

Sukuk in Iran: An Overview And Latest Developments

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Outline

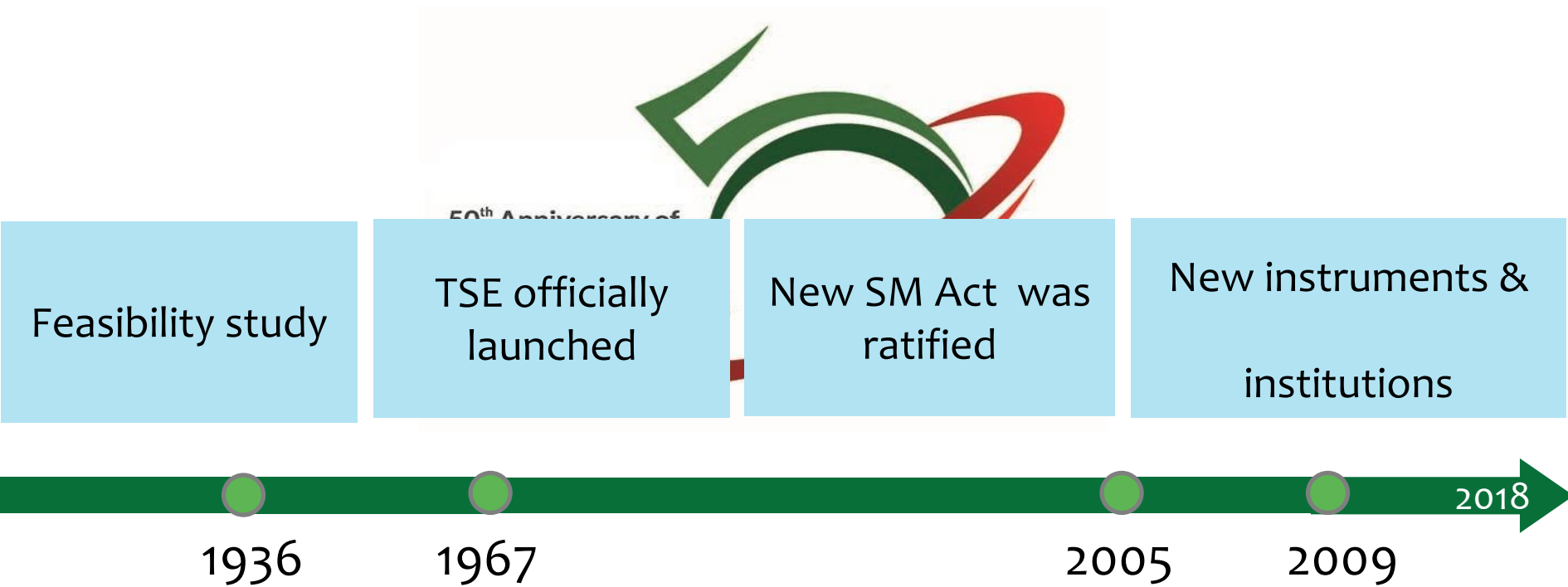
Capital market in Iran: History & Structure

