



سازمان بورس و اوراق بهادار
SECURITIES & EXCHANGE ORGANIZATION

Securities & Exchange Organization of Iran

Enforcement Regulations of the Bylaw Governing Foreign Investment in Iranian Exchanges and OTC Markets

In the execution of Article 13 of Regulations Governing Foreign Investment in the Iranian Exchanges and OTC Markets of the Islamic Republic of Iran approved by the High Council of the Securities and Exchange of Iran on April 18, 2010, subject to the Decree number 42459/t/17792 of the Cabinet Ministers,

Article 1: The terms and expressions in the present regulations have the same Definition as per in the Securities Market Act approved in November 2005 as well as in the Regulations Governing Foreign Investment in the Exchanges and OTC Markets of the Islamic Republic of Iran approved by the Cabinet on April 18, 2010. Other expressions defined as follows:

Foreign Investment Bylaw: The Bylaw Governing Foreign Investment in the Exchanges and OTC Markets of the Islamic Republic of Iran approved on April 18, 2010, enacted by the Cabinet Ministers.

Closing Price: Means the price announced by exchanges and OTC markets as the closing price of a given security at the end of the trading day.

Trade License: Means a trade code issued by the Central Securities Depository of Iran for conducting trade at the Iranian capital market.

Article 2: Every foreign entity or any Iranian national owning assets with foreign origins who applies for a trading license shall have to submit the following documents and information to the Central Securities Depository of Iran:

a- Forms required to obtain the trading license,

b- The following identification documents:

b-1- In case the applicant is a natural person:

The original and copy of ID Certificate (Birth Certificate) or passport of Iranian nationals owning assets with the foreign origin and the original and copy of passport.

b-2: In case the applicant is a legal entity:

· The original and copy of Certificate of Incorporation, the Articles of Association or any similar document that illustrates the particulars, specifications, and authorities of the authorized signatory legal persons.

Note 1: The documents referred to in paragraph b of this article shall be provided in Persian or English. If the original document is in another language, it is sufficient to translate it into Persian or English, provided that the translation has been certified by



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the official translation authorities in Iran, the country of residence of the applicant or the country of issue.

Note 2: If the certified copy of the document referred to in paragraph (b) of this article has been produced by the following competent authorities, the presentation of the original shall not be necessary:

- (a) Brokerage firms licensed by the Securities and Exchange Organization of Iran,
- (b) The notary public offices licensed by the Judiciary of the Islamic Republic of Iran,
- (c) Embassy or the Consulate of the Islamic Republic of Iran in the applicant's place of residence,
- (d) The competent authorities designated for this purpose in the applicant's country of residence or the place of issue.

Article 3: The Central Securities Depository of Iran shall, within a maximum of seven working days after the full submission of the application, the documents and information referred to in Article 2, issue the trade license and deliver it directly or through financial institutions, exchanges or OTC markets to the applicant.

Article 4: Exchanges, OTC Markets, and Central Securities Depository of Iran shall adjust their systems in such a way as to observe the limits illustrated in provisions of Articles 7 and 8 of the Regulations Governing Foreign Investment in the Iranian Exchanges and OTC Markets.

Note: Until the necessary systems are in place to record transactions of investment fund units with the Central Securities Depository of Iran, the observation of the aforementioned units is laid on the investment funds managers.

Article 5: All transferable funds subject to Note 1, Article 10 of Foreign Investment ByLaw, at the request of a foreign investor or an Iranian investor with related trade permit or their agent, shall be calculated by Central Securities Depository of Iran according to the following formula and enclosed as a confirmation letter with validity of 60 days from date of issue, shall be notified to the Organization for investment economic and technical assistance of Iran (OIETAI).

Where:

B= The value of the securities of a foreign investor or an Iranian investor with a trading license that was owned up to 365 days prior to the date of submission of the application, at the closing prices on the date of submission of the application;

Nbi = Volume of securities purchased by a foreign investor or an Iranian investor with a trading license during the period of 365 days leading to the date of application;



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b = Stands for buy (purchase)

T_{bi} = Number of days between the date of securities purchase and the date of application;

N_{si} = Volume of securities of type (i) sold by a foreign investor or a licensed Iranian investor within the time period of 365 days leading to the date of application;

S= Stands for Sell (Sale)

T_{si} = Number of days between the sale date of securities (i) and the date of application;

P_i: Securities i's closing price on the date of application;

n = Number of securities traded by a foreign investor or a licensed Iranian investor during the 365 day period leading to the date of application

DIV = amount of cash dividends received by a foreign investor or a licensed Iranian investor through investment in securities in the period of 365 days leading to the date of application;

Σ = Summation sign

Note 1: In calculation of transferable funds, the maturity of securities is taken into account as the sale on maturity date and the nominal price is used instead of closing price of the securities on the date of application.

