

Newsletter CSDI

*Summer
2022*

Vol. 35



**CENTRAL SECURITIES
DEPOSITORY OF IRAN**



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CEO Message

Dear readers,
As I am writing this message from the office, it seems as if we are now entering a new chapter – a step closer to a post-pandemic world. While we are very much still in a pandemic, I am happy to see more people enjoying each other's company away from a virtual-only setting. As we begin a new season, let us all celebrate and be thankful for our health.

This summer was an eventful one for Central Securities Depository of Iran whether it was the model of smart collateralization of securities, the electronic panel of distributed dividends history, or June's Annual General Meeting where we outlined our achievements in 2020-2021. In this issue, you will hear more about a collaboration between CSDI and banks to provide people seeking bank loans to be able to collateralize their shares. This milestone brings us even closer to providing investors

with a faster, easier and more efficient way to get loans from the banks.

You will also get a glimpse of what it is like to materialize payment of the due and belated dividends of 163 issuer companies to the accounts of over 26 million shareholders. CSDI's major achievements in the year that passed and the Depository's strategic plans for the year ahead are among the interesting points you will find in the section that elaborates on what actually went on during our Annual General Meeting.

As I always mention in our periodicals, we want to hear from you. Feel free to reach out to us through any of our social media channels or by e-mail at intl@csdiran.ir.

Thank you and enjoy the newsletter.
Sincerely,

Mohammad Baghestani
CEO & Board Member





CSDI News

CSDI Unveils New Information Service; Electronic Panel of Distributed Dividends History

CSDI has unveiled a new panel for all investors and other beneficiaries active in the Iranian capital market, so they are now able to view the history of their paid dividends electronically. All issuer companies and shareholders in these companies can view the history of their paid dividends through portals embedded in the “Integrated Portal of Capital Market Stakeholders,” known as DDN.

In line with the development of the DDN portal and respecting the rights of the shareholder community, the new service “Paid Dividends History Portal” has been launched and is now available to both issuers and shareholders via “Issuers Electronic Portal (DANA)” and “Investor’s Electronic Portal (DARA)” already designed in the DDN portal.

The new service is accessible to all market participants who have already registered in CSDI’s e-KYC system, CIGS.



CSDI Launches Yet another Innovative Service; Get Bank Loan by Collateralizing Securities



Central Securities Depository of Iran added to the growing list of its innovative services by unveiling Electronic Securities Collateralization System, named “Setareh”, in order to further develop the existing infrastructure to serve all stakeholders in the Iranian capital market.

A service for collateralizing the shares has always been sought and requested by the financial and banking sector from the capital market officials. The function of the collateralization system is in a way that if a shareholder (natural or legal) intends to pledge their securities with another entity (natural or legal), they can place their assets as collateral with the entity through stages designed and supervised by CSDI.

The system enables

operating banks to speed up the process of paying loans to owners of securities by using the online service with the applicants being able to electronically submit their requests for pledging their shares without selling them. Traditionally, pledging securities has not been popular among shareholders as it involved hassling paperwork and a time-consuming procedure; however, thanks to the running of the Electronic Securities Collateralization System, pledging shares in exchange for loans or letters of credit has become significantly streamlined and increasingly welcomed by all stakeholders.

The Electronic Collateralization of Securities model is designed so that shareholders are not deprived of their security earnings, capital increases and participation in the general meetings of the companies

in which they are shareholders. It means that even though their shares are held as collateral, they do not lose the benefits of security ownership.

The potential applicants should first register in CSDI’s e-KYC platform, known as the Comprehensive Information Gathering System (CIGS), and have their identities verified to benefit from dozens of services offered through CSDI’s Integrated Portal for Capital Market Stakeholders (DDN), including the electronic procedure to pledge their securities so that they can apply for loans in the banking system.

In addition to registration in the CIGS system, there are general conditions such as the applicant’s age, which must be over 18, and the criteria for account balance average and applicants’ credit rating, among other general conditions imposed by the money market for granting the loans. People seeking to collateralize their shares to receive a bank loan must complete the process and all other

steps set out by banks. Based on the model of smart collateralization of securities designed in “Setareh”, the value and the ratio of securities accepted as collateral to the value of loan is decided by banks. It means that it is the banks that determine the value cap for collateralized securities.