Sukuk & Statistics in Iran

The final point

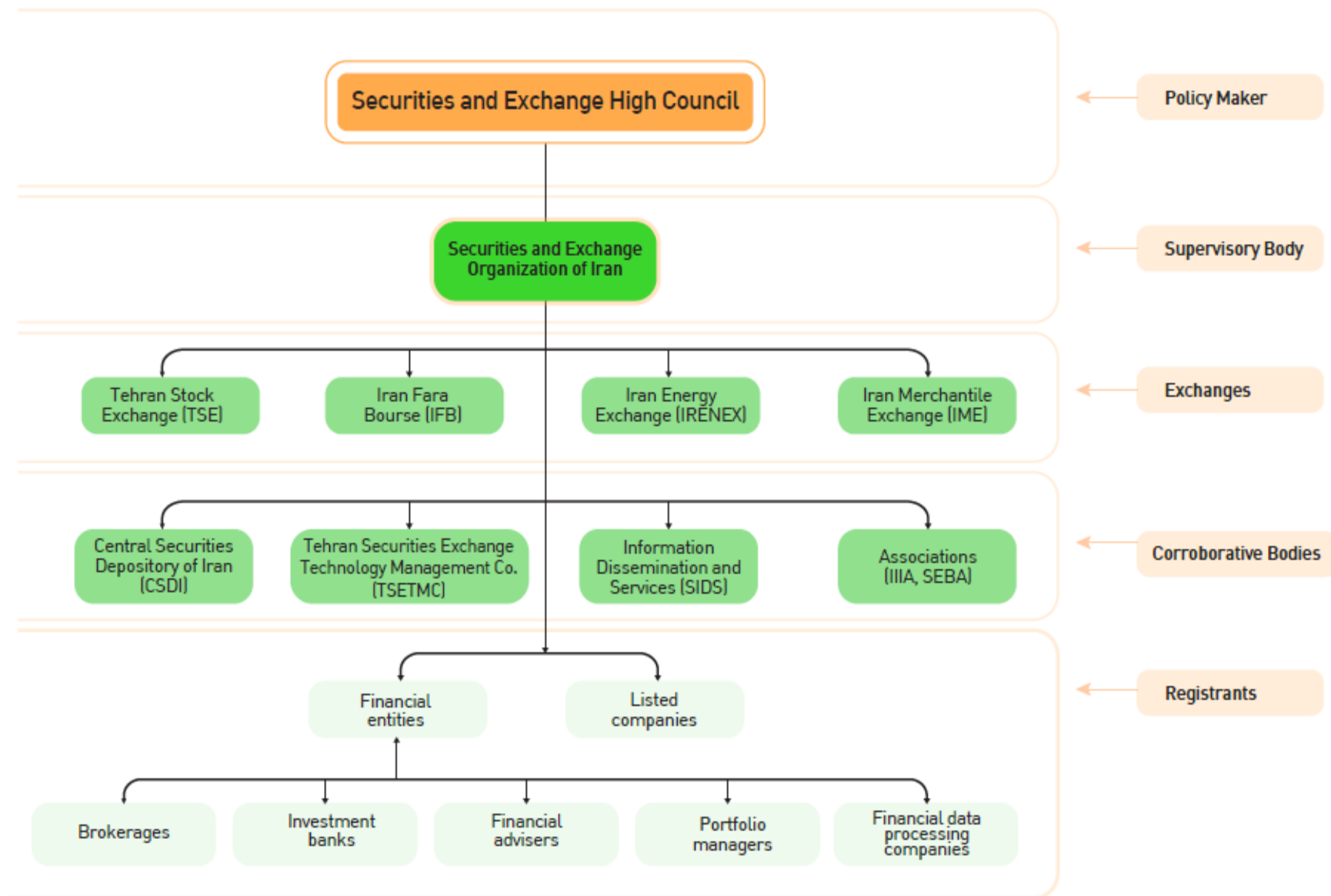
History & Structure

Over Half a Century of History



SEO, regulatory and supervisory authority of Iran capital market (Since 2005, following new SM Act was ratified)

Capital Market Structure



Markets

In Iran Capital Market, There are four exchanges including two equity markets, i.e, the TSE and IFB, and two commodity markets, i.e, the IME and IRENEX. The following chart succinctly demonstrates these markets.



Tehran Stock Exchange

- Equity share
- Right offering
- Sukuk
- Derivatives (Futures, Embedded put options)
- ETF



Iran Fara Bourse

- Equity share
- Right offering
- Sukuk
- Derivatives
- Housing mortgage right
- ETF
- Intellectual property



Iran Mercantile Exchange

- Industrial
- Oil and Petrochemical
- Agricultural
- Futures on commodities



Iran Energy Exchange

- Electricity
- Oil and gas
- Other energy carriers

Sukuk & Statistics

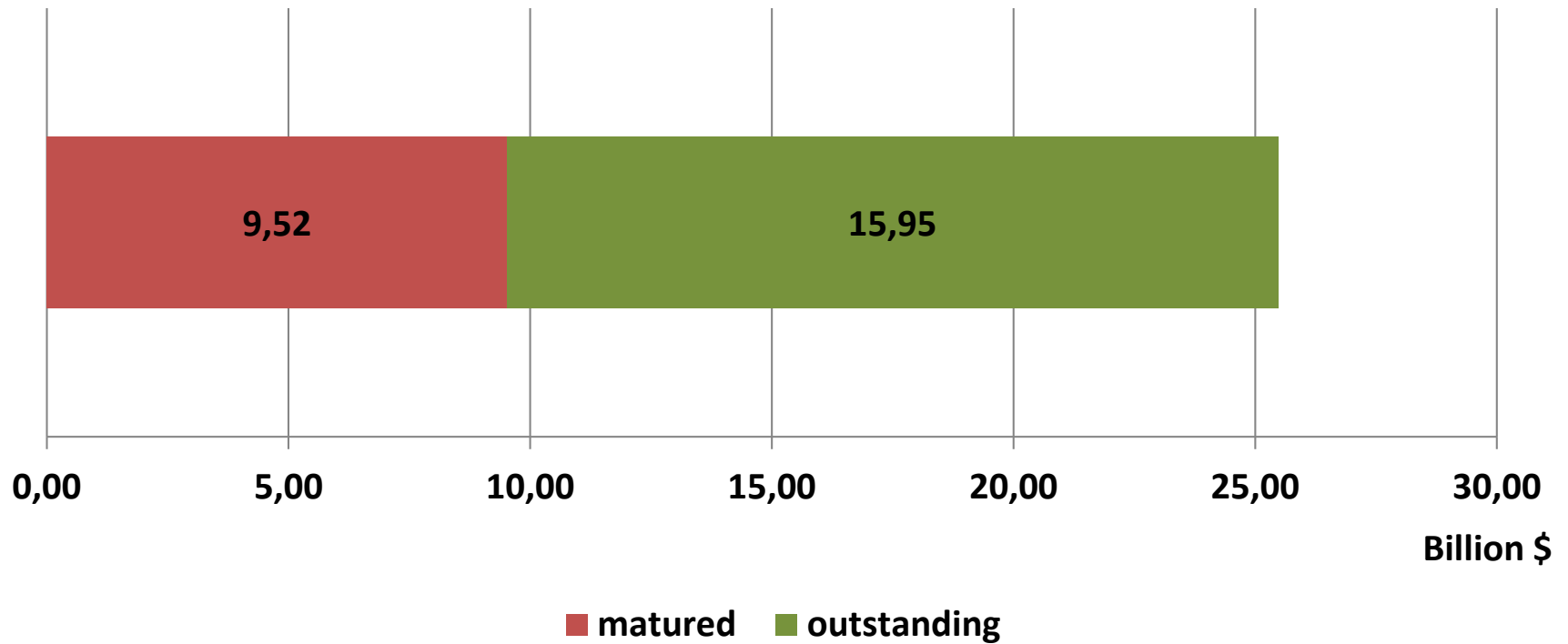
Brief History of sukuk issuance in Iran

- **1994:** First Musharakah Sukuk issued by the municipality of Tehran to finance building construction project
- **1995-2005:** Government and central bank of Iran issued Musharakah Sukuk in money market;
- **2005:** The Securities Market Act enacted and ground work for issuance of other types of Sukuk started;
- **2006:** Shariah Board established; structures of different sukuk reviewed and many of them ratified;
- **2008:** The first regulation on Ijarah Sukuk issuance was ratified;
- **2009:** The Development of New Financial Instruments and Institutions Law was enacted;
- **2010:** SPVs regulation was ratified;
- **2011:** The first Ijarah Sukuk was issued for Mahan Airline
- **2011:** Murabaha Sukuk issuance regulation was ratified;
- **2013:** The first Murabaha Sukuk was issued for Butan Co.
- **2013:** Istisna Sukuk issuance regulation was ratified;