Note 2: The preemption right or the equities arising from the capital increase shall be considered as equivalent to the purchase of equity from the date of announcement of the decisions taken by the extraordinary general assembly of owners of stocks to increase the capital, as reported and announced at the CODAL system.

Note 3: Issuance and cancellation of investment fund units shall be considered as equivalent to buy and sell. For these securities, the closing price will be considered as the net worth of the investment units.

Article 6: In order to prove the foreign origin of the assets owned by the Iranian individual who has received the trading license, delivery of the certificate issued by the related Iranian bank or credit institution in which the account(s) are opened suffices, in case that the certificate states that the assets are in foreign currency (or in rial) and are deposited from a bank branch outside Iran into one of the following bank accounts:



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Paragraph 1: An account in a bank or credit institution licensed by the Central Bank of Iran opened in the name of the Iranian individual who received the trading license.

Paragraph 2: An account in a bank or credit institution licensed by the Central Bank opened in the name of a financial institution chosen by an Iranian national with the trading license as the broker to deal securities transactions,

Paragraph 3: A bank account at a bank or credit institution licensed by the Central Bank of Iran opened on behalf of an Iranian person's representative, selected by him to conduct securities transactions.

Note 1: Upon the request of a licensed Iranian trader and the delivery of the certificate subject to this very article, the Securities and Exchange Organization of Iran shall, upon verification of the certificate, register and confirm the transferred amount of assets owned by the licensed Iranian individual into the country of Iran as an asset with foreign origin in accordance with the bank's certificate. The organization's confirmation document must include the particulars of the Iranian national holding the trading license, the amount of foreign currency transferred to Iran, the type of currency and the date of transfer. This confirmation means that the foreign source of assets has been substantiated and will not be subject to further examination at the time when the assets are being transferred out of the country in the form of foreign currency.

Note 2: To prove the foreign origin of assets owned by an Iranian person who has obtained a trading license, presentation of related certificates on the entry of foreign currencies into the country, subject to paragraph (a) of Article 21 of the Executive Law on Promotion and Support of Foreign Investment, is also acceptable.

Article 7: Except for tradable securities at exchanges and OTC markets in which foreign investment is subject to the foreign investment by-law, the acquisition and trade of other securities, such as Sukuk, corporate bonds, bank deposit certificates by foreign entities are allowed without restriction upon obtaining the trading license.

Note: The ownership of investment fund units is also subject to the limits outlined in the Foreign Investment By-Law.

Article 8: The person who receives the trading license is supposed to provide the Securities and Exchanges Organization of Iran, exchanges, OTC markets or other bodies determined by SEO to perform its legal duties, with the necessary information and documents within the deadline set by them.



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Note: The Securities and Exchanges Organization of Iran and other authorities subject to this Article shall treat the information, documents, or certificates obtained from holders of trading license as confidential and shall not disclose to anyone other than lawyers, auditors or inspectors or publicly release except for the following:

- (1)- In case of obtaining written consent trading license in advance for their publication or delivery to others;
- (2) If the information is publicly disclosed or provided collectively in such a way that it is not possible to trace or detect information relevant to any single person;
- (3) Where their public release is mandated by specific authorities, including the SEO and legal authorities, in accordance with related laws and regulations.

Article 9: In case that a given holder of trade license violates the Regulations of Foreign Investment, the Executive guidelines governing such regulations and other capital market regulations, the Securities and Exchanges Organization of Iran may impose a ban on the foreign investor's trading code issued for the purchase of securities "until the final verdict of related legal bodies". In that case, the investor can only sell the securities, which he/she bought in their own.

Amendment:

This instrument is approved by the SEO High Council on October 3, 2011, in 8 articles and 8 notes and was amended on July 16, 2019, by the same authority in 9 Articles 13 notes.