



Central Securities
Depository of Iran

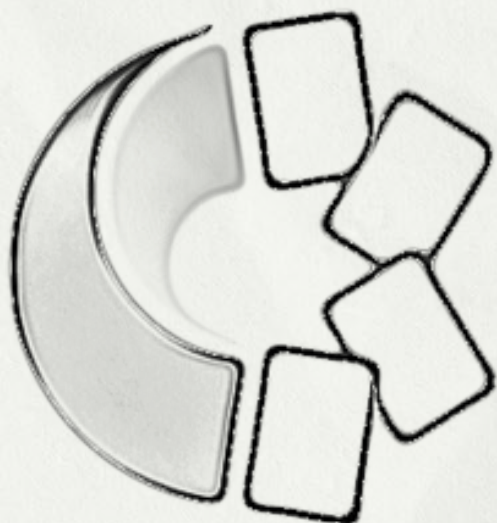


CSDI

& Commodity Exchanges

Bulletin

Vol. 5, Summer 2022



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As the sole depository of the country with a high number of investors to serve, we aim to provide service to every investor, either directly or through intermediaries viz. brokerage firms, that empower them to manage their investments independently, in a

CEO Message

convenient, dependable and secured environment. At Central Securities Depository of Iran, it is our endeavour to help all stakeholders' breakaway and embrace the language of convenience, digitalization, choice and transparency. Considering the significance of examining the volume of transactions concluded on the spot market of Iran Energy Exchange, in this volume of the "CSDI & Commodity Exchanges" bulletin you will read about the statistics related to this market during the summer 2022 from different aspects.

Another chapter of this bulletin specifically introduces various commodity-based securities

instruments and the volume of trades related to each instrument.

You can also find out about the amount of collateral deposited with CSDI, in terms of the types of guarantees, trading instruments, obligors and the volume of issued guarantees. As always, I would like to take this opportunity to appreciate the dedicated support of all departments at Central Securities Depository of Iran in developing the necessary technical, operational and legal infrastructure for the settlement of this huge volume of transactions.

Mohammad Baghestani
CEO & Board Member



Commodity Markets & **CSDI's News**

Summer 2022



Trades on Iran Commodity Exchanges Surpass €6.7BN in Spring 2022

The Director of the Commodity Market Settlement Department at Central Securities Depository of Iran says the value of trades on the Iranian commodity exchanges surpassed 6.7 billion euros during spring 2022.

Mostafa Ghasempour has made the statement as he announced the latest data on the settlement services provided by CSDI to trades of commodities and commodity-linked securities on Iran Mercantile Exchange (IME) and Iran Energy Exchange (IRENEX), the two main commodity exchanges in the Iranian capital market.

Based on the data provided by Ghasempour, the number of all completed spot trades on IRENEX and IME stood at 2,581 with a total value of 6.702 billion euros, comprising the settled trades valued at 6.66 billion euros and canceled trades with a total value of 140 million euros. He said out of the total completed trades on the spot market, 2,562 trades were settled by CSDI. The director of the commodity market settlement department at CSDI also revealed that 59 types of listed commodities were traded on the two commodity exchanges during the period.



Analytical & Statistical Report

Summer 2022

Summary

CSDI & COMMODITY EXCHANGES

SPOT MARKET

Value of Trades (million IRR)

Total	366,162,320
Settled	353,498,275
Cancelled	12,664,045
Number of Settled Contracts	2,598

Decision-making indicators

- The highest-ever volume of completed trades, settled trades with the number of concluded contracts, have been recorded in the period of 22 June-22 July 2022, which falls on the first summer month of Summer in the Persian calendar.
- The value of trades on international trading pit during summer 2022 was over 290 thousand billion IRR and the value of transactions of the domestic trading pit was over 75 thousand billion IRR.
- 5 commodities were traded for the first time in the IRENEX spot market in summer.

CSDI & COMMODITY EXCHANGES

Commodity-Linked Securities

Value of Trades (million IRR)

Standard Parallel Salam Contracts	22,237,040
Commodity-linked Deposit Certificates	56,977,825
Certificates of Electricity Capacity	2,892,681
Volume of Futures Contracts on Energy Exchange	60,754

Decision-making indicators

- Futures trading on IRENEX reached record value of 61 billion IRR in summer 2022.
- Commencement of trading of commodity-linked certificate of deposit based on iron ore on Iran Mercantile Exchange.
- Establishment of infrastructure for electronic payment of warehousing charges.
- Issuance of Marjan Petrochemical Company's Methanol standard parallel salam contracts worth 10,000 billion IRR.



