



Central Securities
Depository of Iran

CSDI



Newsletter
Vol.8, Spring 2015

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CEO Message

CEO Message

It gives me great pleasure to offer our spring newsletter. I hope it creates an opportunity for our valued friends whether in Iran or other countries to get more aware about our activities in the spring. This newsletter is part of the external manifestation of our commitment to transparency and open communications to all our stake holders and clients as well.

There were three events which CSDI's delegations attended all effectively comprising Third Joint Workshop with KSD in Seoul – S. Korea, 17th ACG cross training seminar in Colombo – Sri Lanka, WFC2105- in Cancun – Mexico.

Concerning our appellation for current year, “Creation of infrastructures for capital market internationalization”, we plan to do our best to extend our international cooperation with our peers and any potential financial entity. It is to say, an outstanding conference is to be held in September 7 and 2015 ,8 named “Iran’s Financial market, Prospects & Opportunities” and CSDI has the honor of being the administrator of this conference supported by the presidency office of Islamic Republic of Iran and Securities Exchange Organization.

Finally, I hope reading this newsletter is fruitful for you and causes enjoyment for you.

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17th ACG Cross-Training Seminar



17th ACG Cross Training Seminar 2015
Colombo, Sri Lanka

Central Depository System of Sri Lanka (CDS) hosted the 17th ACG Cross-Training Seminar. The seminar was held from May 11th to 14th in Colombo. There were roughly 105 attendees from 20 countries in this seminar apart from the non-ACG members including HSBC, JP Morgan, Standard Chartered, Deutsche Bank, SWIFT, and some representatives from Kenya. The core part of the seminar was the presentations given by the delegates of the different companies attending the seminar.

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CSDI by having four presenters in the seminar got the first rank in terms of the number of presenters among the participants. Mr. Mohammad Sajjad Siahkarzadeh, CSDI Planning and Development Director, Mr. Farhad Morsali, CSDI International Relations Director, Ms. Farzaneh Yari, CSDI Legal Affairs Assistant Director, Mr. Payam Ouskoie, CSDI Issuers' Affairs Expert, and Ms. Behnaz Hosseini, CSDI Stockholders' Operation Expert deputized for CSDI in this seminar. The presentations of CSDI delegates included "How CSDI Manages Emerging Risks", "An Overview of Funds in Iran", "Legal Infrastructure of Iran Capital Market", and "Corporate Benefit Distribution".

Mr. Siahkarzadeh firstly gave a general overview on different types of emerging risks such as KYC, CDD, EDD, and AML. Then he went on to talk about the main mechanisms used by CSDI to cover and manage these risk types. He actually gave plenty of authentic samples to concretize his presentation.



Mr. Morsali, after listing diverse types of funds in Iran, talked about the structural bodies of funds in Iran and then angled around some tangible statistics related to the annual performance of the Iranian funds. He also talked about Mutual Fund Registry System designed by CSDI for this purpose. He went on talking about the future programs and projects in process pertinent to funds in Iran. The statistics tabled in Mr. Morsali's presentation were related to aggregate value, value trend, number of funds and their units, and also return of funds in Iran.

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Ms. Yari presented the legal framework of the Iranian capital market and how this market has standardized itself in terms of global legal standards such as PFMI Principles. In her presentation, she touched upon the laws and articles made use of in Iran's capital market and their main features and also the legislation structure in the capital market.

Collaboratively talking about corporate benefit distribution in CSDI, Mr. Ouskouie and Ms. Hosseini presented the two aspects of this act, namely, the business side and systems used for this purpose. They also probed into the potential challenges CSDI faces up to in this regard and the future steps and measures CSDI has commenced to take to ameliorate this task.



In the final section of the seminar, the participants of the seminar took part in a session named Breakout Session where they delved into the topics, Reaction to the change of global regulation, Account opening process, and corporate action announcement in structured form in groups of ten. In this session, Mr. Farhad Morsali and Mr. Payam Ouskoie were the leaders of two of the groups.

Mr. Farhad Morsali also briefed the attendees on the main features of the newly unveiled post-trade system named Iran Post-Trade System (IRPT) at the outset of the seminar.