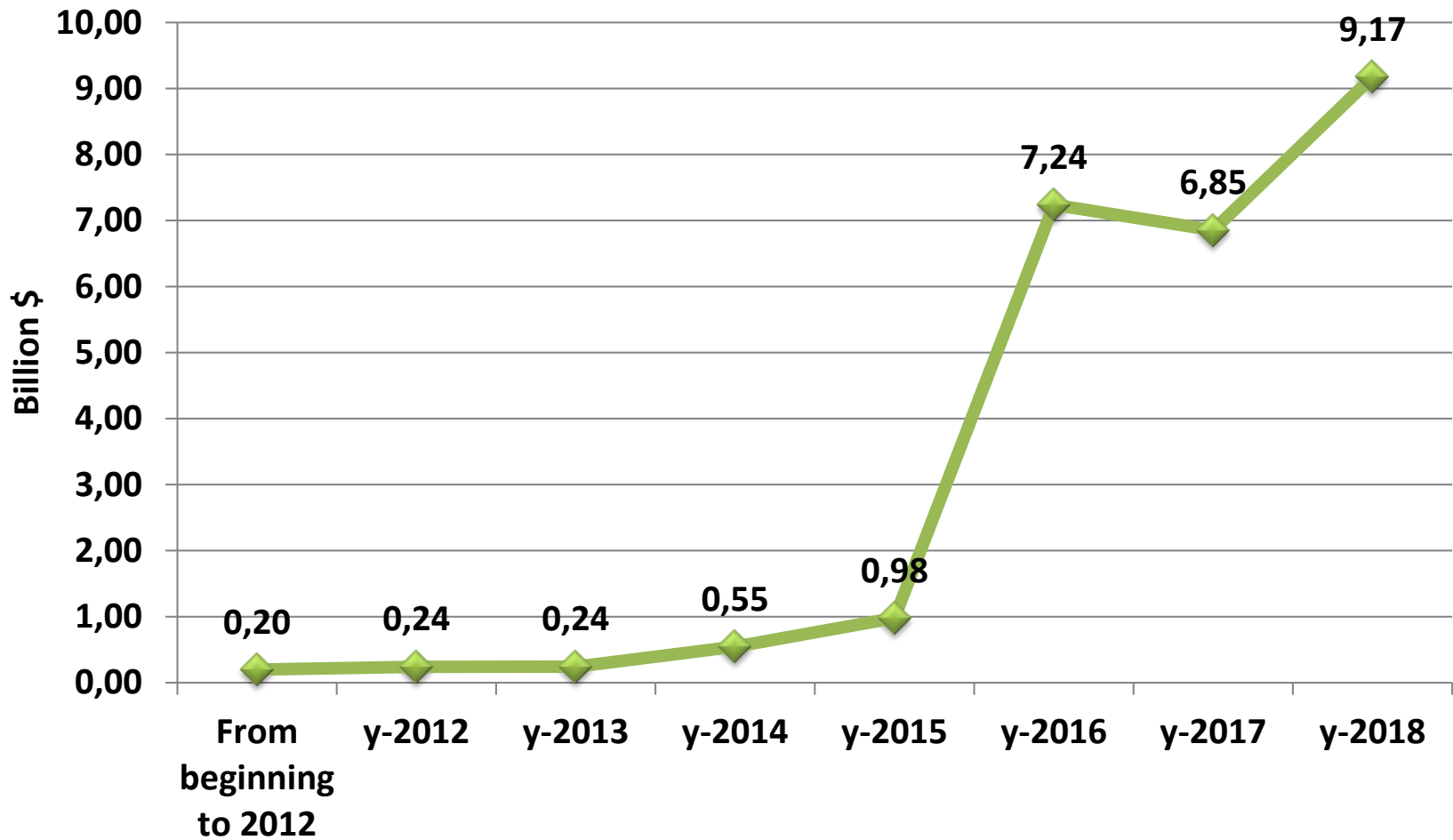
Brief History of sukuk issuance in Iran

- **2014:** The first Salam Sukuk was issued for GolGohar Co.
- **2015:** The first Istisna Sukuk was issued for Nimid Co.
- **2015:** Treasury Bill issuance regulation was ratified;
- **2015:** The first Treasury Bill was issued for Government
- **2016:** MBS issuance regulation was ratified;
- **2016:** The first MBS was issued for Maskan Bank
- **2017:** ABS issuance regulation was ratified;
- **2017:** Manfa`ah issuance regulation was ratified;
- **2017:** Ijarah Sukuk based on stock (equity-based Ijarah sukuk) regulation was ratified;
- **2018:** The first Manfa`ah was issued for Government (1112 million \$) - The largest government Sukuk from the beginning
- **2018:** The first Ijarah Sukuk based on stock (equity-based Ijarah sukuk) was issued for Shasta co. (667 million \$) - The largest Non -government Sukuk from the beginning

