

STOCK EXCHANGE

RESEARCH AND ANALYSIS REPORT OF
THE EXHIBITION OF FINANCIAL INDUSTRY,
CAPITAL MARKET AND STOCK EXCHANGE



شرکت سهامی نمایشگاه‌های بین‌المللی جمهوری اسلامی ایران
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سازمان توسعه تجارت ایران
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IN THE NAME OF GOD

RESEARCH AND ANALYTICAL REPORT OF THE FINANCIAL INDUSTRY EXHIBITION (STOCK MARKET)

COMMISSIONED BY: BONYAN OMID COMPANY (ORGANIZER
OF THE 17TH INTERNATIONAL FINANCIAL INDUSTRY EXHIBITION
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RELATIONS CENTER (MAHTAB).

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CAPITAL MARKET AND STOCK EXCHANGE

CAPITAL MARKET AND STOCK EXCHANGE

► Capital Market

The capital market encompasses a collection of markets and financial institutions where financial instruments such as stocks, bonds, and other securities are bought and sold. The primary goal of the capital market is to facilitate long-term financing for companies, governments, and other entities. This market allows investors to channel their capital into profitable and growth-oriented projects, while also providing entities in need of capital with access to the necessary financial resources.

► Stock Exchange

A stock exchange, or equity market, is a segment of the capital market where shares of companies and similar securities are traded. Stock exchanges can be physical locations or electronic platforms where buyers and sellers convene to trade securities. They play a crucial role in enhancing transparency, liquidity, and efficiency in financial markets.

► Key Components of the Capital Market

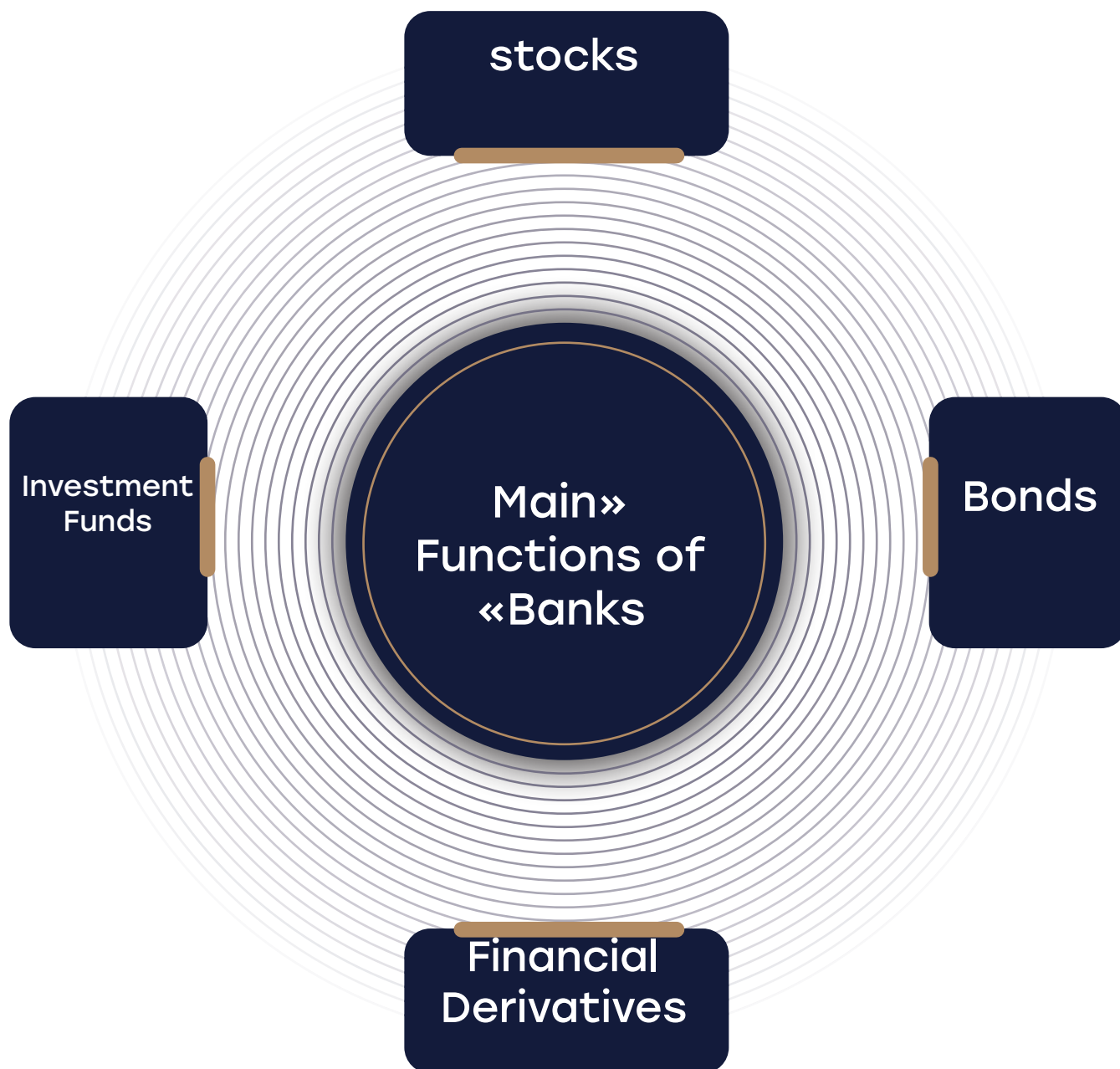
Whenever the term «capital market» is mentioned, the concept of stocks often comes to mind. Stocks represent ownership in a company. By purchasing shares, an investor acquires partial ownership of the company and can benefit from the company's profits (in the form of dividends) and the appreciation in stock value.

Bonds are another fundamental component of the capital market. Bonds represent the issuer's (a company or government) debt to the holder. The bondholder lends money to the issuer and receives interest in return.

Another crucial element of capital markets is investment funds. These funds act as intermediaries between individual investors and larger entities. Investment funds pool capital from numerous investors and invest it in a diversified portfolio of securities. They help reduce risk and increase investors' access to various markets.

Financial derivatives are another vital component of this ecosystem. Derivatives include instruments such as futures contracts, options, and swaps, whose value is derived from an underlying asset, such as stocks, commodities, or interest rates. These instruments are used for risk management and speculation.

Each of these components of the capital market will be thoroughly explained and analyzed from various perspectives in the following sections.





STOCKS

The First Component of the Capital Market

► Definition of Stocks

Stocks represent ownership in a portion of a company. When you purchase a stock, you acquire a share of the company's ownership. Each share represents a fraction of the company's assets, earnings, and voting rights.

► Types of Stocks

1

Common Stock

Ownership Rights

Holders of common stock are the primary owners of the company and have voting rights at the company's general meetings.

Dividends

Common shareholders can receive dividends, but these dividends are not guaranteed and depend on the company's financial performance.

Priority in Liquidation

In the event of the company's liquidation, common shareholders are paid after bondholders and preferred shareholders.

2

Preferred Stock

Priority in Dividends

Preferred shareholders receive dividends before common shareholders. These dividends are usually fixed and predetermined.

Limited Ownership Rights

Preferred shareholders generally do not have voting rights or have limited voting rights.

Priority in Liquidation

In case of liquidation, preferred shareholders are paid before common shareholders but after bondholders.

► Advantages and Disadvantages of Investing in Stocks



► Advantages

1.Potential for Capital Growth: One of the main attractions of stocks is their potential for price appreciation over time, which can lead to significant returns on long-term investments.

2.Dividends: Shareholders may benefit from dividends, which can be paid in cash or additional shares.

3.Voting Rights: Common shareholders have the ability to participate in important company decisions, such as electing the board of directors.

4.Diversification: Stocks offer investors the opportunity to diversify their investment portfolios, which can significantly help in reducing risk.



► Disadvantages

1. Volatility Risk: Stock prices can be highly volatile, and investors may lose part or all of their investment.

2. No Guaranteed Returns: Unlike bonds, stocks do not offer guaranteed returns or capital recovery.

3. Low Priority in Liquidation: In the event of a company's bankruptcy, common shareholders are paid after bondholders and preferred shareholders, which may result in the loss of their investment.

► Advantages and Disadvantages of Investing in the Iranian Stock Exchange

Investing in the stock market, like any other financial market, is always accompanied by opportunities and challenges. However, Iran's capital market, due to the special economic, political and cultural characteristics of the country, has unique advantages and disadvantages for investors, which will be examined in detail below:

Advantages of investing in the Iranian Stock Exchange:

High Growth Potential and Profitability in Inflationary Markets: In economies with high inflation, such as Iran, stock markets (especially large and liquid-based stocks) can act as hedges against inflation. The value of companies' assets and their income increases at an inflationary rate, which can lead to the growth of stock prices and the preservation of the value of capital against a decrease in the purchasing power of money.

Variety of industries and investment opportunities: The Iranian stock exchange includes a wide range of industries (petrochemicals, base metals, banking, automotive, pharmaceuticals, food, etc.) Each of which is affected by its own factors. This diversification provides the possibility of portfolio management and risk reduction through the distribution of capital in different industries.

Transparency of information ratios (compared to other markets): Companies listed on the stock exchange are required to disclose their financial statements, quarterly reports, and important events. This transparency (although it faces challenges) allows for more informed decision-making and decision-making in parallel markets (such as gold, currency, or housing).

Higher liquidity compared to asset markets: Compared to markets such as housing, which have low liquidity, stocks in the stock market have higher liquidity and it is possible to buy and sell them more quickly (of course, this is the case for all stocks and in all circumstances). The market is not the same).

Dividend (DPS): Many listed companies distribute a portion of their profits to shareholders as dividends, which can be a regular source of income for investors.

Possibility of investing with small capital: It is possible to enter the stock market with much less capital than other asset markets (such as housing) and provide investment opportunities for larger segments of society.

Disadvantages and Challenges Of Investing in the Iranian Stock Exchange:

Extreme and unpredictable fluctuations: The Iranian stock market is heavily influenced by macroeconomic and political factors. Domestic news (elections, budget, government policies) and foreign news (sanctions, global commodity prices) can create severe and sometimes illogical fluctuations in the short term that are difficult to predict. The experience of extreme fluctuations in recent years is proof of this claim.

High Systematic Risks: The Iranian economy, due to its structure, has high systematic risks (risks that affect the entire market and are unavoidable). Sanctions, exchange rates, bank interest rates, and government policies affect almost all industries and companies.

Interference of the government and public institutions: A significant part of the economy and listed companies in Iran are somehow related to the government or public institutions. Changes in government policies, decrees, etc. can have a negative impact on the profitability of companies and their stock price results.

Instability of yen laws and regulations: Frequent changes in the yen tax, customs, feed rates, and other regulations can make the investment outlook uncertain and increase the risk.

Financial Reporting Risks: Although there is transparency, there are times when uncertainties or delays in financial reporting or uncertainty in the profitability forecast of companies can make it difficult for investors to solve.

The Impact of Public Sentiments and Unofficial Information: The Iranian stock market is sometimes severely affected by public sentiments, rumors and unofficial information, which can lead to price bubbles or sudden declines. It harms the wisdom.

In general, investing in the Iranian stock exchange requires a deep understanding of the unique characteristics of this market, high risk tolerance and long-term reliability. Training, careful analysis, and consultation with experts can help reduce risk and increase investors' chances of success in this volatile market.

► The Process of Buying and Selling Stocks

1

Primary Markets

oCompanies offer new shares to investors through an Initial Public Offering (IPO). In this market, investors purchase the company's shares for the first time.

2

Secondary Markets

oAfter the IPO, stocks are traded in secondary markets like stock exchanges. In these markets, investors sell their shares to other investors.

► Stock Valuation

Valuing stocks is a complex process influenced by various factors

1

Company Financial Performance

Revenues, profitability, debts, and assets of a company significantly impact its stock value.

2

Economic Conditions

The overall state of the economy, interest rates, inflation, and monetary and fiscal policies affect the stock market.

3

Industry Trends

The performance of different industries and the company's position within its sector also influence stock value.

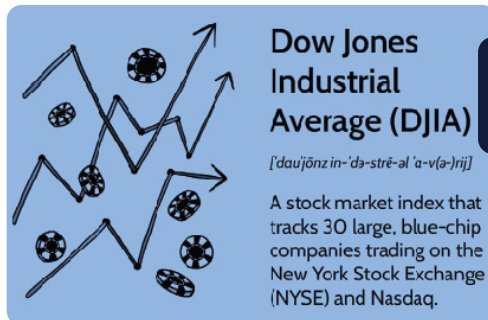
4

Market Psychology

Investor expectations and behaviors can lead to price fluctuations in stocks.

► Stock Market Indices

Stock market indices are used as benchmarks to evaluate the overall performance of the market or specific sectors:



DOW JONES INDUSTRIAL AVERAGE (DJIA)

One of the most well-known indices, it calculates the average price of 30 major American companies.



500 S&P

This index measures the performance of 500 large companies listed on the New York Stock Exchange.



NASDAQ COMPOSITE

This index includes all the stocks listed on the NASDAQ, with a significant representation of technology-focused companies.

In conclusion, stocks play a vital role in the capital market, providing essential financing for companies and investment opportunities for individuals and institutions. Despite inherent risks, the potential for high returns and ownership rights make stocks one of the most attractive financial instruments for investors. With a deeper understanding of the nature and functioning of stocks, investors can make better decisions to manage and grow their capital.



BONDS

The Second Component of the Capital Market

Bonds are a fundamental part of the capital market and play a crucial role in financing corporations, governments, and other entities. As debt instruments, bonds grant their holders the right to receive periodic interest payments and the return of the principal amount at maturity. Here's a detailed explanation of this financial instrument:

► Definition of Bonds

Bonds are securities where the issuer promises to pay the bondholder a specified amount at specific dates. These securities can be issued by governments, corporations, or financial institutions.



1

Government Bonds

Issued by governments to finance public projects, reduce budget deficits, and meet other financial needs. Due to their high security and low risk, government bonds are very popular among investors.



2

Corporate Bonds

Issued by companies to fund large projects, invest in research and development, or refinance existing debts. Corporate bonds typically carry more risk than government bonds but offer higher yields.



3

Municipal Bonds

Issued by municipalities and other local entities to finance local projects such as road construction, schools, and hospitals.



4

International Bonds

Issued by entities or governments in foreign markets and traded in a foreign currency. These bonds can be a way to attract foreign investors.

► Features of Bonds

• Coupon Rate Ratio (CAR)

The interest rate paid to the bondholder, which can be fixed or variable.

• Maturity Date

The date on which the issuer must repay the principal amount to the bondholder.

• Price

The price of bonds can fluctuate over time and is influenced by factors such as market interest rates, the issuer's credit rating, and economic conditions.

• Risk

Bonds generally carry lower risk compared to stocks, but still involve risks such as credit risk, interest rate risk, and inflation risk.

This translation aims to maintain the professional and detailed tone of the original text, providing a comprehensive overview of bonds as a key component of the capital market.

► Advantages and Disadvantages of Investing in Bonds



► Advantages

- **Stable Income:** Bonds provide a steady source of income through regular interest payments.
- **Lower Risk:** Bonds, especially government bonds, are considered relatively low-risk investments.
- **Diversification:** Including bonds in an investment portfolio can help reduce overall portfolio risk.



► Disadvantages

- **Lower Returns:** Bonds generally offer lower returns compared to stocks.
- **Interest Rate Risk:** Rising interest rates can lead to a decrease in bond prices.
- **Credit Risk:** If the issuer fails to pay the interest or principal, the investor may incur a loss.

Based on the above analysis, it can be concluded that bonds, as a critical tool in the capital market, play an essential role in financing and capital management. Investors can use bonds to diversify their portfolios and reduce overall risk, considering their financial needs and risk tolerance. However, a thorough understanding of the characteristics, advantages, and disadvantages of bonds, as well as a careful assessment of the economic and credit conditions of issuers, is crucial.

Having reviewed stocks and bonds, which are two fundamental components of the capital market, various questions may arise regarding the similarities and differences between the two. Therefore, a detailed analysis of these similarities and differences will be provided below.

► Similarities and Differences Between Stocks and Bonds

Similarities Between Stocks and Bonds

Long-term Financial Instruments

Both stocks and bonds are considered long-term financial instruments in the capital market, helping companies and governments to finance long-term projects.

Traded in the Capital Market

Both instruments are traded in the capital market and can be bought and sold on stock exchanges or over-the-counter (OTC) markets.

Portfolio Diversification

Both instruments provide investors with the opportunity to diversify their investment portfolios, helping to reduce investment risk.

► Advantages and Disadvantages of Investing in Bonds in Iran

Bonds, which are mainly known in the Iranian capital market in the form of partnership bonds, Islamic treasury bills (akhza), sukuk bonds (such as Ijara sukuk, Murabaha, and Istisna) and bank deposit certificates with a fixed interest rate, are debt instruments that allow investment with a relatively low risk. They provide more than the stocks. However, investing in these bonds in the Iranian market also has its own advantages and disadvantages:

Advantages of investing in bonds in Iran:

Lower risk and fixed/predictable returns: The main advantage of bonds, especially Islamic treasury bills and government participation bonds, is their low default risk (in the case of government bonds, the default risk is almost zero). These bonds offer fixed or predictable returns at maturity to investors on a periodic basis and are suitable for those who are less risky or looking to maintain the principal of the capital.

Maintaining value against inflation (for variants): In periods of time, especially when inflation rates are high, bond yields can be very attractive. Bonds with a floating interest rate or bonds with a yield of one to the inflation rate can help maintain the purchasing power of capital.

Relative liquidity: Many bonds (especially Islamic Treasury bills and government participation bonds) are tradable on the OTC secondary market and allow for premature liquidity. This feature creates more flexibility than long-term bank deposits.

Diversification of the investment portfolio: Bonds are a good tool for diversifying the investment portfolio and reducing the overall risk of the portfolio. Turkish investments in stocks (with higher risk and higher growth potential) and bonds (with lower risk and fixed returns) can help to increase returns according to the investor's risk appetite.

Profit exemption: Profits from the purchase and sale of bonds and their dividends are generally not subject to the property, which is an important advantage for investors.

Disadvantages and Challenges of Investing in Bonds in Iran:

Limited and Fixed Returns: Compared to stocks, the potential for capital growth in bonds is much more limited. In bullish markets, stocks can provide investors with impressive returns, while bonds only offer fixed or predetermined yields.

Interest rate risk: An increase in the interest rate or the inflation rate can reduce the attractiveness of fixed-rate bonds and lead to a decrease in their value in the secondary market. This means that if interest rates rise in the economy, the value of previous bonds with lower interest rates will fall.

Inflation risk (for types of bonds): Although bonds can play a protective role against inflation in some cases, in conditions of very high inflation and jumps, the fixed yield of these bonds may not be able to fully maintain the purchasing power of the capital and the yield of the bonds will not be able to real (after deducting inflation) becomes negative.

Lower liquidity for bonds with low trading volumes: Although the liquidity of bonds is generally good compared to other assets, certain securities or securities with low trading volumes may not have buyers in the secondary market or may be traded at an inappropriate price.

Availability Limitation: In some cases, the supply of high-volume bonds is limited or requires a higher minimum capital than stocks, making it less difficult for retail investors to access.

Ultimately, the choice of bonds to invest in Iran depends on the financial objectives, time horizon and risk appetite of the investor. These tools are effective for portfolio risk management and fixed income, but they may not be enough to achieve high returns and significant capital growth.

Differences Between Stocks and Bonds

Nature of Ownership

oStocks: Represent ownership in a company. Stockholders are considered part-owners of the company and have voting rights in major company decisions.

oBonds: Represent debt. Bondholders lend money to the company or government and receive interest payments in return, but they do not have ownership or voting rights in the company.

Returns

oStocks: The main sources of returns for shareholders are dividends and capital gains from an increase in stock prices. Returns on stocks can vary significantly depending on the company's performance and market conditions.

oBonds: The returns for bondholders come from regular interest payments (coupons) and the repayment of the principal at maturity. Bond returns are typically fixed and more predictable.

Risk

oStocks: Generally carry higher risk because their returns depend on the company's performance and market conditions. Stock prices can be highly volatile.

oBonds: Generally have lower risk, especially if the bond issuer is a government or a reputable company. However, bonds still carry risks such as interest rate risk and credit risk.

Priority in Payment

oStocks: In the event of a company's bankruptcy, stockholders are paid after all debts and obligations to creditors (including bondholders) have been settled.

oBonds: Bondholders have a higher priority than stockholders in the event of bankruptcy and are paid before shareholders.

In conclusion, while both stocks and bonds are crucial tools in the capital market that help companies and governments with financing and provide investors with opportunities for diversification and risk management, there are significant differences between them. These differences include the nature of ownership, returns, risk levels, payment priority, and participation rights. Investors should choose between these instruments based on their investment goals, risk tolerance, and financial needs.



MUTUAL FUNDS

The Third Component of the Capital Market

Mutual funds are essential financial instruments in the capital market, allowing investors to pool their small-scale investments to participate more professionally and diversely in financial markets. This section provides a comprehensive overview of mutual funds and their various aspects:

► Definition of Mutual Funds

Mutual funds are financial entities managed professionally under regulation, designed to collect investments from individual investors and invest in a diversified portfolio of securities such as stocks, bonds, and other assets. These funds enable investors to participate in the capital market with lower risk and benefit from professional management.

► Types of Mutual Funds

Mutual funds can be categorized based on the types of assets they invest in and their investment strategies:

1

Equity Funds

Primarily invest collected capital in the stocks of various companies.

2

Bond Funds

Focus mainly on bonds and debt securities, which generally have lower risk compared to stocks.

3

Balanced Funds

Invest in a mix of stocks and bonds, offering a balanced approach.

4

Money Market Funds

Invest in highly liquid, low-risk assets like treasury bills and commercial papers.

5

Exchange-Traded Funds (ETFs)

Similar to mutual funds but their units are traded on stock exchanges.

► Advantages and Disadvantages of Investing in Mutual Funds



► Advantages

- **Diversification:** Investing in mutual funds allows investors to indirectly invest in a diversified set of assets, thereby reducing risk.
- **Professional Management:** These funds are managed by professional managers who analyze markets and select the best assets.
- **Liquidity:** Many funds offer investors the ability to easily sell their units and access liquidity.
- **Cost Efficiency:** The costs associated with transactions are reduced due to pooled investments and high trading volumes.



► Disadvantages

- **Management Fees:** Management fees and fund expenses can significantly reduce the returns on investment.
- **Market Risk:** Despite diversification, mutual funds are still subject to market fluctuations.
- **Managerial Risk:** The fund's performance largely depends on the skills and decisions of the manager. Poor management can lead to financial losses.

► Structure and Operation of Mutual Funds

Mutual funds are typically established and managed by investment management companies. These companies are responsible for collecting capital, managing and investing assets, and distributing profits to investors. The fund's performance is reported periodically, allowing investors to evaluate the returns and performance of the fund.

► Investment Process in Mutual Funds

Investing in mutual funds generally involves purchasing fund units. The value of each unit is determined based on the net asset value (NAV) of the fund. Investors can purchase new units or sell their existing units.

► Regulation and Oversight

Mutual funds operate under the supervision of government financial authorities and capital market regulators. This oversight includes reviewing performance, financial transparency, and compliance with legal regulations to protect investor rights.

► Choosing the Right Mutual Fund

To select the right mutual fund, investors should consider several factors:

- **Investment Objective:** Is the investment goal long-term or short-term?
- **Risk Tolerance:** How much risk is the investor willing to take on?
- **Past Performance:** Review past returns and compare them with similar funds.
- **Costs:** What are the fees and management expenses of the fund?
- **Transparency:** The level of transparency in the information provided by the fund.

Mutual funds are useful tools for individual investors, enabling them to achieve professional management and diversification through pooled small-scale investments. Selecting the appropriate fund can help investors achieve reasonable returns with reduced risk. However, thorough research and awareness of the associated costs and risks of each fund are essential.