At the closing ceremony of the seminar, the President of the Stock Exchange of Colombo told the attendees that CDS had been acclaiming CSDI for their successful hosting of the 16th ACG Cross-Training Seminar.

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CSDI and KSD Third Joint Workshop



Following the articles of the MOU signed by Korea Securities Depository (KSD) and Central Securities Depository of Iran (CSDI) and also following the joint workshops organized by the two companies, KSD organized the third joint workshop in the headquarters of KSD from March 31st to April 2nd, 2015. There were diverse programs during this workshop varying from presentations to meetings with different Korean capital market entities. On behalf of CSDI, there were two presentations in this workshop, Dr. Hossein Mohammadi, CSDI CEO Senior Consultant, very briefly talked about the history of CSDI-KSD bilateral cooperation and focused on the points of mutual interest. Mrs. Motahareh Moravvej, issuers' affairs director, collaboratively with Mr. Mohsen Khodabakhsh, securities and commodities settlement director, presented Settlement Guarantee Fund (SGF).



Based on the words exchanged in the meetings, both parties unanimously agreed to:

1. Hold their next joint workshop in Iran with the attendance and cooperation of other active practitioners of the capital markets of Iran and Korea in the form of a conference or seminar,
2. Have both CSDI and KSD work hand in hand in earnest on the true practice of linkage,
3. More common grounds are studied until the next workshop by two parties.
4. The essential circumstances related to the fulfillment of the agreement are to be prepared.



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CSDI and NSDL Signed MOU



In order to develop and pave the way for more cooperation between Central Securities Depository of Iran (CSDI) and National Securities Depository Limited of India (NSDL), CSDI signed an MOU with NSDL on May 19th, 2015, on the sideline of WFC 2015 in Mexico. This MOU aims to achieve closer collaboration on cross-linkage operation between CSDI and NSDL and to lay the foundation of practical cooperation in the main businesses of both companies, exchange of information, and human resources in the near future.

As the first step, both parties agreed to hold some joint workshops in their countries during which they can share CSD-related information and knowledge.

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CSDI in World Forum of CSDs (WFC-2015) held in Mexico

Mr. Soltaninejad, President & CEO, accompanied with Dr. Mohammadi, the senior consultant of CEO, represented CSDI in World Forum of CSDs (WFC2015-) held on 22-19 May, 2015 in Cancun, Mexico. On the sideline of this conference, CSDI

delegates had several meetings with their international peers such as: delegates of National Settlement Depository (NSD) of Russia, National Securities Depository Limited of India (NSDL), Central Securities Depository of Kazakhstan (CSDK) and alike.



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ISU Finance and KhU Financial Mathematics Students in CSDI

As one of the main policies in CSDI to acquaint the academic with CSDI and its businesses, two groups of students majoring in finance at Imam Sadigh University and in financial mathematics at Kharazmi University attended CSDI headquarters for this purport.

The Planning and Development of CSDI was the organizer of these sessions and they had succinct presentations on the relevant topics such as:

- Introduction of capital market terms
- Introduction of CSDI and its services to its beneficiaries
- Study of scientific and specialized subjects in order to be exposed as theses





CSDI Annual Meeting of Stockholders



The annual meeting of CSDI stockholders was held in CSDI headquarters with the attendance of the stockholders, CSDI chairman, CSDI CEO and President, the supervisors, and other relevant figures. Different issues of the past year in CSDI were scrutinized and the audience heard a concise summary of the pertinent activities in the session and then they asked their questions. The annual meeting of CSDI stockholders is principally held at the end of the fiscal year every year.

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CSDI Affiliation into AFSF



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Central Securities Depository of Iran (CSDI) got affiliated into Asia Fund Standardization Forum as a regular participant. There are already 12 CSDs having joined AFSF including Bursa Malaysia Berhad, Central Depository Services (India) Limited, Central Securities Depository of Iran, China Securities Depository and Clearing Corporation Limited, Hong Kong Monetary Authority, Japan Securities Depository Center, Inc., National Securities Depository Limited, PT. Kustodian Sentral Efek, Taiwan Depository & Clearing Corporation, Singapore Exchange, Stock Exchange of Thailand, and Korea Securities Depository.

This forum basically aims at the linkage among the members and will provide an appropriate setting for all of them to cooperate at more practical stages.