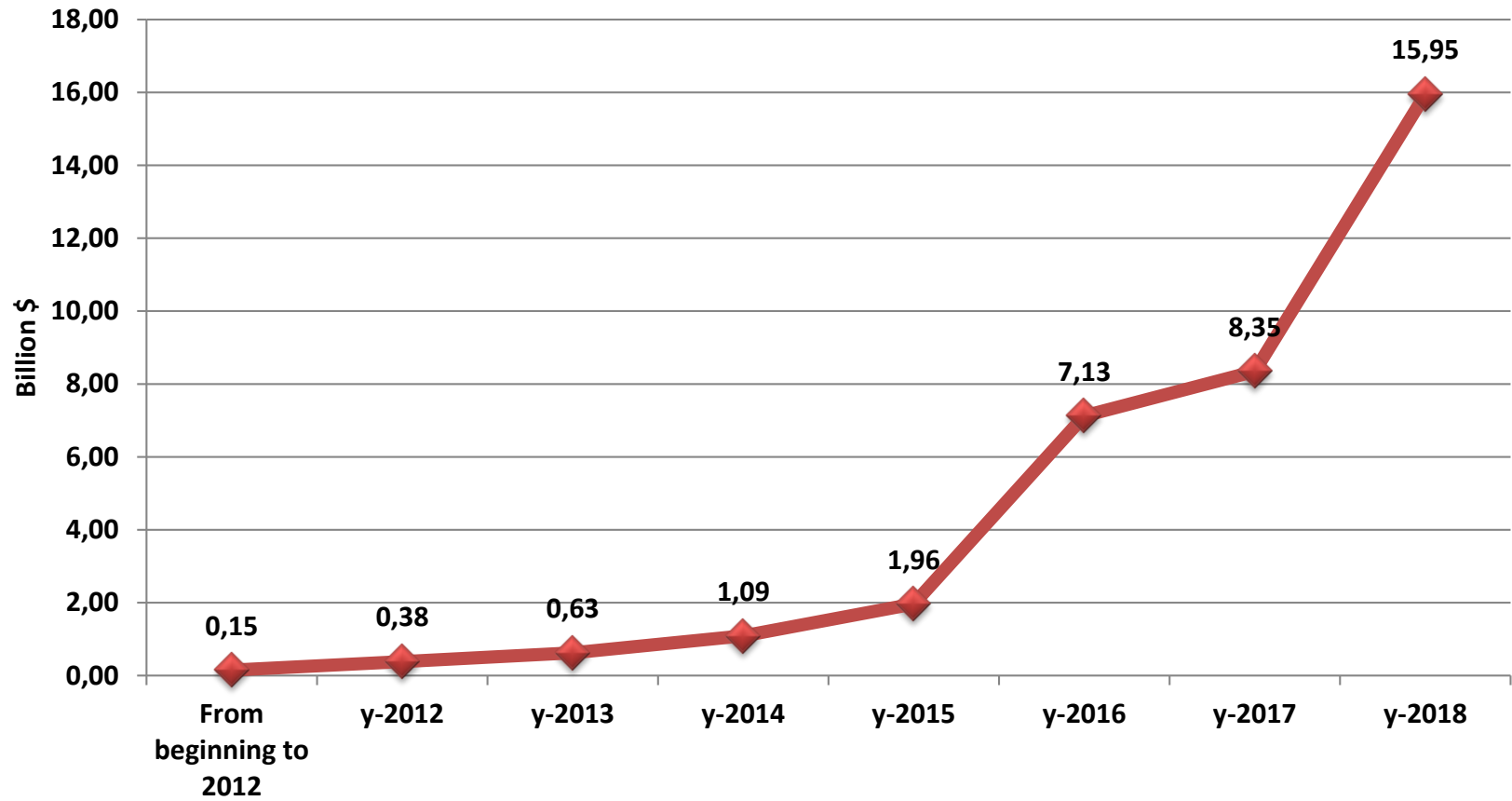
Matured Vs. outstanding value of sukuk



Sukuk issued in Iran capital market

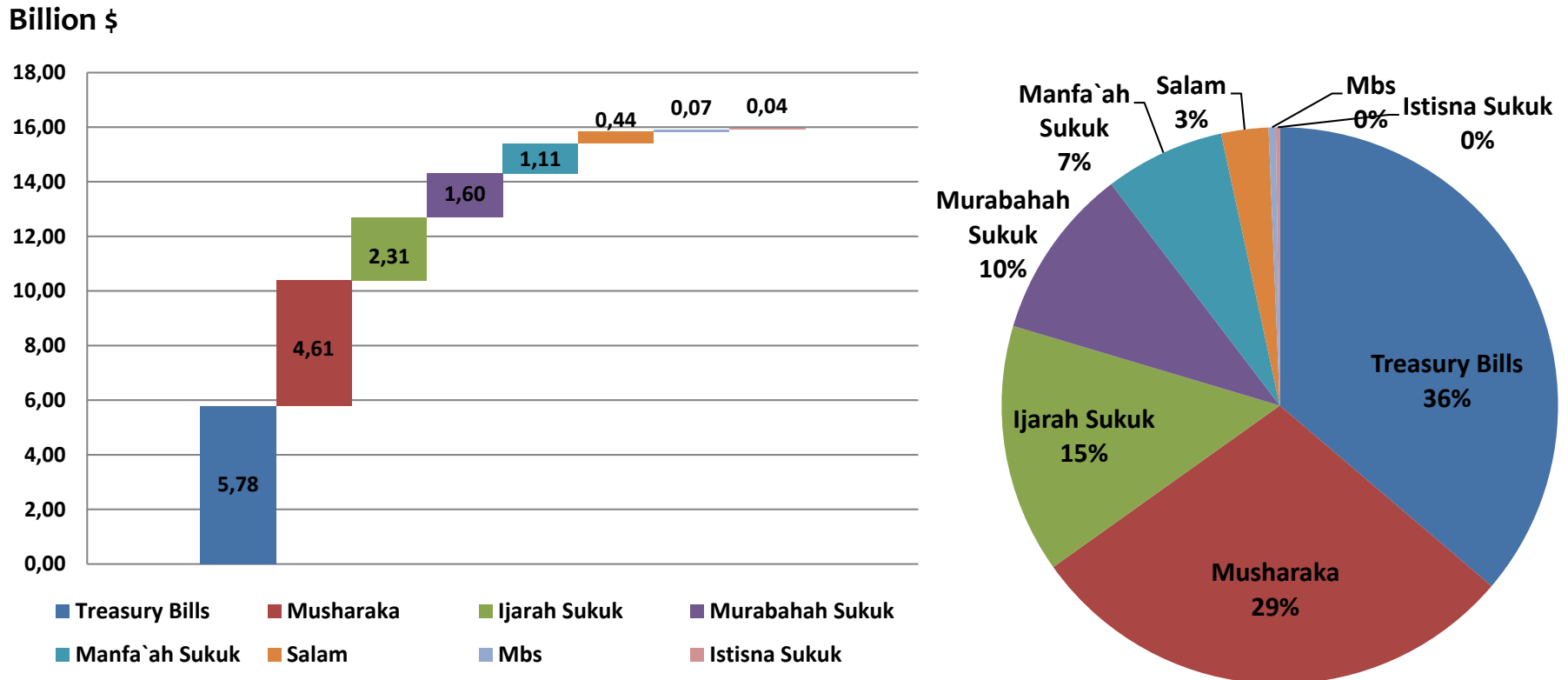


Outstanding value in Iran capital market

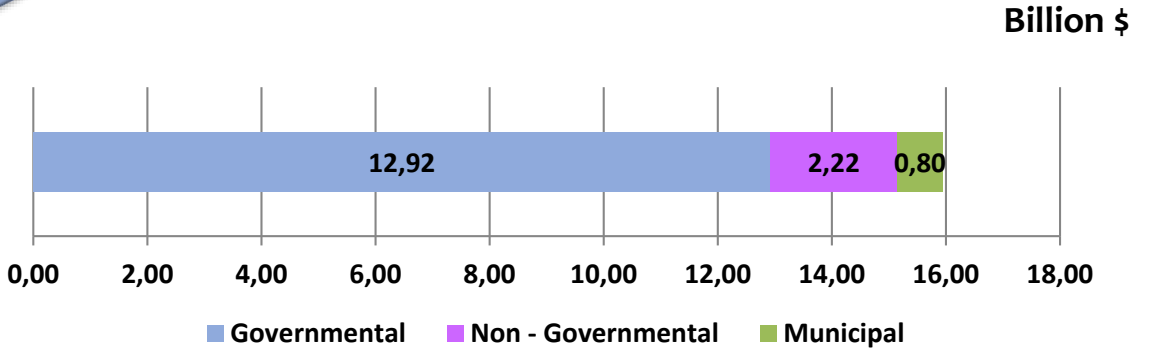
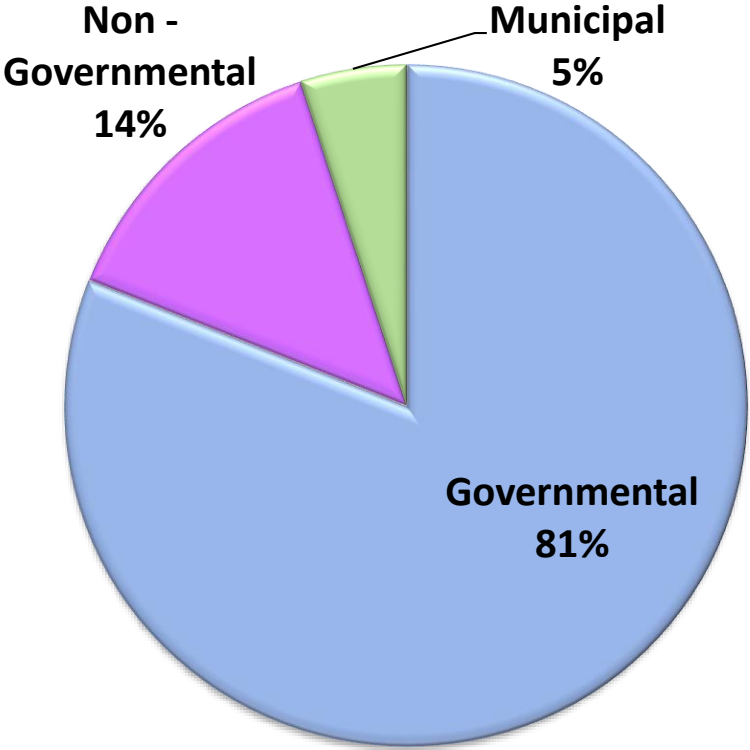


