

Islamic Finance

in Iran

Securities & Exchange Organization (SEO)





CAPITAL MARKET
REGULATORS FORUM
COMCEC

Task Force for Islamic Finance

26-27 September 2012, Turkey, Istanbul

Ali Saeedi

Executive Deputy and Member of Board of Directors
Of Securities & Exchange Organization

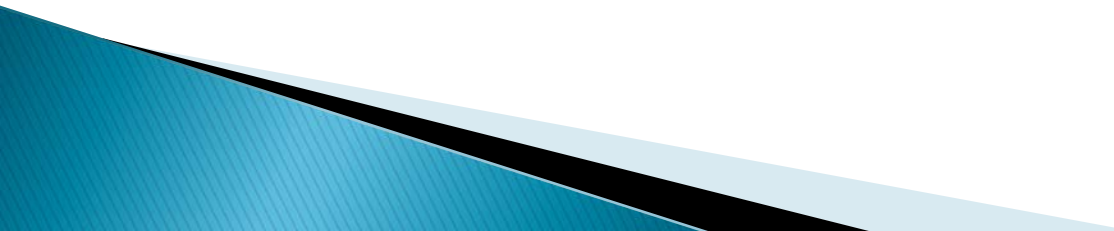
Main Topics

- ▶ Shariah Board of SEO
 - ▶ Financial instruments in Iranian Capital Market
 - Sukuk
 - Derivatives
 - ▶ Iranian Islamic Capital Market: Publication & Courses
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Part one: Shariah Board of SEO


Shariah Board of SEO

The objects for which the Board is established shall be as to study and provide jurisprudential comments on instruments, markets and financial institutions within the national financial markets and provide required reforming recommendations.



Shariah Board of SEO

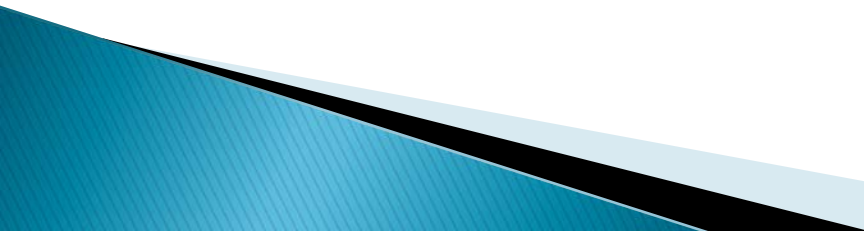
The Board consists of eight members who shall be appointed as follows:

- ▶ Five Shariah Scholars Knowledgeable About Capital Market
 - ▶ One Financial Expert
 - ▶ One Legal Expert
 - ▶ One Economic Expert
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Shariah Board of SEO

Powers and duties of the Board are as follows:

- ❖ To evaluate new financial instruments suggested to be traded in the exchanges and OTC markets, as far as Jurisprudential point of view is concerned;
 - ❖ To survey Jurisprudential suspicions on financial instruments and provide proper solutions thereto;
 - ❖ To evaluate financial instruments effectively, in order to be convinced of the good performance thereof;
 - ❖ To design Islamic financial instruments to be traded in national capital market and introduce it to the Board of Directors of the Organization;
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Shariah Board of SEO

Powers and duties of the Board are as follows:

- ❖ To cooperate with the same committees and councils within the other local and foreign organizations;
 - ❖ To cooperate in developing of educational programs and publishing of scientific works in the field of Islamic finance;
 - ❖ To assist in convening scientific meetings in the field of Islamic finance;
 - ❖ To study Jurisprudential aspects of the capital market issues;
 - ❖ To accomplish all other issues referred to by the Organization, in compliance with the objects of the committee.
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Part two: Financial instruments in Iranian Capital Market