According to the guidelines for collateralizing securities, ee collateral providers must submit a request to CSDI while registering their securities intended for collateralization in the banking system. And, after getting a bank loan, if the borrower does not fulfill their obligations to repay the received loan per the specified terms, the bank is authorized, after sending due notifications, to send the request for selling the collateralized securities to CSDI. In the near future, potential applicants can also provide gold coins, life insurance funds, salary transfer letters, etc., as collateral to benefit from services being provided by this platform.



Over 26 Thousand BN Rials of Dividends Distributed among 10 MN Shareholders via CSDI's CIGS

Central Securities Depository of Iran has distributed 26 thousand billion IR rials (541 million euros) dividends among over 10 million shareholders on behalf of the issuer companies in the first half of the current Persian year, which began on March 21, 2022. According to figures released by CSDI's Dividends Distribution department, in the first half of the year, 10 million and 221 thousand shareholders received their shares dividends via the CSDI's e-KYC system, CIGS. This amount is comprised mainly

of the due and belated dividends deposited to the shareholders' accounts after they registered in CSDI's CIGS system. Also, during the first six months of the current fiscal year which began on March 21, 2022, the CSDI Dividends Distribution department managed to deposit 190 thousand billion IR rials (approximately 3.960 million euros) related to annual earnings approved at the most immediate AGM of 163 issuer companies to the accounts of over 26 million shareholders.





Thanks to CIGS, Shareholders Ultimately Received Belated Dividends

After years, the due dividends of the issuer companies have ultimately been deposited to the shareholders' accounts using the information provided by the investors registered in CSDI's e-KYC system, CIGS.

In addition to the due dividends, the annual dividends of millions of shareholders have been paid to them thanks to CIGS, an action that strengthens the liquidity in the market and increases the purchasing power of investors to buy a wide range of securities available for investment. Listed companies hold their annual meetings to make decisions regarding the amount of dividends to be paid to their shareholders; and according to Iran's commercial law, listed companies have up to eight months after holding their general meetings to distribute cash dividends among their

shareholders.

Although it has been about four years since the launch of the CIGS system, through which all listed companies could have easily deposited dividends to shareholders' accounts, they used to stick to the traditional method of dividend distribution through commercial banks obligating the shareholders to visit the bank in person.

It was despite the fact that sometimes the amount of dividends was so low that the shareholders did not even bother to go to the bank to receive it. Earlier this year, however, CSDI has started depositing due dividends through CIGS, and millions of shareholders of the listed companies in the Iranian capital market have received their dividends in their bank accounts electronically.



CSDI's CEO: Amounts Related to Unused Pre-emptive Rights Deposited to Shareholders Accounts via CIGS

The CEO of Central Securities Depository of Iran (CSDI) says the company welcomes the payment of unused pre-emptive rights of shareholders through the CSDI's e-KYC system, CIGS. Dr. Mohammad Baghestani said in a statement that as a major strategy of the CSDI company is to provide effective services to the shareholders active in the Iranian capital market, CSDI has already created and established the necessary technical infrastructure

for the distribution of dividends among shareholders, as well as the payment of the unused pre-emptive rights. Baghestani pointed out that so far 12 companies, including Pardis Investment Co., National Pension Fund, Farabi Pharmaceuticals Co., Mellat Bank Funding Co, Sepahan Rollers Manufacturing Co., Iran and Sharq Leasing Co., Parsian Bank, Kavir Tire, Pars Arian Investment Co., Fan Avran Petrochemicals Co., Middle East Bank, Saman Kish

Electronic Payment Co., and Omid Investment Co. have already deposited the amounts related to the unused pre-emptive rights to the shareholders' accounts through CIGS system.





CSDI CEO Outlines Major Innovative Plans for Year Ahead At Annual General Meeting

CSDI holds its Annual Ordinary General meeting on June 28, 2022, at the company's headquarters in the Iranian capital, Tehran.

The annual general meeting was convened in the presence of 74 percent of shareholders and their representatives.

CSDI Chairman, Dr. Mohammad Sajjad Siahkarzadeh, presided over the meeting during which

the shareholders approved the company's financial statements for the last Persian calendar year that ended on March 21, 2022.