Outstanding Value of Each Type of Sukuk

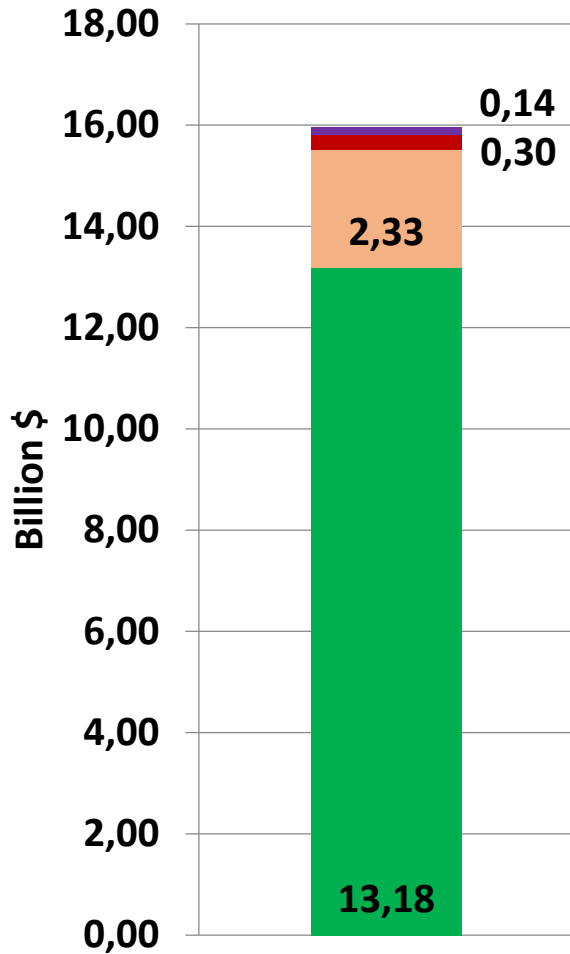
The outstanding value of all Islamic securities (sukuk) is presented in the following figures. It is noteworthy that all instruments in Iran capital market are Shariah compliant.