FINANCIAL DERIVATIVES

The Fourth Component of the Capital Market

FINANCIAL DERIVATIVES

Financial derivatives are financial instruments whose value is derived from underlying assets such as stocks, bonds, commodities, currencies, interest rates, and market indices. These instruments allow investors to manage risks, profit from market fluctuations, and implement more complex strategies.

► Types of Financial Derivatives

Mutual funds can be categorized based on the types of assets they invest in and their investment strategies:

1	Futures Contracts	Definition An agreement between two parties to buy or sell an asset at a predetermined future date and price.	Usage Used for hedging price risks and speculation.
2	Options Contracts	Definition Gives the holder the right, but not the obligation, to buy or sell an asset at a specified price before or on a certain date.	Usage Used for hedging and speculation.
3	Swaps	Definition An agreement between two parties to exchange cash flows or financial instruments.	Usage Used to manage interest rate risks, currency risks, and other financial risks.
4	Forward Contracts	Definition A private agreement between two parties to buy or sell an asset at a specific future date for a price agreed upon today, similar to futures but not traded on exchanges.	Usage Used in over-the-counter markets for hedging and speculation.

► Applications of Financial Derivatives

1. **Hedging:** Using derivatives to protect against price fluctuations of underlying assets.
2. **Speculation:** Using derivatives to profit from changes in the price of assets.
3. **Arbitrage:** Taking advantage of price differences in different markets to earn risk-free profits.

► Advantages and Disadvantages of Investing in Financial Derivatives



► Advantages

1. **Risk Management:** They provide tools for reducing and managing various market risks.
2. **Increased Liquidity:** They facilitate trading and increase liquidity in financial markets.
3. **More Accurate Pricing:** They help in the more precise pricing of underlying assets.
4. **Leverage:** They allow access to larger positions with smaller investments.



► Disadvantages

1. **Complexity:** They can be highly complex and require specialized knowledge.
2. **High Risk:** Misuse or misunderstanding of derivatives can lead to significant losses.
3. **Market Volatility:** Derivative markets can be highly volatile.

► Regulation and Oversight

To control and supervise the derivatives market, regulatory bodies such as the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) in the United States, and their counterparts in other countries, establish regulations and guidelines to ensure transparency and prevent market abuse.

Financial derivatives are powerful tools for risk management, speculation, and arbitrage. However, they require specialized knowledge and a deep understanding of markets to be used effectively and with minimal risk. Their crucial role in capital markets is undeniable, but they must be approached with caution and care.

CAPITAL MARKET VS. STOCK EXCHANGE

Capital markets and stock exchanges are related concepts that play crucial roles in finance and economics. Here's an explanation of their relationship:

Capital Market

This term refers to all markets where financial instruments and investment opportunities are traded. The capital market includes stock exchanges, debt markets (such as the bond market), currency and commodity markets, and other financial instruments. The primary goal of the capital market is to provide funding for companies and governments and offer investment opportunities for individuals and institutions.

Stock Exchange

A stock exchange is a component of the capital market. Specifically, it is a type of capital market that deals in the trading of securities, including stocks, bonds, and other financial instruments. Stock exchanges are official and organized venues for buying and selling these securities and operate under specific rules and regulations.

In summary, while the capital market encompasses a broad range of financial markets and instruments, the stock exchange is a specific type of market within this broader category, focusing on the trading of securities.

► The Relationship Between Capital Markets and Stock Exchanges

•**Analysis:** Stock exchanges are segments of the capital market where transactions are conducted formally and under regulatory oversight. Therefore, stock exchanges are considered a fundamental component of the capital market, playing a crucial role in its overall functioning.

•**Performance and Impact:** The performance of stock exchanges can significantly influence the capital market as a whole. For instance, extreme volatility in stock exchanges may reflect the broader economic condition of the capital market and vice versa.

•**Financial Resources:** Stock exchanges provide companies access to financial resources and offer investors opportunities to invest in various securities. This process is part of the broader activities of the capital market.

In summary, a stock exchange is a subset of the capital market. It facilitates the trading of securities, thereby enabling easier access to capital for companies and investment opportunities for investors. Stock exchanges contribute to transparency in pricing and regulatory oversight, which helps reduce risks and increase confidence in the capital market.

Thus, stock exchanges function as structural elements of the capital market, and the interactions within these exchanges play a significant role in determining the overall state and performance of the capital market. Together, the capital market and stock exchanges help improve the allocation of financial resources within the economy, contributing to economic growth and development.

Having understood the capital market and its components, we now turn our attention to the stock exchange. As previously stated, there is a macro and micro relationship between the two, with the stock exchange serving as a subset of the capital market. In the following sections, we will delve deeper into the topic of stock exchanges, exploring their components, existing relationships, key players, threats and opportunities, strengths and weaknesses, and more.

The background is a dark blue gradient. It features several faint, glowing elements: a large, light blue wave-like pattern that spans across the top half; a series of small, glowing blue and orange rectangular shapes scattered throughout; and various binary code strings (0s and 1s) in a light blue font, some of which are slightly blurred or faded. A large, bold, black number '2' is positioned on the right side, partially overlapping the wave pattern.

2

INTRODUCTION TO STOCK EXCHANGES

INTRODUCTION TO STOCK EXCHANGES

A stock exchange refers to an organized marketplace where securities such as stocks, bonds, and other financial instruments are bought and sold. Stock exchanges play a crucial role in facilitating financial transactions, providing financing for companies, and enhancing market transparency and liquidity.

A market is a venue, either physical or online, where buying and selling, or trading, takes place. The stock market provides a platform where buyers and sellers can trade goods, shares, or currencies.

The stock market experiences various conditions over time. At times, it may follow a downward trend, known as a bear market, while an upward trend is referred to as a bull market.

► Historical Overview of Stock Exchanges

The history of stock exchanges globally dates back to ancient times and includes significant developments throughout the medieval and modern eras. Below is a detailed account of the historical periods that have shaped the modern stock exchange.

1 Ancient Period

Trade and Exchanges in Ancient Times

- Assyria and Babylon (circa 2000 BC): During this era, rudimentary systems of commodity and security exchanges emerged. Although these systems were simple, they laid the foundations for trade and financial transactions.

2 Medieval Period

Early Stock Exchanges in Europe

- Belgium (13th Century): In the cities of Bruges and later Antwerp, traders and investors engaged in the exchange of goods and securities. These locations became some of the earliest forms of stock exchanges and trading hubs.



Birth of Modern Stock Exchanges

•Netherlands (17th Century)

o Amsterdam Stock Exchange (1602): The Amsterdam Stock Exchange is considered one of the first modern stock exchanges in the world, established in 1602. It was initially set up for trading shares of the Dutch East India Company and gradually became a venue for trading other securities

•England (17th Century)

o London Stock Exchange (1698): The London Stock Exchange began as one of the first formal exchanges in England. Initially, it operated informally in coffeehouses and inns and later evolved into a more organized structure.

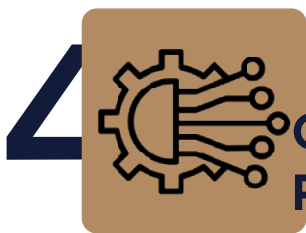
•Germany and France (19th Century)

o Frankfurt Stock Exchange (1867): The Frankfurt Stock Exchange became a significant stock exchange in Germany and had a substantial impact on European financial markets.

•United States (19th and 20th Centuries)

o New York Stock Exchange (1792): The New York Stock Exchange, also known as the «New York Stock and Exchange Board,» was established in 1792. It quickly grew to become one of the most important stock exchanges globally and played a vital role in the development of global financial markets.

o NASDAQ (1971): NASDAQ, the first electronic stock exchange in the world, was established and brought significant changes to the trading process.



Contemporary Period

Technological Advancements

- Digital Revolution: With advancements in technology and the internet, stock exchanges have shifted towards electronic and digital trading. Automated and algorithmic trading systems have transformed stock exchanges into the most modern and fastest financial markets.

International Stock Exchanges

- Various stock exchanges around the world are rapidly developing and changing. Are. Famous exchanges such as the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Euronext, the NYSE, and the London Stock Exchange. Important World I know it. Become. Since then, stock exchanges have evolved around the world and become the backbone of modern financial markets. With advances in technology, stock exchanges have moved towards full digitization, faster trading speeds, easier access for investors, and the development of more sophisticated financial instruments, while still playing a vital role in financial integration and economic development.

THE FUNDAMENTAL DEVELOPMENTS OF THE STOCK EXCHANGE AND THE CAPITAL MARKET IN THE NEW ERA

In recent decades, the capital market, and especially the stock exchange, has become more than a mere place for buying and selling securities, to a dynamic and transformative institution whose role and influence in the global and national economy is increasingly changing. These fundamental changes have transformed the stock exchange from a traditional market to a complex financial ecosystem and the legacy of the modern era.

1 Deepening and expanding the role in financial financing

- **Increasing the share in the financial financing of companies:** In the past, most of the financial financing of companies was done through the banking system. But in the modern era, with the development of various financial instruments (partnership bonds, sukuk, project funds, etc.) Also, by facilitating the IPO process, the stock exchange has become the main and efficient channel for long-term financing of companies, especially large and knowledge-based companies. This helps to reduce reliance on banks and distribute risk among small and macro investors.
- **Government financing:** The issuance of government debt securities through the stock exchange has become one of the most important methods of financing the budget deficit of governments and has turned the stock exchange into a key tool in financial questions.

2 Increasing Corporate Transparency and Governance

- **Pressure for greater transparency:** The requirements for listing on the stock exchange and the laws of these regulatory organizations require companies to disclose their financial, business, and governance information in a regular and transparent manner. This will increase investor confidence and improve corporate governance. In the modern era, with the proliferation of data analytics tools and freer access to information, this pressure for transparency has increased even from investors and analysts.
- **Accountability and Accountability:** Exposure of companies to the public and multiple stakeholders increases managers' accountability and efforts to improve sustainable performance.

3 Economic Surveying Tool

- **Reflective of economic health:** Stock market indices act as an important economic thermometer and quickly reflect the state of health, economic growth or recession. These indicators are very important for policymakers in making macroeconomic decisions.

- **Liquidity and inflation management:** The stock exchange can help control inflation by directing the society's wandering liquidity towards productive investment and prevent it from spilling over into unproductive markets (such as currency and gold). The issuance of government bonds and fixed income instruments also play an important role in this regard.

4 Globalization and convergence of markets

- **Influenced by global trends:** National stock exchanges are more and more connected to global markets. Economic and political developments in one region quickly affect other markets. This has led to a deeper understanding of the global economy and international solutions for investors and analysts.
- **Attracting foreign investment:** The development of the capital market and its transparency can provide a suitable platform for attracting foreign direct and indirect investment that contributes to the economic growth of countries.

5 Democratization of Investment

- **Easier access for the public:** With digitization and reduced trading costs, investing in the stock market is no longer exclusive to the economic elite. People with small capitals can easily enter the market through online tools and investment funds and benefit from its opportunities. This will help to create a more equitable distribution of wealth and public participation in the economy.
- **Increasing financial literacy:** Greater access to the market, increasing education and increasing financial literacy in the society has become more pronounced, which in turn leads to more informed decision-making.

6 The stock exchange as a social institution

- **Role in economic culture:** The stock exchange has become more than a mere financial institution, it has become a part of the economic and even social culture of society. Its results are published daily in the media and affect the economic decisions of households and firms.
- **Supporting the knowledge-based economy:** Modern stock exchanges have increasingly moved towards supporting knowledge-based companies, startups, and innovative industries and providing a platform for the growth of these vital sectors of the economy.

In general, the stock market has changed from a mere market to an active and decisive player in the economic arena in the modern era. Its substantive changes will not only contribute to economic efficiency, but will also affect the social, governance and even political dimensions and will highlight its role in the future of the world economy more than ever.

HISTORICAL OVERVIEW OF THE STOCK MARKET IN IRAN

The initial studies regarding the establishment of a stock exchange in Iran date back to 1936. During this year, a Belgian named «Ron Lauterfeld» conducted extensive research on establishing a stock exchange in Iran and prepared the internal regulations for the exchange, which he presented to Iranian officials. However, due to the conditions of the time and the outbreak of World War II, the establishment of a stock exchange in Iran was delayed by more than 25 years. Finally, in 1962, a commission was formed within the Ministry of Commerce, and the initial agreement for establishing a stock exchange was drafted. Later that year, a delegation led by the Secretary-General of the Brussels Stock Exchange was invited to Iran to assist in the establishment of the Iranian stock exchange. Ultimately, in 1966, the law for establishing the Tehran Stock Exchange was approved by the parliament and was communicated to the Central Bank for implementation.

The history of the stock exchange in Iran can be divided into various periods, from the establishment of early exchanges in the early 20th century to significant developments in recent decades. The following is a detailed examination of the history of the stock exchange in Iran:

► Establishment of the Stock Exchange During the Qajar and Pahlavi Eras

معاملات بورس در تاریخ		
تاریخ	نوع معامله	مبلغ
۶۸/۳/۷	خرید سهام	۱,۲۴۰ ریال
۵	فروش سهام	۱,۳۷۵ ریال
	معاملات دیگر	۱۶,۰۰۰ ریال

Pahlavi Era

Early Developments

o Establishment of the Tehran Stock Exchange (1967): The Tehran Stock Exchange was established on August 1967, 7, with the aim of facilitating securities transactions and attracting both domestic and foreign investments. This exchange began as a formal and modern stock exchange.



Qajar Era

- Early Trade and Exchanges: During the Qajar era, commercial activities were rudimentary and limited, and the modern concept of a stock exchange did not exist. Financial and commercial transactions were primarily conducted in traditional ways, with merchants and traders operating in local markets.

► Development of the Stock Exchange in the 1970s and 1980s

1970s

Expansion of Activities

- o Establishment of the Tehran Stock Exchange (1967): The Tehran Stock Exchange was established on August 1967 ,7, with the aim of facilitating securities transactions and attracting both domestic and foreign investments. This exchange began as a formal and modern stock exchange.

1980s

Islamic Revolution

Impact of the Islamic Revolution

- o Establishment of the Tehran Stock Exchange (1967): The Tehran Stock Exchange was established on August 1967 ,7, with the aim of facilitating securities transactions and attracting both domestic and foreign investments. This exchange began as a formal and modern stock exchange.

Reopening of the Stock Exchange (1989)

- o Reopening: The Tehran Stock Exchange reopened on July 1989 ,17, after a prolonged hiatus. This period marked the resumption of activities and efforts to rebuild and develop the exchange.

► Growth and Development of the Stock Exchange in the 1990s and 2000s

1990s

Infrastructure Development

- oExpansion: During this decade, the Tehran Stock Exchange rapidly expanded and became one of the most important exchanges in the region. Various programs were implemented to attract investments and improve the exchange's infrastructure.

Regulations and Institutions

- oEstablishment of the Securities and Exchange Organization (2000): In 2000, the Securities and Exchange Organization of Iran was established as the regulatory body overseeing financial markets and stock exchanges. This organization is responsible for supervising, regulating, and enhancing the country's financial markets.

2000s

Financial Innovations

During this period, the Tehran Stock Exchange underwent numerous updates with the introduction of new trading systems and advanced technologies. Online and electronic trading entered the exchange, enhancing market efficiency and transparency.

► Developments in the Stock Exchange During the 2010s and 2020s

2010s

Market Growth

- o Introduction of New Instruments: New financial instruments such as investment funds, Islamic securities (sukuk), and futures contracts were introduced to the market.

New Financial Instruments

- o Significant Growth: The Tehran Stock Exchange witnessed notable growth during this period, including an increase in the number of listed companies, development of various securities, and attraction of foreign investors.

2020s


Recent Developments

- o Recent Trends: The Tehran Stock Exchange has continued to be an active exchange in the Middle East, utilizing advanced technologies. Economic fluctuations, political changes, and sanctions have affected the stock market, leading to increased volatility and changes in market activities.

Modern Exchanges and Digital Tools

- o Innovation and Digitalization: The Tehran Stock Exchange is incorporating new technologies such as blockchain and artificial intelligence to enhance performance and efficiency. Additionally, online and digital services have improved market accessibility for investors.

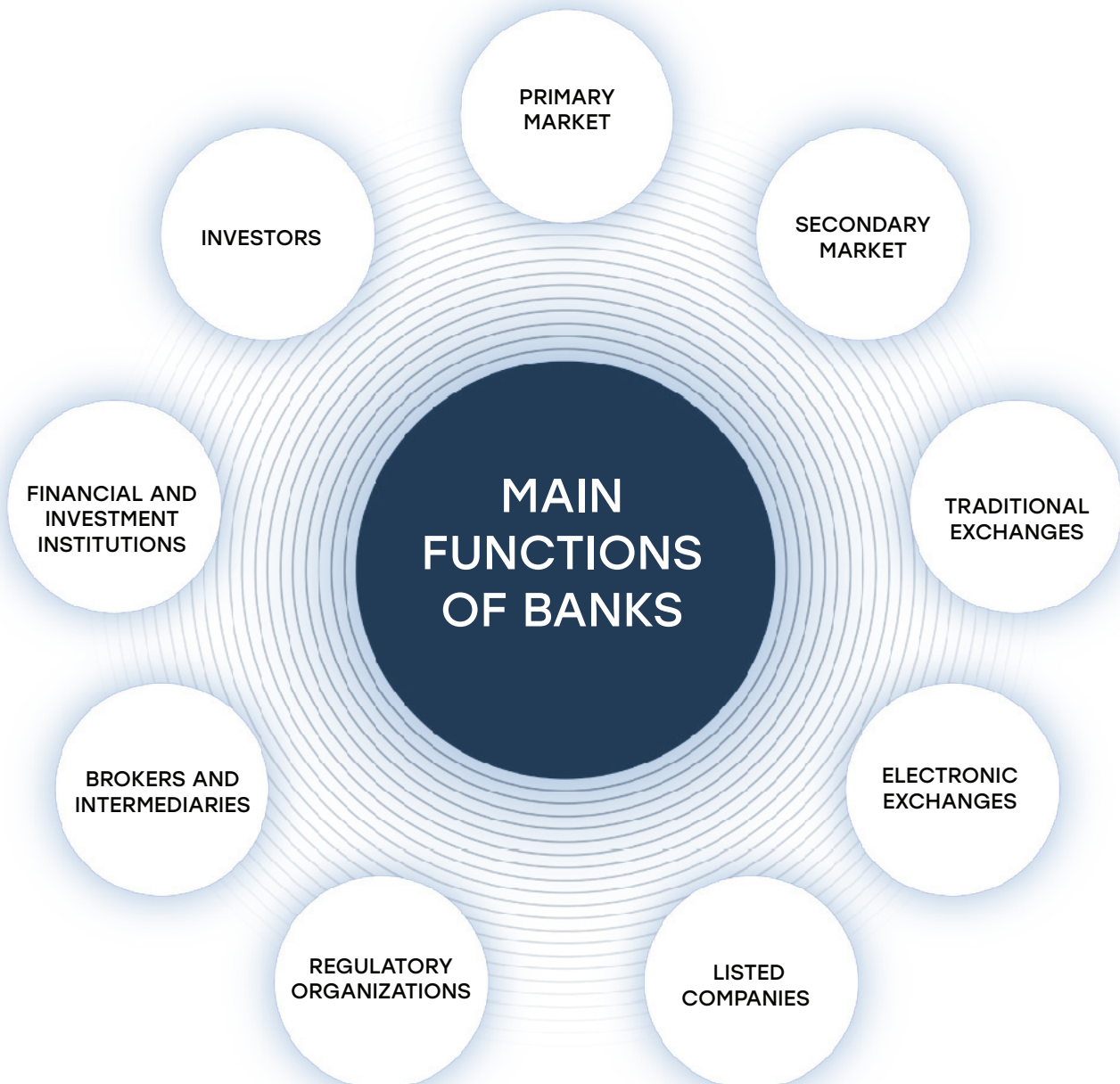
The Tehran Stock Exchange has undergone a long and complex journey from its early activities during the Qajar era to its establishment in the 1960s and subsequent expansion and development in recent decades. Despite numerous challenges and changes, the Tehran Stock Exchange remains a key pillar of Iran's financial markets and continues to seek improvement and advancement by leveraging new technologies. Stock exchanges have experienced significant transformations throughout history and are now recognized as vital components of global financial systems, facilitating trade, attracting investment, and managing risks.



STRUCTURE OF THE STOCK EXCHANGE

STRUCTURE OF THE STOCK EXCHANGE

The structure of a stock exchange can be divided into various sections, each playing a distinct role in the overall functioning of the stock market. These sections include:



PRIMARY MARKET

The primary market refers to the segment of the stock exchange where companies offer their securities to investors for the first time to raise the necessary capital for their projects and activities. This process is commonly known as an Initial Public Offering (IPO).

► Features of the Primary Market

Initial Securities Offering(CAR)	Capital Raising	Issuing Companies	Financial Intermediaries
In this market, companies sell their securities for the first time. These securities can include common stocks, bonds, and other types of financial instruments.	The main goal of the primary market is to raise capital for companies. This capital can be used for business development, investing in new projects, paying off debts, or other purposes.	Companies that offer their securities in the primary market are referred to as issuers.	Financial intermediaries such as investment banks typically play a role in the primary market, assisting companies with the initial securities offering process. These intermediaries may provide advisory services, initial pricing, and investor outreach.

► Process of Initial Securities Offering

- 1 Decision and Planning**
Companies decide to enter the primary market and begin the capital-raising process. This decision is usually made by the company's board of directors and senior management.
- 2 Selection of Financial Intermediaries**
Companies generally contract with one or more investment banks to assist with the initial offering process.
- 3 Preparation of Documentation**
Financial intermediaries help the company prepare the necessary documentation for the initial offering. These documents include financial information, business descriptions, strategies, and associated risks.
- 4 Initial Pricing**
The financial intermediary and the company work together to determine the initial price of the securities. This price is typically set based on financial analyses and market conditions.
- 5 Offering and Distribution of Securities**
After the initial price is set, the securities are offered to investors. This process usually takes place through the stock exchange, allowing investors to participate in the initial offering.
- 6 Capital Collection**
After the securities are sold, the company raises the required capital and can use it for its various purposes.

► Difference from the Secondary Market

Primary Market

In this market, securities are sold for the first time, and the proceeds from the sale go directly to the issuing company.

Secondary Market

In this market, securities that were previously sold in the primary market are traded again. Here, the proceeds from the sale go to the seller of the securities (previous investor) rather than the issuing company.

► Advantages and Disadvantages of the Primary Market



► Advantages

- **Capital Raising:** Companies can obtain the necessary capital for their development and growth.
- **Increased Reputation and Recognition:** An initial offering can enhance a company's reputation and visibility in the market.
- **Improved Liquidity:** The initial offering can help improve the liquidity of the company.



► Disadvantages

- **High Costs:** The process of an initial offering can involve significant costs for the company.
- **Increased Regulations and Requirements:** After the initial offering, the company must comply with additional regulations and requirements.
- **Market Pressures:** Publicly traded companies are often under greater pressure from shareholders and the market.

The primary market plays a crucial role in financing companies and fostering economic growth. It allows companies to advance their projects and achieve their financial and business goals by raising necessary capital. Conversely, investors can invest in new and emerging companies through the primary market and benefit from their growth.

SECONDARY MARKET

The secondary market is a segment of the capital market where securities that have already been issued in the primary market are bought and sold. Unlike the primary market, where companies and financial institutions offer their securities to investors for the first time, the secondary market involves trading these securities among various investors. The secondary market plays a critical role in providing liquidity for securities and allows investors to easily convert their investments into cash.

► Features and Importance of the Secondary Market

Liquidity

The secondary market enhances the liquidity of securities. Investors can easily buy or sell their securities at any time they wish.