In an address to the shareholders at the event, CSDI's Chief Executive Officer, Dr. Mohammad Baghestani, elaborated on the company's strategic plans for the current year. Dr. Baghestani enumerated the expansion of the automated smart



systems for collateralizing and seizing of securities, the system for capital increase using preemptive rights, the futures contracts settlement platform, and the establishment of the necessary infrastructure for the settlement of futures contracts on Iran's Energy Exchange (IRENEX) as among CSDI's priorities for the year ahead.

He said optimizing the comprehensive Dividend Distribution System was one of the major achievements by CSDI in the year that passed, and with the completion of the necessary infrastructure for the

system earlier this year, millions of shareholders have received dividends of their shares through the system.

Dr. Baghestani also pointed to the optimization and expansion of Danesh, Kara, Settlement Guarantee Fund, Sepas, the system of opening and canceling contracts with portfolio management companies, and the CSDI Call Center expansion, among other major plans ahead of the company.

A dividend of 1,000 IR Rials per share was also approved during the meeting.





Introduction

In Introduction into CSDI's Dividend Distribution System

The Dividend Distribution System (DDS) has been developed to obtain the equities dividends, interest of Mutual Funds, Sukuks, and Islamic treasury bills from the issuers and deposit them in the beneficiaries' bank account.

DDS is an infrastructural system designed based on in-house technical know-how in a bid to streamline corporate actions by CSDI.

Previously, issuers could not check

and verify the information (bank accounts, Identity information, etc.) with the authorities. On the other hand, shareholders, either, did not know the exact time of the dividend distribution. These led to the long and irregular process of dividend payments causing many problems for both issuers and shareholders. Therefore, this system was initiated by CSDI and was test-launched in June 2019.

Name: Dividend Distribution System (DDS)

Service Provider: Central Securities Depository of Iran

Beneficiaries: Issuers
Investors (shareholders)

How DDS Works

DDS receives required information from the following systems:

- Comprehensive Database of All Listed Companies (Codal): GM resolutions
- Post-trade System (dates of GM & dividend distribution deadline)
- Comprehensive Information Gathering System (verified banking accounts)
- Electronic Portal of Issuers (DANA)
- Electronic Portal of Shareholders (DARA)
- SEPAS (A safe and automated platform for electronic receipts and payments)
- IX (Information Exchange Portal)

After receiving and processing information, a daily aggregate accounting document is recorded automatically and sent to the bank. After controlling the legal files of shareholders and fund provision, the funds are paid based on the deposit code issued by the system.



Unveiling date: DDS was test-launched in June 2019.

Objectives

1. Streamlining the service of dividend and interest payments
2. Providing the interest payment service for a wider range of instruments
3. Security and reliability in exchange of information
4. Achieving the goals of the country's e-government plan

Specification

1. Validating investors' and issuers' information
2. Offering online and automated services
3. Constant supervision

Features

- Processing & calculating all dividends and interest belonging to CIGS-registered shareholders
- Developing specialized panels for shares, debts and funds
- Dividend distribution in one or more installments based on the issuer's order
- Paying dividends with the possibility of selecting shareholders by a variety of methods, including alphabetically or the number of shares
- Paying the dividends based on ratio (Percentage payment)
- Managing the shareholders with legal and judicial case
- Distributing dividends after calculating default and dues
- Automatic or manual management of shareholders' legal problems
- Managing the number of payments per day
- Managing payment hours

- Recording logs
- Constant updating of legal cases and registrations in CIGS during payment period
- Reports (on dividends and interest payments, receipts from issuers, shareholders requests, GMs ready to distribute dividends, registration in CIGS, banking payment status)



Associations & Subsidiaries News



Upward Trend of Financing Private Sector through Issuance of Sukuk in Iran Capital Market

