

IRAN MERCANTILE EXCHANGE

ANNUAL REPORT | 2018 | 

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REPORT | 2018





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Saffron Futures

Iran does not enjoy its fair share of global trades of saffron due to lack of modern modes of trade in spite of accounting for nearly 90 percent of global production of this invaluable agro-product. Producers of saffron also suffer the results of negative competition at the harvest time, leaving them at the mercy of middlemen with the lowest stake of the selling price in farmers' pockets. Here again the IME stepped in to alleviate the detrimental effects of current trends of saffron market to the business of farmers with launching options and futures instruments on saffron. This will gradually end in Iranian merchants gaining ground in price setting for saffron on a global level and the farmers selling their produce at guaranteed and also much fairer prices.

Commodity Investment Funds

Market participants' eagerness to invest on commodities will be quenched in the Iran Mercantile Exchange through the mechanism of Commodity Investment Funds. IME runs Gold Investment Funds like Gohar, Kian and Ayar so that everyone can invest on gold with no concerns about transfer and warehousing costs and with no risk of theft.



2018 was a flourishing year for Iran's capital market both in delivering record trading and gaining an unprecedented position within the structure of our economy. A big share of the burden was on the IME's shoulders as it accounts for nearly half of the total trading value of the whole capital market in 2018 and also due to its undeniable role in absorbing idle capitals to deepen market liquidity especially in periods of stagnation, and in providing the infrastructure to bridge the gap between upstream and downstream industries, which meant easier access of real customers to base products in a more transparent and competitive atmosphere.

Moreover, thanks to the IME's tenacity in adhering to the fundamentals of supply and demand, as the most underlying rule to govern market economy, many came to realize that governmental price control policies will ultimately end in smuggling strategic goods and paves the way for rent-seekers. IME managed to raise awareness among common people and policy-makers that we all need to trust the modern ways of trade practiced on this venue and the various financial instruments available here as one of the irreplaceable potentials of our country among others to maintain the integrity of our economy as a whole and make it more prosperous as times goes by.

We will continue to add to our offerings and services in 2019 in all of our fields of activity so as to IME will gradually prepare the groundwork for commodities in which Iran has an advantage over other countries to become the benchmark products in the region. This way our clients will also enjoy better conditions in hedging themselves against trading risks and more opportunities to meet their financial needs. Along with our domestic affairs, we have the plans to expand and diversify our customer base worldwide in order to accelerate our integration in the global economy primarily via launching mutual trading platforms with neighboring commodity exchanges across the region.

We are of the opinion that the IME growing with a fast upward trend, perfectly proportioned to our domestic and regional business needs and obligations, and will have a big say in both in the coming year.



Vision

“Our vision is to be the dominant price-setter for basic commodities and intermediate raw materials in the region as well as the preferred option for producers to meet their financing needs and to hedge their commercial risks.”

Mission

In line with Iran’s 20-year vision plan and in order to pay its share of contribution to the country’s capital market, IME has been relying on an efficient organizational structure, taking advantage of state-of-the-art technologies, new and varied financial instruments as well as risk management solutions with a view to enhancing market and product diversity, defining new standards, increasing transparency, facilitating processes, improving its position in the society and also becoming a price discovery reference in the country and the region, in pursuance of being recognized as a highly-credited exchange across the world.

Core Strategies

1. Securitization and development of derivatives instruments;
2. Designing and using a variety of financing and trading instruments tailored to meet customers’ requirements;
3. Extending the size and the depth of market for selected commodities in order for them to become the price reference in the market;
4. Using the capacity of financial institutions to develop IME’s business;
5. Creating a customer-oriented culture and setting high quality standards;
6. Continuous optimization of information technology (IT) capabilities commensurate with the market developments;
7. Promoting the functions and improving the position of IME in the business environment and the media;
8. Developing IME’s activities to enhance Iran’s trading ties with international markets;

Code of Ethics

With a proper knowledge of their key role in doing their corporate missions and in realization of the company’s visions, IME’s staff, under God’s guidance and auspices, will bear the following in mind.

1. Law-abiding organizational behavior in line with realization of company’s missions and visions
2. Respecting others’ rights and their personal privacy and treating them with dignity
3. Observing religious values and dressing codes
4. Aspiring to excellence in the services of the company in such a way that clients and consumers obtain the satisfaction expected therefrom
5. Observing politeness and respect in communication and behavior and abstaining from engaging in unfair practices
6. Exercising and displaying virtues of truthfulness, discipline, responsibility, patience, criticizability and being faithful to the company.
7. Not investing in exchanges and not interfering and getting involved in anything and of any kind different from pre-defined responsibilities
8. Maintain as confidential the background, data and documents to which they have access by virtue of their functions in the company, even when they no longer carry out such functions
9. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.
10. Company comes first in cases that conflict of interest arises
11. Refraining from anything that might harm company’s image and reputation, including libels, gossips and unfounded rumors.
12. Avoiding any kind of discrimination with respect to race, ethnicity, religion and sex
13. Using company’s assets and potentials in the most optimal way
14. Avoiding cigarettes and drugs
15. Refraining from receiving gifts of any kind

BOARD OF DIRECTORS



Mansour
Yazdizadeh

Chairman



Mahmood
Akbari Mazraecheh

Deputy Chairman



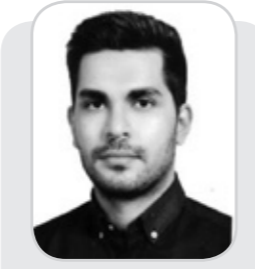
Mohsen
Abdullahi

Member of BOD



Hossein
Bahari

Member of BOD



Amir Mehdi
Sabaei

Member of BOD



Mir Feiz
Fallah

Member of BOD



Amir Hamze
Malmir

Member of BOD



Hamed
Soltaninejad

Chief Executive Officer

MANAGEMENT



Hamed Soltaninejad
Chief Executive Officer



Majid Eshghi
Deputy CEO



Hosein Mohammadi
Senior Advisor to CEO & Chief Business
Development Officer



Ali Panahi
Operations and Surveillance Deputy



Alireza Naserpour
Market Development and Economic
Studies Deputy And Derivatives Market
Development Manager



Akbar Mirzapour
Spot Market Development Manager



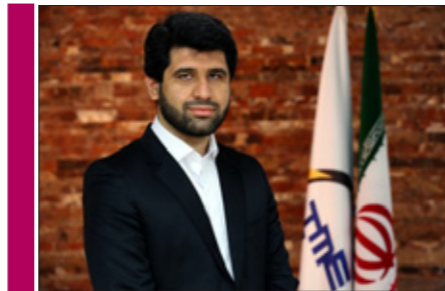
Javad Fallah
Economic Studies and Risk Assessment
Manager



Abbas Yaghoobi
Market Operations Manager



Mohammad Reza Behnamzadeh
Listing and Marketing Manager



Seyed Javad Jahromi
Market Surveillance Manager



Mohammad Norouzpour
Inspection and Members Affairs Manager



Mohammad Hasani Saadi
Public Relations and International Affairs
Manager



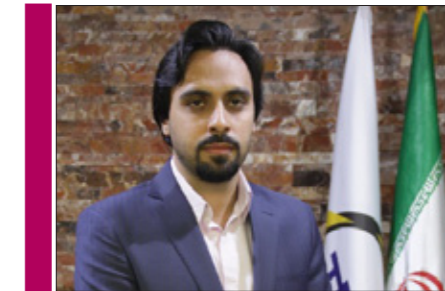
Ebrahim Taei
Human Resources and Logistics Manager



Hasan Farajzadeh
Financial and Clearing House Manager



Barmak Hooshyar Azar
ICT Development Manager



Mahdi Massahi
Planning and Performance Manager



Seyed Mehdi Tabaei
Security Chief

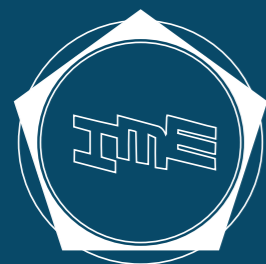
Message of CEO and Board of Directors

IME's Board of Directors, which has been acting on behalf of its shareholders to run the company and protect their rights within the year 2018, is honored to submit the performance report for the financial year ending 31 of December 2018. This report reflects execution of the directives issued in the last year's general assembly and at the same time fully depicts how IME has been proceeding in accordance with its vision and strategic goals.

In its 11th year of activity, Iran Mercantile Exchange has been able to make a substantial contribution to the country's economy, especially with regards to fulfilling the needs of various sections of industry including steel, petrochemicals, minerals and agriculture. Price discovery based on the fundamentals of supply and demand, cutting down on trading fees via facilitating access to market data, launching secondary markets resulting in higher market liquidity, establishing fund raising mechanisms and directing capitals towards justifiable industries and offering risk management solutions are among the functions of IME in line with Iran's national economic growth policies.

We hope that the IME will be able to pay a bigger share of contribution to realization of the relevant goals stated in Iran's 20-year vision document, carrying more weight in creating fund raising solutions for various sectors of Iran's economy.

Besides, the IME has serious concerns as to facilitating commercial exchanges and business relations between Iran and the global economy and will do everything within its power to bridge this gap in the most effectual way possible.



IME's General Data

Table 1. Summarized Overall Status

Item	Description
Type of Company	Private, LLP
Date of Establishment	2007
Number of Shareholders	6,905 to the Date of 31/12/2018
Number of Shares	1,240,000,000
CEO	Hamed Soltaninejad
Number of Staff	168 Personnel to the Date of 31/12/2018
Number of Listed Commodities	283 Commodities
Number of Listed Companies	842 Companies
Financial Instruments	Cash, Forwards, Standards Parallel SALAM, Commodity-based Certificate of Deposit, Futures Contracts, Options Contracts, Commodity Funds, Premium Contracts, Reverse Auction Board and Multi-phase Settlement
Vision	"Our vision is to be the dominant price-setter for basic commodities and intermediate raw materials in the region as well as the preferred option for producers to meet their financing needs and to hedge their commercial risks."
Strategies	<ol style="list-style-type: none"> 1. Securitization and development of derivatives instruments; 2. Designing and using a variety of financing and trading instruments tailored to meet customers' requirements; 3. Extending the size and the depth of market for selected commodities in order for them to become the price reference in the market; 4. Using the capacity of financial institutions to develop IME's business; 5. Creating a customer-oriented culture and setting high quality standards; 6. Continuous optimization of information technology (IT) capabilities commensurate with the market developments; 7. Promoting the functions and improving the position of IME in the business environment and the media; 8. Developing IME's activities to enhance Iran's trading ties with international markets;

Table2: General Trading Data

Trade Statistics	2017		2018		Percentage Change	
	Volume (T)	Value (USD)	Volume (T)	Value (USD)	Volume	Value
Metals and Minerals	8,238,118	1,708,601,599	8,029,077	2,605,572,939	-3%	52%
Agro Products	2,660,649	277,286,404	2,723,683	327,489,614	2%	18%
Petrochemicals	3,817,816	1,291,986,884	4,397,754	2,357,503,325	15%	82%
Oil Products	10,574,134	873,950,122	10,509,913	1,798,329,397	-1%	106%
Side Market	185,526	26,760,767	89,251	43,121,442	-52%	61%
Gold (kg)	257	3,575,065	261	6,046,304	1%	69%
Total Spot Market	25,476,243	4,182,160,841	25,749,679	7,138,063,021	1%	71%

Derivatives Market	Number of Contracts	Value (USD)	Number of Contracts	Value (USD)	Number of Contracts	Value
Futures Contracts	3,954,634	5,342,123,107	14,071,235	9,638,336,237	256%	80%
Options Contracts	66,575	7,601,829	16,290	4,670,000	-76%	-38.6%
Total Derivatives Market	4,021,209	5,349,724,935	14,087,525	9,643,006,237	250%	80%

Financial Instruments	Number of Contracts	Value (USD)	Number of Contracts	Value (USD)	Number of Contracts	Value
Standard Parallel SALAM	178,666,295	130,656,850	169,024,472	214,290,867	-5%	64%
Certificates of Deposit	554,419,341	46,721,110	177,476,223	127,381,529	-68%	173%
ETCs	69,349,248	6,370,997	1,740,820,767	304,684,921	2410%	4682%
Total Financial Market	802,434,884	183,748,958	2,087,321,462	646,357,317	160%	252%

IME's Total Trade Statistics	-	9,715,634,734	-	17,427,426,575	-	79%
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IME's Position in the Iran's Capital Market

The share of IME in the total trade value of capital market in 2018 was 44%, which indicates its first place in this area:

Table 3. IME's Position in the Iran's Capital Market

Exchanges	Trade Value (Million USD)	Share
Iran Mercantile Exchange	17,493	44%
Tehran Stock Exchange	12,825	32%
Iran Farabourse	8,559	21%
Iran Energy Exchange	1,197	3%
Iran's Capital Market	40,075	100%

Introduction to IME

At A Glance

Established on 20 September 2007 from the merger of the Tehran Metal Exchange and the Iran Agricultural Exchange, IME trades agricultural, metal and mineral, oil and petrochemical products in its spot market as well as futures and options contracts in its derivatives market. The Exchange handles over 25.7 million tonnes of commodities as well as more than 2 billion commodity based securities on an annual basis worth in excess of 17 billion USD. IME caters to both the domestic and regional markets, bringing together a host of trade participants and market makers from the capital market community, trade and industrial sectors, hedgers, retail and institutional investors.

