2016, could be a turning point in facilitating the purchase and investment in this instrument and improving the security for buyers; because these certificates of deposit are held in the customer's name which are registered on a national central system and in case of the buyer's tendency to receive the gold coins, there is also the possibility of issuing money order and receiving it within one working day from the Refah Bank treasury. This instrument can create confidence in gold coin

The background of the page features several stacks of gold coins. The stacks are arranged in a way that creates a sense of depth, with some stacks in the foreground and others in the background. The lighting is warm and soft, highlighting the metallic texture of the coins. The overall composition is clean and professional, suitable for a financial or investment-related publication.

certificates of deposit buyers and the problems of transporting and storing physical gold coins which is one of the important concerns of owners will be relieved. On the other hand, these securities transaction will be done without any physical presence of the sellers which can sometimes relieve concerns of gold coins being counterfeiting.

It should be noted that each holder of gold coins can refer to the Refah Bank treasury and deliver and deposit their coins in the central depository system, after their validation with a cost of 5,000 Rias for each one. From the next working day, the buyers can trade their coins in online stock trading system.

The background of the page is a photograph of the Iran Mercantile Exchange building. The building is a modern, multi-story structure with a curved facade and large glass windows. The name "ایران مبادلاتی" (Iran Mercantile Exchange) is written in Persian script at the top, and "IRAN MERCANTILE EXCHANGE" is written in English below it. A logo is visible on the building's facade. The text of the article is overlaid on the left side of the image.

On a Meeting in IME Marrying up Commodity Funds to Custodian Depository Receipts (CDRs)

Last week, a meeting was held in Iran Mercantile Exchange attended by commodity funds and IME's manager aiming at introducing Custodian Deposit Receipts (CDRs) to commodity funds managers.

In line with the SEO's current announcement, commodity funds are eligible to trade Custodian Deposit Receipts (CDRs). Based on this announcement, the commodity funds which are authorized to trade "stock", "fixed income securities" or "both of them" can invest 5% of the funds capital in CDRs by including the potential for investment in CDRs in their Article of Association and prospectus and after going through obligatory procedures and required formalities.

Accordingly, over the meeting, the IME's experts introduced to the managers of commodity funds this new instrument, its

advantages and functions.

It is worth noting that CDRs are securities that confirm the holder's ownership of a certain amount of commodity deposited in a warehouse and it is backed by the warehouse receipt issued by the warehouse. The benefits of this instrument can be outlined as the possibility of making stagnant commodities liquid, reducing storage and moving costs between warehouses, managing the interval between production and selling the product by the manufacturer, reducing volatility, financing producers in the shortest time and at the lowest cost and standardization of commodities. Moreover, CDRs, as their most important functions, are used to facilitate launching futures contracts (especially bulky commodities), launching one-day futures market, investing in investment funds and establishing specific commodity funds and facilitating transactions at the retail level (for end users).



IME Quarterly



IME's Futures



IME Quarterly

Contracts

In the Presence of SEO's
Chairman on the IME's

Booth:

Unveiling a Book on “Hedging Currencies Rate Fluctuation, the Futures Market”

On Sunday, 10th of July, on the first day of the 9th International Exhibition of Bank, Exchange & Insurance, in the presence of SEO's chairman, Shiite Muslim Cleric Tabatabai and CEO of the IME, at the IME's booth, the book on “Hedging Currencies Rate Fluctuation, the Futures Market” was launched.

“Hedging Currencies Rate Fluctuation, the Futures Market” written by Dr. Hamed Soltaninejad the CEO of IME and a group of his colleagues, in three sections and eleven chapters has analyzed in detail the various dimensions and characteristics of the foreign currency market and the importance of launching the currency futures in Iran's national economy.

Based on the report, now one of the basic needs of Iran's currency market is to have access to risk management tools. Hence, writing a comprehensive book on the currency markets and currency

derivatives transactions in the country was necessary as a research priority to meet this need.

Introducing the currency market and its principles, explaining the position of derivatives in world currency markets and detailed analysis of the characteristics of the currency market in Iran are among the most significant objectives of this book.

In the first section and first four chapters of the book, basics of currency market have been analyzed and the readers will get familiar to the functions of money and global foreign exchange (forex) in terms of trading volume and trading mechanisms and principal customers in this market. Historical trends in currency system, major world currency crises and the reasons for their formation in historical context, Iran currency crisis and other factors affecting the exchange rate constitute the literature in the first part of this book. The second part of the book covers hedging currency rate fluctuations, currency market structure and its properties in Iran. The third section of the book outlines currency futures contracts, explaining futures contracts position in the international financial system and mechanism of trading futures



contracts on IME. Also, this section refers to the experience of developing countries in the context of launching currency futures contracts and some points which must be taken into consideration in designing futures contracts in Iran. In the last chapter of the book, the legal aspects of launching currency futures contracts in Iran are discussed.