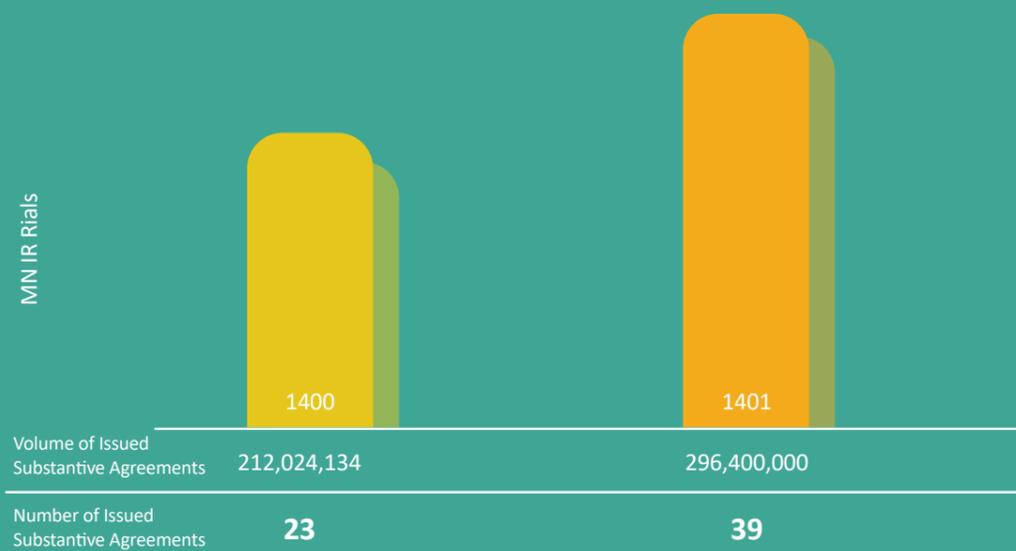
An unprecedented increase in the number of requests for financing the private sector through the issuance of Sukuk together with a rise in the volume of securities issued are indicative of the private sector's due attention to the debt market in order to meet its financial needs. Based on the performance of Central Asset Management Company during the first six months of the financial year of (21 January – 22 July, 2022), the number and volume of substantive agreements issued by this company have grown by 70% and

40% compared to the same period in the last financial year. This, as the volume of Sukuk securities in IR rials issued by the intermediary entities during this period has witnessed a 20% increase. Additionally, during the first six months of the 2022 financial year, the Securities and Exchange Organization (SEO) agreed to 39 substantive agreements to issue different types of Sukuk worth 296,400 billion IR rials (9,291 MN Euro), 70 percent of which is related to applicants who have, for the first time, turned to the country's

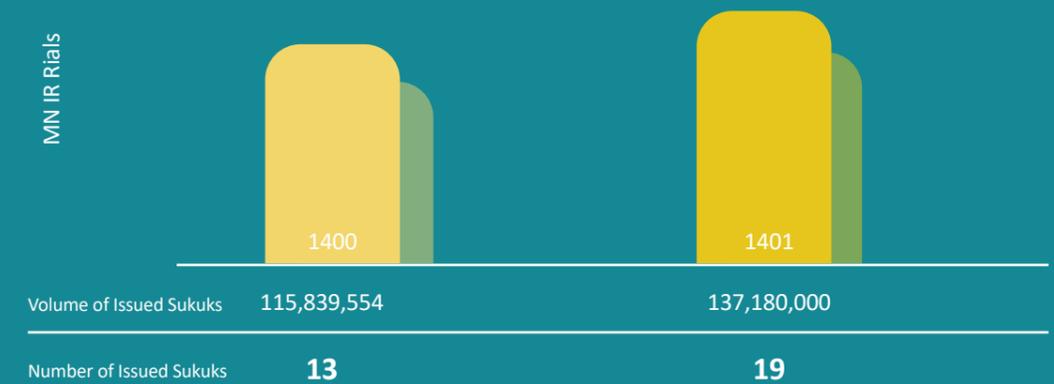
debt market to finance themselves.

In the meantime, the statistics show that with the widespread use of new guarantee solutions in the field of Sukuk issuance including collateralization of securities and obtaining credit rating, 13 guarantees are presented with collateralization of securities, credit rating or a combination of both methods.