Transparent Pricing

The secondary market helps determine the true value of securities by providing a structured environment for trading. These prices reflect supply and demand as well as market information.

Risk Reduction

The ability to buy and sell securities at any time helps investors reduce the liquidity risk of their investments.

Encouraging Investment

A vibrant and efficient secondary market can encourage investors to participate in the primary market, knowing they can sell their securities if they need liquidity.

► Types of Secondary Markets

Stock Exchanges

These exchanges provide a regulated and organized environment for buying and selling securities. Notable examples include the New York Stock Exchange (NYSE), NASDAQ, and the Tehran Stock Exchange (TSE).

Over-the-Counter (OTC) Markets

In these markets, securities are traded outside formal exchanges and are mostly conducted electronically. OTC markets are generally less regulated and include international transactions.

► Trading Mechanisms in the Secondary Market

1

Spot Market

In this market, transactions are executed immediately with cash payment.

2

Derivatives Market

This includes contracts such as futures and options, which derive their value from underlying assets.

3

Debt Market

This market involves the trading of debt securities like bonds.

► How the Secondary Market Operates

1

Supply and Demand

The price of securities in the secondary market is determined by supply and demand. Investors decide to buy or sell based on various information and financial analyses.

2

Brokers and Dealers

These individuals act as intermediaries between buyers and sellers, facilitating transactions.

3

Trading Systems

Many transactions in the secondary market are executed through electronic systems, which enhance the speed and efficiency of trading.

The secondary market plays a crucial role in the economy by allowing investors to easily trade securities, increasing liquidity, and contributing to fair and transparent pricing of securities. It consists of formal exchanges and OTC markets, utilizing various mechanisms for trading. A strong and efficient secondary market is vital for attracting new investments and promoting economic growth.

► Traditional Exchanges

Traditional exchanges are critical to the global economy, serving as organized venues for the buying and selling of securities, including company stocks, bonds, and other financial instruments. The structure of traditional exchanges includes various components that each play a specific role in ensuring smooth and efficient market operations.

Traditional exchanges are physical locations where securities are traded. These exchanges operate through in-person trading sessions. Notable examples of traditional exchanges include:

New York Stock Exchange (NYSE)

One of the largest and oldest exchanges in the world, where trading occurs both in-person and electronically.

Tokyo Stock Exchange (TSE)

A major exchange in Asia that plays a vital role in Japan's economy.

► Electronic Exchanges

Electronic exchanges or electronic trading platforms allow traders to buy and sell securities, currencies, commodities, and other assets online. These exchanges use information and communication technologies to facilitate trading processes and reduce costs. Below are explanations of different types of electronic exchanges and their features:

► Types of Electronic Exchanges

1	Electronic Stock Exchanges	Examples New York Stock Exchange (NYSE) and NASDAQ	Features These exchanges enable traders to buy and sell company stocks online. They use electronic systems to match buyers and sellers.
2	Electronic Forex Markets	Examples FXCM, OANDA	Features These markets are used for trading foreign currencies online, allowing traders to execute currency trades in real-time.
3	Electronic Commodity Exchanges	Examples Chicago Mercantile Exchange (CME), London Metal Exchange (LME)	Features Traders can buy and sell futures contracts and options related to various commodities like oil, gold, silver, and agricultural products.
4	Electronic Bond Markets	Examples Tradeweb, BondVision	Features These markets facilitate the online buying and selling of government and corporate bonds, allowing investors to participate in the debt market.
5	Electronic Derivatives Exchanges	Examples Intercontinental Exchange (ICE), Eurex	Features These exchanges facilitate online trading of derivatives such as futures and options.

In summary, the secondary market provides liquidity and transparency, essential for the efficient functioning of financial markets. Traditional exchanges offer physical venues for trading, while electronic exchanges leverage technology to streamline trading processes and reduce costs.

► Features of Electronic Exchanges

1. Quick and Easy Access: Traders can access the markets from any location with an internet connection.

2. Transparency: Price and trading volume information is published online in real-time, which enhances market transparency.

3. Cost Efficiency: Utilizing electronic systems can reduce transaction costs.

4. High Speed: Transactions are executed online in fractions of a second.

5. Global Access: Enables trading with companies and traders from around the world.

6. Variety of Financial Instruments: Electronic exchanges offer a range of financial instruments, helping diversify investment portfolios.

Electronic exchanges leverage advanced technologies to facilitate rapid, transparent, and efficient trading. These platforms play a significant role in streamlining trading processes and increasing access to global financial markets.

► Listed Companies

Listed companies are those whose shares are available for public trading on a stock exchange. To be listed, these companies must meet specific criteria and requirements set by the securities regulatory authority of each country. Below is a comprehensive overview of listed companies and the listing process:

► Listing Requirements and Conditions

1 Financial Transparency

Companies must provide clear and reliable financial statements, usually audited by independent auditors.

2 Profitability and Financial Stability

Generally, companies should have a history of profitability and demonstrate acceptable financial stability.

3 Corporate Governance

Companies must have a proper corporate governance structure, including a board of directors, CEO, and other management entities.

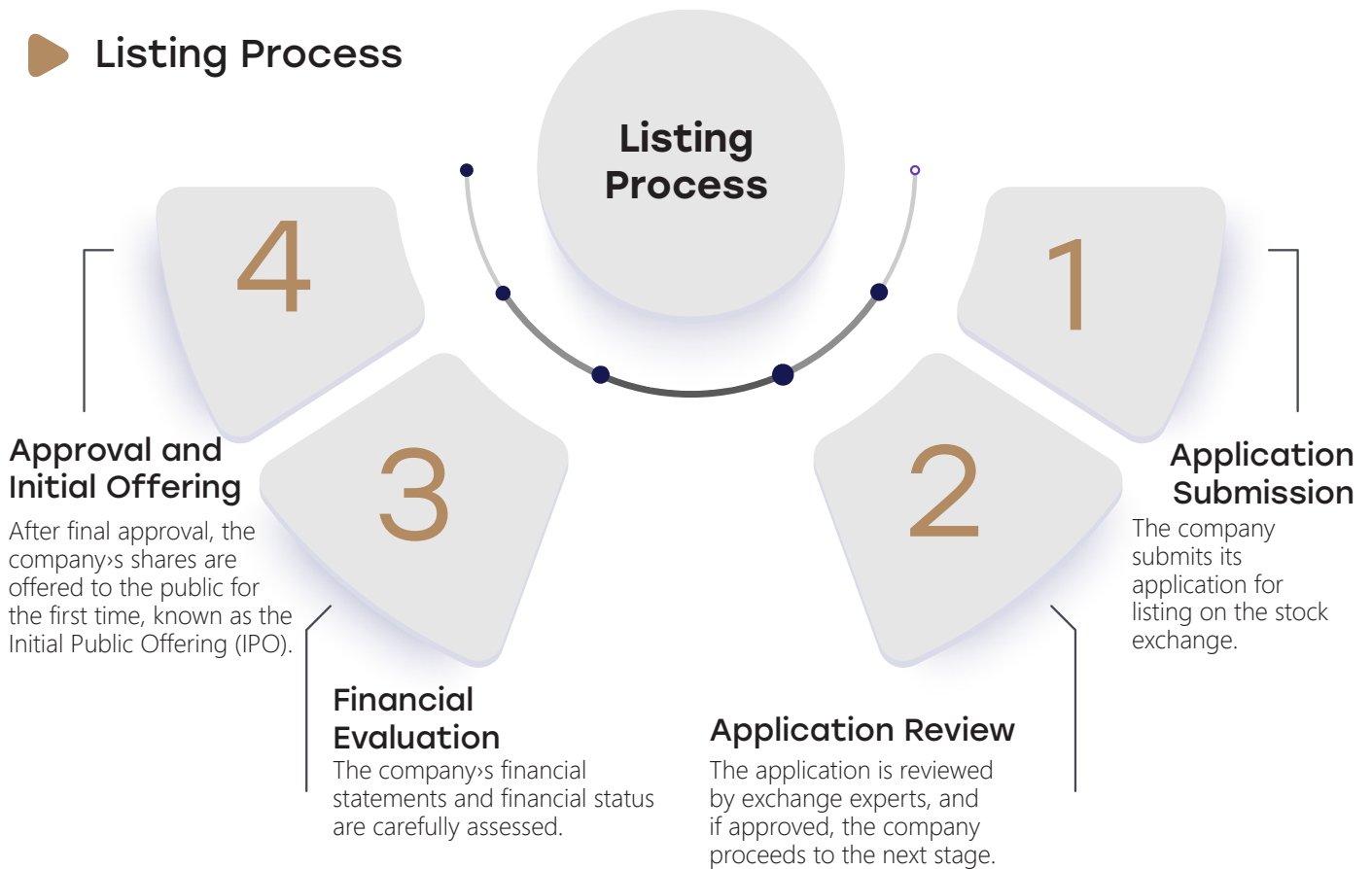
4 Capital and Shareholder Number

Companies must meet minimum capital and shareholder requirements, which vary according to the regulations of each exchange.

5 Compliance with Laws and Regulations

Companies must agree to adhere to all relevant securities laws and regulations.

► Listing Process



► Benefits of Listing

- 1. Capital Raising:** Companies can raise capital by selling shares, which supports their development and growth.
- 2. Increased Credibility and Reputation:** Listing on an exchange boosts the company's credibility and reputation in the market.
- 3. Liquidity of Shares:** Listed companies' shares are easily bought and sold, enhancing liquidity for shareholders.
- 4. Transparency and Corporate Governance:** Listed companies must adhere to transparency and corporate governance standards, which fosters investor confidence.
- 5. Market Value Increase:** Listing can lead to an increase in the company's market value, benefiting current shareholders.

► Examples of Notable Exchanges



TEHRAN STOCK EXCHANGE

Iran's primary exchange where many companies are listed.



NEW YORK STOCK EXCHANGE (NYSE)

One of the largest exchanges globally, featuring many large companies.



NASDAQ

Another major U.S. exchange, known for its technology companies.



LONDON STOCK EXCHANGE (LSE)

The main exchange in the UK, hosting numerous international companies.

Listing on a stock exchange is a complex process requiring adherence to regulations, but it can provide significant benefits to companies.

► Regulatory Bodies

In the structure of the stock market, regulatory bodies play a crucial role in ensuring fair, transparent, and efficient market operations. These organizations are responsible for overseeing all activities related to the stock market, including trading, company registration, information disclosure, and compliance with laws and regulations. Their duties generally include the following:

► Market and Transaction Oversight

- Monitoring and Analysis:** Regulatory bodies continuously monitor and analyze market transactions to ensure accuracy and transparency.
- Preventing Illegal Activities:** Overseeing and preventing violations such as price manipulation, insider trading, and other illegal market activities.

► Protecting Investor Rights

- Ensuring Information Transparency:** Monitoring the accurate and complete disclosure of information by companies to ensure that investors make decisions based on reliable data.
- Investor Protection:** Addressing complaints and grievances from investors and providing mechanisms for dispute resolution.

► Ensuring Compliance with Laws and Regulations

- Enforcing Exchange Rules:** Overseeing compliance with stock exchange rules and regulations applicable to companies, brokers, and other market participants.
- Inspection and Review:** Conducting periodic inspections and reviewing the financial documents and reports of companies and market entities.

► Promoting Market Transparency and Efficiency

- Developing Standards and Regulations:** Formulating and updating standards and regulations to improve market performance and transparency.
- Education and Awareness:** Providing education and guidance to companies and investors to increase awareness of market laws and regulations.

► Monitoring and Regulating Brokers and Financial Institutions

- Broker Oversight:** Monitoring the activities of brokers and other financial entities to ensure compliance with laws and regulations.
- Issuing Licenses:** Issuing and supervising licenses for various market entities, including brokerage firms and investment advisors.

► Collaboration with Other Regulatory and Governmental Bodies Institutions

- International Cooperation:** Collaborating with regulatory bodies in other countries and exchanging information to address international violations and strengthen market security.
- Government Collaboration:** Coordinating with governmental and financial agencies to implement macroeconomic and financial policies.

► Examples of Regulatory Bodies in the Stock Market

Securities and Exchange Commission (SEC)

In various countries, this organization is responsible for overall supervision of the capital market and ensuring compliance with laws and regulations.

Stock Exchange Associations

For example, the World Federation of Exchanges, which regulates and supervises the activities of exchanges internationally and sets standards for interactions between exchanges.

These regulatory bodies serve as guardians of the health and efficiency of the capital markets, providing investors with confidence that the market operates fairly and transparently.

► Requirements and Features of Regulation and Supervision in the Stock Exchange and Capital Market in the Age of Technology and Technology

In the current era, when information and communication technology is changing at an unprecedented speed, the capital market is also witnessing profound structural, practical and behavioral changes. This change requires new requirements and features for regulatory and supervisory institutions (such as the Securities and Exchange Organization of Iran) to be able to protect the health and stability of the market while supporting innovation.

1 Knowledge and understanding of new technologies

The first and most basic requirement for regulatory bodies is a comprehensive and up-to-date understanding of emerging technologies such as artificial intelligence (AI), machine learning (ML), blockchain, big data, robot 1, and cloud computing. Regulators should know how these technologies can be used in the capital market, what opportunities they create, and what new risks they bring. Without this recognition, effective organization will not be possible.

2 RISK-Based Regulation Approach

In the technological space, the supervisory approach to date has changed from a view based solely on fixed laws and regulations to an approach based on the analysis of risks. Supervisory bodies should be able to identify, evaluate, and prioritize new risks arising from technology (such as cyber risks, out-of-control algorithms, market manipulation with new tools) and allocate their resources to deal with the most risky areas.

3

Agile and Adaptive Regulation

The speed of technological developments is such that it is impossible to respond to it with traditional and fixed laws. Supervisory bodies must be agile and flexible. This means:

Development of «Regulatory Sandboxes»: Controlled environments that allow innovative fintech companies to test their innovative products and services under the limited supervision of the regulator and with controlled risk, before entering the original market..

Using Principles-Based Instead of Rules-Based: Formulating rules that govern the general principles instead of the smallest details, so that they have the necessary flexibility in the face of new technologies.

Continuous updating of regulations: Regulatory bodies must be prepared and capable to revise and amend their laws and regulations in response to technological innovations.

4

Using Technology in Surveillance (RegTech and SupTech)

Regulators themselves should use technology to improve their performance:

RegTech (Regulatory Technology): The use of technology to help companies comply with laws and regulations. This includes automated reporting systems, real-time monitoring, and detection of violations.

SupTech (Supervisory Technology): The use of technology by regulatory bodies to better perform their supervisory duties. This includes analyzing big data to identify suspicious patterns, using artificial intelligence to monitor trades and detect manipulation, and using data visualization tools to better understand the market situation. These tools can greatly increase the efficiency and accuracy of monitoring.

5

International Cooperation and Knowledge Exchange

The nature of the world of technology and financial markets requires that regulatory bodies do not act solely within the framework of the nation. International cooperation, exchange of experience and standardization are vital to tackling challenges such as cross-border cybercrime, money laundering through digital assets, and monitoring of multinational companies operating in the field of FinTech.



Protecting investors in the digital space

With the expansion of online access, new risks are being introduced for retail investors. Supervisory bodies shall:

Updating the Anti-Fraud and Market Manipulation Rules: These laws should also include serious forms of fraud that are carried out through digital platforms.

Increasing financial literacy and awareness: Educating the public about online investment risks, digital assets, and new fraudulent practices is of particular importance.

Strengthening Complaint Handling Mechanisms: Complaint handling systems need to be strengthened to promptly and effectively investigate violations in the digital space.

At the end of the day, regulation and supervision in the age of technology and technology is a comprehensive and dynamic approach that simultaneously encourages innovation and protects health, transparency and fairness in the capital market. It is a delicate balance that requires continuous investment in knowledge, technology and expert human resources in regulatory bodies.

► Brokers and Intermediaries

In stock exchanges, brokers and intermediaries play key roles in executing trades and facilitating market flow. Brokers are individuals who conduct trades on behalf of buyers and sellers. They are generally categorized into two types:

► Stock Brokers

Stock brokers are specifically engaged in buying and selling stocks and securities on the exchange. Their main responsibilities include:

Stock brokers are specifically engaged in buying and selling stocks and securities on the exchange. Their main responsibilities include:

• **Order Execution:** Receiving buy and sell orders from clients and entering them into the trading systems.

• **Investment Advice:** Providing financial advice and analysis to clients to aid investment decisions.

• **Trade Execution and Completion:** Executing client orders and ensuring accurate completion of trades.

• **Client Account Management:** Monitoring and managing clients' investment accounts and providing relevant reports.

• **Compliance:** Ensuring adherence to stock exchange rules and regulatory requirements.

► Stock Brokers

Market makers are responsible for providing bid and ask prices to ensure market liquidity. Their duties include:

• **Price Quotation:** Providing buy and sell prices for specific securities.

• **Liquidity Maintenance:** Maintaining a reasonable level of liquidity in the market to facilitate transactions.

► Intermediaries

Intermediaries are groups or entities that mediate between buyers and sellers. They include:

► Financial Advisory Firms

These firms provide financial advisory services to investors, including:

• **Investment Analysis and Advice:** Offering market analyses and advice to help investors make optimal decisions.

• **Portfolio Management:** Assisting investors in selecting and managing investment portfolios.

► Asset Management Firms

These firms manage investors' assets and include:

• **Portfolio Management:** Managing and overseeing clients' investment portfolios.

• **Investment Analysis and Selection:** Analyzing and selecting appropriate investments for client portfolios.

► Regulatory and Supervisory Bodies

These entities oversee the activities of the stock market and ensure compliance with laws and regulations. Their responsibilities include:

• **Regulating Rules and Regulations:** Formulating and overseeing compliance with stock market rules and regulations.

• **Market Surveillance:** Monitoring market activities to prevent violations and ensure a fair market.

Brokers and intermediaries each contribute to the facilitation and enhancement of market operations. Brokers assist investors by executing trades and providing specialized advice, while intermediaries, through financial consulting and asset management, improve the investment process and market performance.

INVESTORS

Investors in the stock market are individuals or entities who engage in the buying and selling of securities (such as stocks, bonds, investment funds, etc.) with the goal of earning profits and income. These investors can be categorized into various types, each with specific roles and objectives. Below is a detailed description of different types of investors and their roles.

Types of Investors in the Stock Market

1 Individual (Retail) Investors

Definition	Characteristics	Role
This category includes ordinary individuals who independently invest relatively small amounts of capital in the stock market.	They contribute to market liquidity by buying and selling stocks, keeping the market active.	Retail investors typically seek to profit from price fluctuations in stocks and other securities and may invest either short-term or long-term.

2 Institutional Investors

Definition	Characteristics	Role
This group includes financial institutions such as investment funds, insurance companies, banks, and other financial entities.	These institutions manage large volumes of capital and have a significant impact on the market due to their substantial buying and selling activities.	Institutional investors can stabilize the market and reduce volatility due to their financial power and expertise. They also assist in determining prices and creating investment opportunities for other investors through their detailed analyses and strategic decisions.

3 Professional Investors and Financial Advisors

Definition	Characteristics	Role
This group includes individuals who specialize in market analysis, capital management, and financial consulting.	Professional investors and financial advisors use technical and fundamental analyses to make investment decisions and may act as advisors for other investors.	They help improve investment decisions and market efficiency by providing precise analyses and investment strategies.

4

Definition

Venture capitalists typically invest in startups and early-stage companies that have not yet reached profitability.

Characteristics

This type of investment usually carries high risk but also offers the potential for high returns.

Role

They support innovative projects and new businesses, contributing to economic growth and job creation.

► Overall Role of Investors in the Stock Market

Providing Liquidity

1

Investors ensure market liquidity by buying and selling securities. This liquidity helps in keeping the market active and allows investors to execute trades quickly.

Price

Determination

2

Investors' decisions and trading activities contribute to the pricing of securities. This process is influenced by economic, financial, and market analyses.

Risk Distribution

4

By diversifying their investments across various assets, investors help reduce financial risks and market volatility. This risk distribution mitigates the negative impacts of market fluctuations on investments.

Supporting

Economic Growth

3

Investments help finance companies and projects, leading to economic growth. This includes investing in startups, infrastructure development, and increasing production.

Enhancing Transparency and Efficiency

5

Through their activities, investors contribute to the dissemination of information about company performance and economic conditions. This information supports market transparency and efficiency, enabling other investors to make informed decisions.

Investors play various crucial roles that enhance the performance and efficiency of the stock market. These roles include providing liquidity, determining prices, distributing risk, supporting economic growth, and enhancing market transparency.



3

THE ROLE OF STOCK EXCHANGES IN ECONOMIC DEVELOPMENT

THE ROLE OF STOCK EXCHANGES IN ECONOMIC DEVELOPMENT

The capital market, and especially the stock exchange, is not only a place for the exchange of stocks, but also plays a key role as a vital institution and the main driver in the sustainable economic development of countries. This role can be studied from different dimensions:

1 Long-Term Financing (Capital Formation)

The most important function of the stock exchange is to facilitate the process of financial integration for companies and governments. In contrast to the banking system, which mainly provides short-term and long-term loans, the stock exchange provides a platform for the offering of stocks (capital increase) and debt securities (such as partnership bonds and sukuk), in order to attract micro and macro capitals of the society. It provides long-term development projects. This financial consolidation will set in motion the wheels of production, innovation, and job creation and lead to the growth of the country's economic conditions. By selling their shares or debt securities on the stock exchange, companies can provide the necessary capital for development, innovation, purchase of new machinery and expand their activities by selling their shares or debt securities on the stock exchange.

2 Increasing the liquidity of assets and directing capital

By creating a secondary market, the stock exchange provides liquidity for stocks and other securities. This means that investors can convert their shares into cash whenever they want. This feature increases the attractiveness of investment and causes the wandering capitals in the society to be directed towards productive activities. In the absence of an active stock exchange, a lot of capital may be locked up in unproductive markets such as gold, currency, or housing and may not contribute to economic growth.

3

Transparency and Promotion of Corporate Governance

Companies listed on the stock exchange are required to observe high standards of transparency and disclosure of information. These companies regularly publish their financial reports, profit and loss statements, and important events. This transparency not only helps investors make more informed decisions, but also improves corporate governance and managerial accountability. Stock exchange companies are under the continuous supervision of shareholders and regulatory bodies, which in turn leads to improved performance, reduced corruption, and increased productivity.

4

Discovering the value and efficiency of the market

The stock exchange acts as an efficient mechanism for discovery. The prices of stocks and other securities in the stock market are the result of the interaction of supply and demand of millions of investors and various information that is quickly reflected in the market. This process of discovering a fair and instantaneous value helps to allocate the optimal allocation of resources in the economy. Prices, as economic signals, direct capital to industries and companies with higher returns and growth potential.

5

Economic Surveying Tool and Reflecting the Health of the Economy

Stock market indices (such as the total stock index, the index of various industries) act as an important economic thermometer. The fluctuations in these indicators can be a sign of health, growth, recession, or even an economic crisis. Governments and policy-making institutions use these indicators to assess the state of the economy, formulate monetary and fiscal policies, and predict future trends. An active and efficient stock exchange is an important tool in the hands of policymakers to manage liquidity, control inflation, and stimulate economic growth.