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

Upcoming Plans

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

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

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

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

ETC: the launch of exchange-traded commodity funds

Services & Trading

In order to organize and promote commodity trade and optimal allocation of resources and capital, the Iran Mercantile Exchange offers a variety of services to the economic sector of the country. The most important functions and services of IME are as follows:

- Creating and developing the market, discovering fair prices and creating price reference
- Price fluctuations risk management: the ability to hedge and improve production planning for producers
- Improving the investment environment
- Facilitating physical exchanges through increasing quality standards and guaranteeing contractual obligations
- Strengthening the infrastructure for maintaining and storing goods and commodities
- Facilitating financing
- Establishing the possibility of regulating the market and regulating strategic stocks of goods for public institutions:

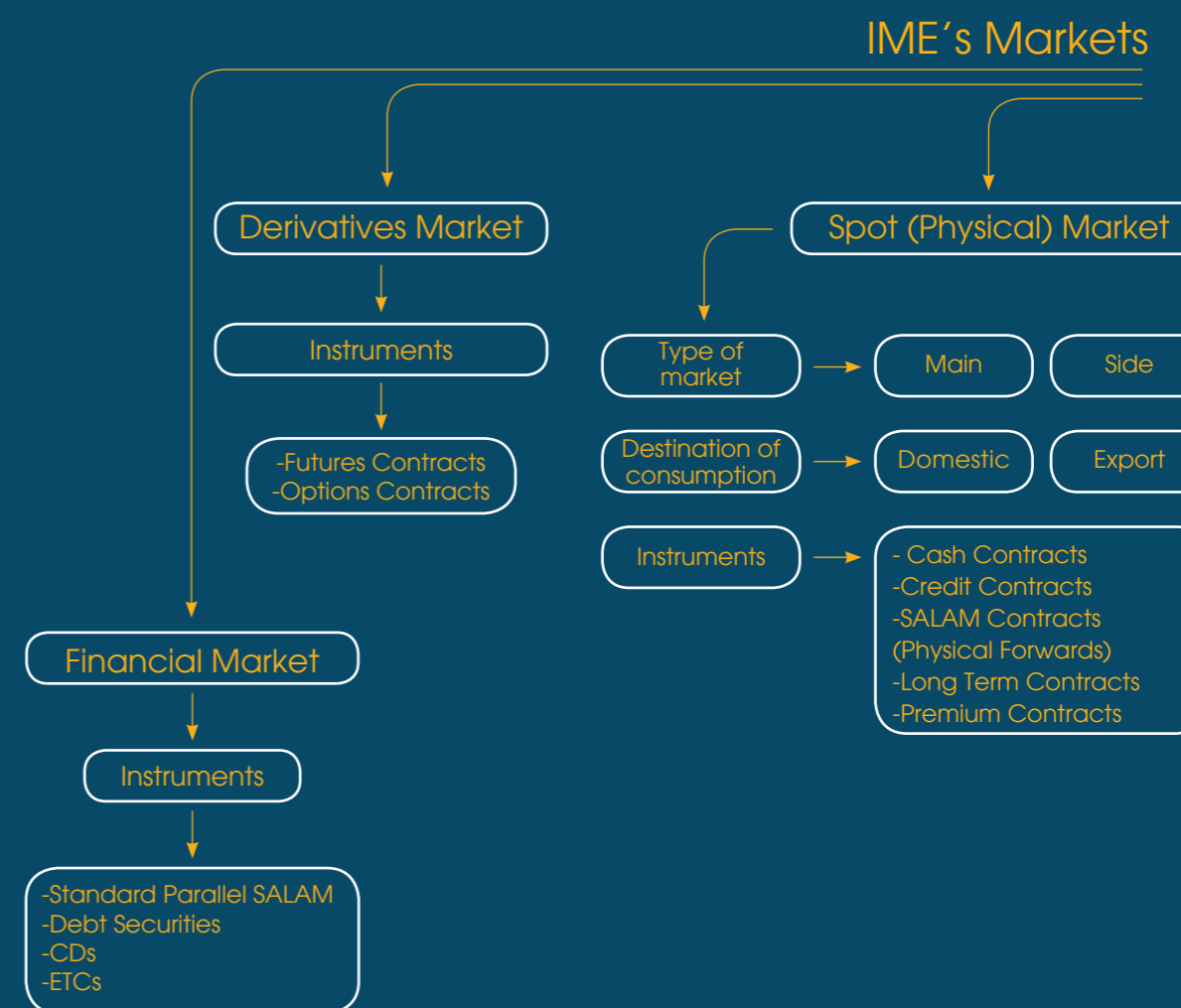
Risk management: Competent risk management ensures market integrity and continuity. IME views risk from two standpoints; firstly, the risk management of exchange-traded contracts is administered by the clearing houses in the spot and derivatives markets using instruments including collaterals and margins. Secondly, the Exchange provides tools to manage the risk of price volatility as well as

changes in production. The IME is active in the area of risk hedging tools, presenting a range of standardized derivatives contracts.

Futures contracts, options contracts, SALAM contracts, and standard parallel SALAM contracts are the hedging instruments on the IME. Among these instruments, futures and options contracts are designed primarily for risk coverage and therefore, as compared to other tools, have the highest efficiency in this regard. In SALAM contracts, in addition to providing financing for a product vendor, because the merchandise is pre-sold at a specified rate, then the producer will in fact safeguard itself against price fluctuations.

Price discovery: In all IME's markets, competition determines the price of goods or commodity-based securities. This price is discovered by fair competition between supply and demand and based on real market transactions. Therefore, the IME can be considered as a price reference for commodities. This price discovery will provide opportunities for economic operators to plan and analyze, especially when prices are set for the future. When commodity prices are transparent in the economy, the flow of commodities will be less problematic, and trade, as the most important communication link between production and consumption, will be booming. In addition, futures and options contracts will determine the general orientation of prices for economic agents in the future and will provide them opportunity for long-term planning.

Markets



Commodities and commodity-based securities are traded on the IME in the spot market, derivatives markets and financial markets.

On the trade platform transactions are performed as auctions and prices are discovered based on the supply and demand orders of participants. The international side of IME transactions is performed in the Persian Gulf for export-transactions.

1) Physical Market: Commodities are traded on the main market of IME in the form of cash, credit and SALAM contracts. Types of products are traded in the agricultural sector, metal and mineral sector, and oil and petrochemicals products. Products that have the proper standard and the condition of continued supply are traded on the main market, otherwise they will be offered in the side market. Also, in order to meet customers' needs, IME has also recently launched Premium discovery contracts.

Transactions are conducted in the form of auction, and the price and timing priority determines the winners of the auction. Commodities in this market are priced and traded through a one-way auction consisting of four stages, namely, green periods (pre-opening), yellow period (auction), red period (competition), and a blue period (supervision) as a transparent discovery of rates and trades.

Side market: IME's side market is launched in order to create a more convenient and diverse trading environment. Commodities that are traded on this market, due to the lack of availability of the continuity of supply or standardization, cannot be listed and traded on the main spot market. The side market accepts goods in the shortest possible time, and the trading approach in this market is like the main physical market.

Export Pit: The export pit of the IME was launched in 2007. Commodities that are offered on the export ring are solely for the purpose of exporting to the outside the borders of Iran and it is not possible to use and transfer it within the country. The transactions in the export ring are similar to the domestic ring and the export trading floor is located in Kish Island.

2) Derivatives market: Comprises of futures and options trading. A futures contract is a contract between two parties where both parties agree to buy and sell a particular asset of specific quantity and at a predetermined price, at a specified date in future. An option is a contract which gives the buyer (the owner or holder of the option) the right, but not the obligation, to buy or sell an underlying asset or instrument at a specified strike price on a specified date, depending on the form of the options. IME has launched futures and option contracts on gold coins and saffron and is now developing new standalone and combination products for currency, agriculture and other commodities.

3) Financial market: The financial market is based on financial instruments such as standard parallel SALAM, CDs and ETCs. The purpose of these tools in this market is to finance producers. Through various instruments, it has been tried to encourage other investors, in addition to the commodity sector activists, to participate in funding the producers. Reducing transaction costs, reducing storage costs, reducing financial costs and attracting non-expert investors are among the most important benefits of this market for commodity actors.

Commodities

IME facilitates the trading of commodities and products through its markets.

Table 4. IME's Listed Commodities on Different Trading Floors

Main Group	Sub-Group	Commodities
Physical Market	Industrial & Mineral	Steel, Copper, Iron Ore, Aluminum, Zinc and rare metals concentrate
	Agricultural Products	Barley, Wheat, Maize, Sugar, Crude Vegetable Oil, Frozen Chicken, and Meals
	Petrochemical Products	PP, PE, LDPE, aromatics, SBR feed stocks, MS, PS
	Oil Products	Lube Cut, Insulation, Oil, Bitumen, Vacuum Bottom, Lube Cut, Slap Wax
Side Market	Side Market	Various Products with Non-Continuous Offering: Steel, Scraps, Polymers, Zinc, Chemicals, Minerals, Feeds, Copper, Sulfate, Lime
Derivatives Market	Futures Contracts	Gold Coins, Saffron
	Options Contracts	Gold Coins
Financial Market	Standard Parallel SALAM Contracts	Cement, Steel, Iron Ore, Ethylene, Concentrate, Wheat, Frozen Chicken, PVC
	Certificates of Deposit	Gold Coins, Maize, Barley, Pistachios, Saffron
	Investment Funds	Gold Coins

Types of Trading

1-Physical Market

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

- **Cash trades:** After matching the trade the buyer pays the full amount of the contract value.

The clearing house issues the warehouse warrant (receipt) and the customer takes the delivery of the commodity within 72 hours as standard. This can be extended to a maximum of 10 days as per the offering notice on the delivery information.

- **Credit trades:** Credit contract is a kind of transaction whereby the goods are delivered to the buyer within a maximum of three days after the conclusion of the contract, and the price is paid to the seller at the expiry date. This kind of contract is a kind of financing tool for buyers,

and buyers with insufficient liquidity can purchase their goods with a fairly reasonable financial cost. In credit contracts, the financial documents, accepted by the seller, for settlement must be included in the notice of offering. The buyer's broker is required to provide the seller's broker the documents referred to in the notice of offering until the settlement deadline and to submit the seller's confirm and its broker's acceptance of the transaction settlement obligations in accordance with the notification form to the clearing house.

- **SALAM Trades:** The Exchange has provided the opportunity for suppliers and producers to sell their commodity in the spot market in the form of cash forward delivery contracts. Sellers are paid the full transaction value by the clearing house at a discounted rate and are supposed to deliver the commodity to the buyer at contract maturity. This way the listed producers can raise the required capital for production. The exchange has facilitated the raising of 8 billion USD for the listed industries on the physical market since 2008. In this type of trading, the buyer pays in advance the contract's effective value after matching the trade. The buyer is issued a warrant by the clearing house and receives the commodity within the period specified in the offering notice. The seller receives the contract value within a standard 72 hours or within the time specified in the offering notice up to a maximum of 10 days. The offering details and delivery date are announced to the brokers by the trading floor supervisor before the trade.

- **Premium Discovery Trades:** Premium discovery contract is a kind of contract, whereby a certain amount of difference compared to the base price agreed by the parties to the transaction. The parties undertake that, at a specified time in the future, the goods will be trade based on

the final price, which is the base price plus the agreed difference. Accordingly, at the beginning of the agreement, the parties must transfer part of the value of the transaction to the clearing house's account as a withholding. Premium discovery contracts are transactions in which a base price (for example, the price of a product on one of the world markets) is announced for the price quote at the maturity date on the notice of offering, and buyers only compete on the price discount or premium. Therefore, the price at the maturity of the contract for the settlement of the transaction is equal to the last base price plus a premium or minus a discount at the time of the conclusion of the contract.