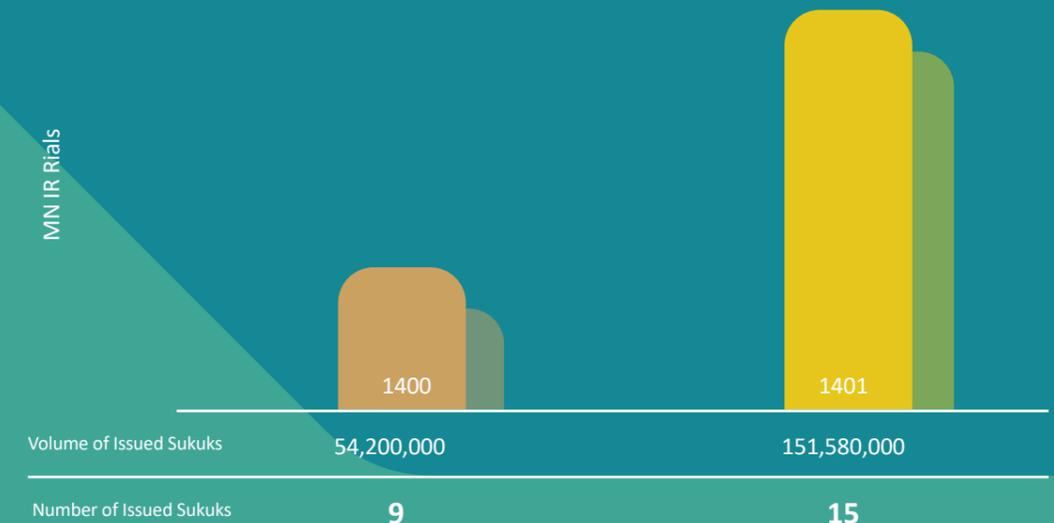
Volume of Substantive Agreements Issued in First 6 Months of 2022



Volume of Sukuks Issued in First 6 Months of 2022 Financial Year



Volume of Issued Sukukd in First 5 Months of 2022



Market News



Iran's Top Market Regulator Gives Green Light to "International Exchange"

The High Council of Security and Exchange has granted in-principle approval for establishing Iran's International Exchange in a meeting convened on August 23, 2022.

The International Exchange, which is an exchange market exclusively for the Iranian free economic zones, is the fifth Iranian exchange market to be established to finance industrial and construction projects.

With an initial capital of 30 million euros, the International Exchange will be a critical platform for attracting foreign financial resources to the country through issuing foreign currency-based instruments and attracting qualified companies active in various economic, industrial, and energy fields.

Establishing International Exchange in free economic zones creates the much-needed platform to connect to the global economy and paves the way for more international presence of the Iranian capital market. Such link helps attract more foreign investment and advanced technologies, which create the groundwork for even more dynamic export of commodities and services.



SEO Appoints New Head for Iran Top Regulator Anti-Money Laundering Center

Deputy head of Iran's Securities and Exchange Organization, Hasan Farajzadeh, has appointed Abolqasem Farajinia as the organization's head of the Anti-Money Laundering Center.

Farajinia, who was in charge of the anti-money laundering and financing terrorism department at Central Securities Depository of Iran for over three years, sees chairing the Brokers Inspection Department at the SEO, and working with the National Audit Organization of Iran, Iran's Privatization Organization and Iran Khodro Company in his career portfolio.

Fulfilling the duties stipulated in the law and the by-laws of combating money laundering and financing terrorism, supervising the actions of anti-money laundering units of affiliated entities, and setting up information collecting mechanisms for anti-money laundering operations are the most important responsibilities of the Anti-Money Laundering Center at the Securities and Exchanges Organization of Iran.

The center is also mandated to work with other similar centers and authorities, with the aim of more synergetic activities on AML/CFT activities and swifter actions in achieving effective results in this field.

Before Farajinia, Saber Jafarvand Azar was the head of the Anti-Money Laundering Center at the Securities and Exchanges Organization.





IMF: Iran Ranks World's 14th Largest Economy

The latest report by the International Monetary Fund has ranked Iran's 1.7 trillion-dollar economy as the 14th largest in the world, higher than Mexico, Turkey, Spain, Sweden, and Saudi Arabia.

In the IMF's report, the United States ranks first with a GDP of 25.3 trillion dollars, which constitutes a quarter of the world economy, followed by China, Japan, Germany, England, India, France, Canada, Italy, and Brazil, which form the first ten economies in the world. China's gross domestic production is 19.9 trillion dollars, which, despite its slow growth, is predicted to overtake the US economy in 2030.