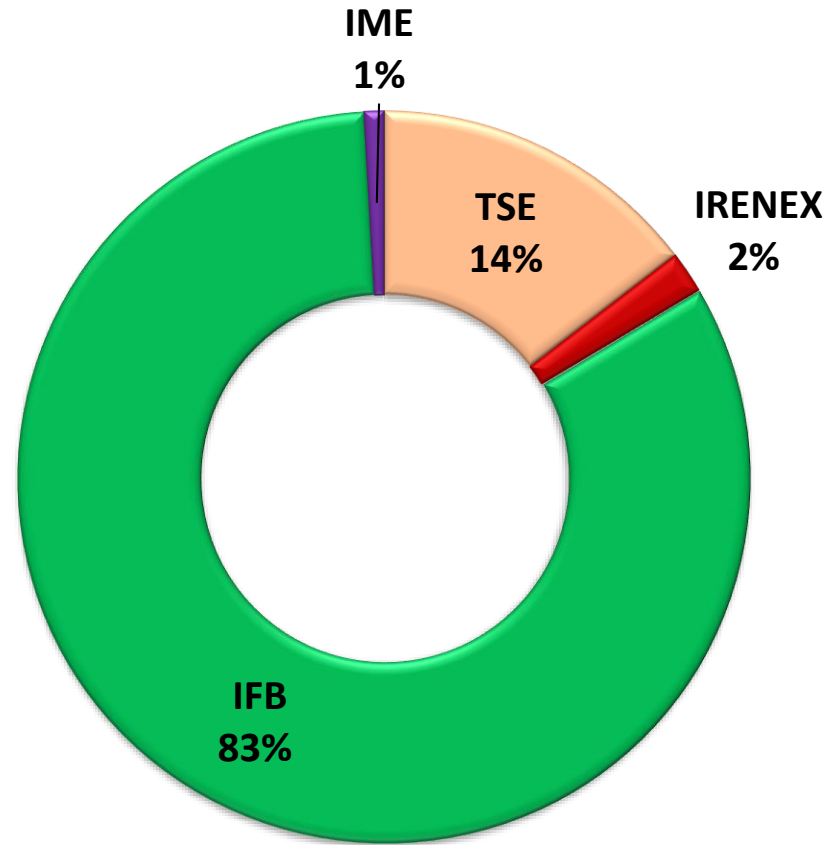
Type of Sukuk Issuer



Outstanding Value of Sukuk for Each Exchange



IFB TSE IRENEX IME

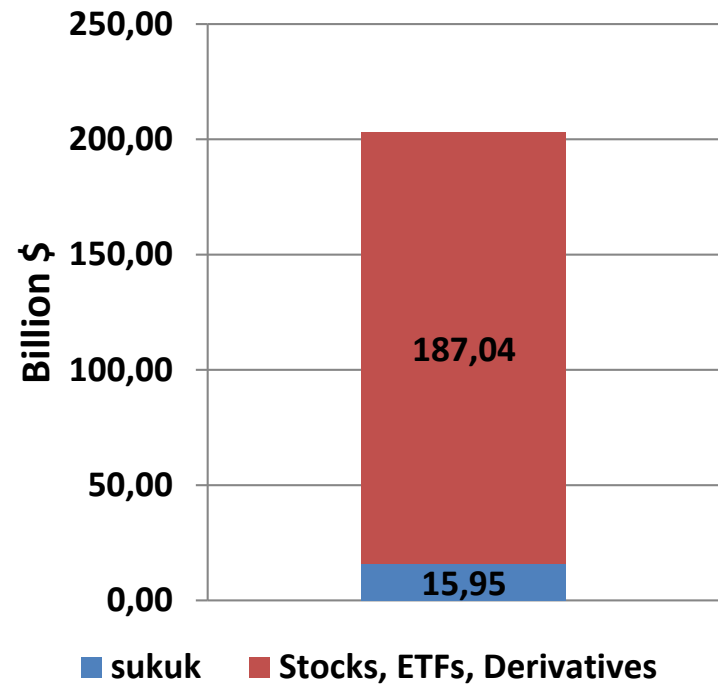
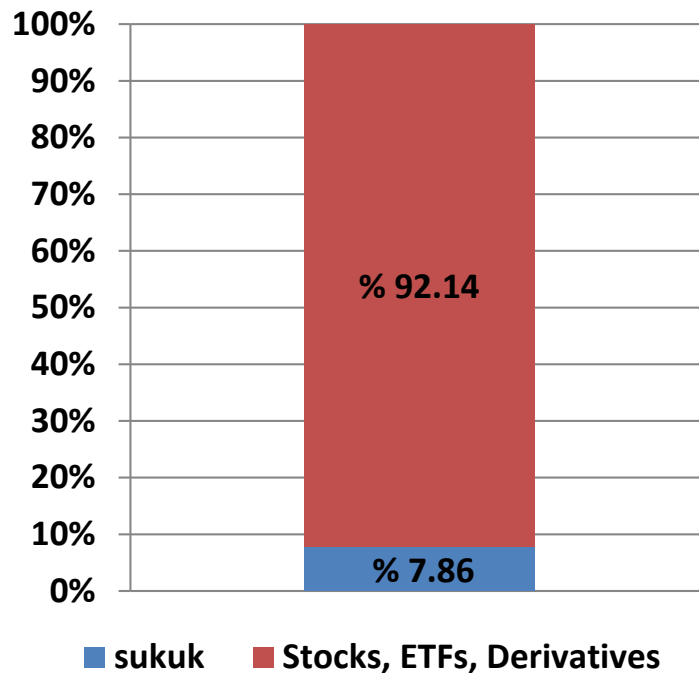


TSE IRENEX IFB IME

Sukuk market value

Share of the sukuk market value in comparison with IFB and the TSE market capitalization demonstrated below.