It is worth noting that in addition to economists and market participants, financial management and economics professors and students can use this book to enrich their academic knowledge. Unfortunately, nearly a decade after establishment of finance

as an academic discipline in Iran's universities, most of text books were translated which did not meet the needs of the country's financial market. So, the book, in addition to covering the existed shortcomings, because of having content related to the fundamentals of the currency market, currency shocks experiences and characteristics of the foreign currency market, can be taught as a text book for courses such as macroeconomics, money and currency and the economy, at universities .



IME Quarterly

**IME's Trading
Statistics on**



IME Quarterly

Summer, 2016

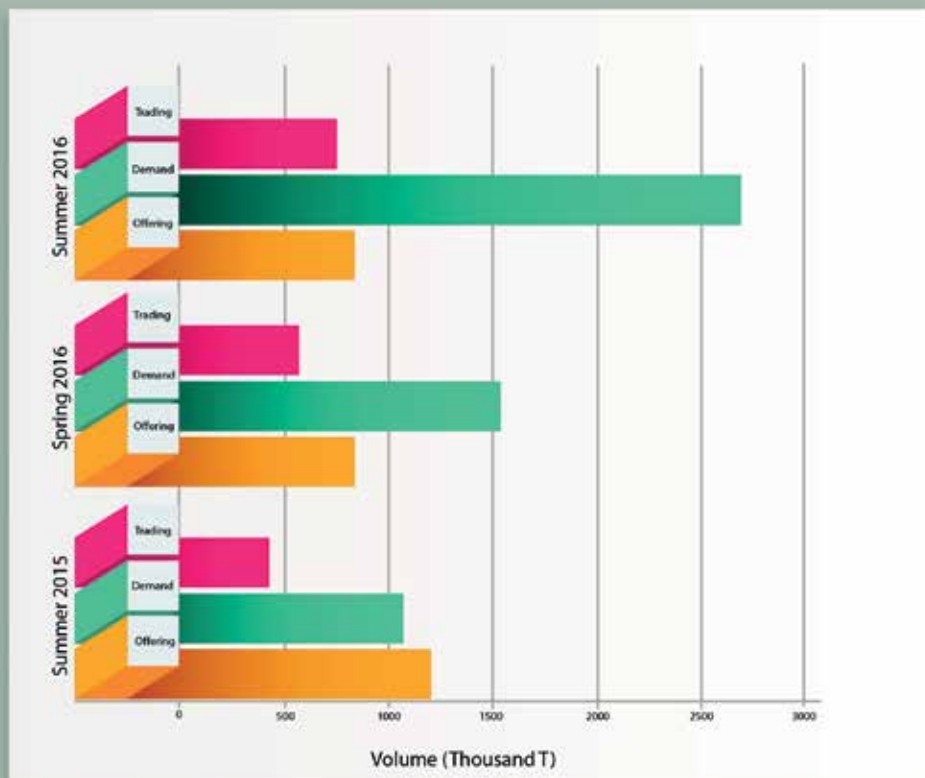


Statistics of IME Business

- 1-Polymer Products
- 2-Chemical Products
- 3-Oil Products
- 4-Metal and Mineral Products
- 5-Agricultural Product
- 6-Export Pit at a Glance
- 7-An Overview to Total Spot
Market Trading Statistics
- 8-Derivative Market Statistics

Polymer Products

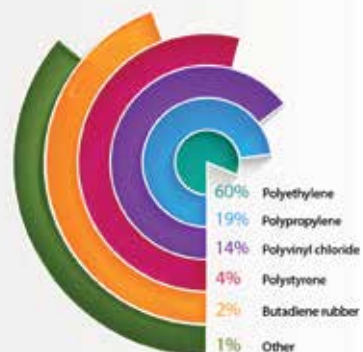
Volume of Offering, Demand & Trading Polymer Products



