

***The Regulations Governing  
Advertisements by  
the Brokerage Firms***

In applying the paragraph 2 of article 7 of the Securities Market Law the regulations on the advertisements by the brokerage firms as regards the possibility of executing advertising campaigns by the brokerage firms are as follows:

**Article 1 Definitions:** For the purposes of the terms used herein the definitions are provided as follows:

**Advertisement:** means a kind of relationship which the broker establishes with his/her audience for the purpose of introducing the brokerage firm and its services to the audience or, in general, stating the characteristics, advantages and capabilities of the securities market. Such relationship may be established in the form of face-to-face meeting or through the mass media. The audience may consist of one individual, a group of people or the general public.

**Advertising (Media) Notice:** means a set of information which is provided and transmitted to the audience in the advertisement and may be handled in the form of audio, writing (print advertising) or pictorial.

**Advertiser:** means an entity in his/her name the advertising notice is published.

**Organization:** means the Securities and Exchange Organization subject of article 5 of the Securities Market Law ratified in November 2005.

**Exchange:** means the Exchange that a broker is considered to be its member and is officially licensed by the Organization.

**Article 2:** The brokerage firms in their "advertisements" shall, in addition to adherence to all rules and regulations prescribed by the state authorities of competent jurisdiction, have also to abide by the rules herein. The responsibility of advertising activities by the brokerage employees shall be borne by the broker.

**Article 3:** The brokerage firms shall only be entitled to advertise for themselves and the services they provide or participate in rendering such services.

**Article 4:** It is a requirement to include the advertiser's name, address and telephone number in the advertising media/notices.

**Note 1:** For the non-inclusion of the information stated in this article, the advertiser shall be entitled to refer the advertising notice to his internet website on which such information has been fully posted.

**Note 2:** In the advertising notices which are jointly published, it shall be mandatory to comply with the provisions of this article by all advertisers.

**Note 3:** The address must be a permanent location for establishment. Thus the address of hotels, inns (sub-hotels) and the like or merely stating the P.O. (mail) Box No. shall not suffice.

**Note 4:** The address and the telephone number stated in this article shall be included in a manner that allows the audience to liaise (contact) with a responsible person through them.

**Article 5:** The broker shall, upon the request made by the Organization or the Exchange, have the ability to prove the truth of the claims and information published in the advertising notice by producing the acceptable evidence.

**Article 6:** If the capabilities, academic or vocational degrees/certificates and/or the licenses held by a person are stated in the advertising notice, it shall be required to receive the approval of the Exchange and the intended person to include such information in the advertising notice.

**Article 7:** If the advertising media/notice contains some information about the degrees/certificates, licenses and certifications of the Organization or the Exchange, it shall be required to expressly specify the scope of responsibilities of the Organization or the Exchange in such areas.

**Article 8:** Where any item of information has been guaranteed in the advertising notice, the particulars of guarantor, terms of guarantee and its possible restrictions shall be included in such advertising notice.

**Article 9:** Advertisements shall be fair with respect to other competitors, agents and market participants and thus shall not contain any information which means to discredit or create skepticism as to the integrity, honesty and reputation of others or contain any information which means to discredit the services and products introduced by others.

**Article 10:** The advertising media/notice may contain the capabilities of the brokerage employees provided that their employment relationship with the brokerage firm and the level of their partnership, functions and responsibilities in the brokerage activities are clearly stated.

**Article 11:** The advertising (media) notice shall not be misleading. The advertising notice shall be deemed misleading in the following circumstances:

- a) When it contains false/untrue information
- b) When it lacks all material information relating to the subject-matter of advertisement
- c) When it contains the promise of doing a task without having any intention or ability or commitment of doing such task.
- d) When it conveys a wrong message.

**Article 12:** The advertising notice shall not contain the promise of doing an act or omission of an act which is inconsistent with the prevalent rules and regulations.

**Article 13:** The advertising notice shall not contain the promise of doing an act or omission of an act by any person other than the advertiser whose consent has not already been obtained for doing or omitting such act.

**Article 14:** In case the providing of a service requires obtaining a license from the Organization or the Exchange, the broker shall not be permitted to advertise for such service prior to obtaining the necessary license for such purpose.

**Article 15:** It shall be prohibited to use the trademarks of other parties in the advertising notices without their written consent even if such trademarks have not been registered with the authorities concerned.

**Article 16:** It shall be permitted to use all media channels such as telephone, signboards, internet, post (mail), posters, promotional materials, newspapers, magazines, books, radio and television for advertisement within the framework of the statutory laws of the country.

**Article 17:** The brokers shall be entitled to publicly implement advertising campaigns to encourage people for investment in securities on the condition that the risks of such investment are also simultaneously described in the advertising notices.

**Note 1:** Advertising for the purchase or sale of specific securities by the broker shall be forbidden unless the broker himself is the underwriter of such securities or such advertisements are permitted pursuant to other rules in force.

**Note 2:** The advertisements implemented as per this article shall not explicitly encourage the audience to invest all their assets in securities.

**Article 18:** It shall be permitted to present the reasonable predictions in advertisements by simultaneously stating the factors affecting the realization or the probability of non-realization of such predictions and clearly specifying the degree of their impacts.

**Article 19:** The brokers shall be permitted to advertise for rendering service or services by themselves or with other parties as a group provided that:

- a) All advertisers participate in providing service or services as covered in the advertisement.
- b) The scope of functions and responsibilities of each one of the advertisers is clearly described in the advertising notice.
- c) Participation in rendering service or services as covered in the advertisement does not aim at forcing other rivals out of the competitive arena.
- d) Any type of important relations among advertisers like interparty investment, conclusion of contracts related to service or services as covered in the advertisement and employment relations shall be expressly described in the advertising notice.

**Note:** The advertiser shall be permitted to refer the audience to his internet website on which the information has been posted in order to avoid including the information stated in items (b) and (d) of this article.

**Article 20:** In order to obtain assurance of matching the brokers' advertisements with the provisions of these rules, the Organization or the Exchange shall be authorized to request them to provide explanations or submit the required documents. The brokers shall have to be cooperative in this respect.

**Article 21:** Where the Organization or the Exchange obtains assurance of the non-compliance of brokers' advertisements with the provisions of these rules, it shall, until when the matter is examined and a final decision is made, be authorized to issue the stop order of publishing such advertising notice to the broker. The final decision made by the Organization or the Exchange may include the permanent or temporary stop order of publishing the advertising notice or the permission for publishing such advertisement may be conditional upon the execution of some reforms. The brokers shall have to obey the orders issued by the Organization or the Exchange in this respect.

**Article 22:** If the Organization or Exchange identifies that the published advertising notices are misleading, contain false information or are in any manner contrary to the provisions of the existing rules, it shall be permitted to notify the results of its survey in a circular to brokers and give them a note of caution against using similar advertisements. The brokers shall have to comply with the circulars issued by the Organization or Exchange in this respect.

**Article 23:** If a broker does not abide by the provisions of these rules in his/her advertisements, he/she shall be treated in accordance with the by-laws for investigating the brokers' violations.

**Note:** The Organization or the Exchange shall, in addition to the punishments stated in this article, be authorized to force the broker to take some measures to remove the implications of advertisements being contrary to the rules.

**Article 24:** In order to obtain assurance about the conformity of specific advertisements with the provisions of these rules, the brokers shall be entitled to seek inquiry about the matter from the Exchange.

**Article 25:** The existing rules comprising 25 articles and 8 notes were approved on November 10, 2007 by the board of directors of the Organization and would enter into force as of the approval date.