South Korea, Russia, Australia, and Iran are also ranked 10th to 14th in the IMF's ranking list, with Iran now standing higher than countries such as Mexico, Turkey, Spain, Sweden, Norway, Saudi Arabia, UAE, Indonesia, Malaysia, Singapore, Qatar, and Iraq.

In the latest report of the world economic outlook published this spring, the International Monetary Fund announced that Iran's economic growth last year was 4 percent and predicted that this figure would reach 3 percent this year.

Also, the IMF forecasted a downward trend of the inflation rates in 2022, saying that Iran's 40.1% inflation in 2021 is expected to lower by 32.3% in 2022.

Iran's Top Market Regulator Approves Guidelines for Issuing Energy Efficiency Certificates

The High Council of Securities and Exchange published the guidelines for issuing Energy Saving Certificates in its first summer meeting in late June 2022.

The certificates are a type of new financial instrument representing a specific volume of a saved energy carrier by users. Energy saving certificates are used across the world as an incentive to increase energy efficiency and reduce fuel consumption, which leads to the optimization of energy consumption. In different environmental and legal jurisdictions, saving energy certificates are also known as "white certificates."

There are two types of saving energy certificates: the "Certificate of Attained Savings", which is awarded in case of efficient consumption valued in proportion to the saved energy, and the "Certificate of Financing Savings" which is given to potential buyers after they announce their need for power to the Energy Saving Commission and provide the necessary guarantees for buying the certificates.

These certificates also have a maturity date, and individuals can

sell them on Iran Energy Exchange. Additionally, those who buy these certificates will receive energy in proportion to the value of the certificate at the time of maturity.

Developing saving energy certificates was one of the tasks assigned to the Securities and Exchange Organization and the Iran Energy Exchange, respectively. This instrument, after its development, was deeply examined by the SEO's Jurisprudence Committee before it was approved as a financial instrument by the High Council of Security and Exchange. Soon after the SEO's Board of Directors approved the instructions for these certificates' listing, registration, and depository, the same board approved the trading instructions and sent them back to the High Council of Securities and Exchange for final approval. Finally, in the early days of last summer, the Council gave the green light to its issuance.

Central Securities Depository of Iran is also mandated to issue these securities, receive related guarantees and conduct the related settlement operations at the brokerage level.





Financial Report

Trading Account Status

Total number of accounts (by end of Summer 2022)	59,182,282
Total number of accounts (same Period 2021)	58,115,755
Total number of active accounts (by end of Summer 2022)	38,447,303
Total number of active accounts (same period 2021)	37,007,698
Total number by end of Summer 2022	
Foreign	4,246
Legal	375,772
Natural	38,067,285