Iran's Financial Market; Prospects & Opportunities: A Conference in Tehran, September

The conference, Iran's Financial Market; Prospects & Opportunities, brings plenty of opportunities for all the attendees across from the entire parts of the world. The main objective of this conference is to provide the infrastructures required for foreign investment. Iran has recently been cultivating the policy of attracting more foreign investors to the arable capital market in Iran and this conference can very conveniently contribute to the achievement and materialization of this aim. In essence, this conference is organized by the regulatory and supervisory of the

Iranian capital market; i.e., the Securities and Exchange Organization of Iran (SEO) with the cooperation of Central Securities Depository of Iran (CSDI) and sponsored by Tehran Stock Exchange (TSE), Iran Mercantile Exchange (IME), and Iran Farabourse (IFB).

During this two-day conference, the attendees will have different programs. The keynote speaker of the conference is the Vice-president of Iran, Dr. Eshagh Jahanghiri. His presence in the conference is an undeniable proof to the seriousness of the macro-policy of the country for opening the gates of investment to the investors interested to enjoy a better



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alternative and of course safe way to invest their money.

Suggested topics for panels:

- Encouragement of foreign investment in oil, gas, and petrochemical industries (industries specialized view)
- Needed infrastructure in international investment encouragement (supervisor view on introduction of legal, technical, governmental, privatization infrastructure)
- Role of financial institutions in foreign investment encouragement (supervising view on professional financial institutions and introducing some sponsors)
- The prospect of foreign investment in Iran (assessment and dialogue on future plans from the perspective of government, SEO, CSDI)
- Iran as a emerging market (introduction of investment opportunities in Iran)
- Iran – S. Korea, strategic commercial partners (the capacity of two countries and Korea securities depository)
- International standards in the field of foreign investment (standardizing and legal viewpoint)
- The role of financial innovations in foreign investment encouragement (instrument making and system making for investment viewpoint)
- Study of risks relating to foreign investment and its management approaches (risk management and creation of a safe environment for investors)
- Next step is now (closing panel)

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Conference Goals

1. Introduce investment opportunities and potentials in Iran financial markets
2. Internationalize Iran capital market
3. Create cooperative prospects between Iran financial markets' participants and similar individual and entities all over the world
4. Open up investment path in Iran's post-sanction economy
5. Realize the Ninth Article of Iran (regulating the authorized foreign investment activities in the securities exchange in a way that consistency and equilibrium of the financial and currency markets is maintained) macro-policies to engage investment.

CONFERENCE EVENTS



Panel Discussions

- Iran emerging market, an open window to the international investors (introduction of investment opportunities and potential in Iran financial markets)
- Incentives and facilities for foreign investment in Iran financial markets
- Role of financial institutions in foreign investment development (A look at different investment funds, custodians and asset management companies)
- Legal, regulatory and supervisory principles for foreign investment and protection
- Main impetuses for foreign investment in major industries (like oil, gas, and petrochemical, metals, etc)
- Study of risks germane to foreign investment and its management approaches
- Discussion on taxation from international investors' vantage point
- Back-office services in order to internationalize Iran financial markets

Our Guests

- Securities and commodities exchange organizations
- Central securities depositories and clearing houses
- Investment banks and custodians
- Investment and asset management companies
- Credit rating agencies
- Financial advisories and professional services companies

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CSDI Regulations Revision Committee

A committee has been set up to review and process the existing and current regulations in CSDI. The target of this committee is to enhance the efficiency and efficacy of the regulations and principles in CSDI. The committee members come together and discuss the relevant topics in their regularly-held meetings and give suggestions on how to ameliorate the regulations in force and mitigate the potential and ulterior bottlenecks in the processes. The attendees of this committee are majorly from five pertinent departments of CSDI since they are directly or indirectly more in touch with the CSDI's regulations and their enforcement. This committee will come up with an advantageous package which will commensurate the work which is being done to review the main processes in CSDI. Both these groups will jointly contribute to the efficacy of the regulations and processes.



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Software Development Unit Systems

The latest system released by the IT department of CSDI is Software Development UnitSystem.