2- Derivatives Market

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

Bids and offers are placed electronically with clients able to adjust bids through their broker based on market movements. By matching the prices of bids against asks, open positions or open interests are formed which can remain open only up to the end of the trading session.

At the end of the trading hour a daily settlement price is calculated and announced by the clearing house for the settlement of the contracts. The clearing house issues margin calls for the lower-than-the-maintenance-amount client accounts to bring the amounts of their accounts to the initial margin level. At the maturity date clients scheduled for physical delivery of underlying assets may perform their delivery subject to contract.

To become a customer of the futures market, one should:

- Open an account with IME clearing house via a broker
- Have an initial margin payment
- Place orders
- Match orders based on the price and order in the trading system (CDN)
- Deliver the underlying asset

- **Options Trading:** An options contract is an agreement between two parties to facilitate a potential transaction on the underlying security at a preset price, referred to as the strike price, prior to the expiration date. The two types of contracts are put and call options. Call options can be purchased as a leveraged bet on the appreciation of a stock or commodity, while put options are purchased to profit from price declines. The buyer of a call option has the right but not the obligation to buy the stock or commodity covered in the contract at the strike price. Put buyers have the right but not the obligation to sell stock or commodity at the strike price in the contract. Option sellers, on the other hand, are obligated to transact their side of the trade if a buyer decides to execute a call option to buy the underlying security or execute a put option to sell. Currently, these contracts are traded only on gold coins and the process of participating in these transactions is similar to futures contracts.

3-Financial Market

- **Standard Parallel SALAM (SPS)** is another innovative solution launched for the first time by the exchange. The instrument comprises of an initial offering and a daily secondary market within the contract period. The seller issues units of investment using volumes of an underlying asset. These units are able to make capital gains or accumulate interest for the owner; such that

the underlying assets allocated only need to be delivered at a specified maturity date. An investment bank pays the producer in advance with the expectation it will be delivered by a set maturity date.

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

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

- **Exchange-Traded Commodity Funds (ETCs)** ETC is a financial instrument that allows you to follow the return on the price changes of one or more specified commodities and their units are tradable on the exchange. The main task of these funds is investment in commodities based securities that are considered as the fund's base assets. Therefore, the performance of the fund depends on the performance of its base assets.

ETCs are one of the new financial instruments that not only provide financing to producers, but also offer attractive financing opportunities for investors. These funds allow investors to buy securities in their portfolios rather than buying

and storing the goods in question and bearing the costs of transportation, storage, and possible damages. By purchasing these securities, the investor, while possessing the goods in question, is not responsible for the maintenance of that commodity. In other words, these funds allocate a significant part of their funds to investing in a specific commodity, and those interested in investing in that particular commodity are purchasing units of these funds.

Trading Process

A. Offer Announcement Procedure

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

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

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

B. Preliminary Stages before Trading Floor

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

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

C. The Clearing House

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

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

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

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

The Settlement Deadline: The settlement deadline is three working days after completion of trading. The timing of settlement would be determined based on the IME's Board of Directors resolution. Accordingly, the last time to deposit the amount stated on the contract is 1

p.m. of the third day. The receipt of deposit and all contract documents should be submitted to the clearing house by brokers before 3 p.m. of each day through the system (TTS).

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

Branding and Warehouses

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

The warehousing standards will comply with global stipulations, providing quality and full conformity with analytical specifications. The IME's assurance is set to best practices applicable to IME's renowned quality control currently implemented for warehousing companies, with severe penalties for any deviation.

International Ties

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

IME intends to be at the forefront of

regional developments. A list of IME's recent involvements is given below.

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

Members and Shareholders

There are 85 listed brokerage companies in IME who are the members of the Exchange, licensed by the market regulator, the Securities and Exchange Organization. The brokers are authorized to trade, settle and clear contracts on behalf of registered clients who are vetted under IME regulatory requirements.

Shareholder Composition

The amount of startup capital of IME equals to 100 Billion Rials equivalent to 0.9 million USD (including 100 million shares, at nominal value of 1000 Rials per share) and by the decision of the extraordinary general assemblies has been raised to a total of 1,240 Billion Rials equivalent to 11.6 million USD.

Table 5: IME's Capital Raising Information

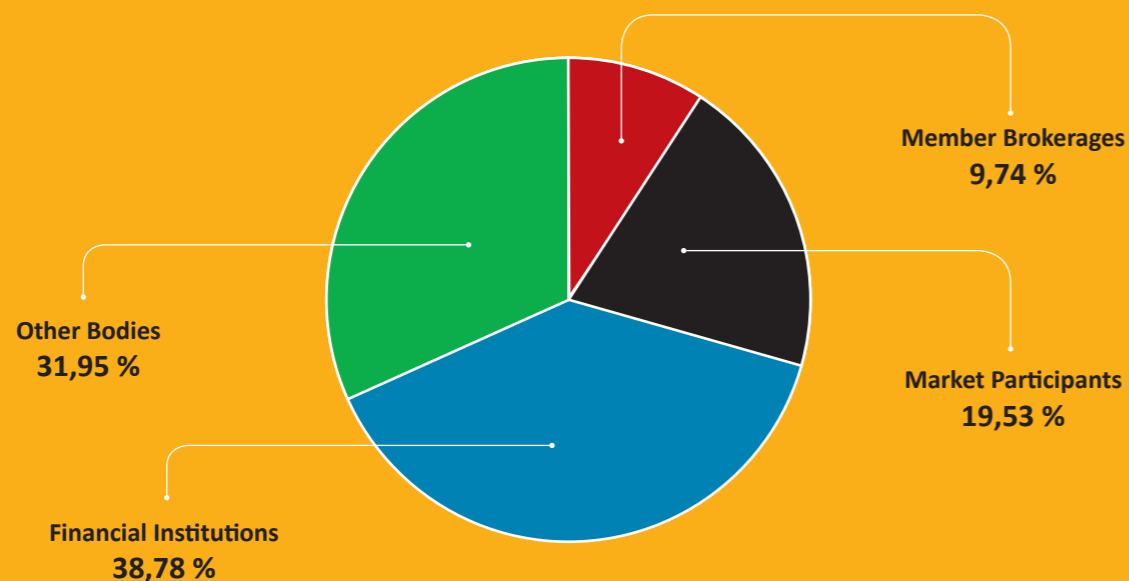
Date of Extraordinary General Assembly	Capital Gain Raise (%)	The Amount of Capital After Raising (Billion Rials)	The Amount of Capital After Raising (Million USD)
10.05.2011	20	120	1.12
22.04.2012	66	200	1.87
20.05.2013	50	300	2.81
26.05.2014	50	450	4.21
18.07.2016	100	900	8.42
15.08.2018	38	1,240	11.60

The IME's shareholders' profile up to the date of 31.12.2018 is set out.

Table 6: Shareholders' Profile up to the Date of 31.12.2018

#	Analysis of Shareholders	Number of Shareholders	Number of Shares	Size of Shareholdings
1	Member Brokerages	40	120,788,400	9.74%
2	Manufacturers, Suppliers and Other Exchange Participants	94	242,122,970	19.53%
3	Financial Institutions Except for Member Brokerages	59	480,921,600	38.78%
4	Other Corporate Bodies	6,715	396,167,030	31.95%
Total		6,908	1,240,000,000	100.00

Chart 1: Size of Shareholdings on 31.12.2018



Legal Environment of IME

The IME is the custodian of an organized, regulated and under supervision market in which relations between the market participants were defined by a set of rules and regulations. The most important rules and regulations governing the IME's activities include:

- Securities Market Act of the Islamic Republic of Iran;
- The Law for Development of New Financial Instruments & Institutions in Order to Facilitate Implementation of General Policies of Article 44 of the Constitution;
- Commercial Code;
- The Anti-Money Laundering Act;
- Law for the Fifth Development Plan of the Islamic Republic of Iran;
- The Law for Implementation of General Policies of Article 44 of the Constitution;
- Directives by the Cabinet of Iran on the Activities of the IME;
- Guidelines and Bylaws from Securities and Exchanges High Council and SEO;
- The Law for Increasing Agricultural and Natural Resources Productivity;
- The Law for Comprehensive System of Animal Husbandry;
- The Law of Removing the Obstacles of Competitive Production and Advancement of the Financial System of the Country.

Guidelines and bylaws ratified up to date of 31.12.2018 are as follows:

1. The executive bylaw for implementation of options contracts in IME;
2. The executive bylaw for market making activities in IME;
3. The regulations on options contracts collateral requirements in IME;
4. Amendment to Article 25 of the law of trading commodities and commodity based securities;
5. The executive bylaw for Article 18 of clearing and settlement of transactions instruction and clause 6 of Article 4 of order registration for commodity instruction in IME



IME's

Performance at a Glance in 2018

- IME's educational workshop in International Exhibition of Gold and Jewelry
- 10th anniversary of establishment of the IME
- IME CEO's address in the 8th conference of Iran's steel and mining industry future with a glance at the market
- MOU signing ceremony between IME and Ansar Bank
- Press meeting with the media
- Launching "Zarafshan Omid Iranian" investment fund
- Launching "Kian" investment fund for gold-based securities
- Launching standard parallel SALAM contracts on Cerato automobiles
- Launching standard parallel SALAM contracts on heavy polyethylene of Ilam petrochemical company
- Launching standard parallel SALAM on cement of Esfahan
- Attending 11th exhibition of exchange, bank and insurance: FINEX 2018
- IME CEO's address in the 5th international conference of iron ore
- Launching standard parallel SALAM contracts on polystyrene of Entekhab petrochemical company
- Opening ceremony for initiation of trading saffron futures contracts on Iran Mercantile Exchange
- Holding thought-sharing meetings between downstream industries and IME
- Launching standard parallel SALAM contracts for cement of Sharq company
- Launching standard parallel SALAM contracts for cement of Sepahan company
- Holding the General Assembly meeting for shareholders for the financial year 1396 (Hijri)
- Holding a meeting for setting prices for spot and futures trades of saffron
- Launching standard parallel SALAM contracts on cement for Khuzestan company
- Launching Mofid investment fund for trading securities based on gold coin
- Meeting with parliament's agriculture committee
- Launching standard parallel SALAM contracts on I-beam 14
- Launching standard parallel SALAM contracts on steel blooms
- Launching standard parallel SALAM contracts on HRS (Hot Rolled Steel) grade ST37-HB
- IME CEO's address in the conference on Sustainable Production and Development / petrochemical downstream industries
- Attending Exchange, Bank and Insurance Exhibition in Kish Island; KishInvex
- Attending the 5th national conference of saffron in Torbat Heydariyeh
- Holding the 26th panel of agro-products in IME
- Launching standard parallel SALAM contracts on frozen chickens

MAJOR ACHIEVEMENTS OF IRAN MERCANTILE EXCHANGE IN 2018

Spot Market Development

- Developing trades of certificates of deposit on saffron by introducing various grades of saffron on IME and listing more warehouses
- Developing trades of certificates of deposit on gold coins by listing the 3rd gold coin depository vault administered by Bank Saderat in IME.
- Implementing supportive price policy for maize
- Listing 8 warehouse for maize in Fars province and issuing trading codes for them
- Launching trade of certificate of deposit on petrochemical products
- QC reassessment for saffron listed on IME
- Conducting feasibility studies on spot trades of walnuts and garlic and launching certificates of deposit on them on IME and submitting the report to the parliament
- Regulating and managing the market of styrene monomer and managing demand for PET
- Doing supervisory job on industrial companies as to fulfilling their commitments – controlling order placements in various rings of IME including agricultural, industrial and petrochemical
- Setting up a mechanism to allocate purchase quotas for clients
- Allocation of set quotas for purchases in IME in accordance with Behinyab system for petrochemical products
- Using the US dollar value in export trades of IME based on the mean value of the weekly currency rates stated in SENA (Currency Control System in Iran)

Derivatives Market Development

- Amendment to the market-making by-law
- Approval for contract specifications for melted gold and saffron threads grade #1 and launching saffron futures contracts
- Listing standard parallel SALAM contracts on gold coins and issuing securities on cement for Sharq, Khuzestan and Sepahan, on polystyrene for Entekhab Petrochemical Company, on I-beam 14 for Esfahan Steel Company, on steel blooms for Kave Jonoub Kish Company and on frozen chicken for Behparvar Industries Development Company
- Issuing Mofid investment fund based on gold coin securities
- Applying a new method for calculating trading fees for derivatives
- Approval for options trades of saffron