IRENEX SPOT MARKET

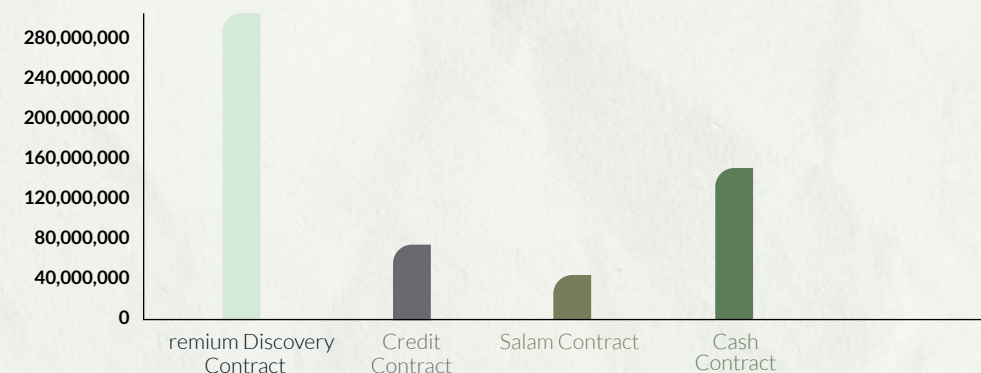
CSDI & COMMODITY EXCHANGES

Trading on IRENEX Spot Market

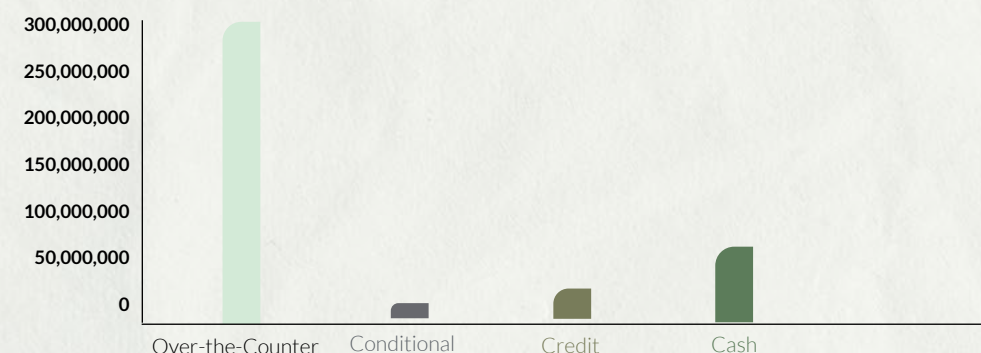
In this section, we will examine the trend of changes in the trade volume concluded on IRENEX's spot market and the trade statistics of the same market from different aspects.

Spot market statistics (million IRR)	Summer 2022	Spring 2022
Total value of trades	366,162,320	279,935,129
Total value of settled trades	353,498,275	278,502,659
Value of canceled trades	12,664,045	5,872,098
Number of total trades	2,598	2,581
Number of settled trades	2,551	2,562
Number of working days	61	58

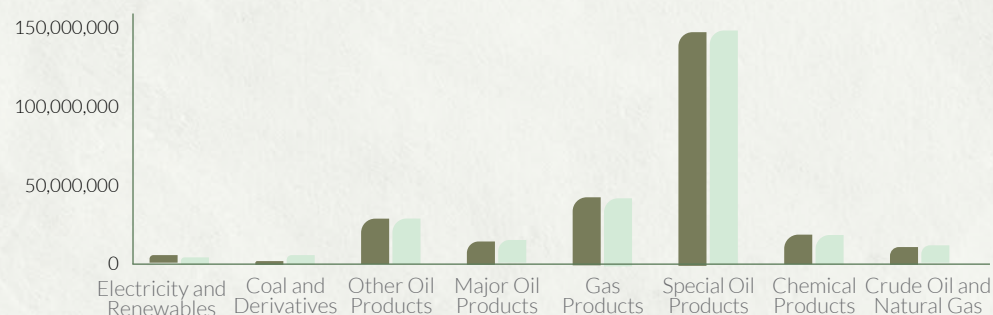
Value of All Types of Trades



Value of Various Settlement Types



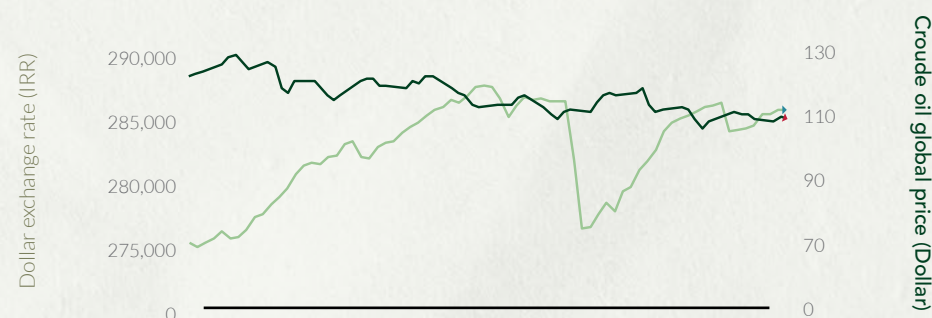
Trade Value per Commodity Groups



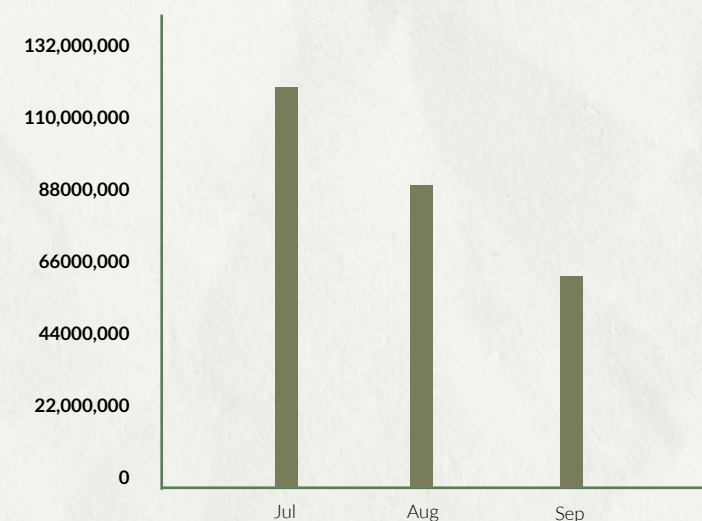
This chart also illustrates the trade value of commodities affected by these two significant factors

Correlation of Global Oil Price with Dollar Exchange Rate

Two major and influential factors on the volume of trade on the IRENEX spot market are the "base price of crude oil" and "currency exchange rate".