Distribution of wealth and democratization of investment

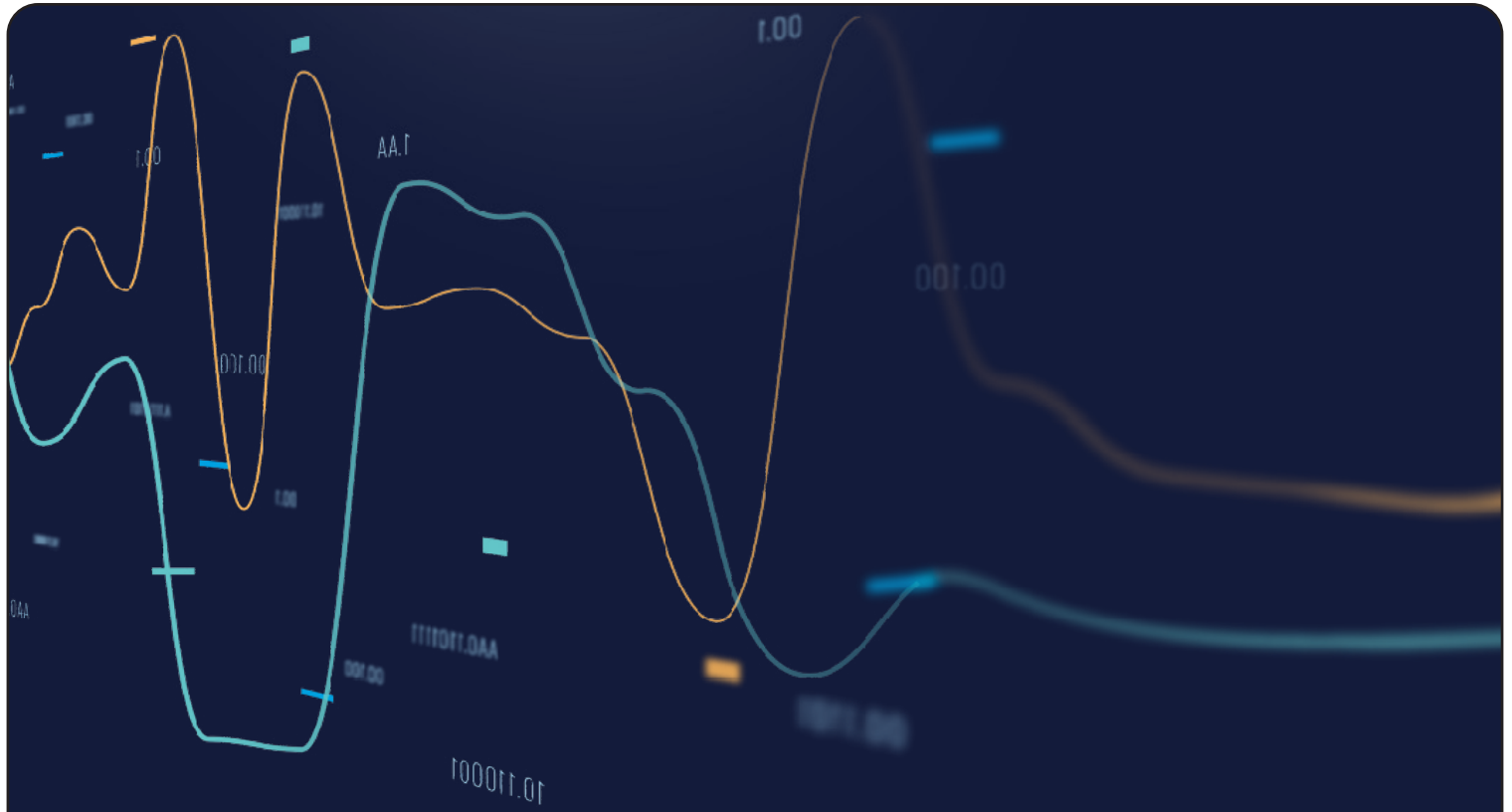
The stock exchange provides investment opportunities for members of society, even with small capitals. This will help to distribute wealth more equitably and reduce inequality. Through the stock exchange, people can directly participate in the ownership and profitability of large and successful companies in the country and benefit from economic growth. The development of online tools and investment funds has made this access easier than ever.



Attracting foreign investment

A well-developed and transparent capital market can attract foreign investment. The arrival of foreign investors, in addition to bringing in financial resources, brings with it technical knowledge, technology and management experience, which in turn contributes to the growth and development of the country's economy.

In general, the stock exchange has become the backbone of economic development in developed and developing countries by facilitating financing, increasing transparency, improving corporate governance, discovering efficient pricing, playing a role in economic questioning, and expanding public participation.



4

THE ROLE OF THE STOCK EXCHANGE IN THE ECONOMIC DEVELOPMENT OF IRAN

THE ROLE OF THE STOCK EXCHANGE IN THE ECONOMIC DEVELOPMENT OF IRAN

The Tehran Stock Exchange (TSE), established in 1967, has played a crucial role in Iran's economy. The role of the stock exchange in Iran's economic development can be summarized as follows:

► Providing Financing for Iranian Companies

oCapital Raising: The Tehran Stock Exchange allows companies to raise the necessary capital for projects and business expansion through public offerings of stocks and bonds. This is especially important during times of limited financial resources.

oDiverse Financial Instruments: The Tehran Stock Exchange offers various financial instruments, including stocks, bonds, and derivative instruments, to attract capital.

► Increasing Transparency and Regulation

oEnhancing Transparency: Companies listed on the stock exchange are required to provide periodic financial and operational reports, which increases transparency and investor confidence.

oStrict Oversight: The Securities and Exchange Organization of Iran oversees and regulates stock market activities, establishing regulations to maintain an orderly and efficient capital market.

► Strengthening the Real Economy

oEnhancing Transparency: Companies listed on the stock exchange are required to provide periodic financial and operational reports, which increases transparency and investor confidence.

oStrict Oversight: The Securities and Exchange Organization of Iran oversees and regulates stock market activities, establishing regulations to maintain an orderly and efficient capital market.

► Supporting Government Economic Policies:

oPolicy Tool: The Government of the Islamic Republic of Iran uses the stock exchange to issue government bonds for financing projects and economic policies. This tool enables the government to raise the necessary financial resources.

► Creating Job Opportunities and Enhancing the Labor Market

oJob Creation: As companies grow and economic activities increase on the stock exchange, new job opportunities are created, helping to reduce unemployment rates.

oHuman Resource Development: Stock exchange activities contribute to the development of financial and managerial skills nationwide, fostering the education and training of specialized financial and economic professionals.

In the Iranian economy, the stock exchange and other subsidiary exchanges (commodities and energy) in recent decades have gradually gained a more important place in the process of economic development and financial integration. Despite the structural challenges and special fluctuations of the Iranian economy, the stock exchange has been able to play vital roles in various dimensions:

1 The main channel of long-term financing (with approximate statistics and trends):

Since the 2000s, the stock exchange in Iran has increasingly been introduced as an alternative to the banking system in the long-term financial financing of companies.

Financing companies: A significant amount of capital is attracted annually through increasing the capital of companies and the initial offering of shares on the stock exchange and OTC. These resources are used for the development of production capacities, the implementation of development plans, the restructuring of industries and the improvement of productivity. For example, in recent years, the balance of financing of companies from the stock exchange has been on an upward trend and has reached thousands of thousands of billions of rials, which indicates the increasing share of the stock exchange in meeting the financial needs of the real sector of the economy.

Financing of the government and state-owned companies: The issuance of various types of sukuk and Islamic treasury bills by the government and state-owned companies in the stock exchange provides a significant part of their financial needs. These bonds not only help the government manage the budget deficit, but also provide investors with a variety of investment tools by creating a dynamic debt market. The volume of government bond transactions has increased significantly in recent years.

2 Directing Criticism and Combating Inflation

Due to the inflationary nature of Iran's economy, the stock exchange can act as an efficient tool to direct the society's wandering liquidity from unproductive markets (such as gold, currency, housing) to productive and productive activities. When capital enters the stock exchange, instead of leading to an increase in the price of unproductive assets, it helps the development of industries and domestic production. This can reduce inflationary pressure and contribute to economic stability. The experience of recent years (especially during the boom of the stock market) is evidence of this role.

3 Increasing transparency and improving corporate governance

Listing on the stock exchange requires companies to submit accurate financial reports and comply with higher standards of transparency. This, especially in a country like Iran, where the government and quasi-governmental sectors play a prominent role, can lead to improved corporate governance and increased accountability of managers. Transparency of information allows investors and regulators to more closely monitor the performance of companies and prevent abuses.

4

Supporting the privatization and distribution of wealth

The stock exchange has played an important role in the privatization process of state-owned companies in Iran. The offering of shares of state-owned companies on the stock exchange, in addition to providing financial resources for the government, helps to distribute wealth more equitably and expand public ownership of companies. Also, the possibility of micro-investment in the stock market provides the opportunity to participate in the macroeconomy for the vast strata of the society and helps to increase social justice.

5

A platform for the development of new financial instruments

Due to the potentials in the Iranian economy, the stock exchange has become a platform for the development and introduction of new financial instruments. Instruments such as various types of investment funds (equity, fixed income, mixed, venture, real estate), derivatives (futures and options), as well as various debt securities (such as Sukuk, Ijara, Murabaha, Istisna) that are designed according to the Shari'a laws of the country, have helped to increase the depth and diversity of the market and attract different types of investors.

6

Job creation and infrastructure development

The prosperity of the capital market and the ease of financing for companies will help the growth of the economy and in the result of job creation. Also, the development of information technology infrastructure in the stock exchange (such as online trading system and analytical tools) itself creates new job opportunities in the field of fintech and financial services.

Despite the above important roles, the stock market in Iran faces challenges such as being affected by macroeconomic variables (such as inflation rate, exchange rate, and government decisions), the instability of laws and regulations, and the need for more generalization of the investment culture. However, due to the country's financing needs and the existing potentials, the stock exchange will continue to be a vital tool for advancing the development goals of the Iranian economy in the coming years.



TYPES OF STOCK EXCHANGES IN IRAN

TYPES OF STOCK EXCHANGES IN IRAN

In Iran, the stock market is divided into several main types, each with its unique features and applications. Below are the active stock exchanges in Iran along with their descriptions:

1 Tehran Stock Exchange

The Tehran Stock Exchange, also known as «TSE,» is the most significant and oldest financial market in Iran. It consists of several main markets:

Base Market

For companies that do not meet the criteria for the first and second markets and have weaker financial conditions. This market is divided into three sections:

First Section

Includes large and well-known companies across various industries.

Second Section

Includes companies that have recently entered the stock exchange and are in a growth phase.

Yellow Section

For companies with relatively acceptable financial status.

Orange Section

For companies with relatively weak financial status.

Red Section

For companies in a critical financial situation.

2 Iran Fara Bourse

Iran Fara Bourse operates as a parallel financial market to the Tehran Stock Exchange, offering various securities and financial instruments. It includes several sections:

Base Market

Similar to the base market of the Tehran Stock Exchange, it includes companies with weaker financial conditions and is divided into:

First Market

For reputable and large companies that have directly entered this market.

Second Market

For medium-sized companies with growth potential that do not meet the criteria for the first market.

Yellow Section

For companies with relatively acceptable financial status.

Orange Section

For companies with relatively weak financial status.

Red Section

For companies in a critical financial situation.



Iran Commodity Exchange

The Iran Commodity Exchange specializes in trading essential and industrial commodities, including agricultural products, metals, energy, and petrochemicals. It is divided into three main sections:

Physical Market

Where physical commodities are bought and sold.

Financial Market

Includes financial instruments based on commodities, such as futures and options contracts.

Derivatives Market

Where derivative contracts and other financial instruments based on commodities are traded.



Iran Energy Exchange

The Iran Energy Exchange focuses on trading energy commodities, including oil, gas, and electricity. It includes three main sections:

Electricity Market

For trading electricity and related financial instruments.

Oil and Gas Market

For trading crude oil, petroleum products, and natural gas.

Energy Derivatives Market

For derivative financial instruments based on energy commodities.

► Digital Stock Exchange and New Markets

● Introduction: The Digital Revolution and the Capital Market– A Transformation from Tradition to the Future

The present era, with its distinctive features such as the accelerating pace of technological changes, interconnection with network interruptions, and the volume of data history, is truly the era of the digital revolution. In the meantime, no industry has been spared from these fundamental changes, and the capital market is at the center of these developments. From the tumultuous physical exchanges in the halls to the most sophisticated trading algorithms, information and communication technology has not only transformed the way transactions are conducted, but has also redefined the structure, processes, tools, and even nature of investing. The «digital exchange» is not an abstract concept, but the reality of today's and tomorrow's financial markets, a reality in which speed, accuracy, accessibility and analysis of data have created serious competitive advantages.

This section delves into the various dimensions of the digital exchange and new markets, showing how advanced technologies are presenting unprecedented opportunities and challenges for investors, companies, financial institutions, and regulators around the world, especially in the capital market of Iran. The purpose is to provide a comprehensive picture of this dynamic ecosystem and to examine the course of its future developments.

● Online Trading & Platforms: The beating heart of the digital exchange

The most fundamental and tangible symbol of the digital transformation in the capital market is the emergence and expansion of online trading and digital platforms. This development has taken access to the market out of the monopoly of professional traders and made it possible for millions of small and large investors around the world, with just one click.

● Evolution from the trading floor to virtual platforms

In the recent past, stock trading took place mainly in the physical halls of the stock exchange and with the presence of brokers and traders. The process of buying and selling required a phone call to the broker, sending book orders, and doing a manual transaction that was time-consuming and costly. With the introduction of communication networks and networks, first automated trading systems and then fully automated systems were formed. Today, a large part of the transactions in advanced stock exchanges, as well as in the Tehran Stock Exchange, are completely done in the form of one electron and through online platforms. These platforms are a virtual gateway to enter the capital market.

● Advantages of online trading

Easy and easy access: Investors can access the market from anywhere, at any time (during trading hours), from their personal computer, tablet or mobile phone. This pervasive access has removed geographical and temporal barriers and has greatly increased public participation in the capital market. In Iran, too, the expansion of access to the Internet and the mobile devices of brokerages has led to the entry of millions of serious investors into the stock market in recent years.

High speed of trading: Buy and sell orders are quickly entered into the trading system and are executed almost immediately. This high speed is useful for short-term traders and those looking for arbitrage opportunities.

Reduced transaction costs: With the elimination of physical intermediaries and the automation of processes, the costs of fees and other costs related to trading have been significantly reduced. This reduction in costs, especially for retail investors, increases the attractiveness of investments.

Greater transparency: Online platforms provide investors with market information (real-time prices, trading volumes, market depth, news and announcements) in real time. This information transparency helps to make more informed decisions and reduces the possibility of price manipulation.

Analysis tools and information: Many online platforms provide users with analytical tools, charts, technical indicators, and access to news and analytical reports to help them make better decisions.

User Account Management: Investors can easily view and manage the status of their assets, profits and losses, transactions, and trading folders in the user panel.

● Challenges and Considerations of Online Trading

The need for financial literacy and risk-taking: Easy access does not necessarily mean a successful investment. Online investors, especially newcomers, need to be financially literate, understand the risks of the market, and control their movements. Failure to pay attention to these issues can lead to significant damages.

Cybersecurity: With the increase in online activity, the risks of cyberattacks, hacking of user accounts, and theft of information increase. The protection of users' personal information and property is a top priority for brokerages and regulators.

Technical malfunctions: Any disruption in trading systems, internet outages, or software problems can prevent trading and impose losses on investors.

Volatility Effect: The high speed of online trading can lead to emotional and momentary decision-making, which is often against the long-term interests of investors.

In Iran, the expansion of online trading, especially after the years 2019 and 2020, has brought the capital market out of its relative isolation and turned it into a far-fetched market. However, continuous education, strengthening of secure infrastructure and intelligent monitoring of online activities are among the most important challenges facing this part of the capital market in the country.



CHALLENGES AND OPPORTUNITIES OF STOCK MARKET IN IRAN

CHALLENGES AND OPPORTUNITIES OF STOCK MARKET IN IRAN



CHALLENGES

1

Economic and Political Volatility

Inflation and Exchange Rates: Severe fluctuations in inflation rates and exchange rates can lead to investor uncertainty and reduced economic activity.

International Sanctions: International economic sanctions can impact Iran's economic and trade relations, causing volatility in the stock market.

2

Infrastructure and Technology Deficiencies

Software and Hardware

Infrastructure: The lack of adequate infrastructure for online trading and IT systems can diminish market efficiency and transparency.

Cybersecurity: Security vulnerabilities in trading systems pose risks to investors.

3

Transparency and Oversight

Information Transparency: Insufficient transparency in financial and operational information of companies can erode investor confidence.

Inadequate Oversight: Inadequate oversight of company performance and transactions can lead to corruption and financial misconduct.

4

Education and Awareness

Lack of Training and Awareness:

Insufficient specialized training for novice investors can result in poor decision-making and financial losses.

Weak Culture of Investment:

Inadequate investment culture can create fear and hesitation among potential investors entering the stock market.

5

Government Interference

Excessive Government Intervention:

Excessive government intervention in the stock market and sudden changes in laws and regulations can cause market instability.

CHALLENGES AND OPPORTUNITIES OF STOCK MARKET IN IRAN



OPPORTUNITIES

1

Economic Growth and Infrastructure Development

Infrastructure and Industrial Projects: Investing in large infrastructure and industrial projects can spur economic growth and increase market activity.

Technological Advancements:

Utilizing modern technologies and updating technological infrastructure can enhance market efficiency and transparency.

2

Legal and Regulatory Reforms

Improving Laws and Regulations: Reforms in financial laws and regulations can boost investor confidence and attract foreign investment.

Investor Protection: Strengthening investor rights and oversight of company performance can make the market more attractive and secure.

3

Education and Awareness

Educational Programs: Conducting specialized training and informational programs can enhance investor knowledge and skills.

Promoting Investment Culture:

Encouraging investment culture and raising awareness about the benefits of stock market investment can increase public participation.

4

Attracting Foreign Investment

International Cooperation: Collaborating with international financial institutions and attracting foreign investors can contribute to market growth and development.

Sanction Relief: Reducing sanctions and improving international relations could facilitate greater foreign investment.



INNOVATION AND TECHNOLOGY

THE DRIVING ENGINE OF TRANSFORMATION IN THE CAPITAL MARKET

► Introduction: The Innovation Revolution in the Capital Market – An Era of Uninterrupted Transformation

In the new millennium, the word «innovation» is no longer just a desirable concept, but has become a vital necessity for survival and competition in any industry, especially in the dynamic field of finance. The capital market, which has been constantly evolving throughout its history, has witnessed unprecedented transformations in recent decades, rooted in significant technological advancements. «Innovation and technology» in this field means the use of digital tools, advanced computing methods, and new analytical models that aim to improve efficiency, increase transparency, reduce costs, and create new opportunities for investors and financial institutions. This revolution has crossed traditional boundaries and completely changed the outlook of the capital market.

This section examines the deepest aspects of innovation and technology in the capital market, from artificial intelligence that revolutionizes solutions to blockchain that redefines the basis of trust and transparency. We seek to show how these innovations are not merely tools for facilitating activities, but also form the main pillars of the new structure of the financial markets and contribute to the formation of the «stock exchange of the future».

1 Artificial Intelligence (AI) and Machine Learning: Beyond Simple Analysis

Artificial intelligence (AI) and its subsidiary, machine learning (ML), are now known as the most powerful engines of analysis and decision-making in the capital market. These technologies are capable of processing vast amounts of data at incredible speeds and discovering patterns and connections that are impossible for the human mind.

1.1. Predictive analysis and complex regression models:

Artificial intelligence can create much more sophisticated predictive models than traditional statistical methods. By using the Edgiri MashYin Orphan Model, it is possible to predict the future trends of prices, market fluctuations, and even the behavior of investors more accurately. These models are not limited to price data and trading volumes, but also include macroeconomic data, news, social networks, and even weather patterns. These solutions, especially in volatile markets, provide a significant competitive advantage for decision makers.

1.2. High-Frequency Trading (HFT): Speed at Peak:

Artificial intelligence forms the basis of Yatami Gamor trading, in which Comp Utters automatically execute buy and sell orders at millisecond speeds based on the predefined Orphan Algorithm. A more advanced type is high-frequency trading (HFT), in which millions of transactions are executed in fractions of a second. These systems react to the slightest fluctuations in different markets (even between different exchanges) and take advantage of arbitrage opportunities. Although HFT helps to increase market liquidity and efficiency, it also brings challenges such as increased flash crashes and the emergence of very powerful infrastructures.

1.3. Natural Language Processing (NLP) and Sentiment Analysis: Market Pulse Reading:

Artificial intelligence (NLP) is capable of processing vast amounts of text and audio data (such as financial news, corporate reports, tweets, news articles, and even conference calls) slowly. Sentiment analysis is a subset of NLP that can identify the dominant tone and emotions in these texts (e.g., positive, negative, neutral). This capability allows investors to predict the market's reaction to news events or to know how public sentiment toward a company or industry has changed. For example, if sentiment analysis shows that news about a company is going negative, this could be a signal for portfolio growth.

1.4. Robo-Advisors and Personalization of Portfolio Management:

Robo-advisors are digital platforms that use AI themes to provide investment advice and automated portfolio management. These systems suggest personalized investment portfolios based on the user's answers to questions about risk balance, financial goals, and investment horizons, and automatically rebalance them. The main advantage of robo-advisors is easy access, lower costs than human advisors, and the elimination of human grief in decision-making. These instruments are especially attractive to retail investors and those who are new to the market. In Iran, this technology is being developed in the form of intelligent analysis tools and portfolio suggestions in the form of brokerages and investment platforms.

1.5. Applications in Fraud Detection and Risk Management:

Artificial intelligence plays a vital role in strengthening monitoring and risk management mechanisms. ML algorithms can identify anomalous trading patterns and detect cases such as market manipulation, insider trading, money laundering, and other criminal activity with high accuracy. These systems can also help to manage the risk of the U portfolio, by predicting future risks and suggesting solutions to mitigate them. For regulators (RegTech and SupTech), AI is a powerful tool for more efficient monitoring and reduced manual workload.



Blockchain technology and the prospect of decentralized markets

Blockchain, the underlying technology for cryptocurrencies such as Bitcoin, is now recognized as one of the most potential innovations for redefining the infrastructure of the capital market. The distributed, decentralized, and immutable nature of blockchain promises to increase transparency, security, and efficiency in financial processes.

2.1. The concept of blockchain yen and its application in the capital market is:

Blockchain is a distributed ledger technology (DLT) that stores transactions in blocks that are cryptographically connected. Each transaction is recorded in this ledger in a transparent and unchangeable manner and its copies are made available to all participants in the network. These and other features have a wide range of applications in the capital market:

Increased transparency and trust: By recording all transactions in a public and immutable ledger, the need for centralized intermediaries to build trust is reduced.

Operational Risk Reduction: Removing the vulnerable center point makes the system more resistant to cyber attacks and interruptions.

Faster and Cheaper Clearance and Settlement: Complex and time-consuming processes of clearance and settlement can be done instantaneously and automatically with the yen blockchain, which reduces costs and increases liquidity.

2.2. Tokenification of assets:

One of the most attractive uses of blockchain is the tokenization of assets. This process involves converting ownership rights on real-world assets (such as stocks, bonds, real estate, artwork, commodities, and even intangible assets) into digital tokens on the yen blockchain. These tokens represent a fraction of the ownership of all the holdings and can be fragmented and fractionalized.

Increased liquidity: Assets that have traditionally had low liquidity (such as real estate) can be tokenized into smaller units and traded easily on the digital markets.

Increased Availability: Tokenization makes it possible for retail investors to invest in expensive assets with small amounts.

Reducing costs and complexity: The legal and administrative processes related to the transfer of ownership of traditional assets are simplified and cheaper by tokenization and the use of smart contracts.

2.3. Smart Contracts and Ion Automation:

Smart contracts are computer codes that run on the blockchain and automatically execute the agreed terms if certain conditions are met. These contracts have numerous advantages in the capital market:

Process Automation: Paying interest on bonds, settling trades, executing options, and other complex financial operations can be done automatically and seamlessly by humans.

Increasing accuracy and reducing error: Eliminating human error in the execution of contracts.

Increasing efficiency and reducing costs: accelerating processes and reducing the use of intermediaries.