Clearing and Settlement

- Agreement with Islamic Republic of Iran Customs Administration for issuing electronic export certificate for goods traded on IME for exports
- Collateral adjustments for suppliers
- Preparing the draft by-law to determine additional collaterals of cash freeze type

Legal Issues and Anti-Money Laundering Regulations

- Approval of the IME board for the executive by-law of the rules and regulations sub-committee
- Reassessment of the cash freeze collaterals instructions
- Compiling rules and regulations for warehousing
- Identifying individual and institutional market participants of IME, suspect of money laundering, and referring them to the AML Secretariat in SEO
- Designing an assessment model to estimate expected level of activities of IME's market participants

Risk Assessment and Economic Studies

- Designing a model for license auction trades and submitting it to the high council of exchange to obtain their approval
- Publishing two books titled as "A comprehensive guide to IME's financial

- instruments" and "Commodity and derivatives exchanges in Africa"
- A comparative study on the structure of a selected number of world exchanges
- Preparing the draft bylaw of barter trades on IME
- Preparing the bylaw of video-assisted auction trades (for livestock)
- Preparing the bylaw of a tracking mechanism for a post trade transportation and delivery of physical commodity
- A comprehensive diagnostic study on block-chain technology and trades of digital currencies on IME

Information Technology

- Implementing an integrated data management system (SIMA)
- Implementing a commodity listing system
- Designing a system to manage clients' licenses
- Implementing a new system to manage warehousing of certificates of deposit based on IRPT
- Implementing a management system for members of cooperatives
- Implement the data dissemination system
- Designing a new website for IME
- Enhancing the SOC system of the network and security department in order to increase overall security of IME
- Developing a nationwide smart internet-based training venue with voice recording and presentation features

Other Achievements

- Designing and implementing a new system to assess IME's staff performance and the efficiency of departments
- Designing and implementing of a planning dashboard/ performance assessment system based on Power BI
- Designing and implementing the risk management system and a system to assess risk management maturity level in IME
- Designing and implementing a Help Desk to provide services for clients
- Preparing and approving of the Charter of the Appointments and Remunerations Committee for the BoD of IME
- Getting listed on the main board of Tehran Stock Exchange
- Obtaining SEO's approval to increase IME's capital
- Drafting and enacting executive by-law on freezing and releasing the fines

Human Resource Development

In the fiscal year 2018, development of human resources along with plans to make improvements in personnel quality and betterment in staff maintenance have always been on the top of priority for IME in order to make the most out of the company's potentials in this regard, and to create as much profitability and synergy as possible. Drafting and revising of executive procedures and guidelines

relating to HR and job description, devising staff performance indices, and putting up a performance assessment system and holding general and specialized training courses for all the employees to empower them in relation to their profession are among the landmarks of IME's initiatives in this regard.

The following tables will show the IME's HR status at the end of the current fiscal year as compared with the previous year:

Table 7. Number of Employees Based on Gender at the End of 2018

Gender	2018	2017	Increase (Decrease) in Human Resources Number
Man	115	115	-
Woman	42	41	1
Total	157	156	1

Table 8. Number of Employees Based on Academic Degree at the End of 2018

Degree	2018		2017		Increase (Decrease) in Human Resources Number
	Number	Share of Total (percent)	Number	Share of Total (percent)	
Associate Degree & Beneath	28	17.8	33	21.2	(5)
Bachelor's	54	34.4	56	35.9	(2)
Master's	68	43.3	60	38.5	8
P.H.D	7	4.5	7	4.4	-
Total	157	100.0	156	100.0	1

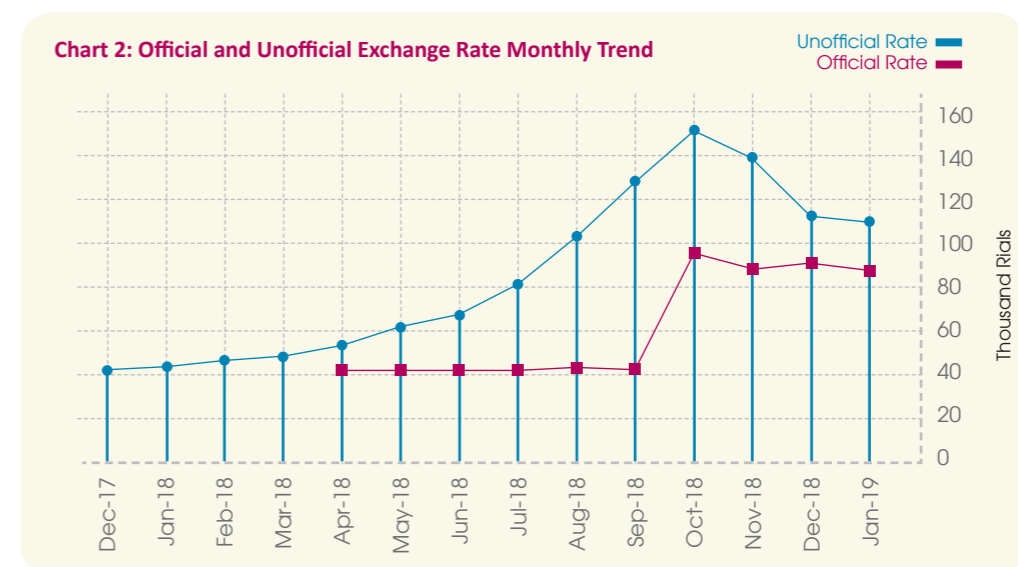
Trading Statistics

Foreign currency exchange rates volatilities have been a dramatic change in Iran's economy in 2018. The upward trend in rates initiated within the first months of the year and ended in a reverse trend in the final months after reaching its peak. IME's market was immensely affected by such instabilities: Setting the fixed official price of 42,000 Rials for US dollar in March 2018 which was far less than the free market rates resulted in commodities – especially petrochemicals – being offered in IME at much lower prices, hence a surge of unexpected (false) demands towards

IME. After eliminating the official exchange rate policy and applying the free market price for trades, the market redressed the natural balance by the end of 2018.

It is worth mentioning that the loss of Iran's national currency value against dollar has led to an increase in the amount of goods exported from the country. Yet, on the other hand, re-imposition of sanctions has caused lots of difficulties and limitations for exports.

The following chart schematizes difference of value between official and unofficial exchange markets for dollar on a monthly basis.



In this section, the general trading statistics in the IME during 2018 are stated briefly. For this purpose, trading statistics for each of the commodity groups including metals and minerals, oil and petrochemical, agricultural products as well as commodity based securities being offered on the IME were reviewed.

Summarized Trading Statistics

Facts and figures about the physical market and the commodity-based securities market, reveal that during 2018 IME's total trading value reached 17 Billion USD.

Table 9. General Trading Data

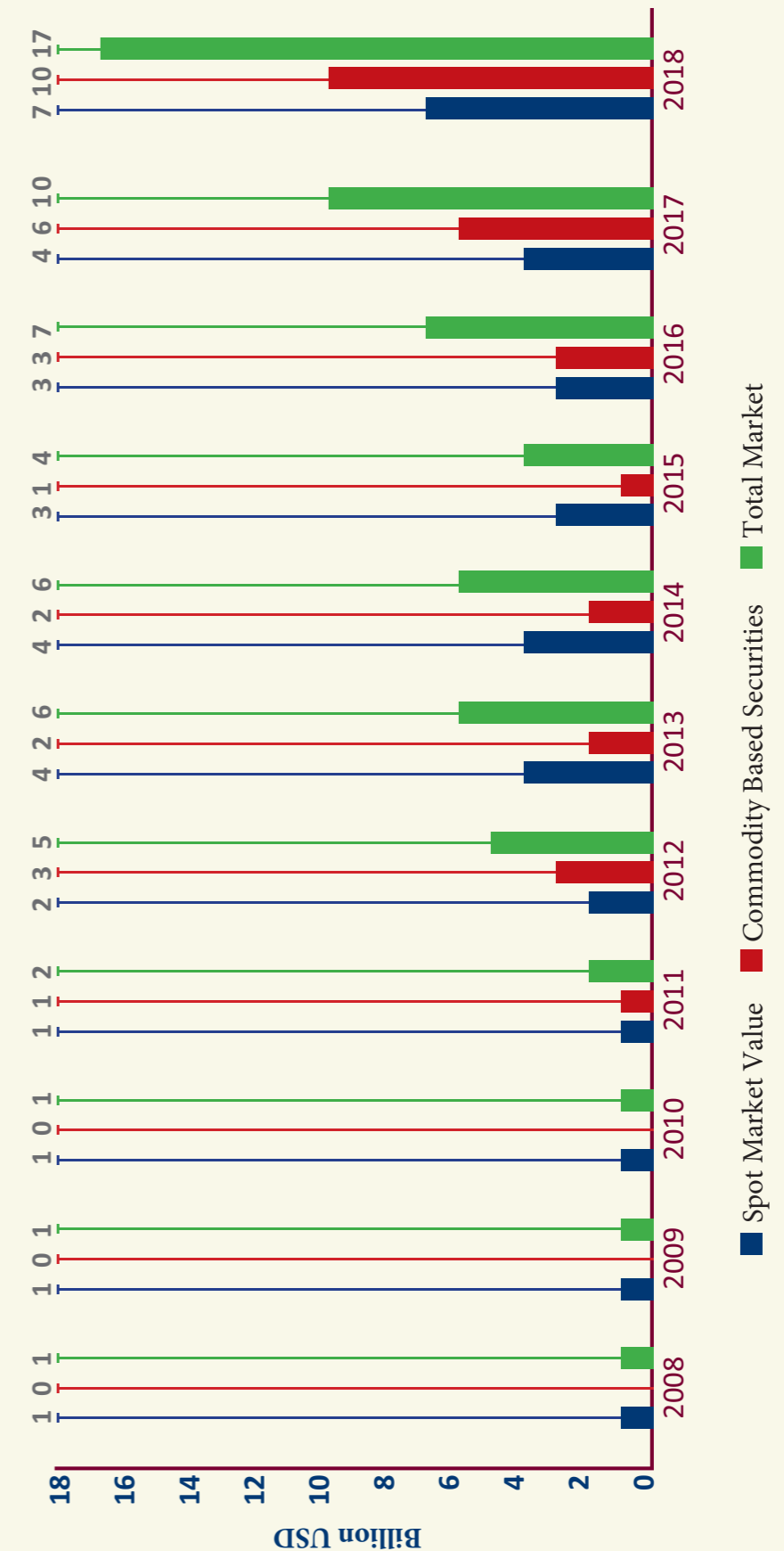
Trade Statistics	2017		2018		Percentage Change	
	Volume (T)	Value (USD)	Volume (T)	Value (USD)	Volume	Value
Metals and Minerals	8,238,118	1,708,601,599	8,029,077	2,605,572,939	-3%	52%
Agro Products	2,660,649	277,286,404	2,723,683	327,489,614	2%	18%
Petrochemicals	3,817,816	1,291,986,884	4,397,754	2,357,503,325	15%	82%
Oil Products	10,574,134	873,950,122	10,509,913	1,798,329,397	-1%	106%
Side Market	185,526	26,760,767	89,251	43,121,442	-52%	61%
Gold (kg)	257	3,575,065	261	6,046,304	1%	69%
Total Spot Market	25,476,243	4,182,160,841	25,749,679	7,138,063,021	1%	71%

Derivatives Market	Number of Contracts	Value (USD)	Number of Contracts	Value (USD)	Number of Contracts	Value
Futures Contracts	3,954,634	5,342,123,107	14,071,235	9,638,336,237	256%	80%
Options Contracts	66,575	7,601,829	16,290	4,670,000	-76%	-38.6%
Total Derivatives Market	4,021,209	5,349,724,935	14,087,525	9,643,006,237	250%	80%

Financial Instruments	Number of Contracts	Value (USD)	Number of Contracts	Value (USD)	Number of Contracts	Value
Standard Parallel SALAM	178,666,295	130,656,850	169,024,472	214,290,867	-5%	64%
Certificates of Deposit	554,419,341	46,721,110	177,476,223	127,381,529	-68%	173%
ETCs	69,349,248	6,370,997	1,740,820,767	304,684,921	2410%	4682%
Total Financial Market	802,434,884	183,748,958	2,087,321,462	646,357,317	160%	252%

IME's Total Trade Statistics	-	9,715,634,734	-	17,427,426,575	-	79%
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Chart 3: IME's Trading Value since Establishment (Billion USD)



Spot Market

In 2018, the trading volume for all commodity groups altogether rose just by 1 percent while their trading value increased by 70 percent. Such a remarkable increase in IME's physical market total trading value is due to the very sharp rise in foreign currency exchange rates. The trading volume in the physical market reached more than 25.7 million tonnes worth 7 billion USD.