The chart shows the trend change in the US dollar rate announced by the Central Bank and also the trend of change in the price of the OPEC crude oil basket during the summer of 2022.



Although the role of other factors (such as holidays, seasonal demand, etc.) should not be overlooked in examining the volume of trades, it can be predicted that with the increase in the rates of the two factors, the volume of related trades will increase.

Busiest Trading Days on Spot Market

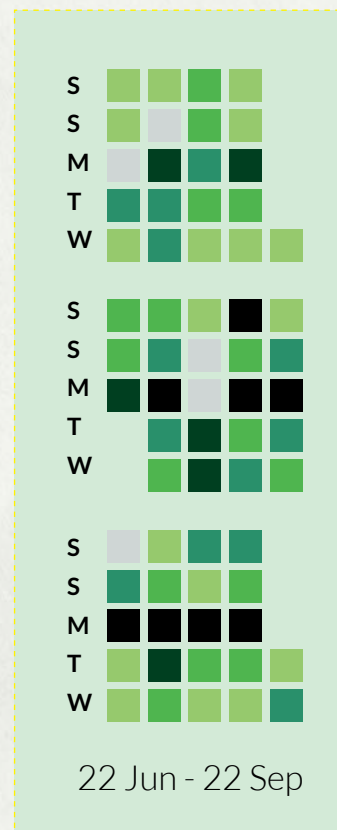
The largest volume of trade in
summer 2022 was recorded on
July 2

50,298,278,013,040 (IRR)

The largest volume of trade
settlement in summer 2022 was
recorded on

July 9

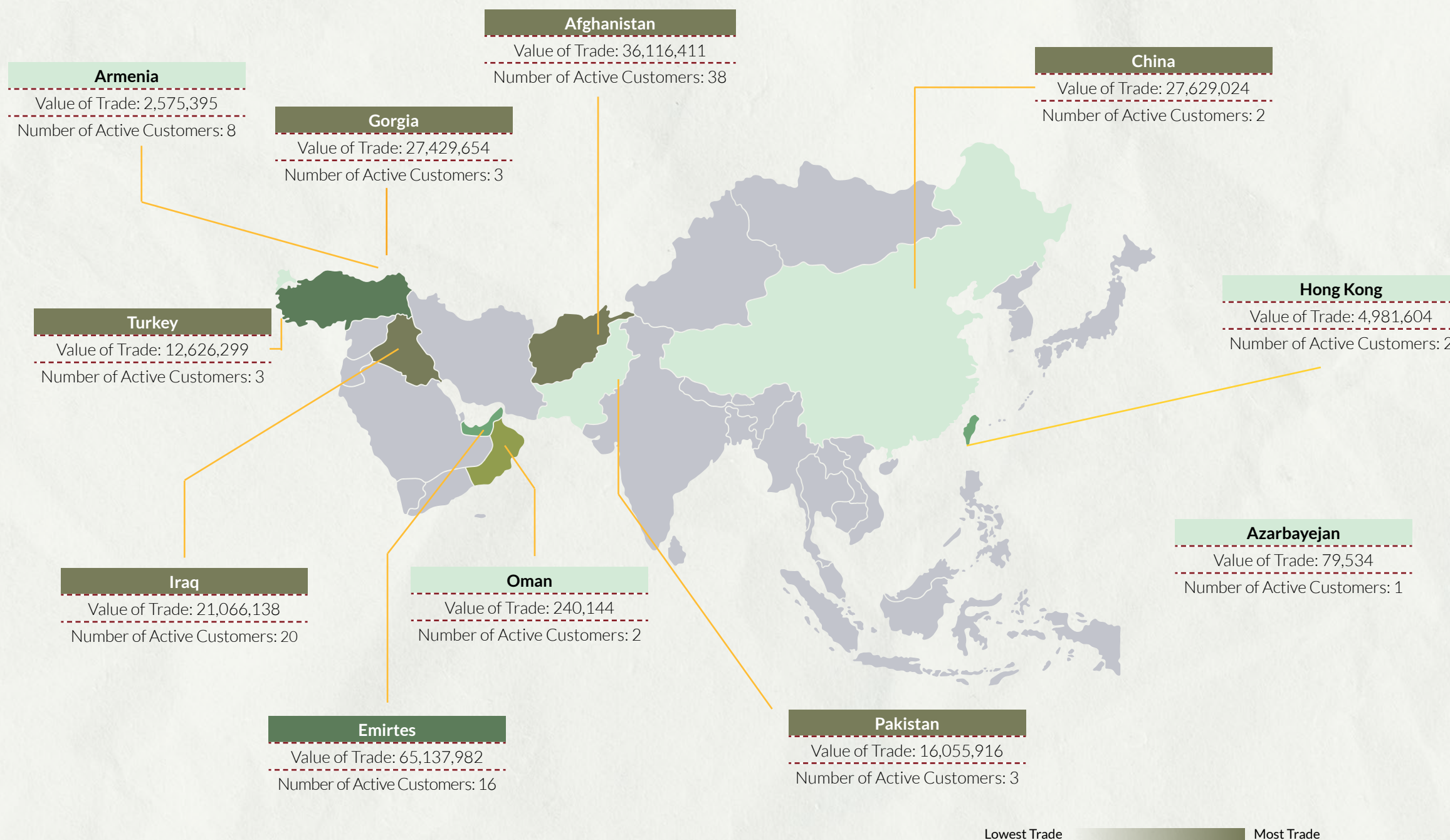
52,274,021,125,435 (IRR)