Increased transparency: The terms and conditions of contracts can be seen and confirmed on the Yin blockchain.

2.4. Digital Asset Exchanges and Relation to Cryptocurrencies:

The development of the yen blockchain has led to the emergence of new markets for digital assets, including cryptocurrencies and security tokens. While cryptocurrencies such as Bitcoin and Ether are not directly traditional investment instruments, their exchanges (digital asset exchanges) are evolving to provide broader financial services. These platforms can host stock-like tokens and other tokenized assets in the future and act as new markets. In Iran, due to legal and regulatory considerations, there is still no formal and extensive platform for trading cryptocurrencies or stock-like tokens (except for specific projects), but the potentials of this field are considered.

Big Data and Advanced Analytics: Uncovering Hidden Patterns

In today's world, the volume and speed of data collection has reached such a level that the term «big data» is used to describe it. The capital market is also one of the largest sources of data, from real-time data and trading volumes to corporate financial reports, economic news, social media activities, and even satellite data.

3.1. Data sources in the capital market are:

Traditional financial data: Daily and real-time prices of stocks, bonds and commodities, trading volumes, financial statements of companies, quarterly and annual reports.

Alternative Data: This category includes data that has not traditionally been used for financial analysis but has become important in the digital age. Examples include:

- Social media data (posts, comments, trends) to gauge market sentiment.
- Satellite data (e.g., for estimating the output of a store or the production of factories).
- Ship tracking data to estimate the supply and demand of goods.
- Credit card transaction records or internet search data to analyze consumer behavior.
- Text of news and media reports to analyze the market reaction.

3.2. Data Collection, Processing and Storage Tools:

For managing and analyzing big data, advanced tools have been developed. Cloud computing systems allow for the storage of large amounts of data with high flexibility. NoSQL databases and distributed processing tools such as Apache Hadoop and Spark are used to efficiently process structured and unstructured data. These tools provide the necessary platform for extracting valuable information from the data stream.

3.3. Data Visualization and Management Dashboards:

Even with advanced solutions, it is important to present information in a way that is understandable and practical for decision makers. Data visualization tools (such as Tableau, Power BI) and management dashboards allow for the visualization of the most complex solutions in the form of graphs, graphs, and heatmaps. These tools help investors, managers, and analysts to quickly identify patterns, trends, and vital points in the data and make better decisions.

3.4. Root Analysis and Finding the Causes of Market Behavior:

By using big data and ML orphan algorithms, solvers can look beyond observing correlations to find the cause of market behavior. For example, it is possible to identify the real factors affecting the volatility of a particular industry or the behavior of a stock by analyzing extensive data. This type of analysis helps investors to formulate longer-term strategies based on a deeper understanding of market drivers rather than momentary reactions.

FinTech and Recreating Financial Services

Fintech, or financial technology, means the use of technology to improve and automate the provision and use of financial services. This field is growing rapidly and includes a wide range of innovations that have a direct impact on the capital market.

4.1. Crowdfunding Platforms: Democratizing Capital Funding:

Crowdfunding allows companies, startups, or specific projects to raise capital from a large number of people (population) rather than a few large investors. These platforms have revolutionized the traditional process of financial financing, which was usually limited to banks or risky investors. There are different types of crowdfunding, the most important of which are:

Equity crowdfunding: Investors receive shares of the company in exchange for financial assistance. This method, especially for startups and small companies that do not have access to the stock exchange, creates financial opportunities.

Debt crowdfunding/peer-to-peer lending: Individuals lend to companies or other individuals and earn interest in return.

Reward crowdfunding: Investors receive a product or service in exchange for a donation.

Donation crowdfunding: Without expecting a return on money, just to support a cause. Crowdfunding helps increase access to finance for start-ups as well as increase public participation in investment. In Iran, examples of crowdfunding platforms have been launched to support small businesses and special projects that operate under the supervision of the Stock Exchange Organization.

4.2. Mobile Applications and Micro-Investment:

The expansion of the use of smartphones and the development of Apple's financial services have made investment more accessible. These Apple units allow users to:

Open their investment accounts.

They can buy and sell stocks, investment funds, and other securities.

Find real-time market information, news, and analytical reports.

They have access to simple analytical tools. This ease of access, especially for the younger generation and people who did not have access to the capital market before, is very attractive and helps micro-investment and the development of the culture of investment.

4.3. RegTech (Regulatory Technology) and SupTech (Supervisory Technology): Innovation in Regulation and Supervision:

Technology has provided new tools not only for market participants, but also for regulatory and supervisory bodies:

RegTech: Helps companies automate and streamline compliance processes using technology. This includes automatic reporting to regulatory bodies, identification of potential internal breaches, and management of surveillance risks. The goal is to reduce the cost of compliance and increase the accuracy of reporting.

SupTech: Allows regulators to use advanced technologies (such as artificial intelligence and big data) to perform their surveillance tasks more efficiently and accurately. Examples include:

- Real-time market monitoring to identify suspicious trading patterns and price manipulation.
- Predictive Analysis to Identify Systemic Risks and Conflict of Crises.
- Using artificial intelligence to process huge volumes of reports and detect hidden violations.
- Manage surveillance data and increase transparency for the public. These tools help regulators keep pace with the pace of technological developments in the market and protect its health and stability.

4.4. Digital Payments and New Settlement Systems:

Fintech has also brought important innovations in the field of payments and settlements. The use of mobile payment technologies, digital money keys, and Real-time Gross Settlement (RTGS) systems has greatly increased the speed and efficiency of financial transfers. In the future, the potential of using the Yin blockchain for Delivery versus Payment (DvP) can help reduce the risk of settlement and speed up the entire trading process.

5 Cybersecurity and Cyber Risk Management Technology

With the increasing dependence of the capital market on technology and the digitization of processes, cybersecurity has become one of the most important and vital challenges. A successful cyber attack on an exchange broker can lead to massive financial losses, loss of public trust, and even instability in the entire financial system.

5.1. Increasing cyber threat in the financial market:

The Saibri invaders have become increasingly sophisticated and organized. Threats such as malware attacks, ransomware, phishing, DDoS attacks, and unauthorized access to sensitive information are always targeting the infrastructure of the capital market. The financial and personal information of investors, the high volume of transactions, and the vital role of the stock exchange in the economy make it an attractive target for cyberattacks.

5.2. The importance of information security and data protection:

The protection of customer information (including personal information, trading history and account balances), trading data and critical infrastructure is an absolute priority. Data breaches can lead to a loss of trust, heavy surveillance fines, and serious reputational damage. Therefore, it is essential to invest in advanced security systems, data encryption, identity and access management, and the adoption of robust secure protocols.

5.3. Cyber Security Defense Strategies and Strategies:

Capital market institutions and financial technology companies should develop a comprehensive cybersecurity strategy that includes:

Security Action Center (SOC): Expert teams that monitor systems around the clock and respond to threats.

Intrusion Detection Systems (IDS/IPS): Tools that detect and block suspicious activity.

Staff training and awareness-raising: Human beings are often the weakest link in the cybersecurity chain. Regular employee training on phishing threats, social engineering, and compliance with secure protocols is crucial.

Disaster Recovery and Business Continuity: Plans to ensure that in the event of a major attack or medical disaster, systems can be quickly recovered and market operations can continue.

Cooperation with Surveillance and Security Agencies: Sharing threat intelligence and cooperating to counter cybercrime.



Innovation in financial instruments and new products

Technology has not only changed the way we trade, but it has also helped to create new and more complex financial instruments that allow investors to manage risks or access new investment opportunities.

6.1. Hybrid Securities:

These bonds, and the characteristics of stocks and bonds, leave together, such as partnership bonds convertible into shares or preferred shares. Innovation in the structure of these bonds allows companies to attract capital more flexibly and offer investors different returns and risks.

6.2. Investment Funds with Innovative Approaches:

Investment funds were innovative tools in their own right, but in the age of technology, new types of them have emerged:

Smart Beta ETFs: Instead of tracking just one index, these funds use the pattern of orphans and special factors (such as value, growth, low volatility) to select stocks to get better returns.

AI-Powered Funds: Funds whose investment decisions are made entirely or mainly by AI orphans.

Venture Capital Funds and Private Equity Funds: Although they already existed, with the development of digital platforms and crowdfunding, access to them has been provided to more investors and their role in financing startups and companies. The toddler has become more prominent.

ESG (Environmental, Community, Governance) Funds: With the rise of global awareness, funds have emerged that invest based on sustainability and social responsibility factors.

6.3. More complex derivatives and ordered products:

Technology has helped to design and trade more complex derivatives that can be used to hedge specific risks or achieve targeted returns. Also, the possibility of ordering financial products based on the specific needs of investors (Structured Products) using advanced modeling has been increased.



Challenges and Opportunities in Promoting Innovation in Iran

Despite the enormous potentials of innovation and technology, the full implementation and maximum utilization of them in the capital market of Iran is faced with certain challenges and opportunities:

7.1. Technological and communication infrastructure:

Although good progress has been made in the field of Internet infrastructure and datacenters, there is a need to invest more and continuously upgrade the network and computing infrastructure to support high-frequency trading systems, scalable blockchains, and big data processing. The stability and security of these infrastructures are also vital.

7.2. Rules and Regulations (Regulatory Agility):

One of the biggest challenges is the synchronization of laws and regulations with the speed of technological developments. The monitoring approach should be agile and flexible in order to support innovation (such as setting up surveillance sandboxes) and prevent the emergence of new risks (such as cyber risks, money laundering with digital assets). Updating the laws related to digital assets, tokenization, and fintech is necessary to exploit the potentials of these fields.

7.3. Specialized manpower and technological literacy:

For the development and use of advanced technologies, there is a need for human resources specialized in the fields of artificial intelligence, blockchain, cybersecurity, data analysis, and quantitative finance. Also, the promotion of technological literacy among investors and even the employees of traditional financial institutions is of great importance.

7.4. Culture of Innovation and Acceptance of Change:

Sometimes, resistance to change and rejection of innovation by traditional institutions can be an obstacle to progress. Creating an organizational culture that supports the experimentation, implementation, and adoption of new technologies is essential for long-term success.

7.5. Opportunities:

Smart Investment: By developing digital infrastructure, we can help attract foreign investors who are looking for innovative opportunities.

Regional competitiveness: Due to the high potential of human resources and technological conditions, Iran can become one of the innovative centers of fintech in the region.

Increasing the efficiency of the economy: The implementation of new technologies in the capital market helps to increase transparency, reduce corruption, and optimize the allocation of resources in the economy as a whole.

Conclusion:

Innovation and technology are no longer a choice, but the future backbone of the capital market. From transactional automation to artificial intelligence to analyze data and blockchain to build trust, these technologies are constantly redefining the boundaries of what is possible. Iran's capital market is at the heart of this transformation and by investing in infrastructure, updating the laws of the country, and developing specialized human resources, it can benefit from the unique opportunities of this digital age for sustainable growth and development. This transformation will bring numerous benefits not only to market participants, but to the economy and society as a whole.



FACTORS INFLUENCING CHANGES IN THE IRANIAN STOCK MARKET

▶ Introduction: Complexities of the Iranian Stock Exchange and Effective Factors

The stock market in any country is a mirror of the state of the economy and its macro questions. But in the case of Iran, due to its special economic and geopolitical characteristics, the capital market is influenced by several factors that are vital for any investor and entrepreneur to understand and analyze. The fluctuations of the Iranian stock market are not only the result of traditional economic variables, but are also strongly influenced by domestic and international political developments, high inflation rates, and government decisions. This section comprehensively examines and analyzes the most important factors affecting the volatility of the Iranian stock exchange and shows how the complex interaction of these factors shapes the upward and downward trends of the market. To better understand these factors, we will examine examples from previous years, such as the experience of 2016, when the stock market index ended the year with a decline despite the positive news.

1 Macroeconomic factors

Macroeconomic factors are the most important drivers of the capital market. Changes in these variables directly affect the profitability of companies, investment attractiveness, and investor expectations.

1.1. Inflation rate:

Impact: In an economy with high and chronic inflation such as Iran, the inflation rate is one of the most important factors affecting the stock market. In some periods, the stocks of companies (especially companies with physical assets and export-oriented industries) act as a hedge against inflation, and with the increase in the prices of goods and services, the value of assets and the income of companies increase. It can lead to the growth of their stocks. This makes the stock market more attractive compared to bank deposits that have a fixed return. On the other hand, high inflation can lead to an increase in the cost of raw materials, wages, and other costs of production for companies, which puts pressure on their profitability and has a negative impact on the price of stocks. Inflation ultimately reduces the purchasing power of consumers and can lead to a decrease in demand for companies' products and consequently a decline in their profitability.

Recent Trends: In recent years, high inflation and increased liquidity have periodically led to the entry of capital into the stock exchange with the aim of preserving the value of assets, but its impact on the real profitability of companies has been variable.

1.2. Bank Interest Rate and Fixed Income Bond Yield:

Impact: The relationship between bank interest rates and the rate of return on fixed-income bonds (such as partnership bonds and Islamic treasury bills) with the stock market is often inverse. When the interest rate of a bank or the yield on fixed-income bonds (e.g., the interest on a bank's special proof of deposit) increases, investing in these markets becomes more attractive and a part of the liquidity flows from the stock market to them. This leads to a decrease in demand for stocks and a drop in prices, as investors look for risk-free returns or higher risk-free. Conversely, lowering interest rates reduces the attractiveness of fixed-income markets and can direct liquidity to the stock market, assuming that companies can finance at a lower cost and increase their profitability.

Example from 2016: In 2016, the reduction in the interest rate on bank deposits to %15 was one of the positive news that was expected to lead liquidity to the stock market. However, as will be discussed below, other factors prevented the index from growing significantly that year.

Recent trends: The decisions of the central bank and the government regarding interest rates and the issuance of government debt securities continuously affect the flow of liquidity in the money market, the debt market, and the stock market, and it is one of the most important concerns of stock market participants.

1.3. Exchange Rate (USD):

Impact: The exchange rate, especially the dollar rate, is one of the most determinative factors on the profitability of listed companies in Iran. The increase in the exchange rate is in the interest of companies that export their products (such as petrochemical, steel, base metals, and mining companies), because their income is in foreign currency, and by converting it into rials, more real profits will be recognized. They do. On the other hand, the increase in the exchange rate increases the costs of importing raw materials and machinery for import-oriented companies. Also, in the event of currency fluctuations, the replacement value of the physical assets of the companies increases.

Recent trends: The sharp fluctuations in the exchange rate in recent years have had a direct impact on the total stock market index and the performance of various industries.

1.4. World Commodity Prices:

Impact: A large part of the large companies and companies listed on the Iranian stock exchange (especially in the petrochemical, base metals, mining and oil industries) are commodity-oriented, which means that their profitability is highly dependent on global commodity prices (such as oil, petrochemical products, steel, copper, zinc) is dependent. The growth of global currencies means an increase in foreign exchange earnings and more profitability for these companies and a positive impact on the value of stocks and the total stock index.

Recent trends: Global economic developments, China's growth rate, global demand and OPEC supply have always affected global commodity prices and consequently the Iranian stock market.

1.5. Economic Growth (GDP):

Impact: Sustained and strong growth of the national economy means an increase in productivity, employment, and income, which directly has a positive effect on the profitability of companies. In an economic growth environment, the demand for companies' products and services increases, their profit margins improve, and their future prospects become clearer, all of which lead to the growth of stock prices.

Example from 2016: In 2016, the country's economic growth of %6 was one of the positive factors that could support the stock market. However, as noted, this growth could not prevent the index from falling that year.

Recent trends: The fluctuations in the growth of Iran's economy (which are affected by factors such as oil prices and sanctions) have directly affected the expectations of companies' profitability and consequently the total stock market index.

1.6. Government Budget and Fiscal Policies:

Impact: The way the country's annual budget is organized and the government's fiscal questions (such as the budget deficit balance, government financing methods, tax and subsidy policies) have a profound effect on the stock market. A high budget deficit and its financing methods or changes in the rate of property and energy subsidies can change the profitability of companies and affect the price of their shares.

Recent Trends: Budgetary discussions and questions related to the price of petrochemical feeds or the interest rates of state-owned companies have always been one of the main causes of concern or hope in the stock market.

1.7. The state of criticism in the economy:

Impact: The volume and speed of the growth of liquidity in the economy is one of the most important factors affecting the capital market in Iran. In periods when the volume of liquidity is growing rapidly and there are no other productive and safe investment channels to attract it, a part of this liquidity is directed to the stock exchange, which leads to an increase in demand and the growth of prices. On the contrary, when the attractiveness of parallel markets increases, liquidity will be withdrawn from the stock exchange and can lead to a decline in prices.

Recent Trends: The experience of recent years (especially in 2019 and 2020 and after) has shown well how the balance and direction of the cash movement can affect the volatility of the stock index.

2

Internal political factors

The stability and direction of domestic political changes also have a significant impact on the expectations and decisions of investors in the Iranian stock exchange.

2.1. Government Policies and Economic Decisions:

Impact: Government executive decisions, such as regulatory pricing of companies' products (especially in the automotive, pharmaceutical, petrochemical and petrochemical industries), trade policies, and development plans, directly affect profitability and future prospects. Stock exchange companies have an impact. Any sudden or unpredictable question can lead to a strong reaction in the market. In 2016, the return of 10,000 units of hand tools to the industry cycle was one of the positive news that could affect the market from the perspective of the government's questions.

Recent Trends: Frequent changes in economic and regulatory trends in recent years have increased the risk of investment in industries.

2.2. Elections and changes in the government:

Impact: The approach to presidential, parliamentary and city council elections is often accompanied by a period of «waiting» in the market. Investors are waiting for the direction of the next government's economic recovery and its impact on various sectors of the economy. The change of government and its new approaches can fundamentally affect the business environment and the expectations of the profitability of companies, either positively (creating hope) or negatively (increasing uncertainty).

2.3. Domestic political events:

Impact: Unexpected domestic political events, such as protests, changes in macroeconomic trends, or the passage of major laws, can quickly affect investor confidence and lead to short-term market volatility. Stability is a condition for attracting capital and sustainable growth in the stock market.

3

International economic and political factors

The Iranian stock market is highly dependent on international developments, especially in the field of foreign policy and global relations.

3.1. International Sanctions and Nuclear Negotiations:

Impact: This factor has been the most important and influential foreign factor on the Iranian stock exchange in recent years. Sanctions deprive Iranian companies of access to global markets, international banking systems, and new technologies, which leads to reduced export volumes, increased costs, and reduced competitiveness. Also, they prevent the entry of foreign direct investment and directly affect the exchange rate. Any positive or negative news about the negotiation process (e.g., the JCPOA or new agreements) will quickly affect investors' expectations and can lead to a boom or bust in the market.

Example from 2016: In 2016, positive news regarding the reflection of important contracts in the field of steel industry and petroshyami, which was probably due to the post-JCPOA openings, was one of the expected positive factors for the stock exchange. However, in practice, it did not yield significant results in the growth of the index.

Recent Trend: The persistence of uncertainty regarding sanctions is still one of the main factors determining the volatility of the stock market.

3.2. Foreign Relations and Agreements:

Impact: Improving diplomatic relations with other countries, signing trade and economic agreements, or joining regional and international organizations can lead to economic openings, increased trade, and attracting foreign capital, all of which have a positive impact on the stock market.

3.3. Regional and global wars and crises:

Impact: Any major war or crisis in the Middle East region globally can create uncertainty and increase geopolitical risk, leading to capital outflows from risky markets such as stock exchanges and safe haven assets. These crises can affect the global energy and commodity markets.

4 Factors related to the structure and rules of the capital market are

4.1. Changes in the rules of the Securities and Exchange Organization:

Impact: Any changes in the regulations related to initial public offerings, trading volumes, price fluctuations, laws related to investment funds, or financial laws related to the capital market, can directly affect the behavior of investors and the flow of liquidity in the stock market. He should leave it.

4.2. Transparency of Corporate Information:

Impact: The level of transparency and access to accurate and timely information of companies (including financial statements, board reports, and important news) affects investor confidence and market efficiency. The more transparent you are, the fairer the market will be, and the more confident investors will make their decisions.

4.3. The Role of Financial Institutions (Investment Funds, Public Institutions):

Impact: The activities of investment funds (especially fixed and mixed income funds), large investment companies, and public institutions such as Shasta or Bonyadis, due to the large volume of capital and liquidity in their holdings, can have a significant impact on the overall market trend and the value of the shares of specific companies. The entry or exit of cash from these institutions, especially at critical times, can lead to fluctuations in the total index.

5

Psychological Factors and Expectations of Investors

5.1. Market Fluid Atmosphere and Emotions:

Impact: The stock market, especially in Iran, is heavily influenced by the psychological atmosphere and collective sentiment of investors. News, rumors, and superficial analyses can lead to irrational decisions (such as buying an emotional hand at the peaks or selling en masse at the bottoms) that lead to short-term fluctuations, price bubbles, or sudden falls.

5.2. Inflation and profitability expectations:

Impact: Investors' expectations of future inflation, exchange rates, and future profitability of companies play a major role in their decisions. If inflation expectations are high, investors will look for assets that are resistant to inflation (such as stocks). If the profitability of companies is expected to increase, the demand for their shares will increase.

Investigation and analysis of the Tehran Stock Exchange Index in 2016 (as an example of an ice blur):

Stock Exchange Index in 2016:

Growth rate in percentage: %4.8-

Growth rate per unit: 3970 - In the period of 2016, the stock market index, which had faced a sharp decline until June 2016, fell by 4.8 percent at the end of the year, marking another year of negative market growth. This process includes:

- A drop of almost %10 in the index from the beginning of the year to the end of June.
- The growth of the index is about %12 from the end of June to the middle of December.
- The index fell by %5 again from mid-December to the end of the year.

Effective political and economic factors in 2016:

Despite positive news such as:

Reflection of important contracts in the field of steel industry and petrochemicals (which indicated the potential of post-JCPOA openings).

The country's economic growth of 6 percent.

Reducing the interest rate on bank deposits to %15 (which could increase the attractiveness of the stock market compared to the money market).

The return of 10,000 units of manual tools to the industry cycle. The stock market could not achieve significant growth in 2016. This shows that the capital market is affected by a complex set of factors, and even in the presence of positive stimuli, other factors (such as uncertainties, the impact of the exchange rate, or the lack of full fulfillment of expectations of economic openings) can affect the overall copper market.

Conclusion: A Comprehensive Look at the Factors Affecting the Iranian Stock Exchange

The Iranian stock exchange is a dynamic and complex ecosystem that is influenced by a network of economic, psychological, international, structural and psychological factors. None of these factors alone can account for all market fluctuations, but it is their dynamic and simultaneous interaction that determines the direction of the market. To be successful in this market, investors need to comprehensively and continuously analyze these factors, understand their interrelationships, and be able to manage risk against fluctuations arising from these variables. Policymakers, by understanding the depth of these factors, can help the sustainable development and deepening of the capital market by adopting stable and predictable decisions. Studying past events, such as the experience of 2016, helps us to better understand the complexities of this market and the interactions of different factors on it.