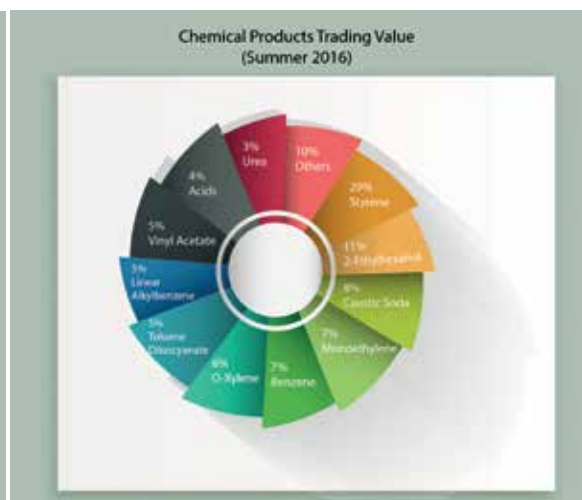
Value of Trading Polymer Products



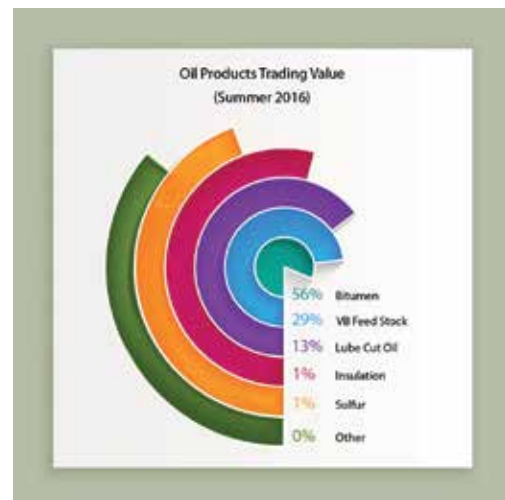
Polymer Products Trading Value (Summer 2016)