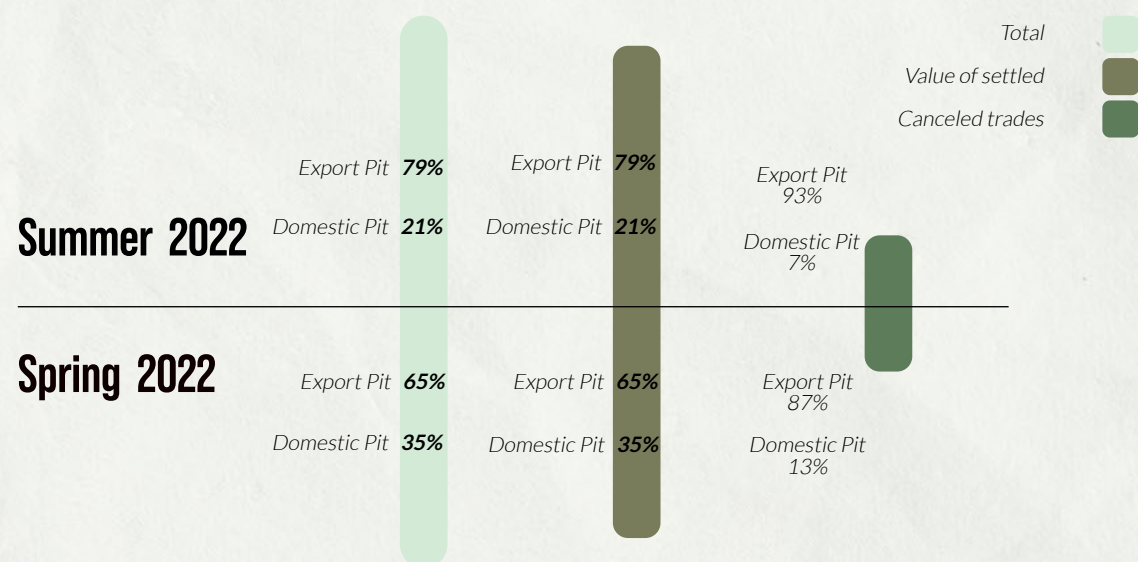
IRENEX International Floor Trading Data

Number of Accounts Created to Operate in Spot Market from
Foreign Countries

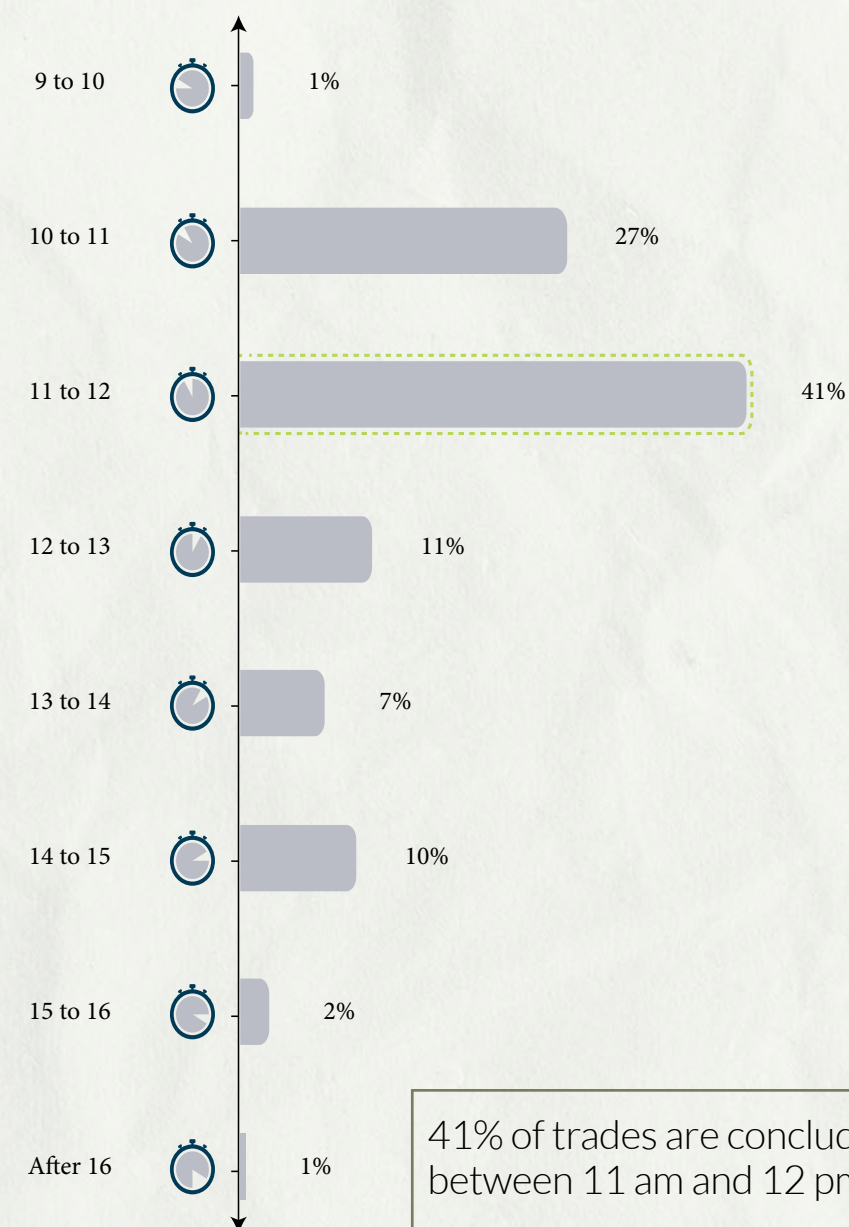




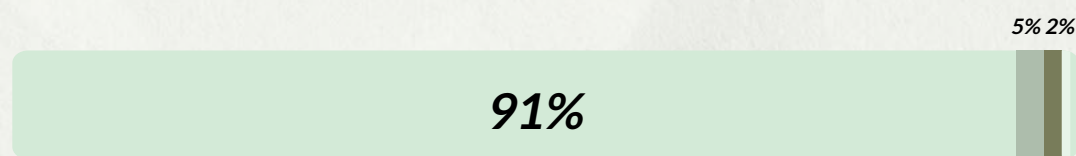
Value of settled and canceled trades



Process of Concluding Trade by Hour



The transaction value of the first offering products



- Industrial Kerosene by Tabriz Oil Refining Co.
- Pentane cutting Fuel (Pentane Plus) by Kangan Petrorefinery Co.
- LCO by Abadan Oil Refining Co.
- Electricity by Yazd Power Generating Co. at Yazd Shirkoh Combined Cycle Power Plant
- Furfural Extract, Pars Oil Company

Commodity-Linked Securities

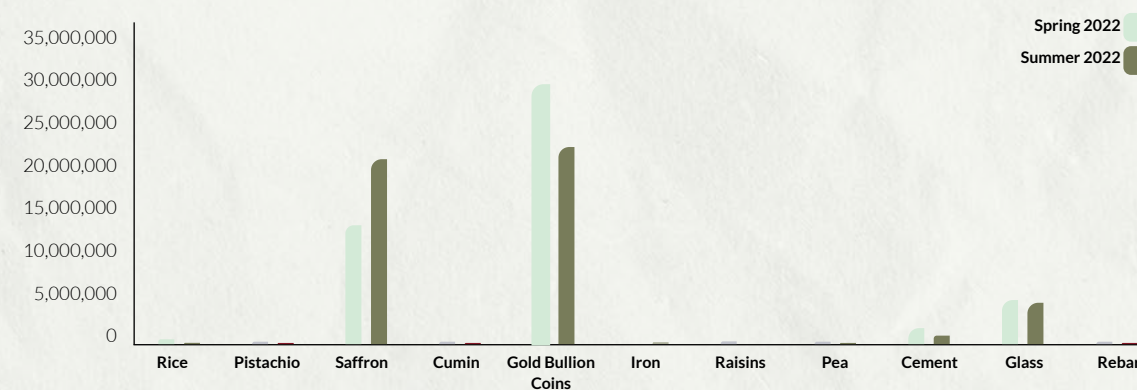
