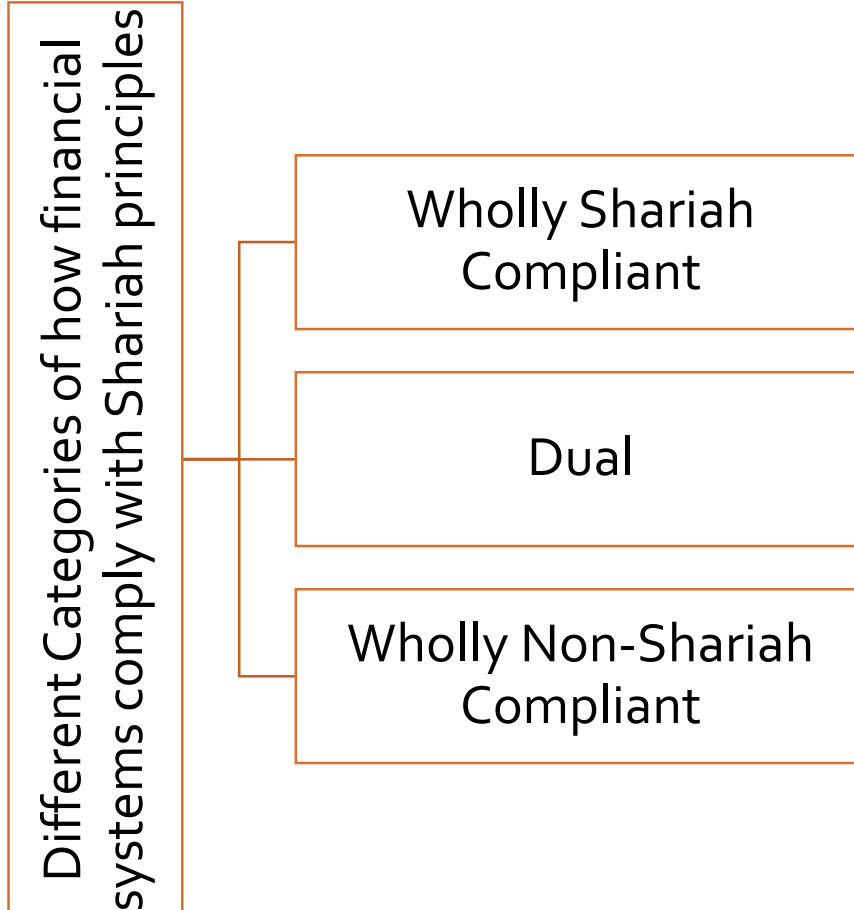


# Shariah Governance in Iran Capital Market

**14<sup>th</sup> MEETING OF THE COMCEC**  
**FINANCIAL COOPERATION WORKING GROUP**  
September 2020

# Shariah Compliant Products in Iran Capital Market



Principle 43 of Iran Constitution:

the economy of the Islamic Republic of Iran will be based on "*banning the causing of damage to others, monopoly, hoarding, Riba, and other invalid and forbidden in Shariah interactions;*

# Financial Products in Iran Capital Market

Before 1979	1979-2007	2007-2020
Equity	Equity	Equity
Bonds	Musharakah Sukuk	Musharakah Sukuk
		Ijarah Sukuk
		Murabaha Sukuk
		Salam Sukuk
		Manfa'ah Sukuk
		Shariah compliant Mortgage Backed Securities
		Islamic Treasury Notes
		Shariah compliant Derivatives (futures and options)
		Shariah compliant funds
		Shariah compliant Buy on Margin
		Shariah compliant Short Sale

# Shariah Governance Elements at the Iran Capital Market

## Shariah Supervisory Board

Highest authority for supervising Shariah governance

- Established as one of the SEO's board of directors technical committees
- Is composed of 8 members (5 Shariah scholars and 3 experts)
- Has its meetings twice a month at the SEO

## ICM Working Group

Islamic Capital Market Working Group: The SSB's advisory arm

- Studies Shariah aspects of capital market issues before the SSB
- Is composed of 5 Shariah Scholars and located in the city of Qom
- Has its meetings once a week

## RDIS Department

Research, Development and Islamic Studies Department

- Provides Shariah assessment of the Islamic Capital Market Issues
- Performs under supervision of SEO's president
- Islamic Finance Experts make the assessments and provide advices

# Challenges ahead of Shariah Governance and Solutions (1)

## Challenge

- There is not sufficient Post-Launch Shariah supervision in the capital market;
- Current regulations emphasize on pre-launch Shariah supervision and have not placed sufficient post-launch supervisions.
- This supervision should include important issues such as preparation of Sukuk prospectus, supervision on IT-based infrastructures, arranging contracts between the parties and etc.

## Solution

- The SEO's board of directors should consider this fact and make the necessary legislations.

Thank you very much for your kind attention