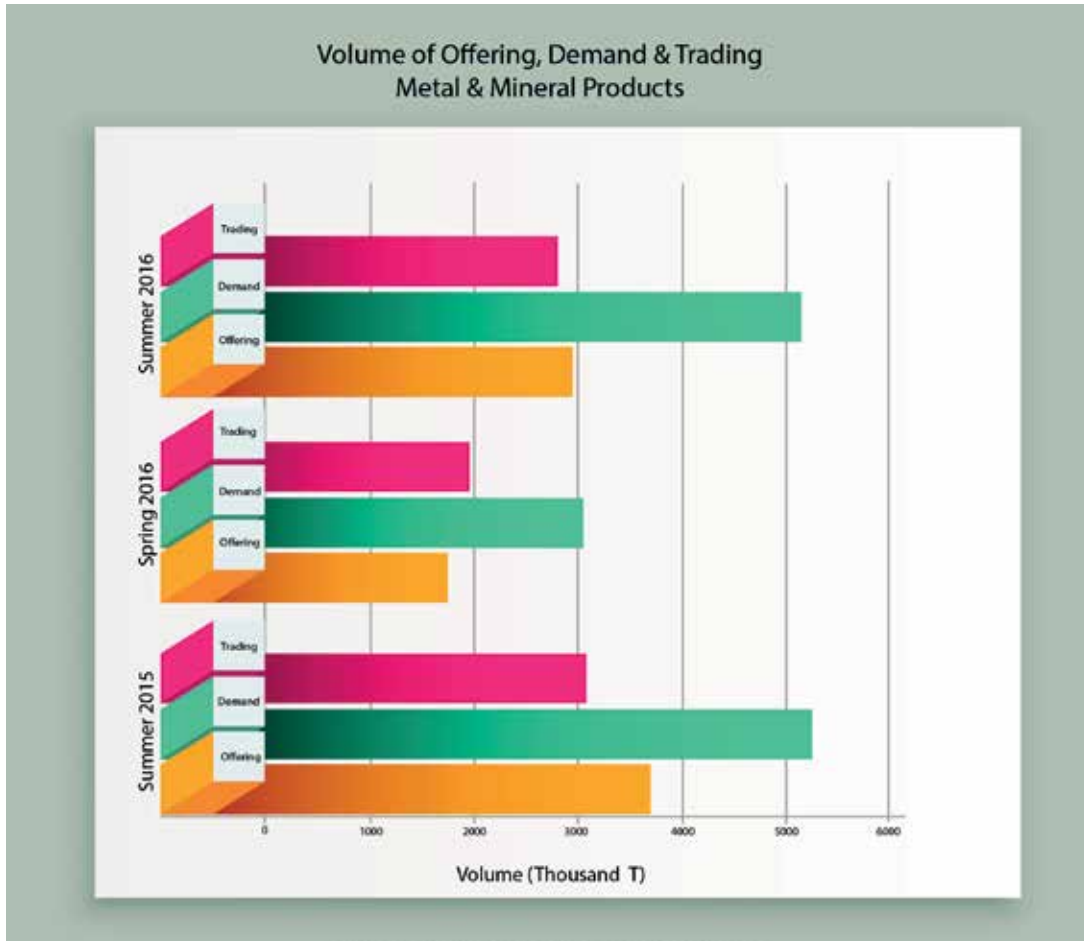
Chemical Products



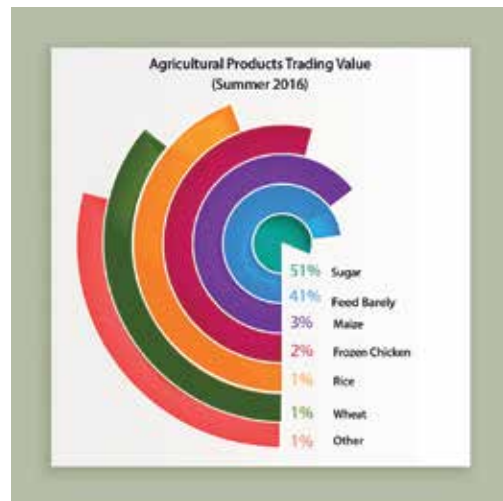
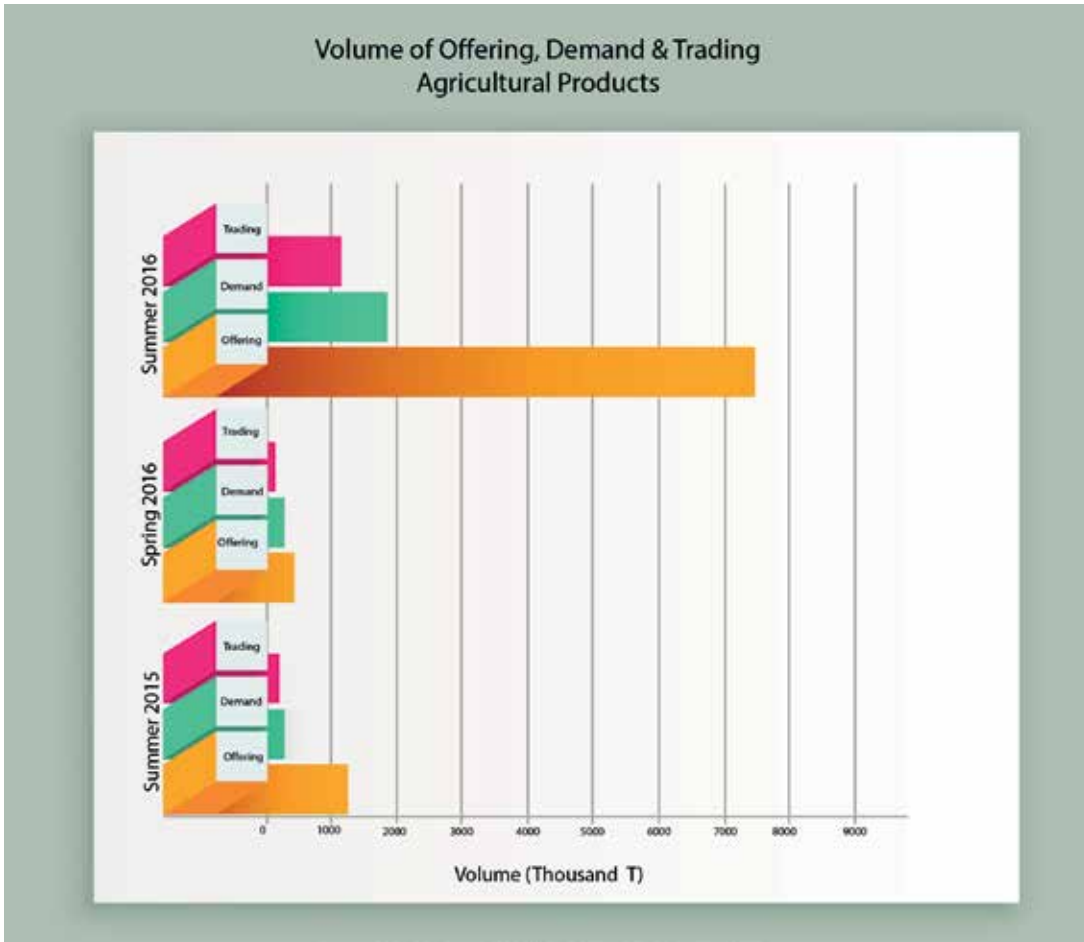
Oil Products