In this section, the trade volume of each commodity-linked securities and the geographical distribution of active warehouses in commodity-linked deposit certificates are detailed.

Trading Statistics

Trading Statistics	Summer 2022	Spring 2022
Commodity-Linked Deposit Certificates	60,754	70,183
Standard Parallel Salam Contracts	22,237,040	30,263,983
Capacity Certificate Securities	2,892,681	4,356,121
Commodity-Linked Securities	56,977,825	55,431,740

CSDI & COMMODITY EXCHANGES

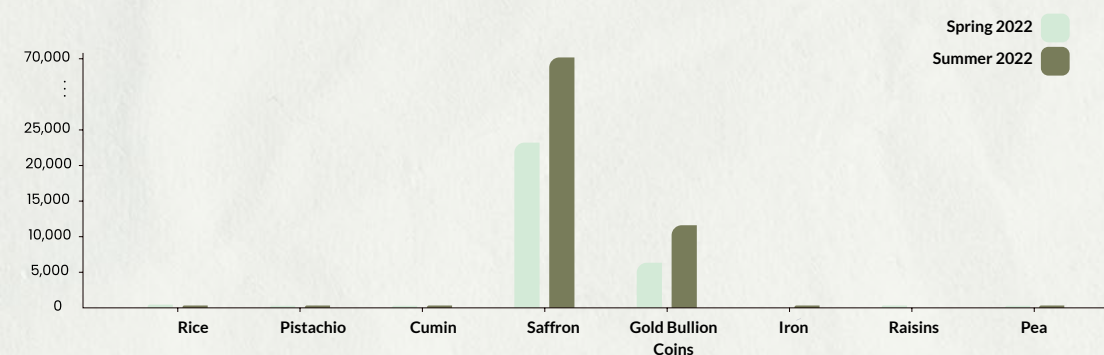
Value of Certificates of Deposit Trade by Commodity (million IRR)



Warehousing Fees by Commodity

Storage/Warehousing fees vary based on the product type, shelf life, and underlying asset's value.