Chart 1

One-year trend of stock market value

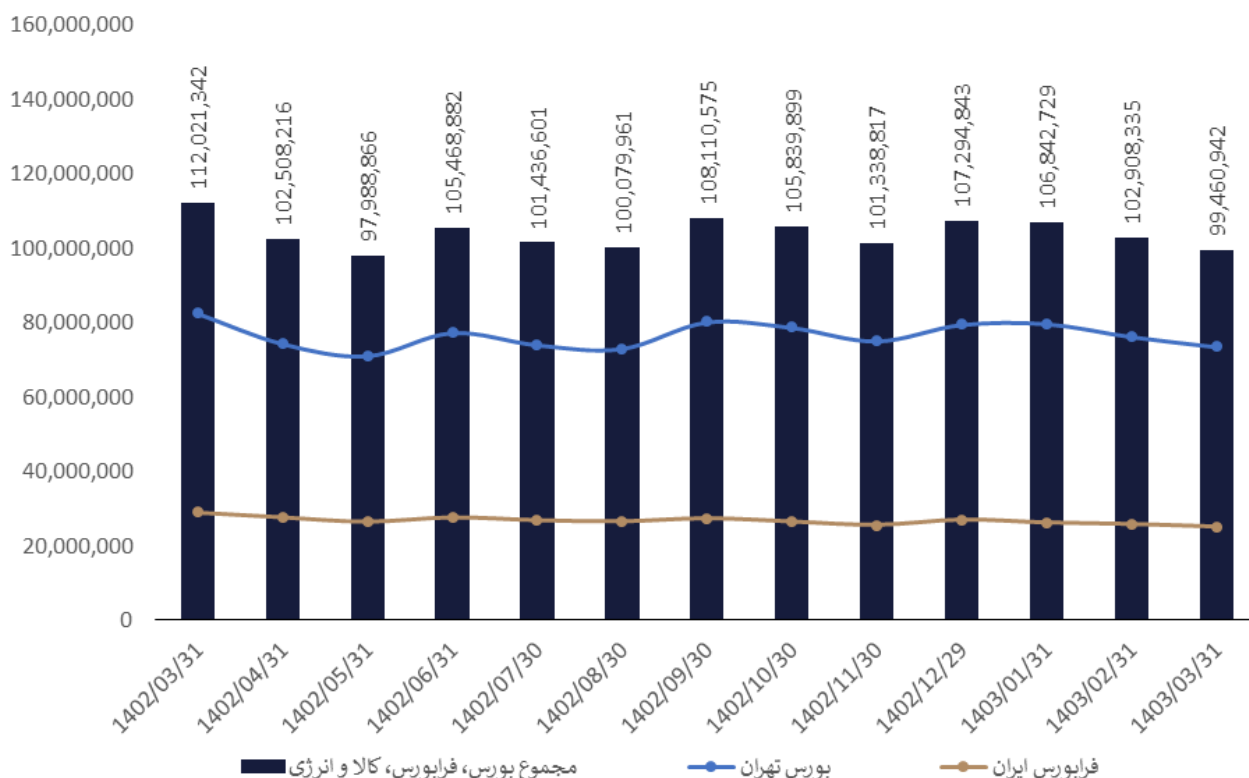


Chart 2

The one-year trend of the total index of the Tehran Stock Exchange and the Iran OSE

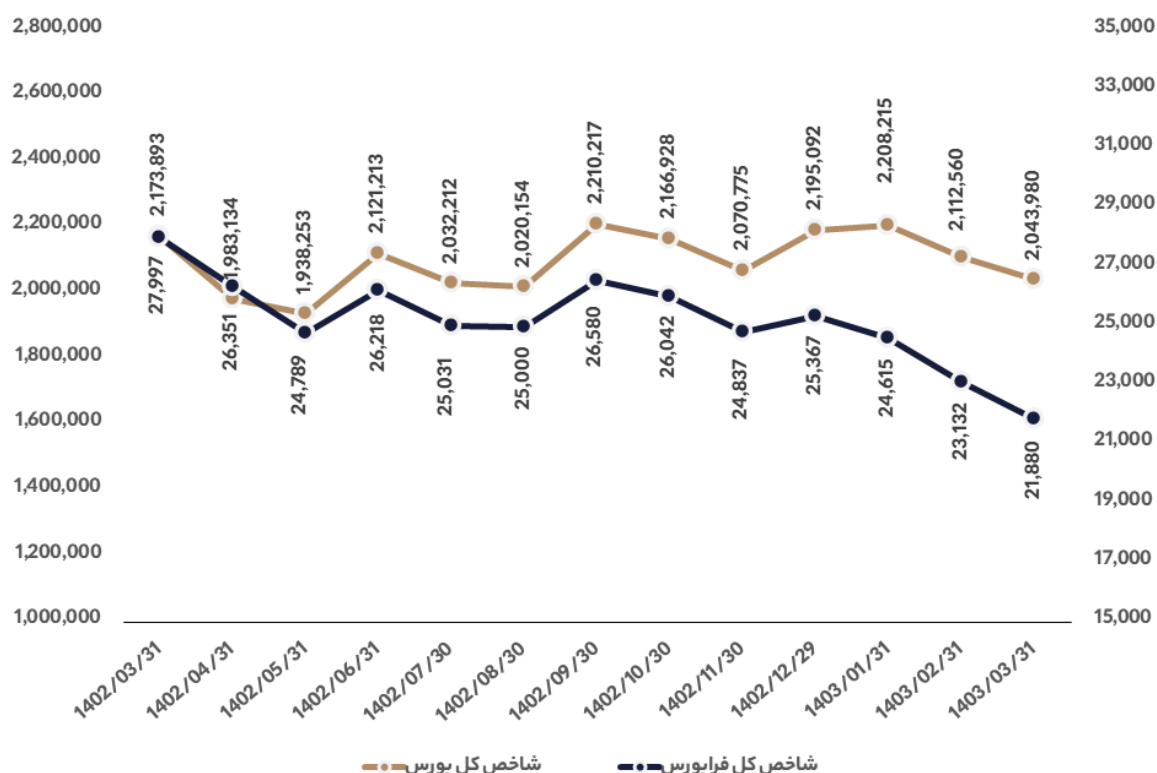


Chart 6

The one-year trend of the cumulative value of stock exchange transactions

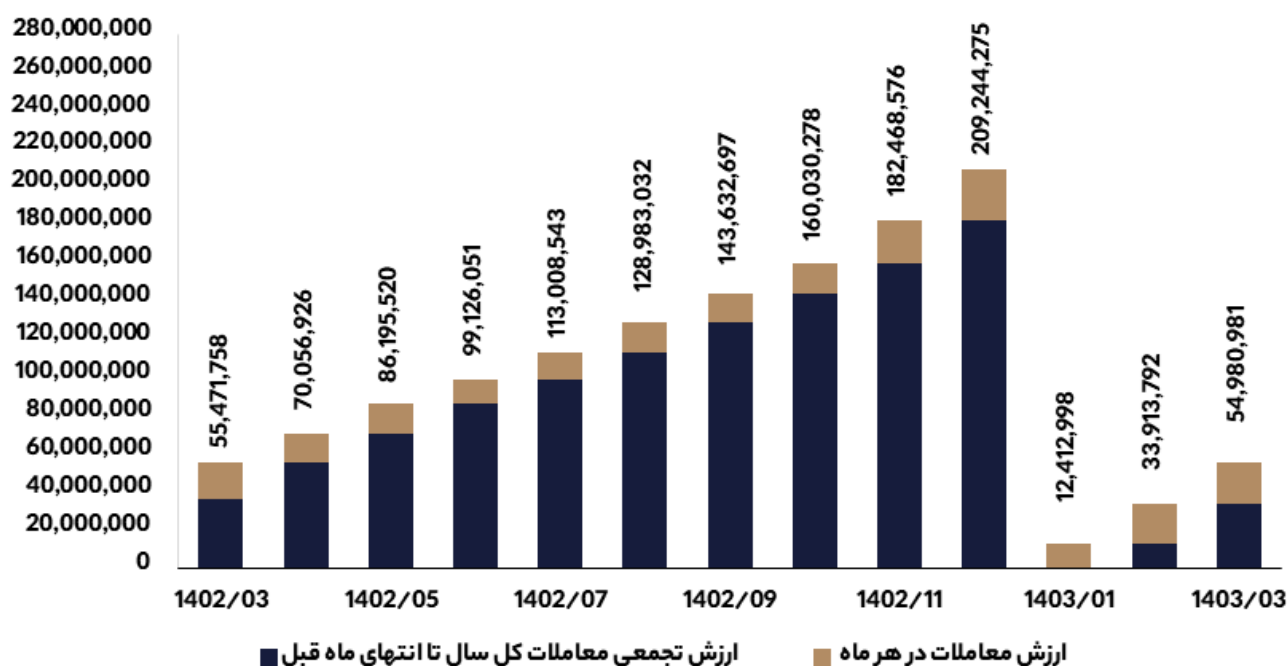


Chart 7

The one-year trend of the total value of transactions by stock exchanges

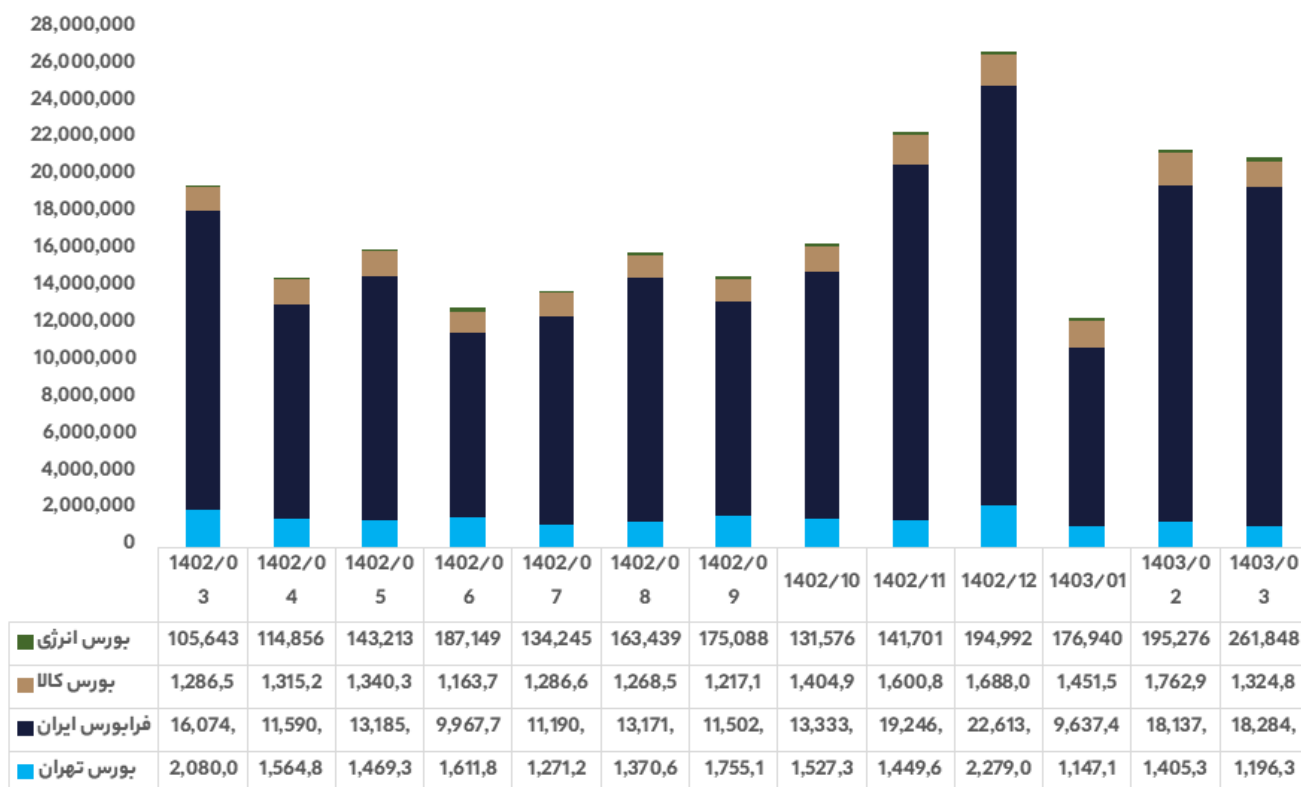


Chart 8

▶ Trading Value by Market Type

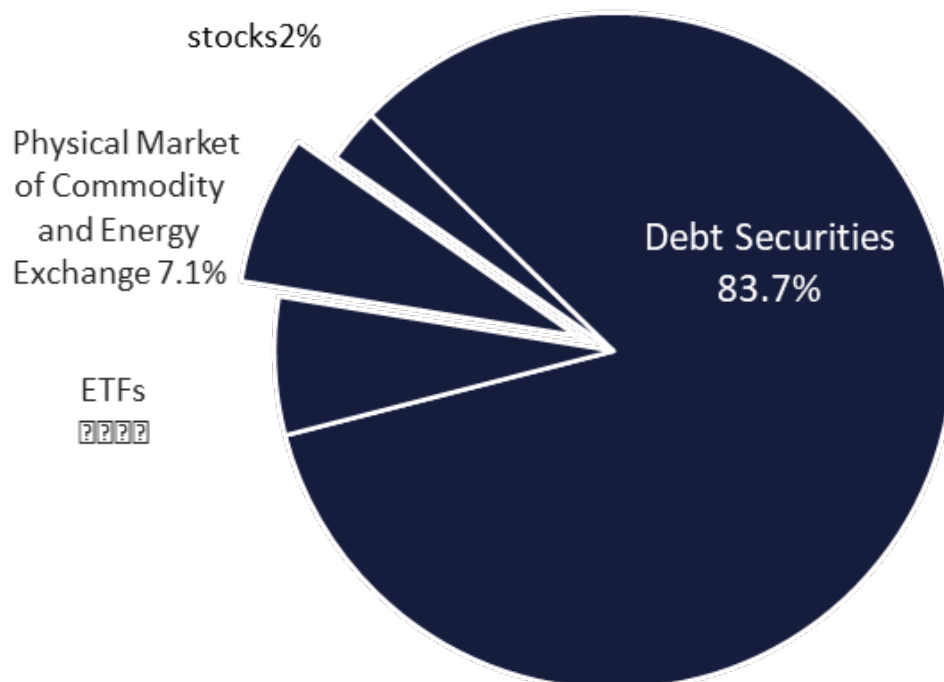


Chart 9

▶ Trading Value by Market Type Excluding the Value of Debt Securities Transactions in Open Market Operations

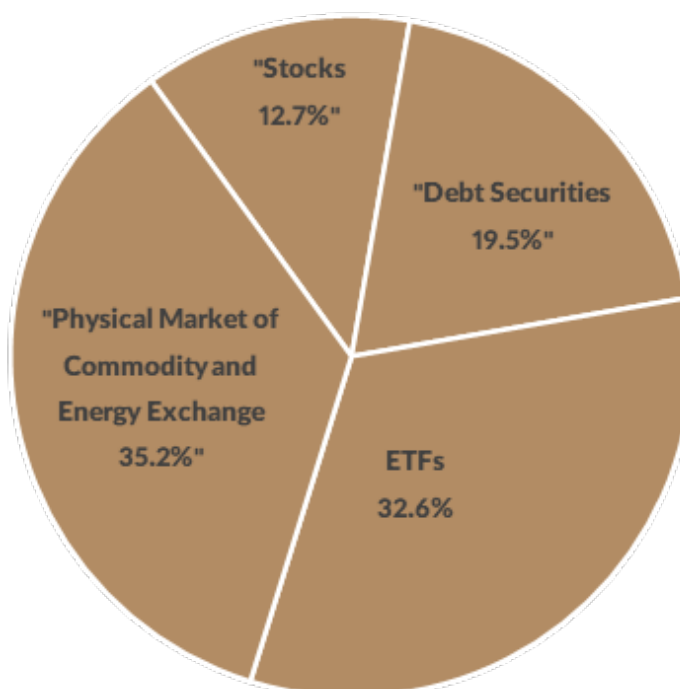


Chart 28

Annual Trend of Trading Value by Individual and Institutional Investors in Stocks

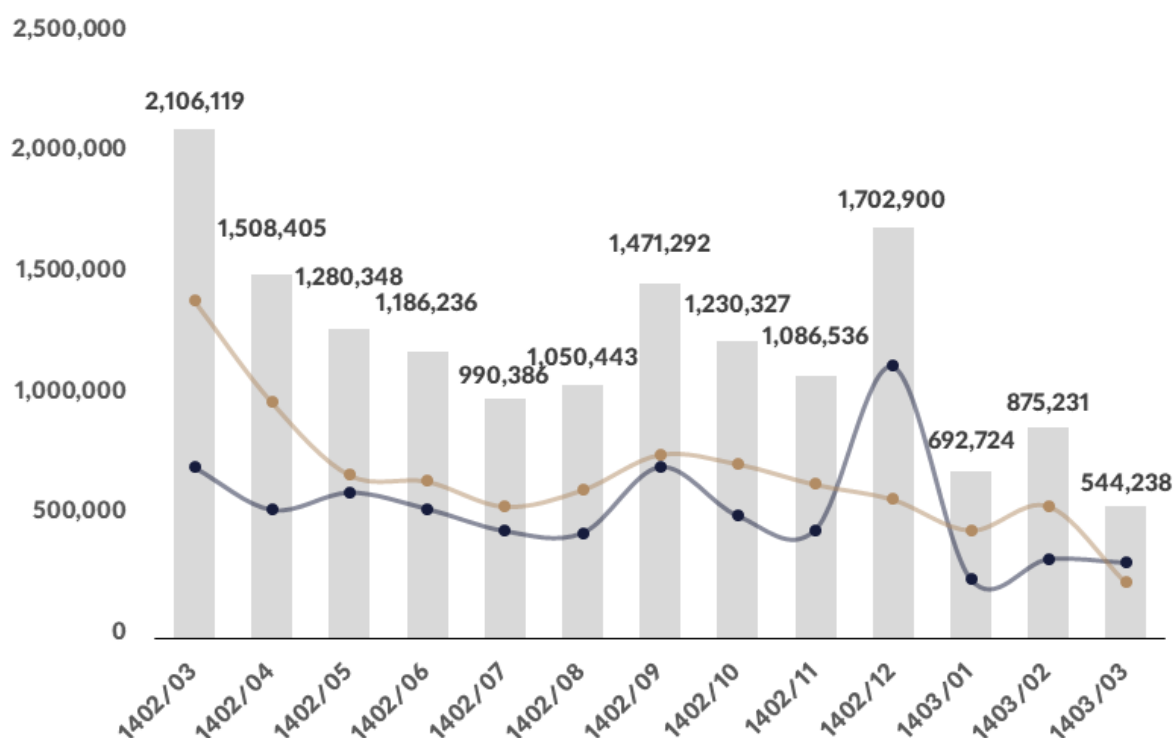


Chart 51

Annual Trend of Trading Value by Individual and Institutional Investors in Debt Securities

