

The Regulations
On
Licensing and activities of the Listing Advisors

Definitions

Article 1: The definitions provided for the terms used in article 1 of the Securities Market Law ratified in November 2005 shall apply to the terms used herein. Other terms are defined as follows:

- **Organization** means the Securities and Exchange Organization.
- **Listing Board** means the securities listing board stated in the Regulations on the Securities Listing on the Tehran Stock Exchange or the Commodity Listing Board stated in the Regulations on the Commodity and Commodity-Based Securities Listing on the Iran Mercantile Exchange or FARABOURSE Listing Board stated in the Regulations on the Securities Listing on the Iran FARABOURSE Company which will be subsequently approved.
- **Stock Exchange** means Tehran Stock Exchange Company (a Public Joint-Stock Entity).
- **Iran Mercantile Exchange (IME)** means Iran Mercantile Exchange (a Public Joint-Stock Entity).
- **Farabourse** means Iran FARABOURSE Company (a Public Joint-Stock Entity).
- **Broker** means a brokerage firm which is a member of the Stock Exchange, Iran Mercantile Exchange or FARABOURSE.
- **Initial Offering** means the offering of securities for the first time for transactions in the Stock Exchange or FARABOURSE.
- **Listing Advisor** means a legal entity that is licensed by the Organization and shall, in accordance with the rules herein, take action for listing of securities of the applicant companies on the Stock Exchange or on the FARABOURSE market as well as the listing of commodity and commodity-based securities on the Iran Mercantile Exchange.

Licensing Requirements

Article 2: The applicant for the listing advisor's license shall have to submit his application by completing the forms prescribed by the Organization. The listing advisor's license shall be awarded by the Organization's board of directors to the following parties:

- 1- The brokerage firm which is also referred to as accredited broker.
- 2- The Investment Bank.
- 3- Investment Advisory Company.
- 4- Other legal entities designated by the Organization's board of directors.

Article 3: The listing advisor shall have to create a separate studies and administrative section so as to accomplish the procedures relating to introduction of corporate securities for listing on the Stock Exchange or FARABOURSE as well as introduction of commodity and commodity-based securities to the Iran Mercantile Exchange for listing.

Article 4: The applicant for the listing advisor's license shall at least have one person holding the Certificate of capital market analysis available on the full-time basis so as to accomplish the procedures relating to introduction of companies, commodities and commodity-based securities for listing on the Exchange or FARABOURSE.

Note: Where at the discretion of the Deputy for Supervision over Financial Institutions and approval of the Organization chairman, the number of certificate holders of capital market analysis is not sufficient, the listing advisor may recruit the specialist referred to in article 4 from among the Certificate holders of the basic principles of capital market, having adequate experiences as ascertained by the Organization.

Article 5: The Organization shall, within a maximum period of 30 days upon completion of the applicant's documents, notify the verdict passed by the Organization board of directors to him/her (the applicant). In case of issuing a license to the applicant, he/she shall, within 60 days after receipt of the license, have to form and mobilize the department concerned and provide services.

Article 6: The minimum registered and paid-up capital of the listing advisor is the amount of 3 billion Rials. If the applicant is otherwise engaged in another activity except the listing advisory, the minimum required capital shall be an amount equivalent to one billion Rials plus the minimum capital established for his/her other activities.

Article 7: The listing advisor's license shall be granted for the period of two years which shall be extendable at the expiry of this term.

Note: The handling fees for granting and extension of the listing advisor's license shall be annually determined by the Securities and Exchange High Council and received by the Organization.

Requirements and method of service provision by Listing Advisor

Article 8: The details of services undertaken by the listing advisor shall be specified in a contract which is made between the listing advisor and the applicant for securities or commodity listing on the Exchange, FARABOURSE or IME, in compliance with the provision of article 11. Such contract, which is executed in triplicate with one copy of it in possession of the listing advisor and its counterparty each, shall stipulate the obligations and rights of each contracting party and shall at least include the following items:

- 1- The amount of listing advisor's fees and the scope of the counterparty's obligations including the information and documentation required for examining the listing application pursuant to the regulations on the listing of securities, commodity and commodity-based securities on the Exchange or FARABOURSE;
- 2- The contract term and possible conditions for its premature termination;
- 3- Appointment of an arbitrator to resolve the possible disputes.

Article 9: The listing advisor shall, within 7 working days at the latest after signing the contract, have to send a copy of it to the Organization.

Article 10: The listing advisor shall have to pay to the Organization a certain percentage of contract fees under article 8 as "supervisory fee" for the amount determined by the Council.

Article 11: The services which are due to be provided by the listing advisor shall constitute the services which are described in the Regulations on the Securities Listing on the Tehran Stock Exchange and the Regulations on the Listing of Commodity and the Commodity-Based Securities on the Iran Mercantile Exchange as well as in the similar regulations on the Iran FARABOURSE Company.

Article 12: The listing advisor shall have to introduce a well-informed colleague to the Stock Exchange, IME or FARABOURSE so as to handle the necessary follow-ups during the course of examining the listing application of the company or commodity or commodity-based securities.

Article 13: The initial offering of the securities which have been listed on the Stock Exchange, IME or FARABOURSE by the listing advisor shall be handled by the listing advisor if it has been specified in the contract referred to in article 8.

Note: The party to the contract under article 8 with the listing advisor, if dissatisfied with the services rendered by the listing advisor, may notify the matter to the listing advisor, Organization, Exchange or FARABOURSE. In case the listing advisor does not achieve the contracting party's satisfaction and fails to enforce the contract, he/she may change his/her listing advisor.

Article 14: The parties to the contract under article 8 may undertake that the offering of securities and the commodity referred to in the contract be handled solely via the listing advisor for a maximum period of six months after the initial offering.

Requirements for suspension and cancellation of license

Article 15: If the listing advisor violates any of the conditions required for granting the license as stipulated in the existing regulations, the competent authority investigating the violations shall be authorized to suspend the license until when the conditions are again fulfilled and further set a specific period of time to satisfy the foregoing conditions. Failure to fulfill the required conditions shall result in revocation of the said license.

Article 16: If the listing advisor violates the functions assigned in the existing regulations, the Organization, Tehran Stock Exchange, Iran Mercantile Exchange and FARABOURSE or any other stakeholder may refer the matter to the authority concerned for investigation. The investigating authority shall, upon proof of violation, convict the listing advisor to one of the following penalties:

- 1- Written caution without entering it in the records (dossier),
- 2- Written notice by entering it in the records (dossier),
- 3- Suspension of the listing advisor's license for a specified period of time,
- 4- Revocation of the listing advisor's license,

Article 17: In case of the listing advisor's application for license cancellation, the Organization's board of directors shall, within 15 working days, examine this application and until when the Organization's board of director has announced its decision, the listing advisor shall have to continue performing his functions. In such case, the listing advisor shall have to complete the fulfillment of obligations undertaken in his contracts or by obtaining the consent of contracting parties delegate such functions to another listing advisor and pay all the relevant expenses.

Other Rules

Article 18: Where necessary, the existing regulations shall be amended upon proposal of the Organization chairman and approval of the Organization's board of directors.

Article 19: Upon approval of the existing regulations, the by-law on the functions of accredited broker and the underwriting broker to purchase in the Stock Exchange adopted on July 25, 2005 by the Stock Exchange Council shall be repealed.

Article 20: The existing regulations drafted in 20 articles and 3 notes were approved on Jan. 29, 2009 by the Organization's board of directors and shall enter into force as of the approval date.