It should be noted that storage costs are not charged for cement, glass, and rebar products



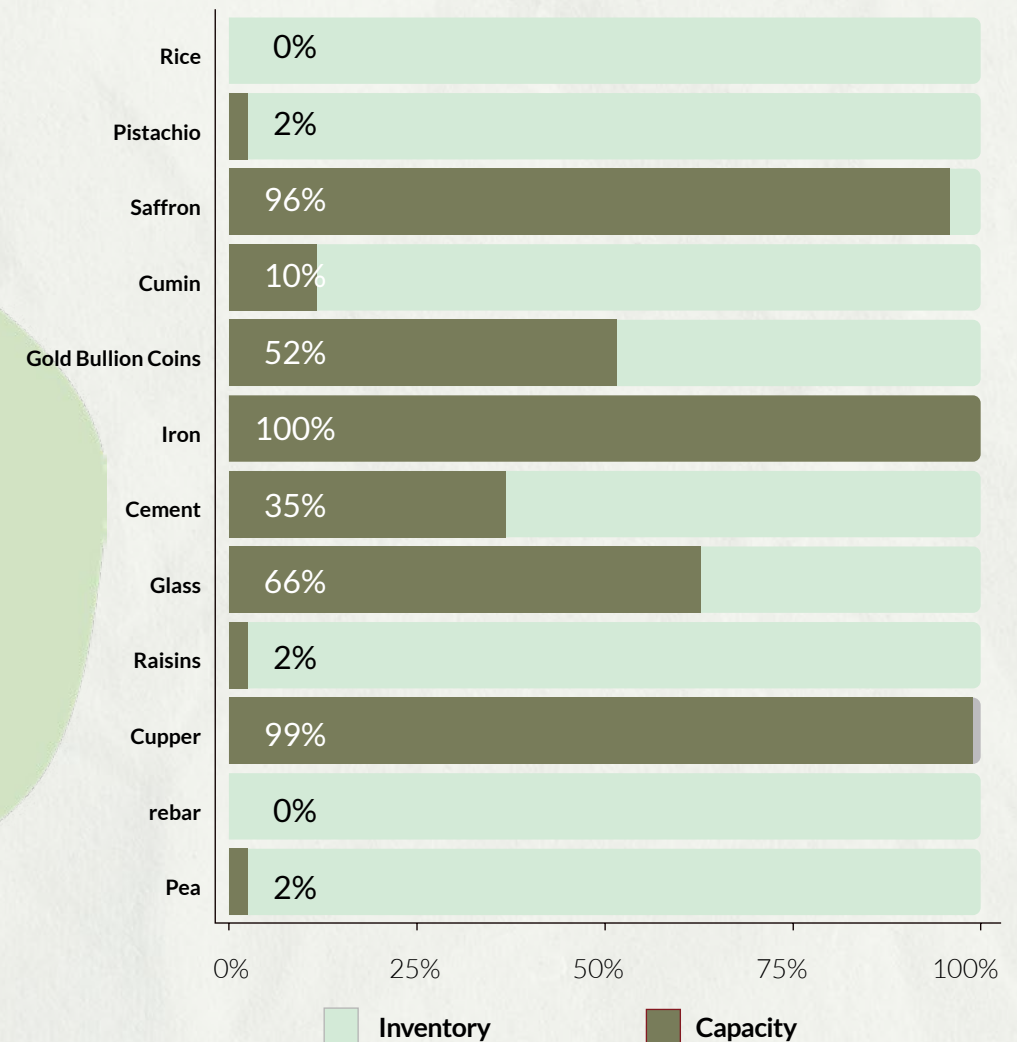
Electronic Payment of Warehousing Fees

During the trading period, the buyers of the commodity-linked deposit certificate must pay the storage/warehousing fees with the warehouse operators.

These amounts, after being collected in a CSDI account, are deposited into the account of the warehouse operators on confirmation from IME regarding the good practice of the warehouse.

Given the manual calculation and payment of fees to warehouse operators, development measures were made to provide an electronic infrastructure for paying storage fees in the summer of 2022, and in the first stage, the accounts of the warehouse operators were inserted in Melli Bank's electronic payment system

The Ratio of "Inventory to Warehouse Capacity"



Geographical Distribution of Active Authorized Warehouses for Commodity-Linked Deposit Certificates



Higher Density ————— Less Density

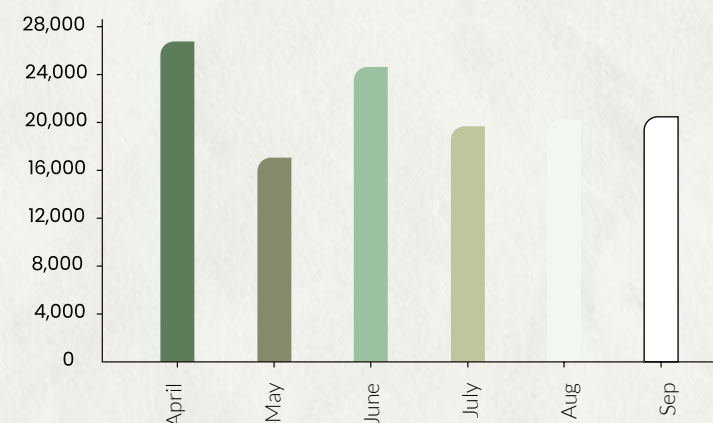
New authorized warehouses for services to Commodity-linked Deposit Certificate Trading

- Omran Anarak Cement Co. Warehouse
- Kavan Bukan Cement Co. Warehouse
- Hamadan Sarmak Mines Co. Iron Ore Warehouse

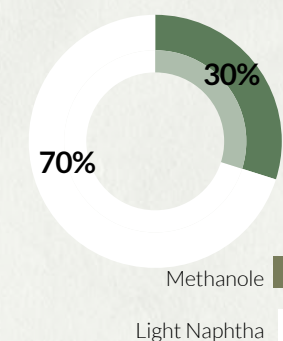
IRENEX Futures Contracts

Executive Guidelines for Futures Trading on IRENEX were approved by the Board of Directors of the Securities and Exchanges Organization on June 21, 2021, and based on the document, futures trading on IRENEX was launched in March 2022. In the following, details on the value of the future contracts of the IRENEX are shown:

The value of futures contracts by month



The value of futures contracts by underlying asset



Settled Trade of Standard Parallel Salam Contracts

High density polyethylene by Jam Petrochemical Co.