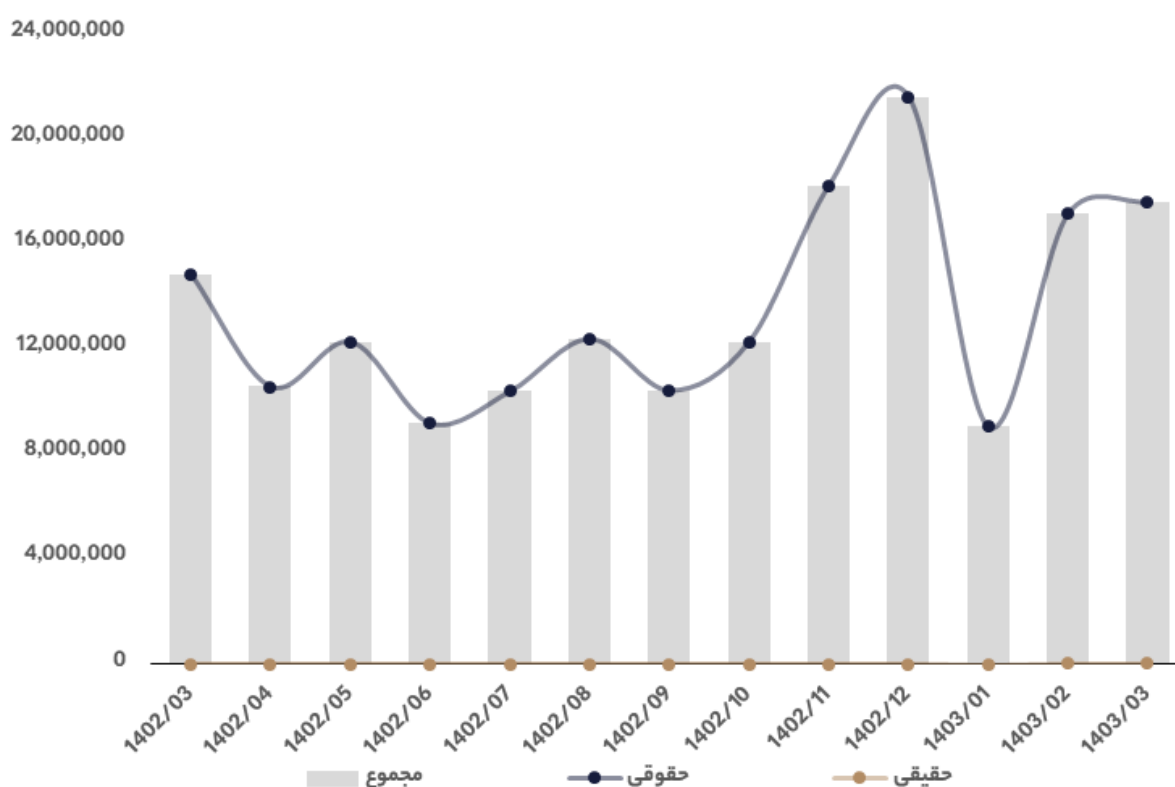


Chart 11

Annual Trend of Trading Volume by Online and Offline Transactions

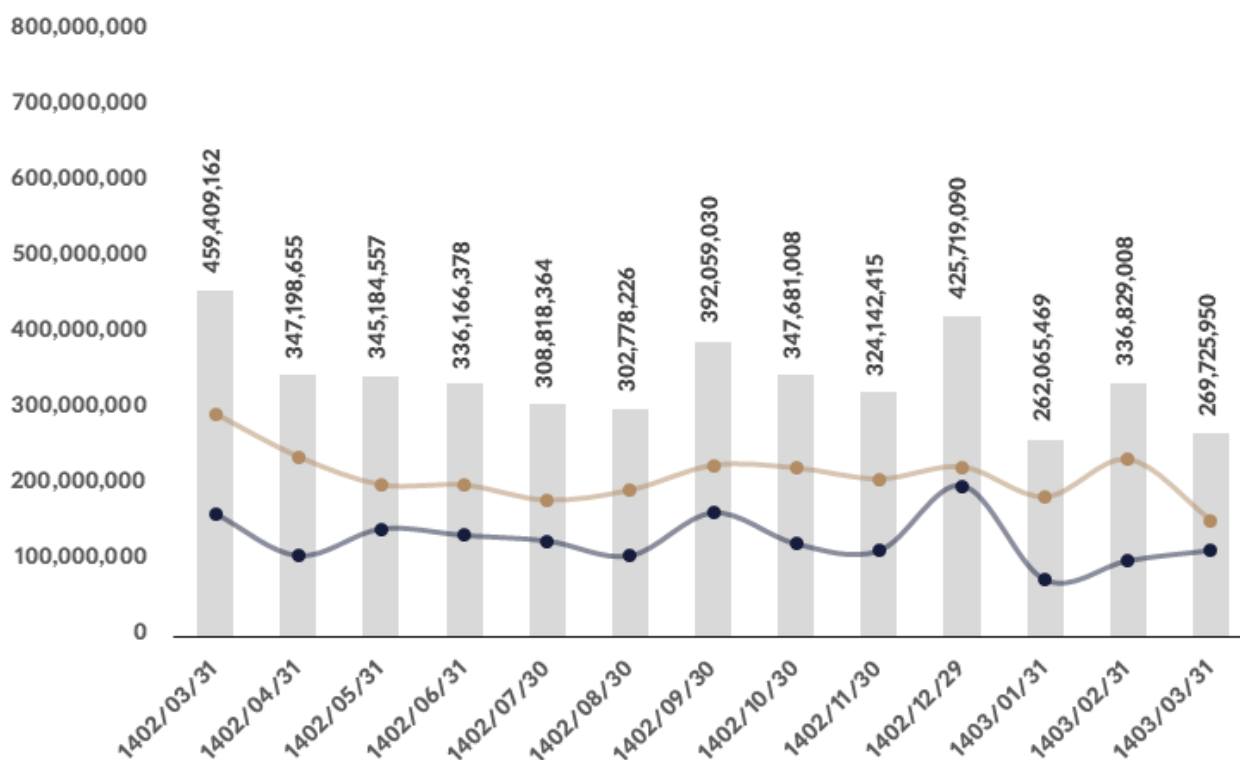


Chart 14

Annual Trend of Total Value of Foreign Investment Portfolio

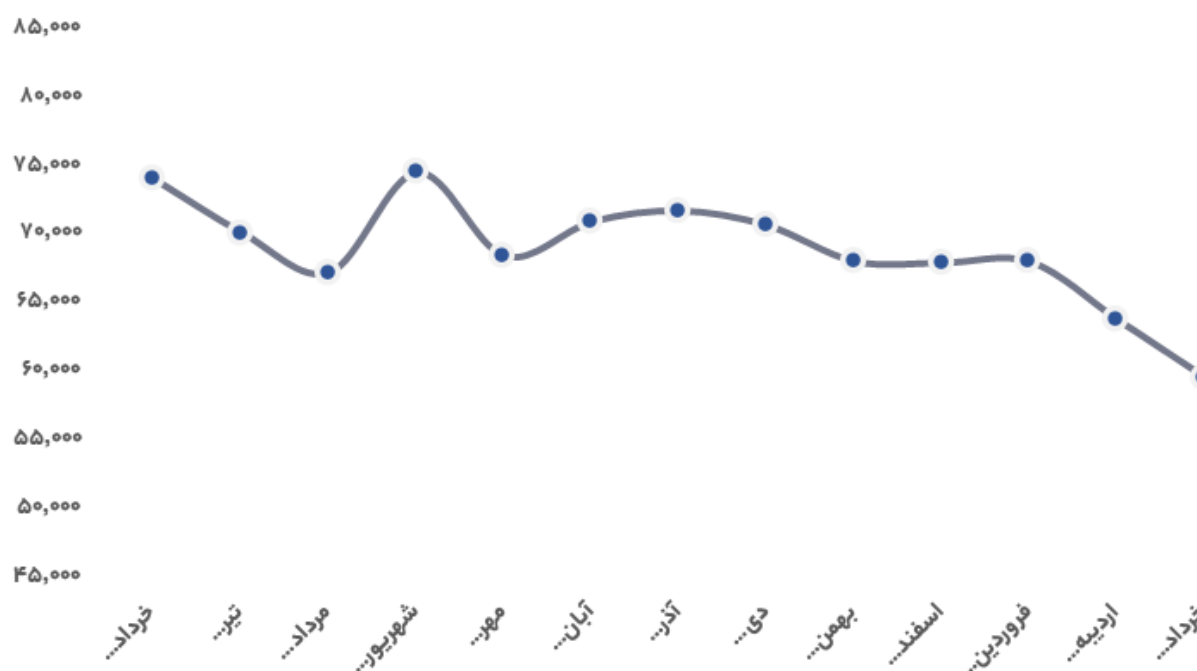


Chart 15

Annual Trend of Stock Market Value on Tehran Stock Exchange and Iran Fara Bourse

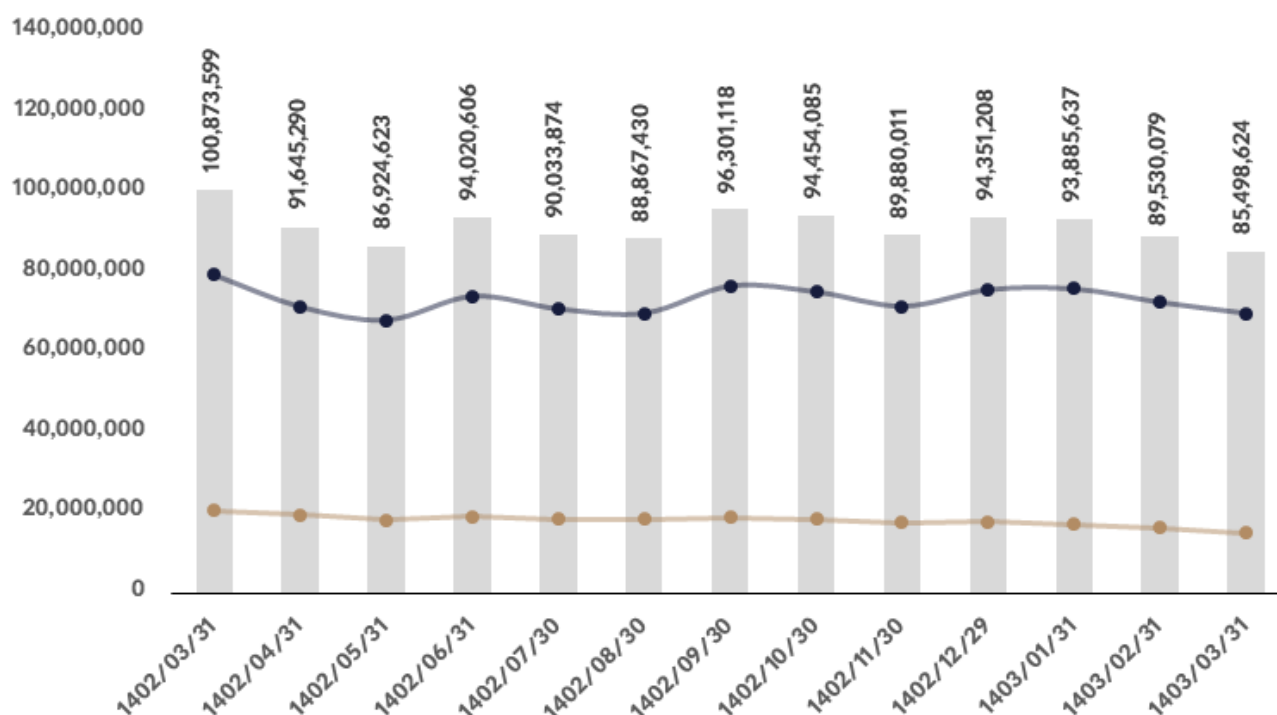
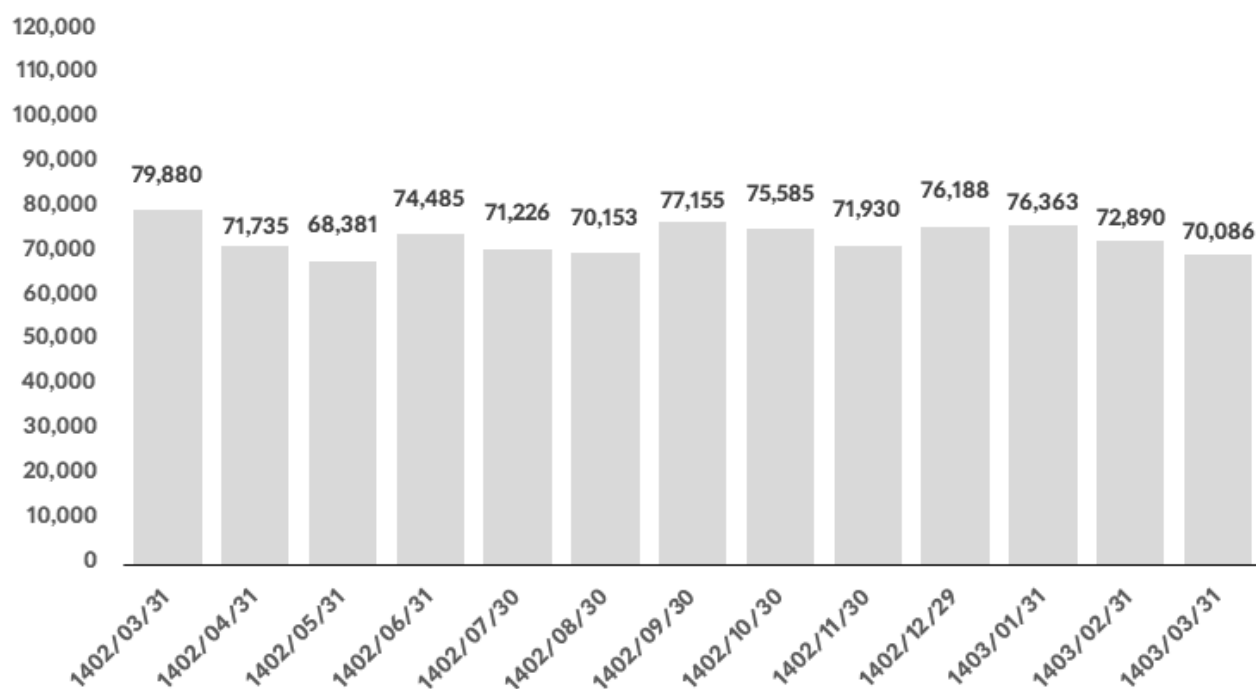
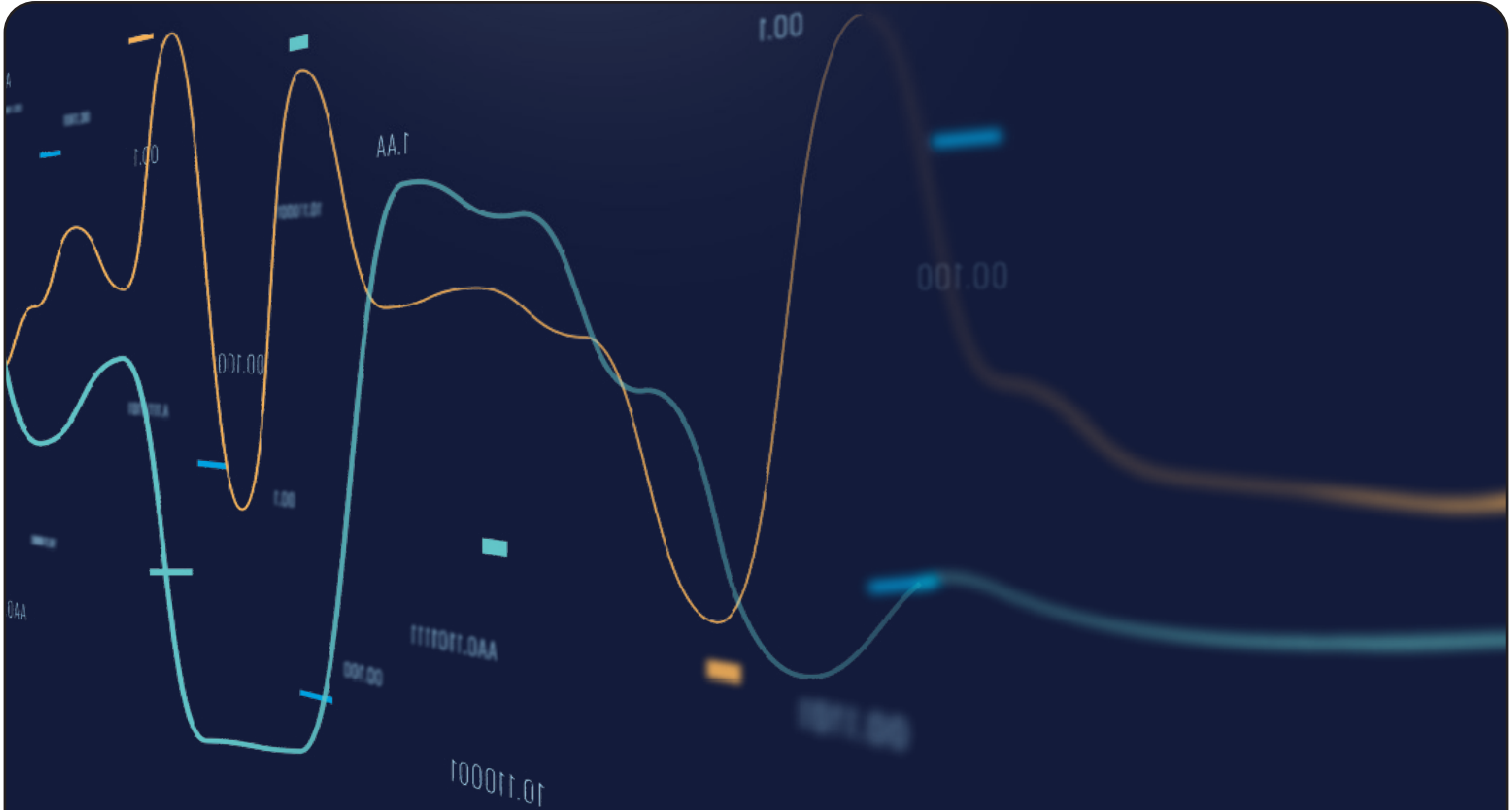


Chart 17

Annual Trend of Market Value on Tehran Stock Exchange





5

FUTURE OUTLOOK OF THE STOCK MARKET IN IRAN

Introduction: The Future of the Iranian Stock Exchange in the Twists and Turns of Regional and Global Developments

The capital market in any country is a dynamic institution that reflects the complexities of the economy and its problems. The Tehran Stock Exchange is not an exception to this rule, and its future prospects are strongly influenced by the complex interaction of internal and external factors, especially the special conditions of Iran and regional and global developments. It is always difficult to predict the exact future, but by analyzing the existing opportunities, challenges, and trends, we can be afraid of possible scenarios. The future of the Iranian stock exchange is a combination of unique potentials for growth and development, along with structural barriers and macro risks, which require smart management and stable management. This section examines this perspective comprehensively, taking into account all its dimensions.

Growth Opportunities and Potentials

Despite the many challenges, Iran's capital market has significant conditions for growth and development in the future:

1.1. Huge Financing Capacities for the Economy:

The banking system in Iran faces limitations in long-term financial financing. The stock exchange, as the most efficient channel for long-term financing of large infrastructural and industrial companies and projects, has a huge potential. Private and government companies need sustainable financial resources to develop production and new capacities and implement development projects, which the stock exchange can provide through the offering of shares, partnership bonds, sukuk and other new instruments. By increasing the depth and diversity of the market, the stock exchange can play a much larger role in the financial balance of the economy.

1.2. Increasing financial literacy and public participation:

In recent years, especially with the boom of the stock market in the late 2010s, we have witnessed a significant increase in financial literacy and public participation in the capital market. The number of active trading codes has reached millions of people and the society's awareness of the opportunities and risks of investing in the stock market has increased. This increase in participation and awareness is an important social capital for the future development of the stock market, which can help the market to be more sustainable. The development of online platforms and educational tools has also contributed to this.

1.3. Potential of knowledge-based companies and startups:

Iran's economy is moving towards a knowledge-based economy, and a large number of creative companies and startups are emerging. These companies need new financial resources for growth and resilience that the traditional banking system is not able to provide. The OTC market (especially the SME market and venture capital funds) can be an ideal platform for financing these companies. This not only helps the growth of the technology sector, but also adds new assets with high growth potential to the capital market, and therefore, the role of the stock exchange in the development of innovation and technology in the country is vital.

1.4. Development of Technological Infrastructure and Digital Exchange:

In recent years, the Iranian Stock Exchange has made significant investments in the development of technological infrastructure. The expansion of online transactions, electronic recording systems, and the potential to use new technologies such as artificial intelligence (AI), blockchain and big data in the analysis and processing of information provide unique opportunities to increase efficiency and transparency and provide security in the market. The digital exchange can increase its availability, reduce costs, and greatly increase the speed of trading, making it a smarter and more advanced market.

1.5. Diversity of industries and infrastructure assets:

Iran's economy has a wide range of industries (oil, gas, petrochemicals, mining, steel, automobiles, automobiles, banking, etc.) Many of them have high production and export capacities. The existence of large and diverse companies in the stock exchange provides different investment opportunities for different types of collar tuberculosis and risk-taking, and shows the potential for diverse growth in different sectors of the economy.

1.6. Advantage of inflatable risk cover:

In the context of high and chronic inflation in Iran, investing in the stock market (especially in stocks of companies with physical assets and commodity-based industries) can act as a medical cover against the devaluation of the national currency. This feature makes the stock market an attractive option for maintaining the value of assets in the long term and maintaining the demand for it in inflationary conditions.

Challenges and Obstacles Ahead

In addition to the existing opportunities and potentials, the Iranian stock market also faces serious challenges and obstacles that need to be understood in order to draw a realistic perspective:

2.1. Macroeconomic uncertainties and instability:

High and chronic inflation, extreme fluctuations in the exchange rate, and variable bank interest rates are among the most important factors of uncertainty in the Iranian economy. These fluctuations make it difficult to predict the profitability of companies and increase the risk of investment. Also, sudden and unpredictable decisions in economic questions (such as mandated pricing, changes in industrial feed rates, sudden changes in tax laws) can lead to major shocks in the market and erode confidence. He should take the passengers. The lack of a long-term and stable economic roadmap is one of the main obstacles to the sustainable growth of the stock market.

2.2. International Sanctions and Their Broad Effects:

International economic and financial sanctions are undoubtedly the biggest challenge facing Iran's capital market. These sanctions:

Restriction of access to global markets: deprives listed companies from exporting, importing raw materials and modern technology.

Problems of money transfers: They greatly slow down and avoid international settlement processes.

Decrease in the attraction of foreign investment: The risk of investing in Iran is very high for foreign investors.

Impact on the exchange rate and inflation: By putting pressure on the country's foreign exchange resources, they increase the fluctuations in the exchange rate and in the inflation rate. Until these sanctions are completely lifted, the prospect of sustainable growth and the absorption of large foreign capital in the Iranian stock exchange will face serious obstacles.

2.3. Government Interventions and Questions:

Iran's economy is still a state and quasi-state economy. Government interventions in various sectors of the economy, including product pricing, tariff setting, and resource allocation, can directly affect the profitability and competitiveness of listed companies. These interventions sometimes overshadow the economic logic and increase the risk of investment. Also, the government's budget deficit and its financing units can take liquidity out of the stock market and lead to an increase in interest rates through the widespread issuance of debt securities.

2.4. Quasi-governmental structure of large corporations:

Many of the large companies listed on the Iranian stock exchange still have a major shareholder in the quasi-state government. This can lead to challenges in the field of corporate governance. Sometimes, the decisions of these companies are influenced by the interests of the major shareholder or non-economic goals rather than the maximization of the profits of the small shareholders. This can lead to a decrease in investor confidence.

2.5. Geopolitical and regional risks:

Iran's geopolitical position in the Middle East region and its developments have always affected the capital market. Regional tensions, tensions, and political crises can lead to an increase in systematic risk in the market and lead to fear and capital outflow. These risks are less controllable by market participants.

2.6. The need for extension and development of tools:

Despite the advancements, Iran's capital market is still limited in terms of the variety and depth of financial instruments compared to advanced markets. There is a need for further development of derivatives (such as futures and commodities and currencies), hedging tools, and structured products so that investors can take risks. Manage themselves better and implement more complex strategies.

2.7. Lack of transparency and weakness in corporate governance (in some cases):

Despite the requirements of the Stock Exchange Organization for transparency, in some cases, lack of complete access to information, slow speed of disclosure, or weakness in observing the principles of corporate governance, can lead to a decrease in investor confidence and non-optimal decision-making.



Possible scenarios for the future of the Iranian stock exchange

Considering the above opportunities and challenges, we can draw three general scenarios for the future of the Iranian stock market:

3.1. Optimistic scenario (sustained growth and deepening of the sector):

This scenario is possible if there is a fundamental opening in international relations and a gradual easing of sanctions. In this case, with the influx of foreign capital, access to new technologies, reduction of transaction costs, and stabilization of the exchange rate, we will witness stable economic growth, increase in the profitability of companies, and improve the business environment. In this scenario, the government supports the stock exchange as a channel for financing development projects by adopting stable and predictable economic policies. The development of the infrastructure of the digital stock exchange and the increase in the variety of instruments will lead to the depth of the market and the attraction of domestic and foreign capital. In this case, the stock market index will emerge from long-term recessions with real and sustainable growth and will play a total role in economic development.

3.2. Pessimistic scenario (recession and stability):

This scenario is likely if sanctions continue and intensify, domestic and foreign political uncertainties increase, and government interventions and erratic questions continue. In this case, Iran's economy will face major challenges such as unbridled inflation, extreme exchange rate fluctuations, and economic stagnation. Companies will face serious problems in handling, sales, and financial management. In this scenario, investors' confidence in the market is reduced, liquidity is withdrawn from the stock exchange and directed to parallel markets (such as currency and gold). The result will be a prolonged recession, a decline in trading volumes, and a sharp drop in the stock index.

3.3. Probable scenario (growth with volatility and dependence on macrovariables):

This scenario is the most probable scenario for the future of the Iranian stock exchange. In this scenario, the capital market will continue to be affected by macroeconomic variables (inflation rate, exchange rate, interest rate) and political developments. Cross-sectional openings or restrictions can lead to periods of growth and then stagnation. The stock market will retain its attractiveness as a relative hedge against inflation, but its sustainable growth will depend heavily on the stability and transparency of government policies and to some extent on the status of sanctions. In this case, technological innovations will slowly make their way to the market, but their full implementation will face legal and infrastructural challenges. In this scenario, investors will need to be highly vigilant, constantly analyzing macro conditions, and actively managing risk.

The role of relevant institutions in shaping the future

The future of the Iranian stock market does not depend only on external factors, but also the actions and decisions of domestic institutions play a vital role in its transformation:

4.1. Securities and Exchange Organization:

As a market regulator, this organization has a total role in the development and deepening of the market sector, maintaining transparency, effective supervision of transactions and companies, and protecting the rights of shareholders. Agility in formulating and updating laws, encouraging innovations (such as FINTECH and Digital Exchange), and strengthening intelligent supervision of market activities are among the main tasks of the Stock Exchange Organization to guide the market towards a bright future.

4.2. Government and Officials:

Macroeconomic stability, inflation control, rational exchange rate management, and the adoption of stable and predictable fiscal and monetary policies are the main duties of the government to support the stock market. Reducing unnecessary interventions, removing barriers to business, and providing a suitable platform for the growth of the private sector can directly contribute to the growth of the stock market and the economy. Transparent policies and protection of the tool increase investor confidence.

4.3. Companies and Publishers:

Listed companies can help attract and maintain investor confidence by increasing transparency of information, improving corporate governance, and focusing on increasing real profitability. Innovation in products and services, and increasing productivity, should be communicated to the market through transparent financial reports.

4.4. Investors:

Investors can contribute to the stability and development of the market by increasing financial literacy, avoiding emotional decisions, and rational and long-term market analysis. Their conscious participation, rather than just a short-term view, leads to the depth and health of the market.

► Conclusion: A tumultuous path but with potential

The future prospects of the stock market in Iran, although full of challenges and uncertainties, are still promising due to the domestic potentials, expert manpower, and the urgent need of the economy to finance through the capital market. Success in this direction will require a comprehensive approach and close cooperation of all stakeholders, from regulatory bodies and the government to companies and investors. Moving towards a more transparent, efficient and technology-oriented stock exchange can highlight its role in Iran's sustainable economic development more than ever.

INDUSTRIES IN THE IRANIAN STOCK EXCHANGE: AN OVERVIEW

In the Iranian stock market, all companies are categorized based on their type of activity. Each category typically has a leader, influencing other companies within the same group. The growth or decline of one company can often lead to similar trends among other companies in the same category.

Currently, the Iranian stock market includes over 60 active industries, each comprising a significant number of companies. There are approximately 740 companies listed on the market. The chemical products industry, with 58 companies, leads in numbers, followed by the pharmaceutical products industry with 47 companies, and the cement, lime, and plaster industry with 45 companies. On the other hand, industries like mining extraction, with only one company, represent the smallest groups.