Chart 4: The Share of Each Commodity Group of Total Spot Market Trading (Value)

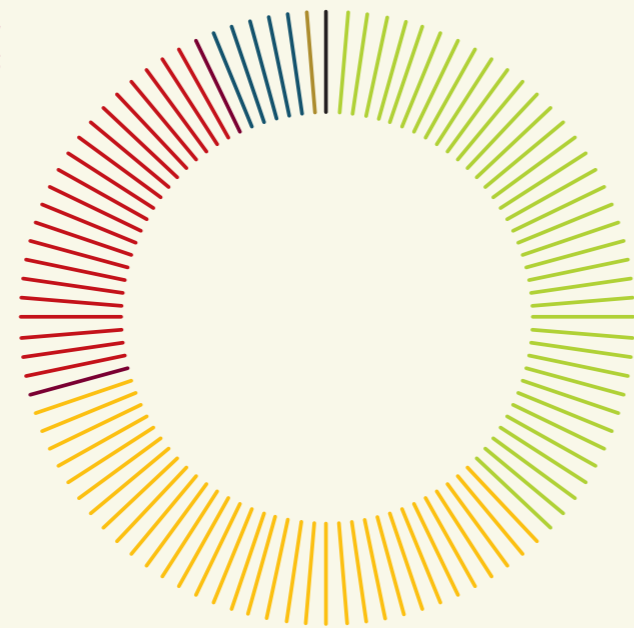
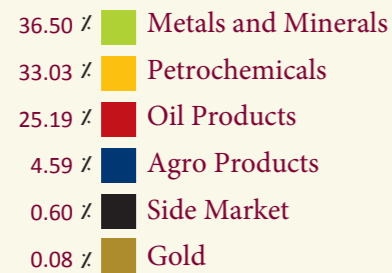
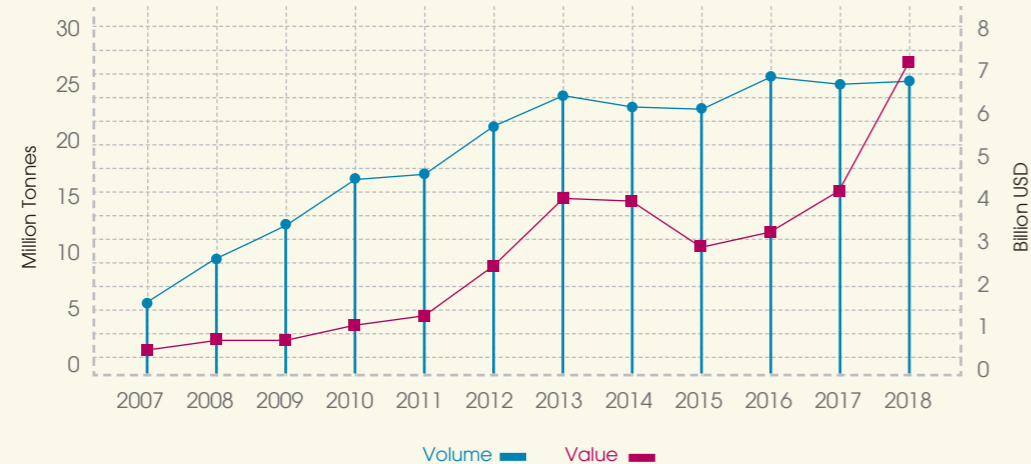
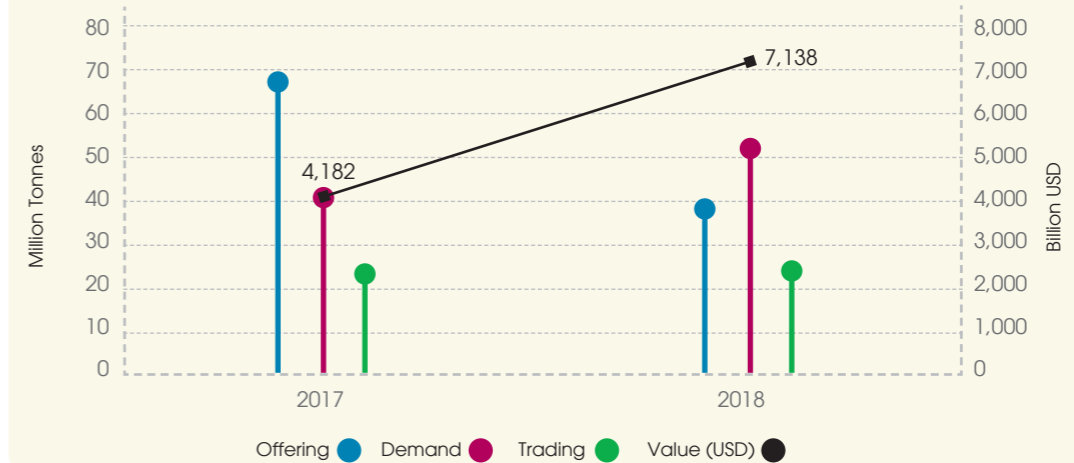


Chart 5: Spot Market Trading Statistics (Volume and Value) since Establishment



In 2018 a total of 40.21 million tonnes of various commodities were offered on the spot market of IME, out of which 25.74 million tonnes worth 7.1 Billion USD were traded.

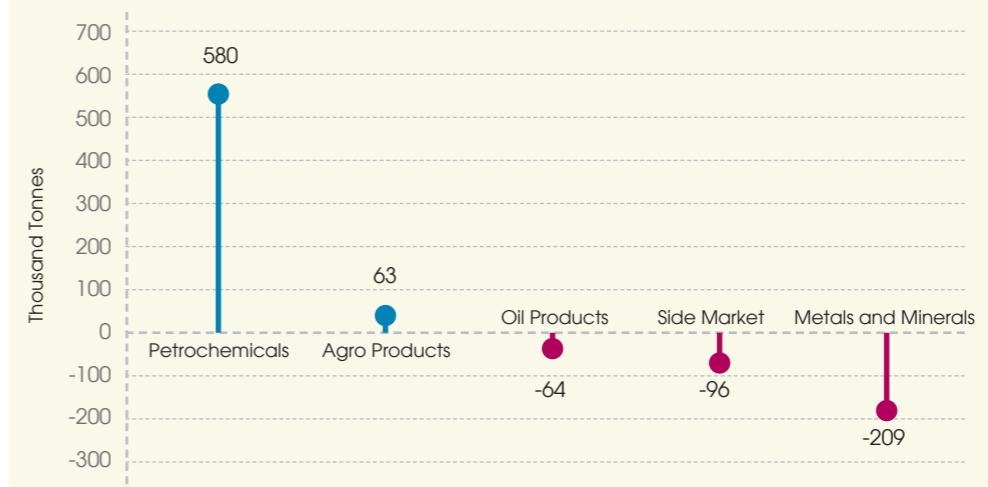
Chart 6: Comparing Spot Market Trading in 2017 and 2018



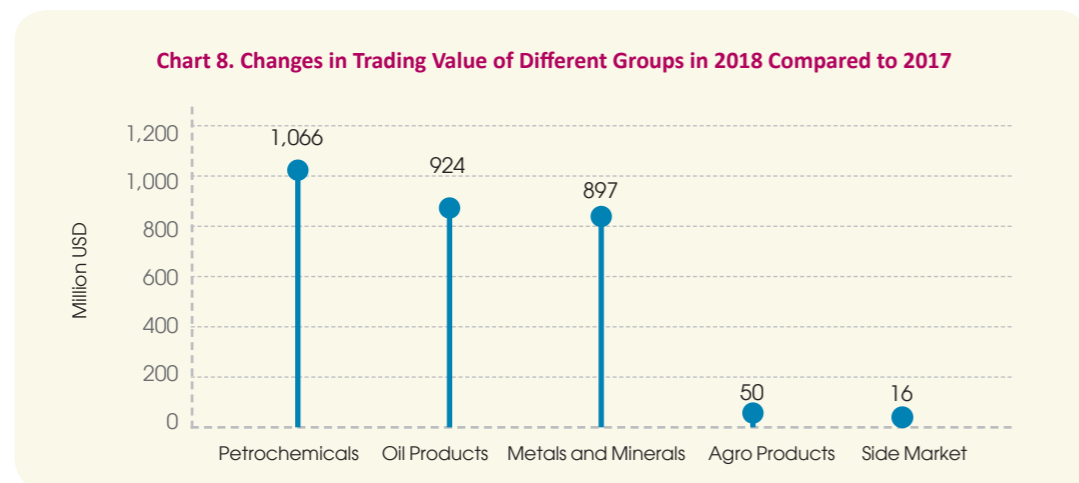
Comparing to the last year, the volume of trades in 2018 experienced a growth of %1 and the trading value witnessed a %71 growth.

The amount of changes in the trading volume of different groups is demonstrated in the following chart. It is worth noting that, the group petrochemical products rose in excess of 580 thousand tonnes. After that, agricultural products group had the highest growth volumes with 63 thousand tonnes.

Chart 7: Changes in Trading Volume of Different Groups in 2018 Compared to 2017



Furthermore, according to the chart, the highest amount of increase in trading value in 2018 compared to 2017 is related to petrochemicals reaching 1,066 Million USD.



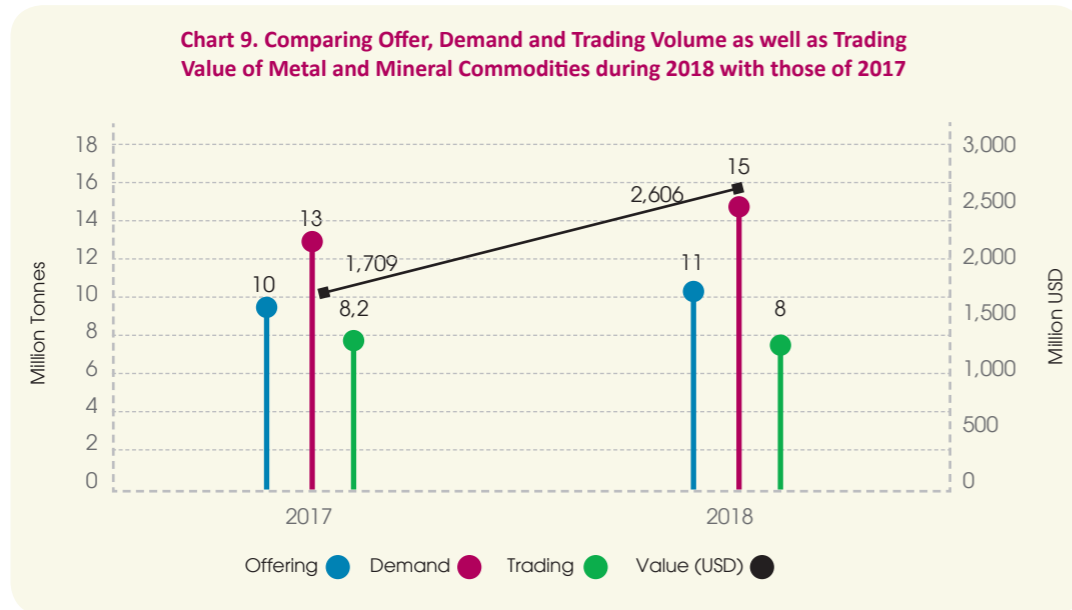
Metal and Mineral Commodities

Over 2018, the total trading value of metals and minerals was about 6 Billion USD which experienced a %69 growth compared to the same period last year.