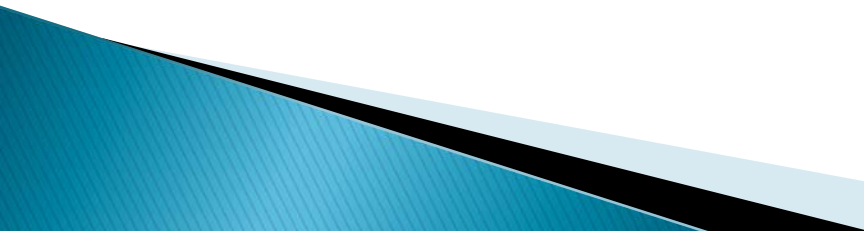
Islamic Financial instruments in Iran

Musharakah Sukuk

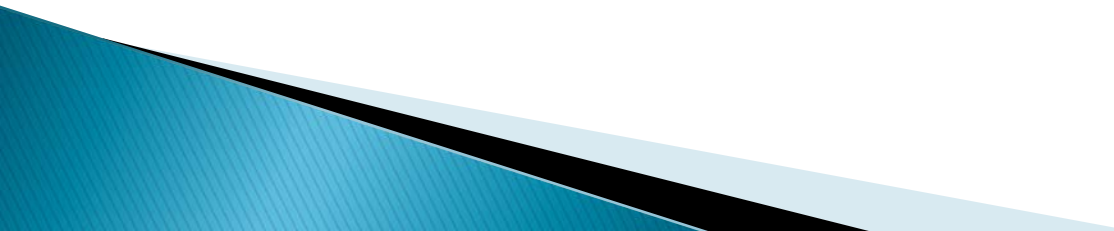
- ▶ The first Iranian Musharakah Sukuk was issued for a sum of USD 28 million in 1994 to finance a highway construction project.
- ▶ The Law on the Issuance of Musharakah Sukuk was ratified by the Parliament on September 21, 1997.
- ▶ A total sum of more than 34 billion USD worth of Musharakah Sukuk are issued between 1994 and 2012, of which 2.2 billion USD are sold in capital market for corporate financing (from 2005 up to now).

Islamic Financial instruments in Iran

Ijarah Sukuk

- ▶ Ijarah Sukuk are transferable securities which bear the name of the holder and each certificate proves the joint ownership of its holder in the underlying assets of Ijarah Sukuk issuance.
 - ▶ The first Ijarah Sukuk in Iranian capital market was issued in March 2010.
 - ▶ From the first issuance, the market has witnessed more than 456 million USD worth for Ijarah Sukuk.
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Islamic Financial instruments in Iran

- ▶ Now in Iran, rules and regulations for other types of Sukuk such as Murabaha Sukuk and Istisna Sukuk is finalized.
 - ▶ Hopefully in the near future, the market shall experience these new instruments.
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Islamic Financial instruments in Iran

Futures Contract

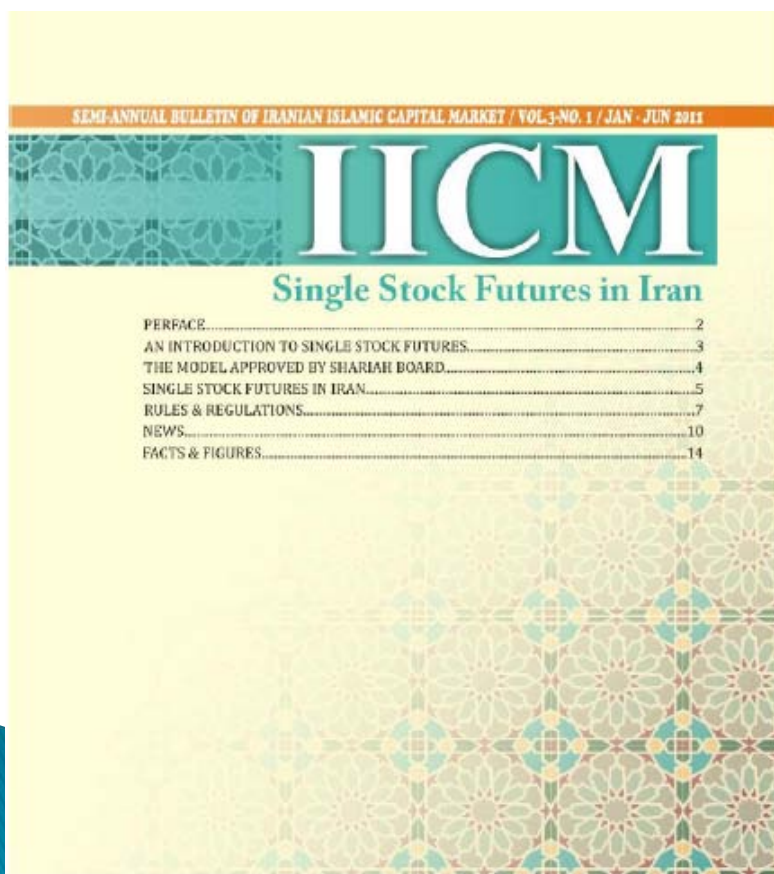
- ▶ Futures contract in Iran started in July 2008.
 - ▶ Gold coin futures contracts from beginning till now comes to more than 24.4 B US\$ worth.
 - ▶ Islamic single stock futures contracts are now traded in Tehran Stock Exchange (TSE). On 25 July 2010, TSE began trading single stock futures. In the first step, Tehran Stock Exchange offered 8 futures contracts based on two listed banks.
 - ▶ Market value for single stock futures reaches to more than 44 million US\$.
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Part three: Iranian Islamic Capital Market:
Publication & Courses