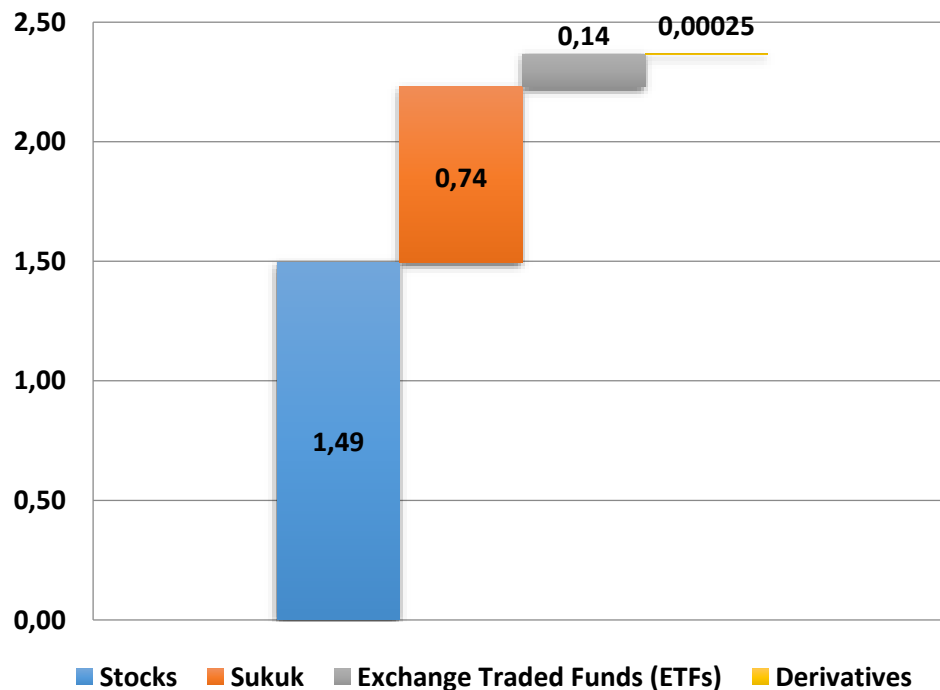
25 March 2018



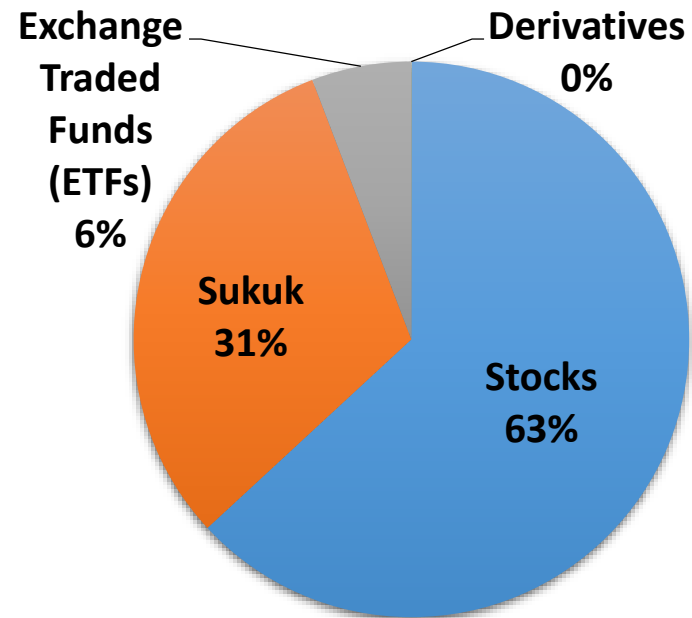
Trading Value of Each Instrument

Trading value and volume of each instrument is depicted in the following figures.