Table 10. Metal and Mineral Commodities Trading Statistics in Spot Market

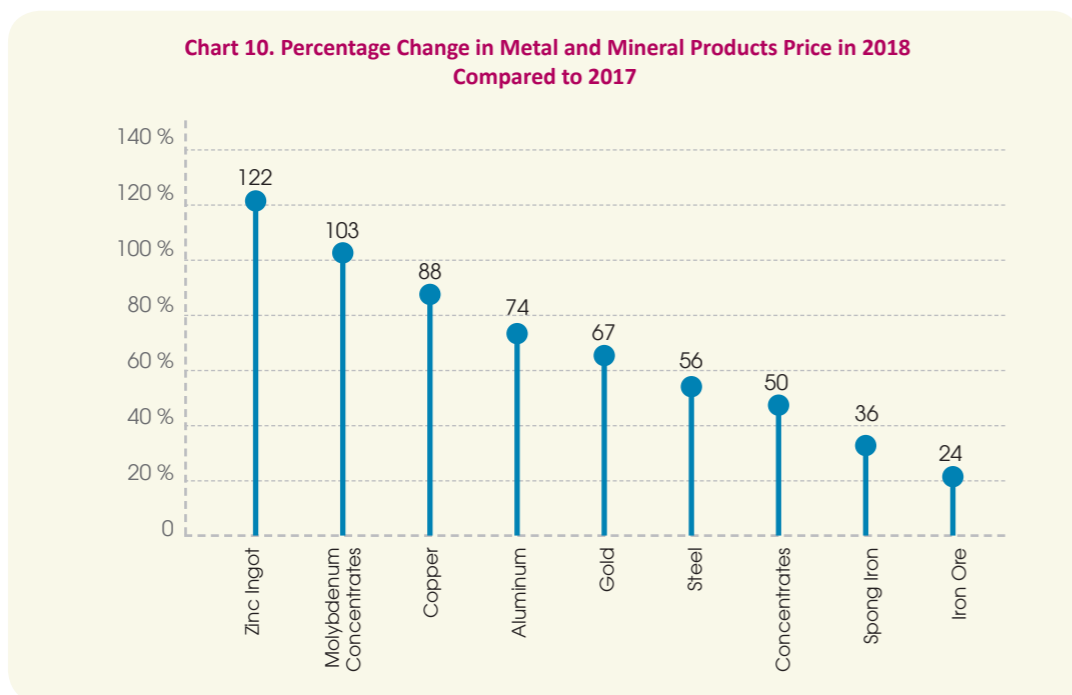
Commodity Group	Type of Contract	2017			2018		
		Volume (thousand tonnes)	Value (1000 IRR)	Value (thousand USD)	Volume (thousand tonnes)	Value (1000 IRR)	Value (thousand USD)
Aluminum	SALAM	0.40	32,440,000	303	0.00	0	0
	Credit	2	143,142,110	1,339	0	0	0
	Cash	88	7,342,415,110	68,685	102	14,750,833,510	137,987
	Total	90	7,517,997,220	70,327	102	14,750,833,510	137,987
Sponge Iron	SALAM	0	0	0	20	241,623,000	2,260
	Cash	3	24,750,000	232	177	2,401,409,000	22,464
Vehicle	Total	3	24,750,000	232	197	2,643,032,000	24,724
	Cash	0	87,260,445	816	0	229,312,652	2,145
Zinc	Cash	1	107,345,000	1,004	4	997,474,140	9,331
Zinc Soil	Cash	0	0	0	35	202,111,400	1,891
Iron Ore	SALAM	0	0	0	5	26,000,000	243
	Cash	1,305	1,328,256,190	12,425	745	1,597,533,155	14,944
Cement	Total	1,305	1,328,256,190	12,425	750	1,623,533,155	15,187
	Cash	1	1,314,000	12	48	61,450,400	575
Steel	SALAM	6,435	137,531,034,550	1,286,539	6,346	187,515,246,559	1,754,118
	Credit	2	27,502,560	257	0	0	0
Coke	Cash	134	2,464,918,644	23,058	312	9,774,929,974	91,440
	Total	6,571	140,023,455,754	1,309,855	6,658	197,290,176,533	1,845,558
Concentrates	Cash	17	96,210,000	900	0	0	0
	Cash	0.210	1,000,745,142	9,362	0.408	2,917,500,255	27,292
Molybdenum Concentrates	Cash	6	1,622,837,630	15,181	6	3,279,909,340	30,682
	Cash	245	30,839,339,560	288,488	230	54,540,413,800	510,200
Total Metal and Mineral		8,238	182,649,510,941	1,708,602	8,029	278,535,747,185	2,605,573
	Gold (Kg)	257	382,174,424	3,575	261	646,349,893	6,046

The following chart compares the offering, demand and trading volume as well as trading value of metal and mineral commodities during 2018 with those of 2017.



According to the above chart, in metal and mineral products group, the volume of offering and demand increased by %10 and %16, respectively, while the trading volume decreased by %3. Also, the trading value increased by %52, due to the changes in the global prices and exchange rates.

The chart below shows the percentage of price changes in 2018 compared to 2017:

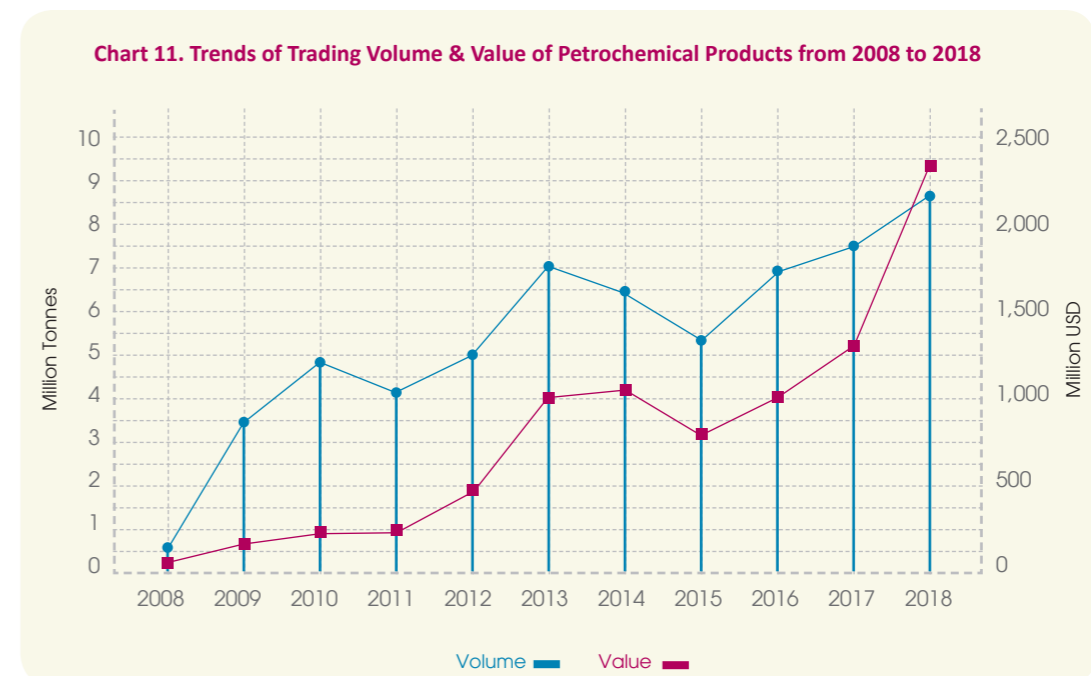


Petrochemical Products

Table 11. Petrochemical Products Trading Statistics in Spot Market

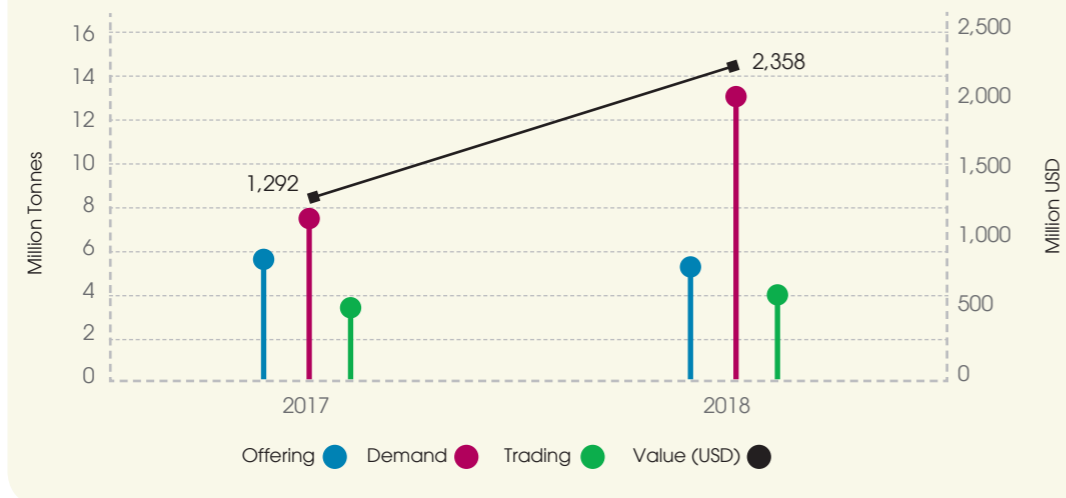
Commodity Group	Type of Contract	2017		2018	
		Volume (thousand tonnes)	Value (thousand USD)	Volume (thousand tonnes)	Value (thousand USD)
Polymer	SALAM	633	244,680	1,102	698,319
	Cash	2,091	807,929	1,936	1,204,192
	Total	2,725	1,052,608	3,038	1,902,511
Chemical	SALAM	146	51,323	232	139,488
	Cash	946	187,911	1,126	315,406
	Total	1,092	239,233	1,358	454,894
Argon	SALAM	1	121	1	98
	Cash	0.18	24	0	0
	Total	1	145	1	98
Total Petrochemicals		3,818	1,291,987	4,398	2,357,503

In 2018, 4.4 million tonnes of petrochemical products were traded valued at 2.3 billion USD. Trading volume and value of petrochemicals in 2018 showed growths of %15 and %82, respectively.



Oil Products

Chart 12. Comparing Petrochemical Products Trading Statistics in 2018 and 2017



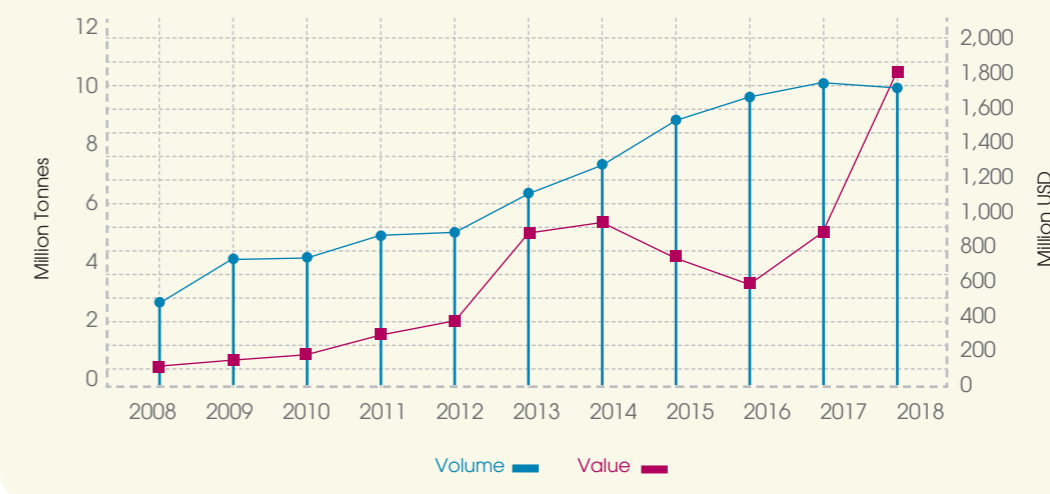
In 2018, in the petrochemicals market, the polymer group experienced trading of more than 3 million tonnes of products worth 1.9 million USD. Compared to 2017, trading volume and value of the group increased by %11 and %81 percent, respectively. It is worth noting that due to the appreciation of the USD against Rial and the intervention in pricing petrochemical products in order to prevent price swelling, the price gap in the IME's market and the unofficial market has increased by mid-2018, which has led to increase in false demand in the IME's market. In order to remedy this problem, IME decided to redress market equilibrium through removing the price ceiling on polymer products.