This system has been designed to give out a new software program via which the users can very conveniently get access to all the other systems in one click. This

new brand system covers the following systems:

- Investor Portfolio System(IPS)
- Settlement Guarantee Fund(SGF)
- Clear And Settlement(CAS)
- Future Post Trade System(FPTS)
- Samat Management Dashboard
- Samat SMS Exchange Management System
- Samat English Website
- Samat Persian Website

The main users of this system include

- Shareholders
- Brokers
- Issuers
- Components of Capital Market
- Components of Financial Market(Banks)

Internal Units of Company

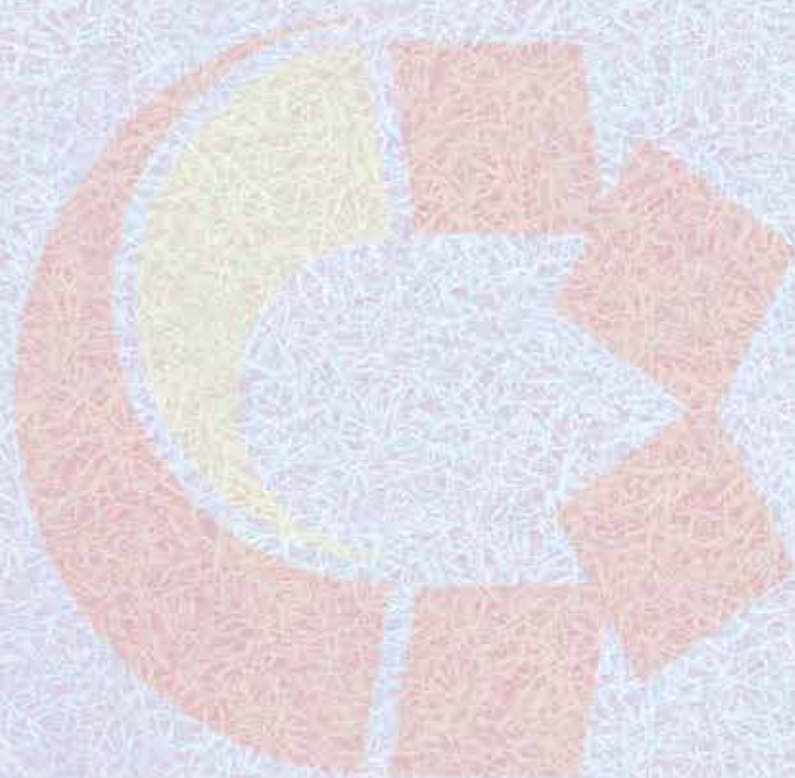
This dashboard has just been unveiled and will go functional in a couple of weeks.





Clearing and Settlement: Spring 2015

| Exchange | Clearing and Settlement: Spring 2015 | | | |
|----------|--------------------------------------|-------------------|----------------|---------------------|
| | Type of Instrument | Transaction Count | Volume | Amount |
| IFB | Stock | 1,347,489 | 17,091,505,423 | 49,610,122,078,432 |
| | Equity Fund | 4,718 | 19,884,350 | 128,109,208,850 |
| | Construction Fund | 395 | 3,549,759 | 37,697,448,577 |
| | Mixed Fund | 333 | 839,260 | 9,934,803,630 |
| | Fixed Income Fund | 1,222 | 35,036,530 | 307,279,504,320 |
| | Securities | 22,425 | 47,610,945 | 47,525,178,470,781 |
| TSE | Stock | 3,392,971 | 48,543,472,785 | 89,866,932,012,964 |
| | Mixed Fund | 284 | 10,229,554 | 62,848,484,439 |
| | Equity Fund | 5,633 | 42,958,108 | 441,490,222,554 |
| | Embedded put Option | 0 | 0 | 0 |
| | Securities | 6,130 | 7,740,455 | 7,765,881,071,200 |
| IRENEX | Electricity | 5,314 | 2,340,480 | 1,109,212,395,600 |
| | IRENEX SALAM | 414 | 1,089,930 | 1,166,658,916,300 |
| | Domestic commodities | 701 | 186,072,440 | 2,099,101,162,000 |
| | International commodities | 20 | 206,700 | 8,187,027,450 |
| IME | SALAM in Rial | 209 | 386,500 | 763,634,121,645 |
| | Sum | 4,788,258 | 65,992,923,219 | 200,902,266,928,742 |



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