Final Settlement Value: 5,000 Billion IRR

Settlement Date: 2022/08/26

Embedded Put Options (Exercised by Buyer): 38%

Underlying Asset: Gas condensates by Sabai Kangan Oil and Gas Development Co.(Samia 101)

Final Settlement Value: 15,000 Billion IRR

Settlement Date: 2022/08/30

Embedded Put Options (Exercised by Buyer): 18.5%

Underlying Asset: Gas condensates by Sabai Kangan Oil and Gas Development Co. (Samia 102)

Final Settlement Value: 10,000 Billion IRR

Settlement Date: 2022/09/16

Embedded Put Options (Exercised by Buyer): 18.5%

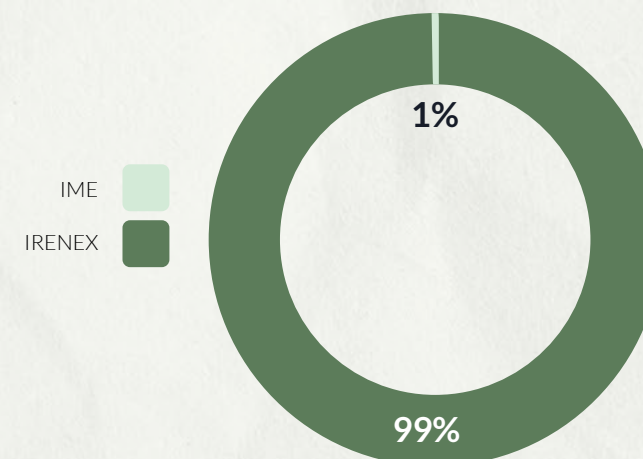
Underlying Asset: Crude oil by the Ministry of Economic Affairs and Finance on behalf of the IRI Government

Final Settlement Value: 45,000 Billion IRR

Settlement Date: 2022/09/21

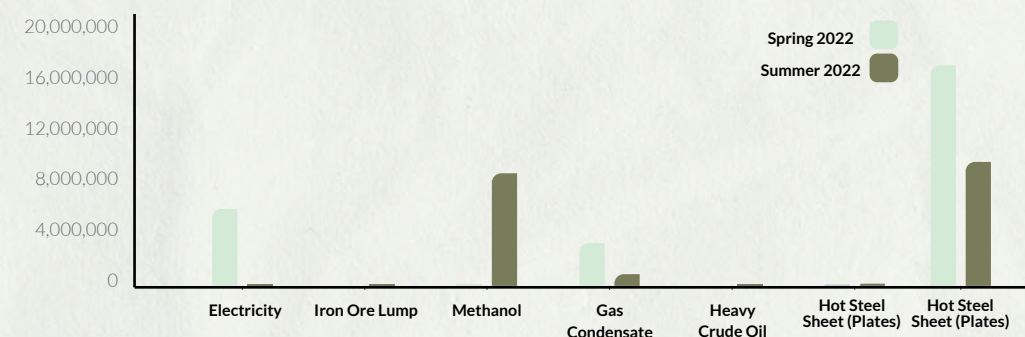
Embedded Put Options (Exercised by Buyer): 15%

Value of Standard Parallel Salam Contracts Trading per Exchange



99% of the Standard Parallel Salam Contracts completed during summer of 2022 were related to the symbols in IREX.

Value of Standard Parallel Salam Contracts Trade by Commodity (million IRR)



Issued standard parallel salam contracts
Financing 10,000 billion Rials (approx. €24.1m) for
Marjan Petrochemical Co.
Symbol: Samta 021
Underlying Asset: Methanol produced by Marjan
Petrochemical Co.
Date of Issuance: July 2, 2022
Rate of Embedded Call Option: 0.2005% of the
underlying asset price annually
Maturity Date: July 1, 2024



Assaluyeh



CSDI & COMMODITY EXCHANGES
Summer 2022



Introduction Systems

Summer 2022

Energy Exchange Registry System

(Introduction): The Energy Exchange Registry System (Regex) was launched in 2013 by Central Securities Depository of Iran to register Electricity-based assets and subsequent energy delivery at maturity. The issue concerning the possibility of direct purchase of electricity by major consumers from the electricity market was initially raised in “regulation for determining the conditions for buying and selling electricity in the country’s electricity network” by the Council of Ministers on 29 June 2005.

In article 3-4 of this instruction, consumers who buy all or part of their required electricity directly from the market manager are treated like the regional electric and power distribution companies as “buyers”. The process of purchasing from the country’s electricity market is also described in this instruction for them.

Therefore, the provision of facilities for the purchase and delivery of electricity was considered and became the purpose behind the development of the system.

Central Securities Depository of Iran has designed a special registry module for electricity transactions conducted in the Iran Energy Exchange

REGEX




Irenex
Regex

(IRENEX) to register electricity-based assets and their transactions as Standard Parallel Salams, as well as allowing energy delivery at maturity.

In this system, in addition to electricity transactions, IRENEX commodity-based transactions are also traded on domestic and international trading floors.

One can buy electricity monthly packages and sell them in daily or weekly packages.

All changes in trading accounts’ portfolios are executed smartly by the system.