Metal & Mineral Products



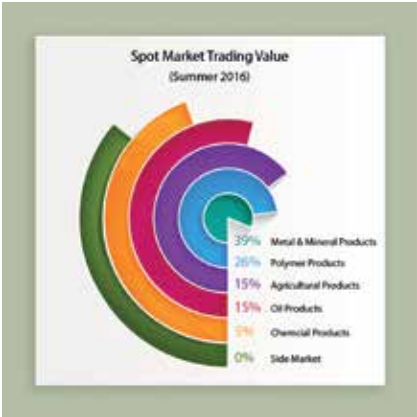
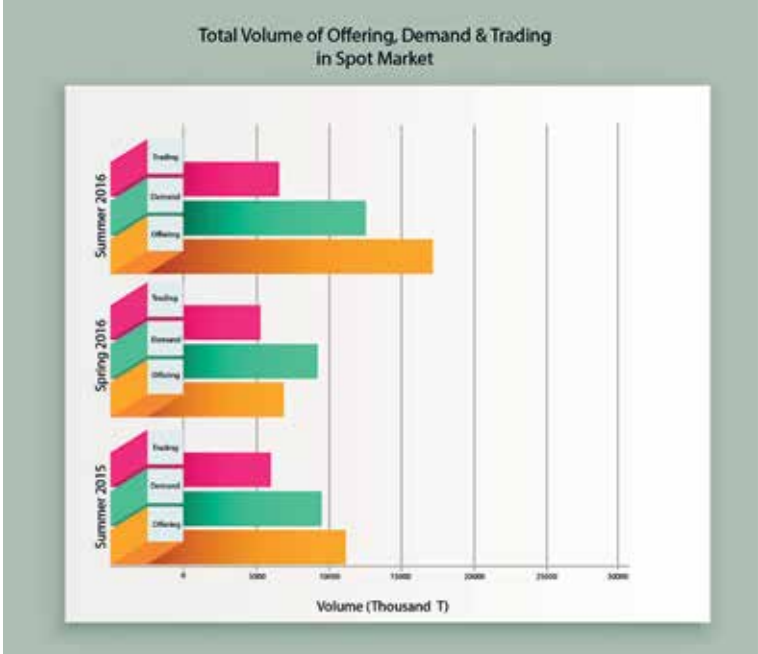
Agricultural Products



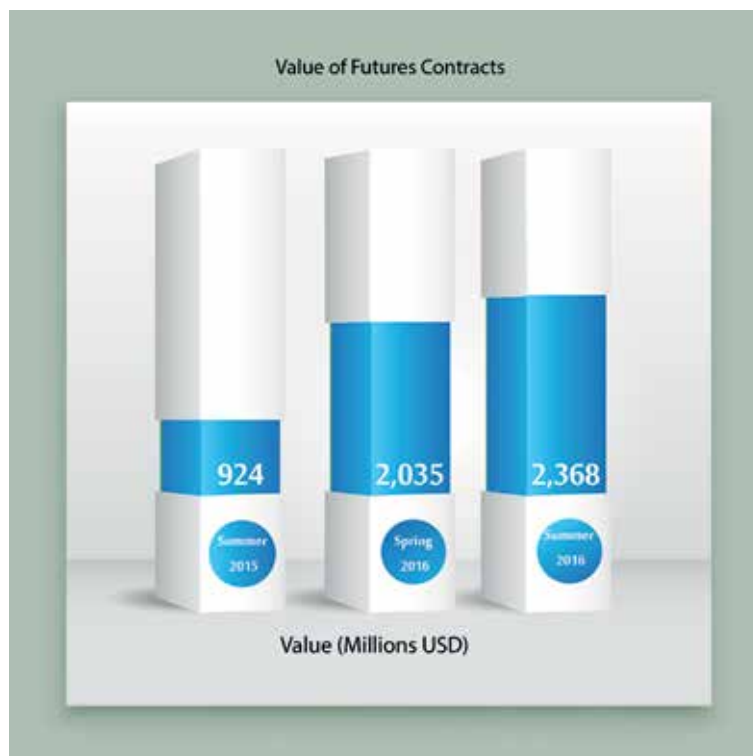
Export Pit of IME



IME Business Statistics in Spot Market



IME Derivative Market Statistics





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