Quarterly Bulletin of Iran Islamic Capital Market

SEO publishes Semiannually Bulletin of Iran Islamic Capital Market including the latest news and events in Iran capital market



International Islamic Capital Market Courses

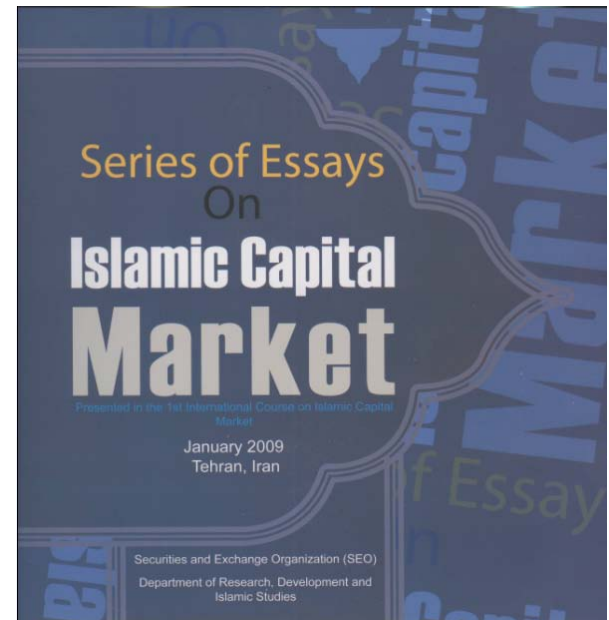
First Course

18-20 January 2009

Tehran

Topics covered:

- ❖ Introduction to the Iranian Capital market
- ❖ Shariah Principles in Islamic Capital Market
- ❖ Ijarah Sukuk
- ❖ Murabaha Sukuk
- ❖ Financial Crisis: Time for a New paradigm
- ❖ Sukuk Launch Process and Risk Management
- ❖ Islamic Derivatives



Book of 1th workshop including all topics in the form of papers was published

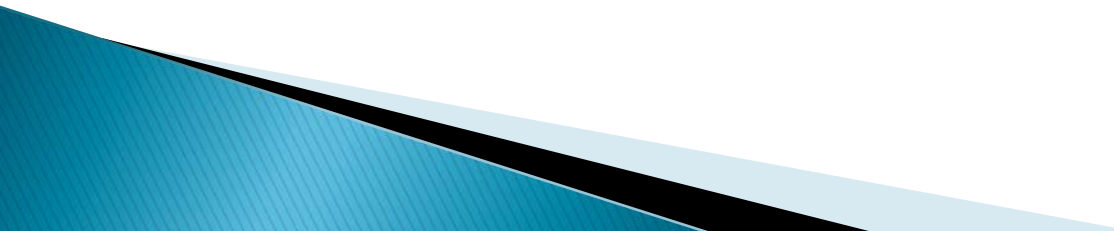
International Islamic Capital Market Courses

Second Course

15-17 February 2010

Tehran

Topics covered:

- ❖ Introduction to the Iranian Capital market
 - ❖ Shariah Principles in Islamic Capital Market
 - ❖ Ijarah Sukuk
 - ❖ Murabaha Sukuk
 - ❖ Islamic Futures Contract
 - ❖ Islamic Finance in Europe
 - ❖ Istisna Sukuk
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International Islamic Capital Market Courses

Third Course

13-15 February 2011

Tehran

Topics covered:

- ❖ Introduction to the Iranian Capital market
- ❖ A Presentation of "Shariah Board" of the SEO
- ❖ Shariah Principles in Islamic Capital Market
- ❖ A new approach for Islamic Contracts in Islamic Financial Services
- ❖ Experience of Issuing Musharakah Sukuk in Iran
- ❖ Islamic Construction Funds
- ❖ Islamic Currency Funds
- ❖ Islamic Corporate Governance

International Islamic Capital Market Courses

Forth Course

06-09 May 2012

Tehran

Topics covered:

- ❖ Introduction to the Iranian Capital market
- ❖ A Presentation of "Shariah Board" of the SEO
- ❖ Shariah Principles in Islamic Capital Market
- ❖ Debt Sale in Islam
- ❖ Iran `s Experience in Ijarah Sukuk
- ❖ Operational Model for Murabaha Sukuk
- ❖ Global Experience for Sukuk Issuance
- ❖ Credit Rating for Islamic Financial Instruments

*Book of 4th workshop including all topics in
the form of papers was published*

Thank You Very Much For
Your Kind Attention