Table 12. Oil Products Trading Statistics in Spot Market

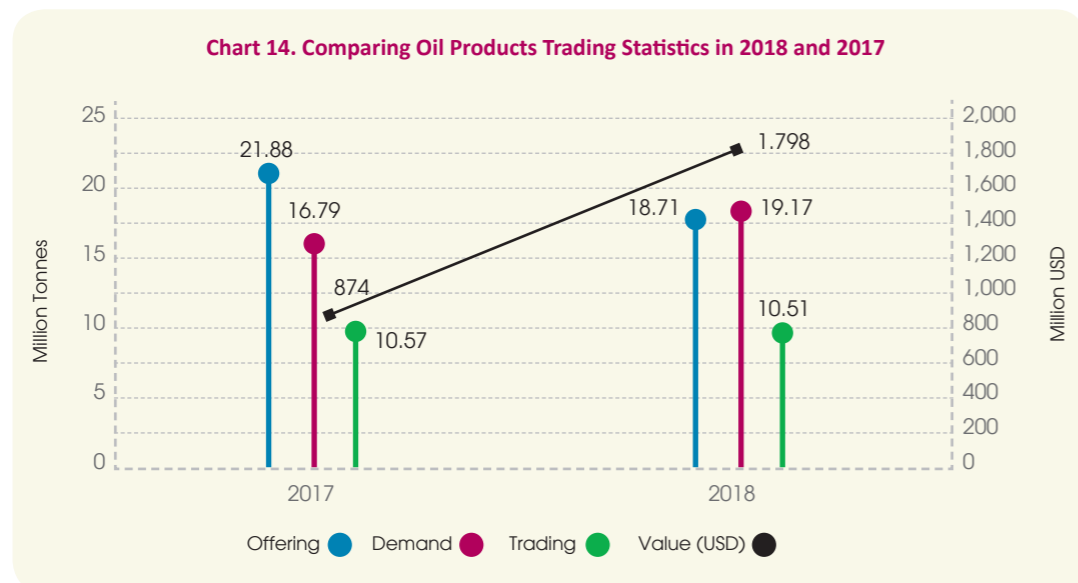
Commodity Group	Type of Contract	2017		2018	
		Volume (thousand tonnes)	Value (thousand USD)	Volume (thousand tonnes)	Value (thousand USD)
Oil	SALAM	0	0	1	318
	Cash	34	7,341	71	25,247
	Total	34	7,341	72	25,565
Slaps Waxes	SALAM	0	0	3	465
	Cash	25	2,264	31	4,643
	Total	25	2,264	34	5,107
Insulation	Cash	44	5,758	51	12,329
Bitumen	Credit	2	180	0	0
	Cash	5,463	479,441	4,649	876,049
	Total	5,465	479,621	4,649	876,049
Sulfur	Cash	425	10,189	341	18,665
Lube Cut Oil	Cash	983	106,259	745	127,240
Vacuum Bottom	SALAM	2	201	1,000	156,761
	Cash	3,596	262,318	3,618	576,614
	Total	3,598	262,518	4,618	733,375
Total Oil Products		10,574	873,950	10,510	1,798,329

In 2018, in oil products group, the trading volume decreased by 1%, while the trading value experienced a significant growth of 106%. This growth in trading value, despite the decline in trading volumes, is mainly due to the growth of the dollar rate which began in early March.

Chart 13. Trends of Trading Volume & Value of Oil Products from 2008 to 2018

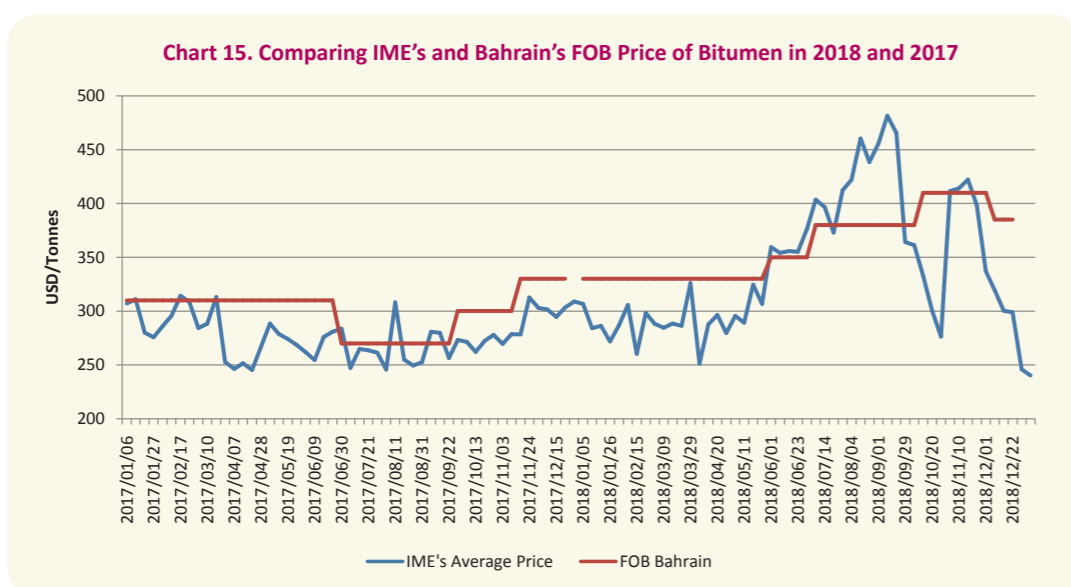


The following chart compares the offering, demand and trading volume as well as trading value of oil products during 2018 with those of 2017.



According to the above chart, during 2018, compared to the previous year, while the trade demand has increased by 14%, the offering and trading volume decreased by %14 and %1, respectively. Furthermore, the trade value experienced a %106 growth.

The chart below compares the average weekly trade price of bitumen 6070 and 85100 in the IME's export ring and the Bahrain's FOB bitumen price from the beginning of 2017 to the end of 2018. As shown in the chart, the price of bitumen traded in IME is most of the times lower than that of Bahrain.



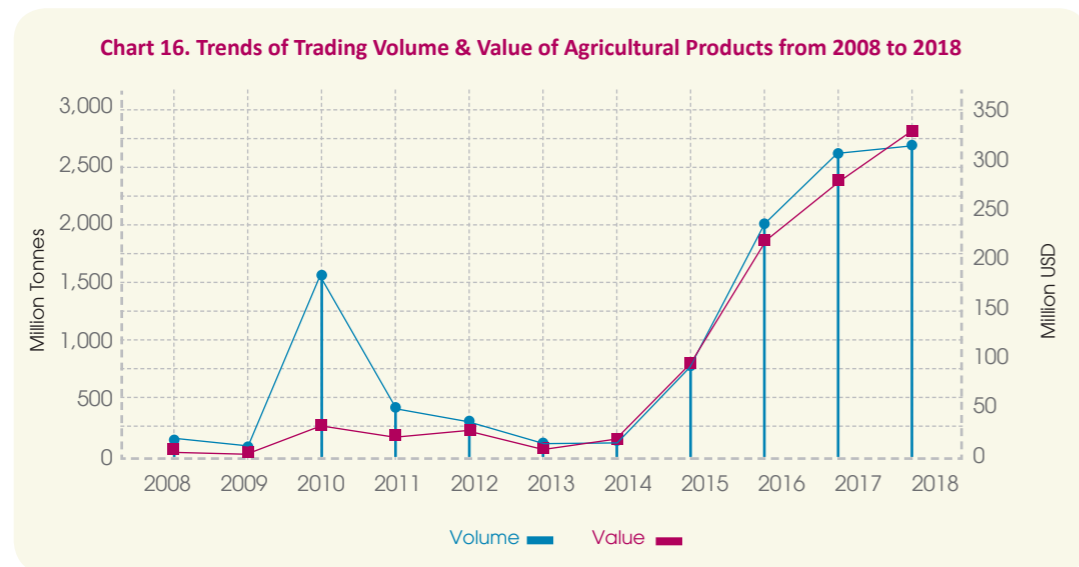
Agricultural Products

Table 13. Agricultural Products Trading Statistics in Spot Market

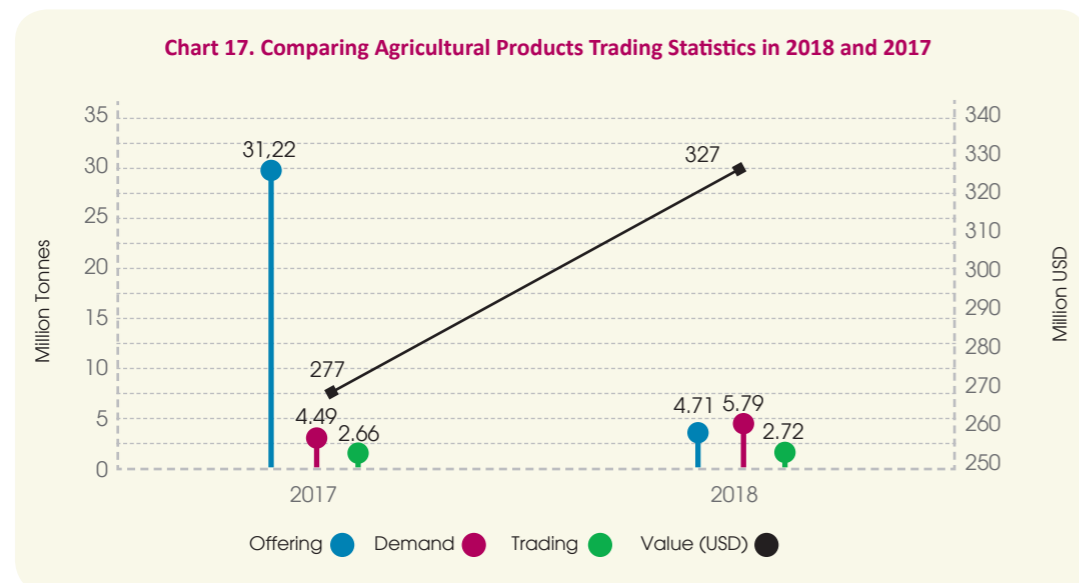
Commodity Group	Type of Contract	2017		2018	
		Volume (thousand tonnes)	Value (thousand USD)	Volume (thousand tonnes)	Value (thousand USD)
Rice	Cash	5	1,650	0	0
Pistachio	Cash	0.030	85	0	0
Egg	Cash	0	19	0	0
Feed Barley	SALAM	0	0	0.400	39
	Cash	372	31,692	22	2,159
	Total	372	31,692	22	2,198
Date	Cash	0	0	1	827
Oil Seeds	SALAM	0	0	0.050	9
	Cash	0	0	3	494
	Total	0	0	3	503
Maize	SALAM	2	111	0	0
	Cash	221	15,709	152	12,454
	Total	223	15,820	152	12,454
Crude Veg. Oil	SALAM	9	2,947	0	0
	Cash	45	13,775	103	32,827
	Total	54	16,721	103	32,827
Saffron	Cash	0.000008	4	0.067	35,413
Sugar	SALAM	5	1,222	19	5,026
	Cash	297	69,251	168	41,468
	Total	302	70,473	187	46,493
Lentil	Cash	0.270	121	0	0
Meals	Cash	7	959	0	0
Wheat	Cash	1,689	133,821	2,254	195,558
Frozen Chicken	SALAM	8	5,136	0	0
	Cash	0.02	10	1	599
	Total	8	5,146	1	599
Chicks and Chicken	SALAM	0	290	0	156
	Cash	0	487	0	460
	Total	0	777	0	616
Total Agricultural Commodity		2,661	277,286	2,724	327,490

Regarding agricultural products, by trading more than 2.7 million tonnes of products worth more than 327 million USD, a new record was set in the group. In 2018, selling about 2.2 million tonnes of wheat on the IME has created a new chapter in agricultural trades. The measures taken in implement the Article 33

of the Law of Increasing Productivity of Agricultural Products provided the grounds for implementation of larger agricultural projects by IME. In the field of agricultural products, the commencement of saffron trades through the IME's export ring and the negotiated purchase of saffron are actions that will bring about the development of agricultural trades in the coming years.



The volume and value of agricultural commodities traded in 2018 increased by 2% and 18%, respectively, compared to 2017. Growth in domestic and export wheat transactions as well as flour and wheat derivatives in 2018, amounting to over 2.2 million tonnes, has increased the volume of trade in agriculture sector compared to 2017.



The largest increase in the trading volume in 2017 belongs to the wheat product, which is about 5 times more than that of the previous year. Growth of wheat supply for flour and its derivatives as well as the entry of wheat buyers into the exchange in 2017 has led to an increase in the trading volume for this product.

Saffron

Saffron is one of the commodities experiencing a big growth among IME's agro-products in 2018. Within this year, IME sold 66.5 tonnes of various types of saffron valued at 35.4 million USD on its physical market accounting for 11 % of IME's total market value of its agricultural market, while this figure was almost zero in 2017 due to meagre amount of saffron traded on the same market in IME.

Various types of saffron traded on IME are regular Poushal, high quality Poushal, Negin and Sargol, trading volume of which were respectively 17.5, 16.4, 9.98 and 5.5 tonnes. Moreover, IME sold 17 tonnes of various types of saffron in baskets in which all four types were included. The following table shows trades of saffron in 2018.