Billion \$

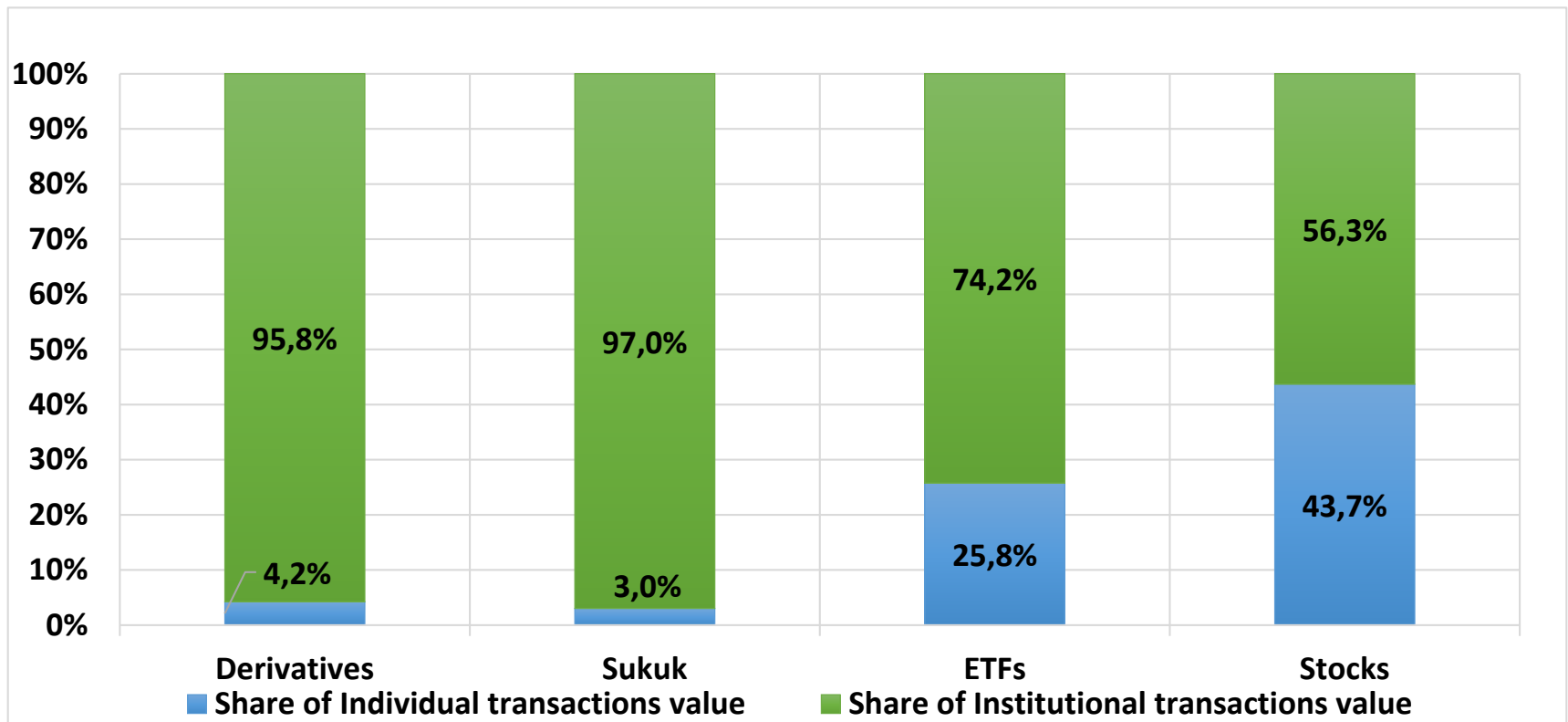


(February 2018)



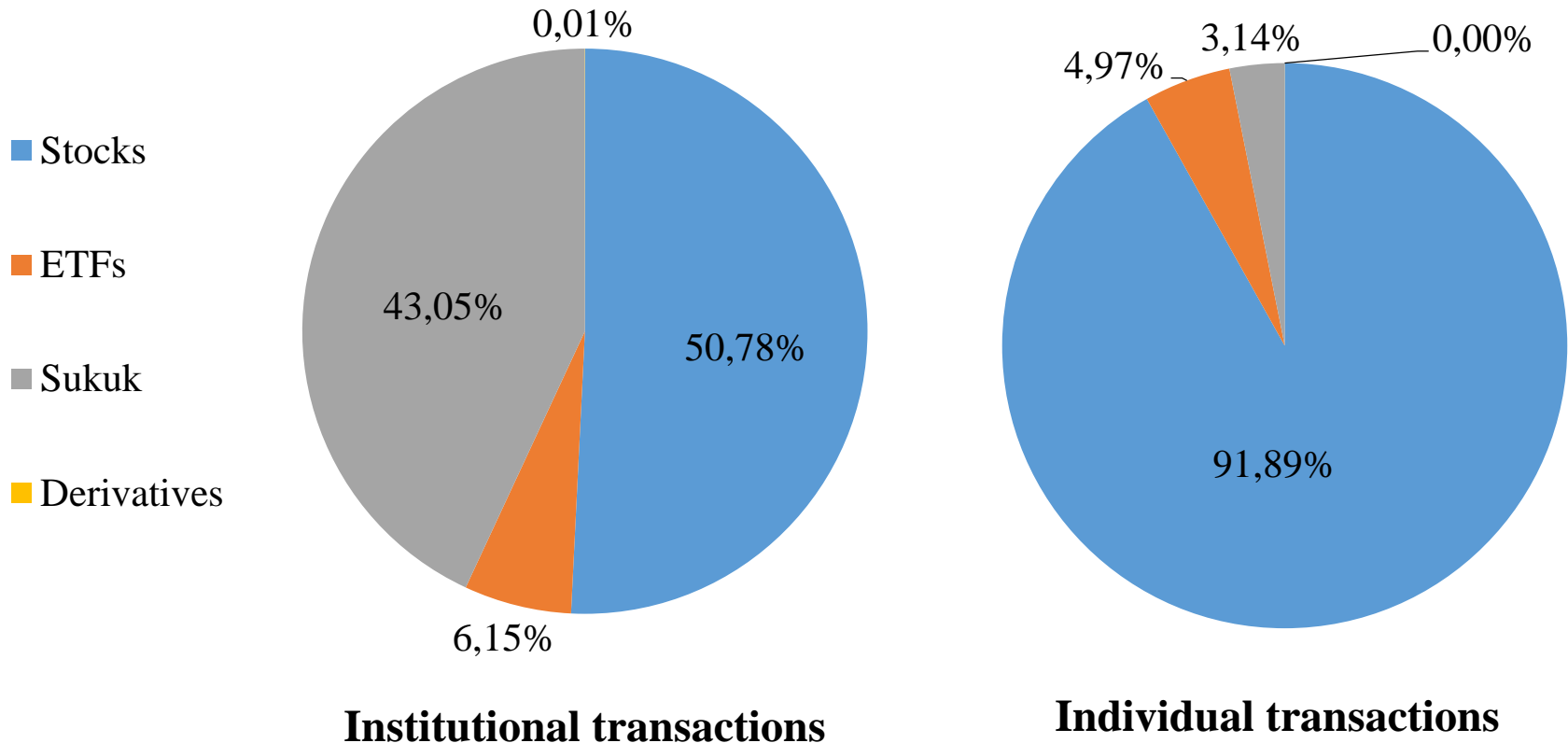
Institutional and Individual Transactions

Institutional and Individual contribution for each category of instruments is demonstrated in the following figure.



Comparing of Institutional and Individual Transactions

Comparing Institutional and Individual transactions based on instruments is demonstrated in the following figure.



The Center of Debt Management And Public Financial Assets

- Identifies all governmental debts and associated risks,
- Prepares the government debt portfolio in an accurate way,
- Receives and records the information from governmental organizations,
- Reports the government debt and receivables,
- Offsetting and settling government debt and receivables,
- Changes the government debt to securities,

The final point

- It's not been a long time for sukuk issuance in Iran capital market, but its amount and tendency of corporations show that it can be a promising method of financing,
- Sukuk related regulation, facilitate sukuk issuance in Iran,
- Capital market of Iran has great potential for sukuk issuance and quite all organs exist in the country,
- By the nature of financing, shariah board ratification, and approval of appropriate regulations, other types of sukuk are in the queue of issuance.



Islamic Republic of Iran
Ministry of Economic Affairs & Finance



Securities & Exchange Organization

Thank you