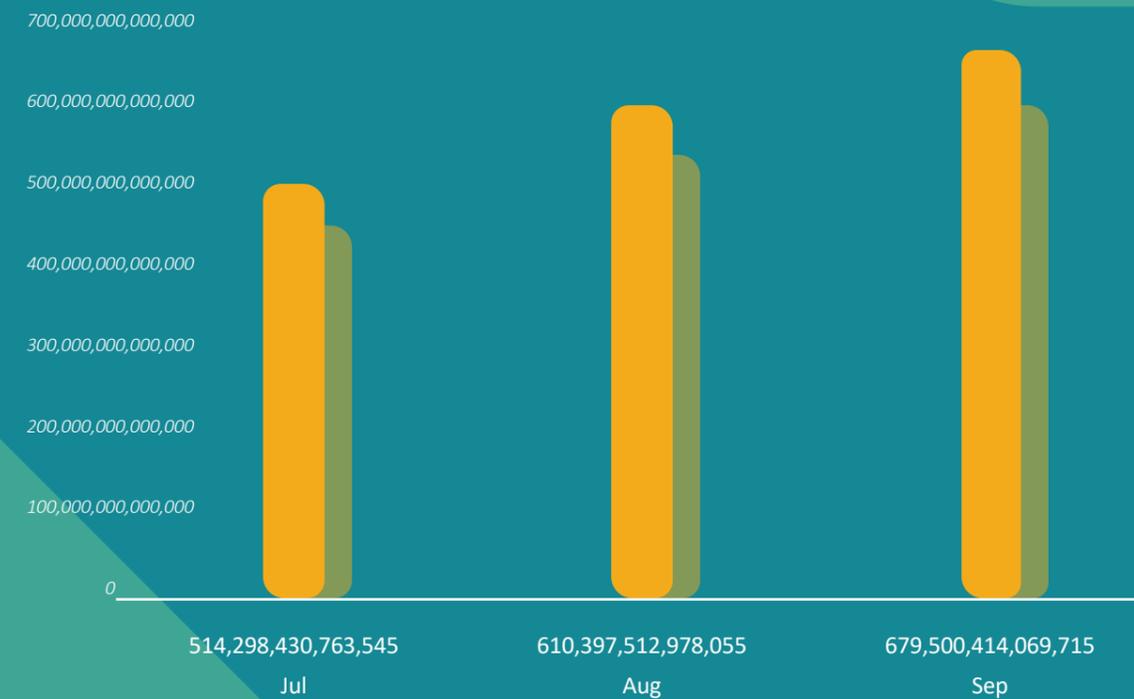
CIGS Statistics

Total number of CIGS-registered clients	41,689,948
Total number of authenticated CIGS clients	34,681,644
Number of CIGS-registered clients at Summer 2022	544,734
Number of authenticated CIGS clients at Summer 2022	452,567

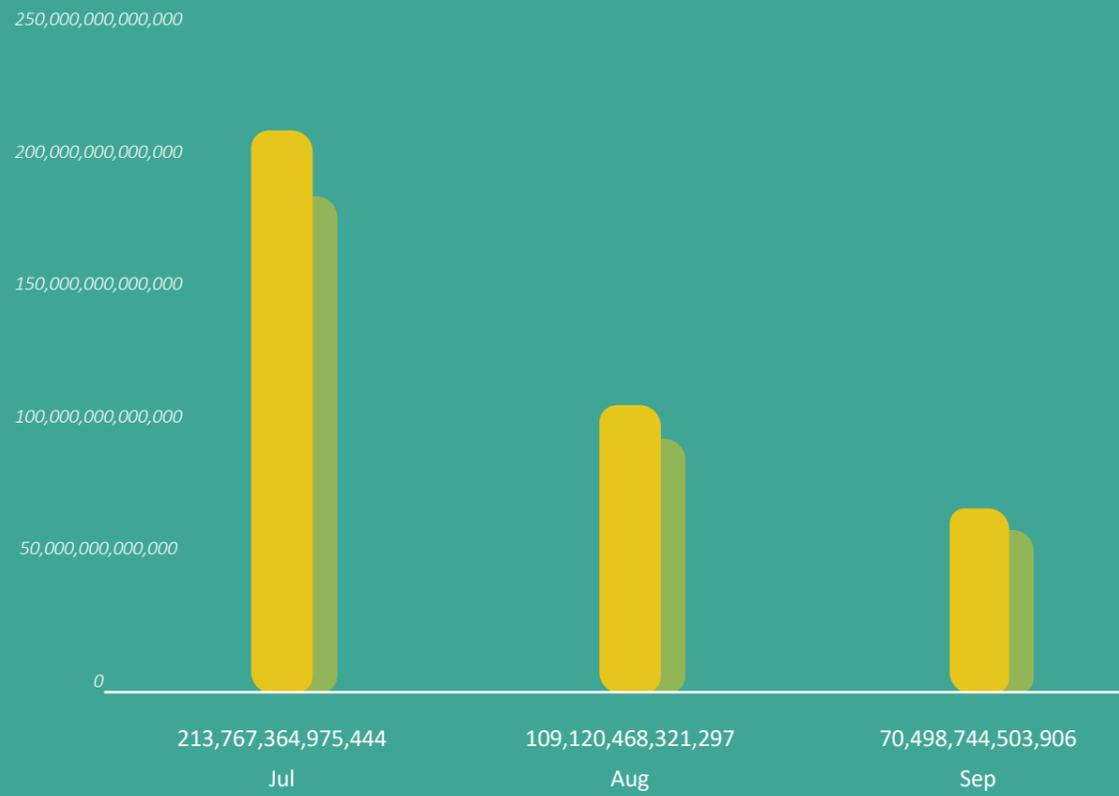
Total ticker symbols submitted into Post-Trade system:

1,815

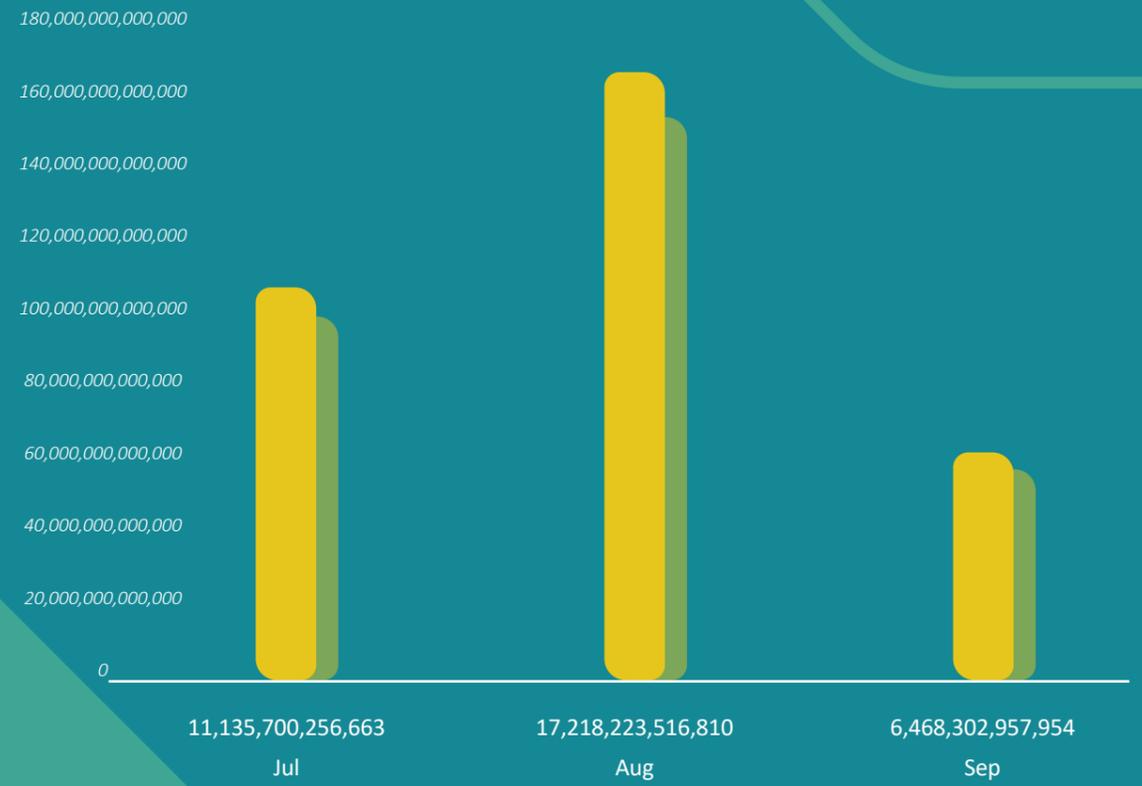
Tehran Stock Exchange (TSE) & Iran FaraBourse (IFB) Settled Trade (IRR)

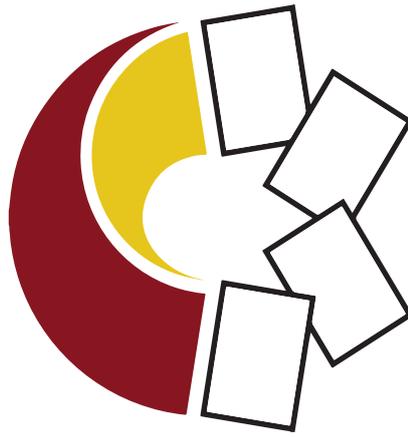


Iran Energy Exchange (IRENEX) Settled Trade (IRR)



Iran Mercantile Exchange (IME) Settled Trade (IRR)





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