► Major Industry Groups in the Iranian Stock Exchange

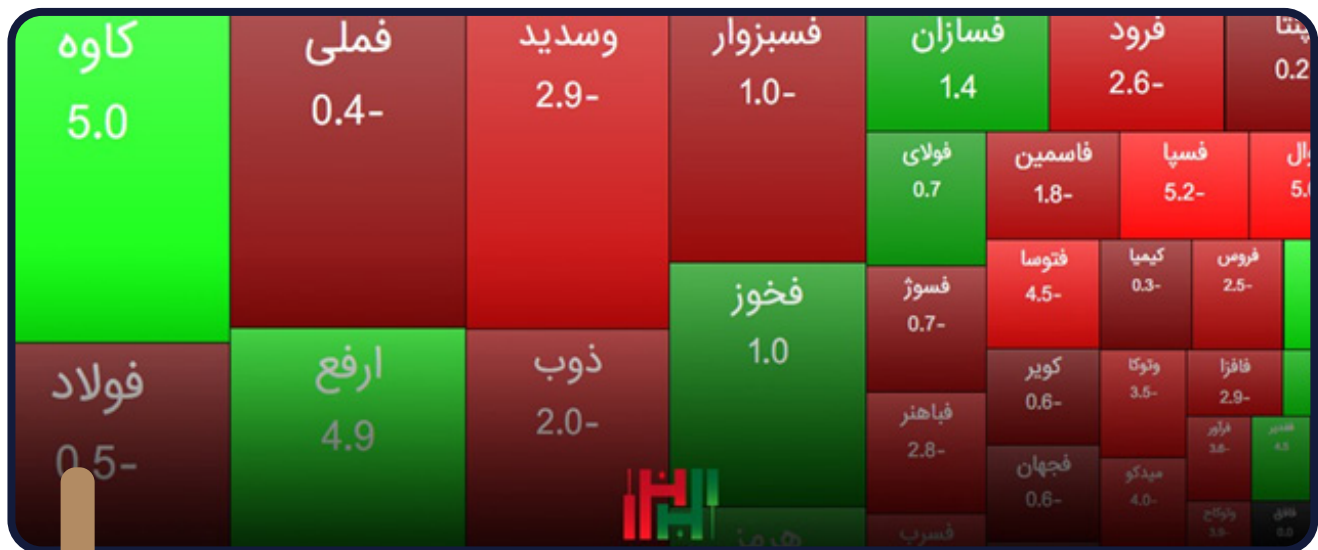
1. Agriculture and Related Services	Products, Coke, and Nuclear Fuel	22. Other Transportation Equipment	32. Wholesale Trade, excluding Motor Vehicles
2. Forestry and Fishing	13. Rubber and Plastics	23. Furniture and Other Manufactured Goods	33. Retail Trade, excluding Motor Vehicles
3. Coal Mining	14. Computer, Electronic, and Optical Products Manufacturing	24. Sugar and Sugar Products	34. Tiles and Ceramics
4. Oil, Gas Extraction and Related Services, excluding Exploration	15. Basic Metals	25. Multi-Industry Corporations	35. Wholesale and Retail Trade of Motor Vehicles
5. Metal Ores Extraction	16. Metal Products Manufacturing	26. Electricity, Gas, Steam, and Hot Water Supply	36. Air Transport
6. Other Mining Activities	17. Machinery and Equipment	27. Water Collection, Treatment, and Distribution	37. Warehousing and Support Activities for Transportation
7. Textiles	18. Electrical Machinery and Devices	28. Food and Beverages, excluding Sugar	38. Cement, Lime, and Plaster
8. Leather Tanning, Finishing, and Footwear Manufacturing	19. Communication Devices and Equipment Manufacturing	29. Pharmaceuticals and Medical Products	39. Other Non-Metallic Mineral Products
9. Wood Products	20. Medical, Optical, and Measurement Instruments	30. Chemical Products	40. Hotels and Restaurants
10. Paper Products	21. Automotive and Parts Manufacturing	31. Industrial Contracting	41. Investments
11. Publishing, Printing, and Reproduction			42. Banks and Financial
12. Petroleum			

Institutions	54. Real Estate Development
43. Other Financial Intermediation	55. Engineering, Analysis, and Technical Testing
44. Housing Finance Certificates	56. Computing and Related Activities
45. Transportation, Warehousing, and Communications	57. Information and Communications
46. Water Transport	58. Technical and Engineering Services
47. Support and Auxiliary Transport Activities	59. Intellectual Property-Backed Securities
48. Telecommunications	60. Leasing and Renting Activities
49. Financial and Monetary Intermediations	61. Administrative and Support Services
50. Insurance and Pension Funds, excluding Social Security	62. Artistic, Entertainment, and Creative Activities
51. Activities Supporting Financial Intermediation	63. Cultural and Sports Activities
52. Exchange-Traded Funds (ETFs)	64. Inactive Securities Group
53. Financial Securities	

MAJOR INDUSTRIES IN THE IRANIAN STOCK MARKET

Among the aforementioned industry groups, the largest and most significant industries in the Iranian stock market are:

1. Chemical Products
2. Basic Metals
3. Metal Ore Extraction
4. Petroleum Products, Coke, and Nuclear Fuel
5. Multi-Industry Corporations
6. Investments
7. Banks and Financial Institutions
8. Automotive and Parts Manufacturing
9. Pharmaceuticals and Medical Products
10. Insurance
11. Cement, Lime, and Plaster
12. Telecommunications
13. Non-Ferrous Precious Metals
14. and more...



Basic Metals Industry Group

The Basic Metals Industry Group plays the role of a parent industry for Iran. This group includes fundamental and index-making stocks such as Foolad (Foolad Mobarakeh) and Fmli (National Iranian Copper Industries Company). The Basic Metals Group, with companies such as National Iranian Copper Industries Company with the symbol Fmli, Foolad Mobarakeh Esfahan with the symbol Foolad, Kaveh South Kish Steel Company with the symbol Kaveh, Esfahan Steel Company with the symbol Zob, Khuzestan Steel Company with the symbol Fkhoz, and Shahid Bahonar Copper Industries with the symbol Fbahar, is one of the major industries in the Iranian stock market. Currently, the symbol Zob has the highest stock volume at 83.15M, and the symbol Kaveh has the highest value at 482.59B in this category.



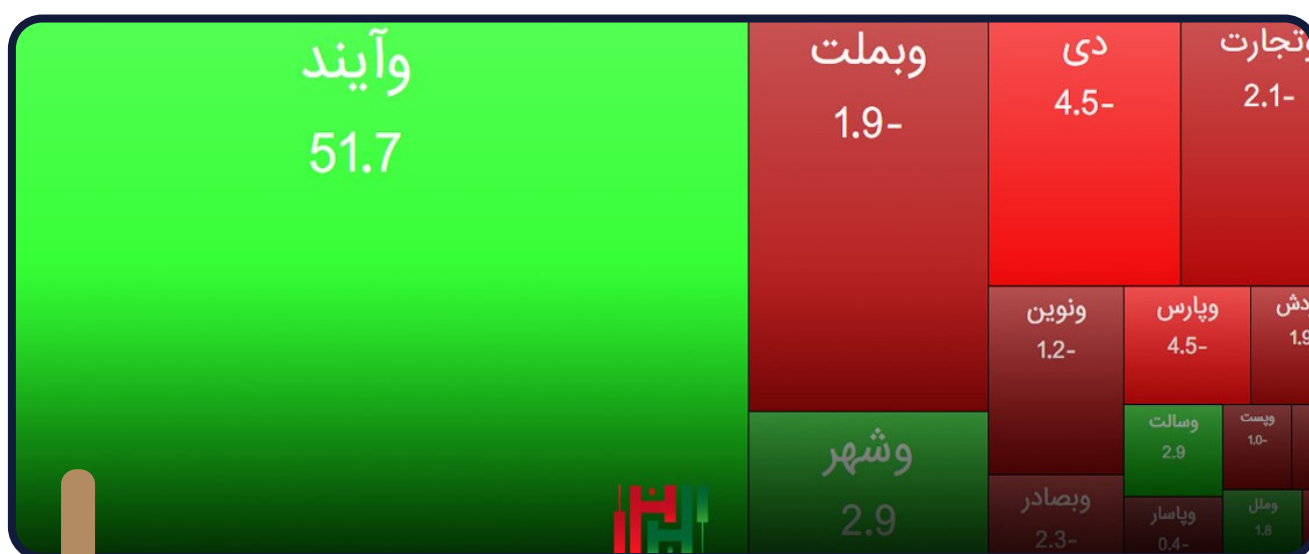
Oil Products Industry Group

The oil companies are one of the largest and most valuable industries among the listed industries. The companies in this group, given their role in exports, also bring about dollar profitability and can be considered a major source of Iran's income. Some of the listed companies in the oil products category include Bandar Abbas Oil Refining Company with the symbol Shbandr, Tehran Oil Refining Company with the symbol Shtrn, Tabriz Oil Refining Company with the symbol Shbhriz, and Esfahan Oil Refining Company with the symbol Shpna. Currently, the symbol Shtrn has the highest stock volume at 86.34M, and the symbol Shbandr has the highest value at 512.33B in this category.



Automotive and Parts Manufacturing Industry Group

Although the automotive industry, especially the two major domestic car manufacturers, Saipa and Iran Khodro, often operate at a loss, they are still among the main market leaders and attract a lot of attention from shareholders. In this group, car manufacturing companies such as Saipa with the symbol Khsapa, Iran Khodro with the symbol Khodro, and Zamyad with the symbol Khzamiyah, as well as auto parts manufacturers such as Mashhad Ring Manufacturing with the symbol Khring, Iran Radiator with the symbol Khator, and others are present. This group, like the Basic Metals Group, also has the largest number of companies. Currently, the symbol Khparss has the highest stock volume at 208.52M, and the symbol Khkmak has the highest value at 812.63B in this category.



Banks and Credit Institutions Industry Group

The banks group is also considered one of the important industries in the Iranian stock market. The main and determining factor in this group is the interest rate and its fluctuations, changes in bank deposit rates, and on the other hand, the status of loans and their repayments. This group is more familiar to the public due to the general interaction of people with banks. In this group, Bank Mellat with the symbol WebMellat, Bank Tejarat with the symbol Vtejarat, Bank Saderat with the symbol WebSader, Bank Pasargad with the symbol Vpasar, Bank Parsian with the symbol Vpars, and others are present. Currently, the symbol Diy has the highest stock volume at 397.42B, and the symbol Vayand (Bank Ayandeh) has the highest market value at 5095.18B in this category.



Pharmaceuticals and Products Industry Group

The pharmaceutical industry, with a large number of active companies in the stock market, is also one of the industries that attract shareholders' attention. In recent years, with the onset of COVID19-, the initiation of drug exports by some companies, and the resulting foreign currency revenues, much attention has been drawn to the pharmaceutical group. However, perhaps the most significant threat to these companies is the sanction of raw materials and the increasing difficulty in importing them, which could affect the performance of pharmaceutical companies. Currently, the symbol Dlghma (Loghman Pharmaceutical) has the highest stock volume at 34.75M, and the symbol Dsanko (Sobhan Oncology Pharmaceutical) has the highest market value at 341.73B in this category.

► Importance of Analyzing Industries in the Iranian Stock Market

As seen, the Iranian stock market comprises various industries, each with its distinct operational dynamics. Before entering the trading market, investors must have a comprehensive understanding of the different industries and the factors influencing their fluctuations. This knowledge, combined with technical and fundamental analysis, will help investors achieve favorable outcomes in their trades.

The stock market is not a place for unfounded or emotional decisions. Therefore, staying informed about the latest developments in various industries and their economic conditions is essential for intelligent market participation.

► Market Value Analysis of Iranian Stock Market Industries

One crucial aspect of evaluating stock market industries is their market value. It is possible for an industry to consist of a few companies but hold a significant share of the market value, indicating the greater importance of those companies.

From this perspective, the oil products and refinery sector holds the highest value-to-number ratio, as it commands the most significant market value despite having a limited number of companies.

The impact of each industry's market value on the overall index is determined accordingly. Industries with high market values, such as steel and copper (e.g., **فولاد** and **مس**), are more likely to be index movers, and their fluctuations have a greater effect on the overall index. This means that even if more than half of the market is in decline, the positive performance of index movers can result in a positive overall index.

ANALYSIS OF THE IRANIAN STOCK MARKET INDEX IN RECENT YEARS

Stock Market Index from 2018 to 2023 (1397 to 1402 in the Iranian Calendar)

Year (Iranian Calendar)	Year 2018 (1397)	Year 2019 (1398)	Year 2020 (1399)	Year 2021 (1400)	Year 2022 (1401)	Year 2023 (1402)
Day Start of Decline	7 Mehr	8 Mehr	14 Mordad	6 Shahrivar	28 Ordibehesht	17 Ordibehesht
Day End of Decline	23 Bahman	27 Aban	18 Esfand	6 Esfand	4 Aban	1 Shahrivar
Decline in Points	43800	6100	970000	82964	40637	61079
Highest Index Value	1954802	1551677	2084559	1585110	1603577	2548393
Lowest Index Value	928489	1791949	1123499	1290707	1203440	1979676
Growth Percentage	85%	0%	0%	0%	6.5%	30.4%

Stock Market Index from 2017 to 2023 (Hijri years 1396 to 1402)

Year (Hijri)	1396	1397	1398	1399	1400	1401	1402
Year	2017	2018	2019	2020	2021	2022	2023
Start Date of Decline	Mehr 8	Mehr 7	Mehr 8	Mordad 14	Shahrivar 6	Ordibehesht 28	Ordibehesht 17
End Date of Decline	Bahman 23	Aban 27	Esfand 18	Esfand 6	Aban 4	Shahrivar 1	
Decline in Units	43800	2100	978000	6949764	1306376	461039	
Highest Index Value	1954803	5551677	21045559	1585110	1905757	24583893	
Lowest Index Value	984489	1791947	1129644	1091070	1112040	19729692	
Growth Percentage	85%	6%	48%	44%	42.6%	50.4%	

► Stock Market Index in the Year 2024 / 2023

2024 / 2023 Stock Market Index in the Year

%10.43

Percentage Growth

171,291

Unit Growth

► Analysis and Review of the Tehran Stock Exchange Index in 2024

The Tehran Stock Exchange Index began its growth in 2024 at 2,000,000 units and reached 1,937,966 units by early September 2024, registering a total growth of %10.43. The details of the index movements in 2024 are as follows:

- Continuation of the upward wave that began the previous year, reaching 2,548,393 units at the beginning of 2024.
- Initiation of a corrective phase of 610,000 units (approximately %23-) from mid-April to early September.
- The index continued to move within a neutral or range-bound zone between 2,200,000 units and 1,950,000 units.
- Ultimately, a %10 growth in the index, with the index not reaching the peak of 2,500,000 units within the same year.

► Political and Economic Events

Several political events that impacted the stock index include:

1. At the beginning of 2024, the release of blocked Iranian funds in Iraq led to a decrease in currency prices and a decline in the Tehran Stock Exchange Index.
2. The resumption of relations between Iran and Saudi Arabia, along with the visit of the Omani Foreign Minister to Iran, contributed to the decline in the dollar price and the stock index due to the anticipated implementation of the JCPOA agreement.
3. Other events affecting the downward trend of the stock index included various news about the automotive sector. This sector, also known as the market leader, faced issues with product pricing and recognizing losses at the beginning of 2024. By the end of 2024, the Stock Exchange Organization granted automotive symbols (such as the «Khodo» symbol) until July 2025 for capital increases and exiting the requirements of Article 141 of the Trade Law. This, along with the high probability of increased car prices in the coming year, reduced their negative impact on the stock market.
4. The Gaza conflict and Middle Eastern regional crises led to a short-term decline in the stock index.

5. This year, actions by the government and the central bank also led to inadequate growth of the stock index:

o Issuance of bank deposit certificates with %30 interest

o Extensive issuance of Bahar Azadi coins and quarter coins, leading to capital outflow from the stock market (to prevent the dollar from rising to 60,000 Toman).

► Stock Market Index in the Year 2022

2022 Stock Market Index in the Year

%45

Percentage Growth

000,610

Unit Growth

► The Tehran Stock Exchange Index in 2022

The Tehran Stock Exchange Index began the year 2022 at 1,383,000 units and ended the year with an approximate growth of %45, reaching 1,960,000 units. The details of the index movements in 2022 are as follows:

- Continuation of the upward wave that began the previous year, reaching 1,600,000 units at the beginning of 2022.
- Initiation of a corrective phase of 365,000 units (approximately %22) from late May to early November.
- Beginning of the second upward wave of the index in early November, with the index reaching 1,694,306 units.
- Initiation of a correction of the previous wave from late January, with the index reaching 1,524,795 units.
- Ultimately, a %38 growth in the index.

► Political and Economic Events

The stock market and the overall index are influenced by various factors including exchange rates, global commodity prices, and the formulation of the national budget (such as petrochemical feedstock rates, semi-official dollar rates, etc.). Generally, it can be said that with the stabilization of global commodity prices, the Tehran Stock Exchange, known for being commodity-centric, did not experience significant growth. However, despite social and political unrest in Iran, the stock index began to grow in mid-November, in tandem with the unprecedented rise in the dollar price (though not to the same extent as the dollar).

► Stock Market Index in the Year 2021

2021 Stock Market Index in the Year

%4.4

Percentage Growth

58,742

Unit Growth

► Analysis and Review of the Tehran Stock Exchange Index in 2021

The Tehran Stock Exchange Index started the year 2021 at 1,309,000 units and reached 1,367,000 units by the end of the year. Despite the numerous risks facing investors, the index recorded a growth of only 58,000 units.

1. Decline in the First Two Months: The index fell by approximately %16 and 215,000 units, dropping from 1,131,000 to 1,100,000 units.
2. Start of Upward Trend: From early June to early September, the index experienced a growth of approximately %43 and 480,000 units, rising from 1,100,000 to 1,580,000 units.
3. Beginning of Correction Wave: From early September to early January, the index corrected approximately %78 of the previous upward wave, falling from 1,580,000 to 1,200,000 units.
4. End of Six-Month Correction and Start of Growth: From January to the end of the year, the index grew by about %13 and 163,000 units, increasing from 1,200,000 to 1,370,000 units.

Ultimately, the index in 2021 was able to recover only %50 of the deep decline experienced in 2020. It is important to note that the growth and progress of the index in this year only provide a general measure of the market's symbols and an average of them. Experience has shown that in years when the overall Tehran Stock Exchange market did not experience significant growth, many individual stocks (depending on their industry and sector) witnessed remarkable gains.

This reminds us that while examining the overall trend of the stock index can familiarize us with the general market environment and sentiment each year, it does not reflect the actual returns of investors. In reality, investors faced different profits and losses based on their superior or weaker analysis and thinking.

► Political and Economic Events

Undoubtedly, 2021 was one of the toughest years for Tehran Stock Exchange participants. The limited growth in the stock market during this year can be attributed to the following reasons:

- Lack of Trust: Public mistrust in the market due to the famous crash of 2020.
- Mixed News: Uncertain news regarding the success or failure of the JCPOA (Iran Nuclear Deal).

- Gas Feedstock Pricing Cap: A cap of 5,000 Toman for gas feedstock prices (petrochemical industries) / A cap of 2,000 Toman for gas fuel prices (petrochemical and metal industries).

In addition to the above factors, investment risk in the stock market was high due to:

- JCPOA
- Dollar Exchange Rate
- Iranian Presidential Elections
- Budget Conditions and Laws
- COVID19- Pandemic Situation
- Federal Reserve Decisions (Interest Rates)
- Impact of the Ukraine-Russia War

► Stock Market Index in the Year 2020

2020 Stock Market Index in the Year

%158

Percentage Growth

800,337

Unit Growth

► Analysis and Review of the Tehran Stock Exchange Index Chart in 2020

The year 2020 began with a significant rise in the stock market index, and analysts used various methods to predict the Iranian economy for that year. The sharp growth in the stock index continued until August 2020, 10, resulting in an increase of 1,570,000 units, even surpassing the 2 million unit mark.

Ultimately, the stock market faced a decline in the index in late August 2020, and the growth reached %158. Several key factors contributed to the downward movement of the stock market after August 2020:

- Sharp Corrections: Sharp growths are always accompanied by sharp corrections, which is a natural trend in the stock market.
- Psychological Impact: Receiving multi-fold profits in the short five-month period at the beginning of the year led many investors to become psychologically satiated with their gains and withdraw their investments from the market, causing increased selling pressure.

► Political and Economic Events

Government promotions for investing in the stock market led to a massive influx of people into this market; unfortunately, many of these individuals entered without sufficient stock market knowledge and bought shares without considering technical or fundamental conditions. Additionally, the announcement of the release and sale of equity shares was another factor that kept the index trend negative during this period.

► Stock Market Index in the Year 2019



► Analysis of the Tehran Stock Exchange Index Chart in 2018

The index entered the -100,000 unit range for the first time in 2018 and recorded a growth of over %85. All previous market records were broken this year.

► Political and Economic Events

The year 2018 started with much uncertainty for stock market investors. On one hand, the United States was constantly taking steps to exit the JCPOA, and on the other hand, protests over rising prices had reached their peak by late 2017. The tensions caused by street clashes and related controversies led to a subtle decline in the index at the beginning of the year. Despite this, the following events unintentionally revived the stock market:

- Concerns Over Holding Rial Assets
- Speculations About the Start of War
- Incidents Such as the Shooting in Parliament
- U.S. Exit from JCPOA in May
- Telegram Ban

These factors led worried citizens to seek ways to save their rial assets, which in turn contributed to the index' s recovery. The real estate market also experienced unprecedented growth this year. The inflation that began the previous year continued at an accelerated rate.

► Stock Market Index in the Year 2017

2017 Stock Market Index in the Year

%24

Percentage Growth

18,804

Unit Growth

► Analysis of the Tehran Stock Exchange Index Chart in 2017

After three turbulent and challenging years in the stock market, the market finally adopted a stable trend in 2017. The index showed a %24 growth for shareholders that year.

► Political and Economic Events

- Re-election of Hassan Rouhani as President of Iran and Lack of Index Growth Contrary to Predictions
- Decline in Commodity Prices in Global Markets
- Concerns Over New Sanctions by the U.S.

The real estate market also began to grow in 2017, following four years of steady movement and a path of inflation, similar to the stock market. However, unlike the stock market, which did not experience significant growth in 2017, prices in the real estate market increased substantially (especially in the last six months of the year). Those who had persevered in the real estate market over the past four years saw the results of their efforts. Nonetheless, the growth for stock market participants was modest.

► Stock Market Index in the Year 2016

2017 Stock Market Index in the Year

-%4.8

Percentage Growth

-3,970

Unit Growth

► Analysis of the Tehran Stock Exchange Index Chart in 2017

During the year 2016, the index faced severe declines until June 21 but ended the year with a %4.8 decrease, marking another year of negative index growth.

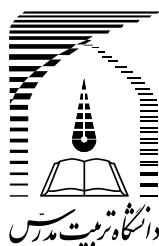
- Approximate %10 Decline: From the beginning of the year to the end of June.
- Approximately %12 Growth: From the end of June to mid-December.
- Subsequent %5 Decline: From mid-December to the end of the year.

Political and Economic Events

In 2016, despite positive news regarding major contracts in the steel and petrochemical industries, a %6 economic growth rate, a reduction in the bank deposit interest rate to %15, and the return of 10,000 production units to the industrial cycle, the stock market could not grow.

The stagnation of the stock market that year caused its correlation with the real estate market to align closely again. It had been nearly four years since these two markets had moved exactly in tandem, and the cyclical nature of these markets brought them back onto the same path after four years.

ACADEMIC RESEARCH SOURCES



RESEARCH AND ANALYSIS REPORT OF THE EXHIBITION OF FINANCIAL INDUSTRY, CAPITAL MARKET AND STOCK EXCHANGE



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