Service Provider		CSDI
Beneficiaries		<ul style="list-style-type: none"> • Iran Energy Exchange (IRENEX) • Securities and Exchange Organization (SEO) • Central Asset Management Company (CAMC) • Brokerage firms • Iran Grid Management Company (IGMC) • Tavanir Co. • Electricity consumers • Electricity producers
Participants		<ul style="list-style-type: none"> • IRENEX • Tehran Securities Exchange Technology Management Co. (TSETMC) • IGMC • Tavanir Co.
Objectives		<ul style="list-style-type: none"> • Smartification and registry of Salam and physical electricity transactions considering their different businesses • In line with the privatization process and encouraging the participation of non-governmental sectors in Iran
Specifications		<ul style="list-style-type: none"> • Special Model of Registry • Dynamic Symbol Scope • 4-hand Congestion Avoidance Mechanism • A day ahead delivery • Automatic securities transfers • Meaningful coding • Code-level Unification with CSDI • Asset format conversion

How REGEX works

Electricity-based Salams are exchanged in a period before maturity and CSDI takes the contract amount from the buyer and pays the seller. The electricity generated by the seller is also delivered by IGMC.

Features

Registry

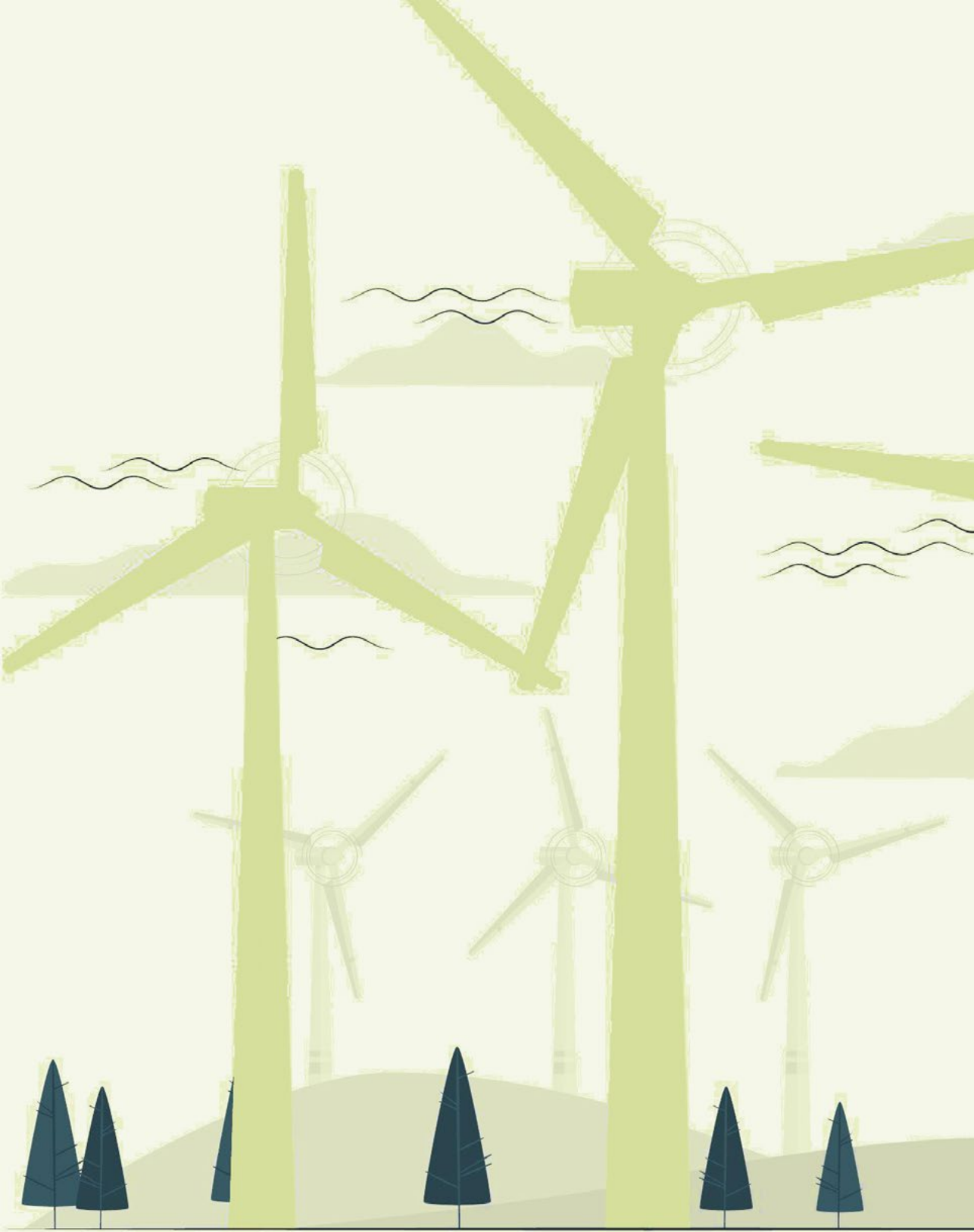
- Registering electricity standard parallel Salam transactions
- Registering electricity physical market transactions
- Registering electricity physical market offerings
- Exchange of information with the trade engine
- Registering and recording information regarding holders of electricity contracts

Clearing Transactions

- MultiCurrency NetClear
USD, Euro, etc
International Commodities for Export
- Gross-Net Clearing
- DVP1 for Energy Products
- Special form of DVP2 for Electricity
- Credit Fund
Charge in Clearing House
Margin Financing

Settling Transactions

- For Energy Products
Cash Settlement
Free of Payment (FOP)
- Regardless of Clearing House Payment On Credit



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