Table 14. Trading Statistics of Various Types of Saffron in 2018

Product	Volume (tonnes)	Value (USD)
Regular Poushal	17.52	8,408,471
Saffron in Baskets	17.04	8,670,786
High Quality Poushal	16.42	9,372,248
Negin	9.98	5,985,081
Sargol	5.55	2,976,340

Furthermore, in 2018 IME traded 21.2 tonnes of saffron valued at 19.3 million USD in certificates of deposit (commodity-based securities) compared to 600.5 kg of this agro-product in certificates of deposit in 2017. The reasons for this quick jump are elimination of unnecessary middlemen and sales of saffron at real and fair prices on IME for producers on the one hand and the possibility of retailers of saffron market offering their product on IME as well on the other.

In total, during 2018, IME traded 88 tonnes of saffron in 2018 on both its physical market and in certificates of deposit, accounting for 25% of the whole saffron produced in Iran.

Out of the total amount of saffron sold on IME's physical market, 7.17 tonnes was exported with a value of 3.6 Million USD. Below you can find a table comparing briefly trades of saffron in 2018 and the previous year.

Table 15. Comparing Saffron Trading Statistics in 2018 and 2017

Types of Trading	2017		2018	
	Volume (tonnes)	Value (USD)	Volume (tonnes)	Value (USD)
Domestic Market	0.008	3,779	59.33	31,749,298
Export Market	0	0	7.17	3,657,624
Certificates of Deposit	0.601	261,927	21.23	19,354,537
Total	0.609	271,282	87.73	54,770,814

Side Market

Table 16. Side Market Trading Statistics

Commodity Group	Type of Contract	2017		2018	
		Volume (thousand tonnes)	Value (thousand USD)	Volume (thousand tonnes)	Value (thousand USD)
Lime	SALAM	40	365	0	0
Polymer	SALAM	2	990	19	12,698
	Cash	1	394	1	231
	Total	4	1,384	19	12,928
Petrochemical Feed Stocks	Cash	0.360	38	0	0
Zinc	Cash	3	245	0	0
Sulfate	SALAM	0.08	6	0	0
	Cash	3	251	0	0
	Total	0.20	214	0.144	118
Chemicals	SALAM	4	332	5	328
	Cash	4	546	5	445
	Total	0.000037	7	0	0
Industrials	Cash	35	3,238	13	2,755
Waste Products	SALAM	3	298	3	682
	Cash	37	3,536	16	3,436
	Total	3	466	1	250
Steel	SALAM	10	2,165	2	534
	Cash	13	2,631	3	783
	Total	31	4,797	0.195	441
Agro-Products	SALAM	23	6,035	41	24,108
	Cash	55	10,832	41	24,549
	Total	0	3	0	0
Products Meat	Cash	0	3	0	0
Copper	Cash	3	6,555	0.010	16
Mineral	Cash	27	613	4	963
Total Side Market		186	26,761	89	43,121

Commodity Based Securities Market

Table 17. Number and Value of Derivatives Contracts

Trading Statistics	2017		2018	
	Number of Contracts	Value (Million USD)	Number of Contracts	Value (Million USD)
Futures Contracts	4,003,608	5,399	14,071,199	9,638
Options Contracts	68,502	8	16,290	5
Total Derivatives Contracts	14,087,489	5,406	4,072,110	9,643

Table 18. Number and Value Financial Market Transactions

Trading Statistics	2017		2018	
	Number of Contracts	Value (Billion Rials)	Number of Contracts	Value (Billion Rials)
Standard Parallel SALAM Contracts	178,672,595	131	169,024,472	214
Certificates of Deposit (Warrant)	565,907,742	47	177,476,223	127
ETFs	69,349,248	6	1,740,820,767	305
Total	813,929,585	185	2,087,321,462	646

LISTED COMMODITIES, SUPPLIERS, COMMODITY BASED SECURITIES AND WAREHOUSES

The overall status of listed suppliers and commodities in 2018 is as following:

Table 19. The Number of Listed Suppliers in IME since Establishment to the End of 2018 Fiscal Year

Description	Listed Suppliers in IME				
	Spot Market			Side Market	Total
	Oil and Petrochemical	Metal and Mineral	Agricultural**		
Domestic Commodity Suppliers	278	189	143	80	690
Foreign Commodity Suppliers*	35	57	26	37	155

* Foreign Commodity Suppliers are listed as supplying a single shipment.

** Agricultural products suppliers are included since beginning of 2017.

Table 20. The Number of Listed Commodities in IME since Establishment to the End of 2018 Fiscal Year

Description	Number of Listed Commodities in IME		
	Main Group	Main Subgroup	Secondary Sub-group
Metal and Mineral Products	7	24	51
Oil and Petrochemical Products	2	9	57
Agricultural Products	1	21	76
Total Spot Market	10	54	184
Side Market	8	59	99
Total Listed Commodities	18	113	283

COMPANIES AND COMMODITIES LISTED IN IME'S MAIN MARKET

New brands of previously listed commodities

In 2018 IME listed 79 new brands of domestically produced commodities which were previously listed in IME

- 33 companies producing petrochemical and oil product
- 31 companies producing industrial and mineral products
- 15 companies producing agro-products

Commodities and companies listed in IME's side market

In 2018, 32 new commodities were listed from domestic and foreign companies

- 24 domestic companies in various industries
- 8 foreign companies in various industries

Listed Warehouses

In line with implementation of the article 33 of the Law of Enhancement of Productivity in Agriculture Sector, IME listed 18 warehouses in 2018 in Kermanshah, Fars and Khuzestan provinces.

There were also 4 other warehouses listed in IME for trades of certificate of deposit on saffron.

Moreover, IME listed a warehouse for petrochemicals and 2 depository vaults for gold in Saman and Saderat Banks.

Brokers' Performance

Spot Market

In fiscal year 2018, a total of 65 seller brokerages and 82 buyer brokerages traded 28,431 kilo tonnes of commodities worth 523,000 billion Rials equivalent to 12.4 billion USD on IME's both spot and side markets.

Row	Brokerage	Metals & Minerals	Oil & Petrochemicals	Argo Products	Cement	Futures	Online Futures	Parallel SALAM	Certificates of Deposit	Listing Advisor	Number of Licenses
51	Tose'e Sarmaye Donya	*	*	*	*	*	*	*	*	*	7
52	Tose'e Farda	*	*	*	*	*	*	*	*	*	8
53	Tose'e Keshavarzi	*	*	*	*	*	*	*	*	*	5
54	Hafez	*	*	*	*	*	*	*	*	*	8
55	Khobregan Saham	*	*	*	*	*	*	*	*	*	8
56	Daliran Pars	*	*	*	*	*	*	*	*	*	6
57	Donyaye Khobreh	*	*	*	*	*	*	*	*	*	8
58	Rahbord Investment	*	*	*	*	*	*	*	*	*	9
59	Rahnama	*	*	*	*	*	*	*	*	*	7
60	Razavi	*	*	*	*	*	*	*	*	*	7
61	Sepehr Bastan	*	*	*	*	*	*	*	*	*	4
62	Setareh Jonoob	*	*	*	*	*	*	*	*	*	8
63	Sarmaye Va Danesh	*	*	*	*	*	*	*	*	*	9
64	National Investment Company	*	*	*	*	*	*	*	*	*	4
65	Saham Pajhohan Shayan	*	*	*	*	*	*	*	*	*	3
66	Saham Gostaran Shargh	*	*	*	*	*	*	*	*	*	2
67	Sahm Ashna	*	*	*	*	*	*	*	*	*	9
68	Seavolex	*	*	*	*	*	*	*	*	*	9
69	Simabgoon	*	*	*	*	*	*	*	*	*	5
70	Sina	*	*	*	*	*	*	*	*	*	9
71	Shahr	*	*	*	*	*	*	*	*	*	7
72	Saba Jihad	*	*	*	*	*	*	*	*	*	9
73	Farabi	*	*	*	*	*	*	*	*	*	9
74	Middle Eastern Commodity	*	*	*	*	*	*	*	*	*	7
75	Ganjine Sepehr Part	*	*	*	*	*	*	*	*	*	8
76	Mobin Sarmaye	*	*	*	*	*	*	*	*	*	8
77	Modaber Asia	*	*	*	*	*	*	*	*	*	7
78	Moshaveran Saham	*	*	*	*	*	*	*	*	*	3
79	Mofid	*	*	*	*	*	*	*	*	*	8
80	Melal Pouya	*	*	*	*	*	*	*	*	*	5
81	Mehrafarin	*	*	*	*	*	*	*	*	*	5
82	Negah Novin	*	*	*	*	*	*	*	*	*	6
83	Namad Shahedan	*	*	*	*	*	*	*	*	*	8
84	Noandishan	*	*	*	*	*	*	*	*	*	8
85	Nahayat Negar	*	*	*	*	*	*	*	*	*	8
Total		74	82	77	62	57	50	69	56	40	567

Table 22. Value and Volume of Trading by Seller and Buyer Brokerages on the Spot Market

Row	Buyer Brokerage			Seller Brokerage		
	Brokerage Name	Volume (Tonnes)	Trading Value (Million USD)	Brokerage Name	Volume (Tonnes)	Trading Value (Million USD)
1	Mobin Sarmayeh	4,417,502	2,362	Mobin Sarmayeh	5,400,366	2,937
2	Mofid	2,849,079	1,089	Khobregan Saham	4,552,777	1,211
3	Bahonar	3,419,971	926	Bahonar	2,333,316	680
4	Khobregan Saham	2,678,999	709	Arg Houman	94,657	639
5	Kalaye Khavarmianeh	375,007	404	Sina	2,214,049	593
6	Sea Volex Kala	733,938	378	Saba Jahad	596,85	521
7	Tavazon Bazar	881,453	335	Bank Melli Iran	499,175	515
8	Arad Iranian	579,732	325	Mofid	1,621,382	508
9	Hafez	332,25	275	Refah Bank	796,593	441
10	Bank of Industry & Mine	336,807	266	Sea Volex Kala	978,963	418
11	Other Brokerages	11,826,531	5,376	Other Brokerages	9,343,141	3,980
	Total	28,431,269	12,444	Total	28,431,269	12,444

Row	Buyer Brokerage			Seller Brokerage		
	Brokerage Name	Volume (Tonnes)	Trading Value (Million USD)	Brokerage Name	Volume (Tonnes)	Trading Value (Million USD)
1	Mobin Sarmayeh	4,417,502	2,362	Mobin Sarmayeh	5,400,366	2,937
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3	Bahonar	3,419,971	926	Bahonar	2,333,316	680
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4	Khobregan Saham	2,678,999	709	Arg Houman	94,657	639
5	Kalaye Khavarmianeh	375,007	404	Sina	2,214,049	593
6	Sea Volex Kala	733,938	378	Saba Jahad	596,85	521
7	Tavazon Bazar	881,453	335	Bank Melli Iran	499,175	515
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9	Hafez	332,25	275	Refah Bank	796,593	441
10	Bank of Industry & Mine	336,807	266	Sea Volex Kala	978,963	418
11	Other Brokerages	11,826,531	5,376	Other Brokerages	9,343,141	3,980
	Total	28,431,269	12,444	Total	28,431,269	12,444

FUTURES CONTRACTS MARKET

In 2018, a total of 52 brokerages were active in the Futures market and the statistics related to the number and value of traded contracts through them is demonstrated in the table 20.

Table 23. Number and Value of Futures Contracts Traded by Brokerages

Row	Name of Brokerage	Total number of sell and buy contracts	Total value of sell and buy contracts (Million USD)	Share of Total Value (%)
1	Mofid	1,306,891	4,799	15.40
2	Agah	1,196,409	4,465	14
3	Pishgaman Behparvar	906,791	3,370	10.70
4	Sarmaye & Danesh	422,551	1,595	5.00
5	Agri Bank	413,376	1,507	4.90
6	Tadbirgaran Farda	345,614	1,257	4.10
7	Eqtesad Bidar	303,968	1,109	3.60
8	Tejarat Bank	287,590	1,049	3.40
9	Nahayat Negar	244,451	907	2.90
10	Aban	241,743	869	3
11	Other Brokerages	2,824,124	10,404	33.30
	Total	8,493,508	31,332	100



IME's Priorities in 2019

In line with its mission and vision and the goals IME has set to reach, the following programs will be on the top of priority for the company in 2019:

- Extending trades of financial instruments to new underlying assets
- Introducing new commodity-based securities
- Introducing new financial instruments in IME's physical market
- Increasing depth and size of IME's market
- Establishing relations with monetary and financial institutions
- Enhancing level of services IME provides to clients
- Boosting IME's administrative dashboard and human resources
- Improving established procedures of company
- Improving and integrating systems
- Development of data management systems
- Promoting IME's brand
- Expanding International Interactions



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