***The Securities Market Act***

 ***of the Islamic Republic of Iran***

***Executive Bylaw***

**Article 1**- The definitions given for the terms and abbreviations used in Article 1 of the Securities Market Act of the Islamic Republic of Iran ratified in November 2005 will also apply to the terms and abbreviations used in the present bylaw. For the purposes of other terms and abbreviations used herein, definitions are provided as follows:

1- **The Act** means the Securities Market Act of the Islamic Republic of Iran enacted in 2005.

2- **Regulated** **Institutions and organizations** mean all institutions and organizations which are deemed to have received permits for their formation or activities from the council or organization in accordance with the rules of the Act, such as Exchanges, over-the-counter markets (OTCs), Associations, derivative markets, Commodities Exchanges, Central Securities Depository and Settlement Companies, Financial Institutions.

**Article 2**- Upon listing of the securities pursuant to article (30) of the Act, the transactions thereto in each exchange shall be conducted on the basis of the rules which have been approved by the Council.

**Article 3-** Exchanges, Associations, OCTs and central securities depository and settlement Companies are considered self-regulatory organizations (SROs). The Council shall give designations for other self-regulatory organizations.

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**Article 4-** The Central Securities Depository and Settlement companies, holding companies and portfolio managers are regarded as financial institutions. The Council shall give designations for other financial institutions as prescribed by paragraph (21), article (1) of the Act.

**Article 5-** The regulated Institutions and organizations shall be subject to the provisions of the Act, rules of the present bylaw as well as the regulations set forth in the context of the legal powers delegated to the competent organs in the securities market.

**Article 6**- The Council is an authority which has jurisdiction for designating and approving tradable securities of any kind, subject to paragraph (24), article (1) of the Act. The organization shall preclude issuance and/or transaction of various papers which have not yet fallen under the category of tradable securities. The statutory requirements for this purpose shall be approved by the council as proposed by the organization board of directors.

**Article 7-** The manner of setting, holding and running the council’s meetings, decision-making process and communications of its approvals shall be specified in accordance with the directive issued by the Council

**Article 8-** The organization shall posses an emblem, seal and a special journal. Publication of such journal is mandatory in compliance with appropriate rules of law one year after the commencement date of the organization’s activities by incorporating the following items:

1- the rules and regulations relating to the securities market by inserting approval date, the approving authority (authorities) and the date of their entry into force.

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2- The permits issued, revoked or suspended by the organ of the securities market along with other information which should be notified to the general public in accordance with the rules in force.

3- The particulars of the securities registered with the organization.

4- Awards, verdicts or executive writs issued by the organization, the Arbitration board and/or final judgments passed by courts and other judicial bodies regarding the securities market unless when the board of directors will deem the disclosure of such awards and judgments to be contrary to the market expediency.

5- Any modifications in the Articles of Association, headquarters’ address, name and location of branches and offices of the organization.

6- Other measures which, at the discretion of the organization, will contribute to accomplishing the goals set by the organization.

**Note:** The organization shall be required to operate a website within two years after commencement of its activities, containing at least the items stated in this article.

**Article 9**- The issuers as well as the regulated institutions and organizations shall have to abide by the regulations stipulated by the organization in respect of the information disclosure and securities promotion.

**Article 10-** In order to maintain the independence and ensure the service quality of assessors, financial analysts and the organization's trusted auditors who are providing professional services in the securities market, the organization will submit the required rules and standards to the Council for approval.

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**Article 11**- Upon proposal of the Organization, the Council will approve the guidelines, rules and standards on banking transactions which are employed to facilitate the conduct of securities trading and funds settlement thereto. The council’s approvals will be communicated to the Central Bank of the Islamic Republic of Iran and this bank will take measures for enforcement of the Council’s approvals within the context of the authorized banking privileges and regulations.

**Article 12-** The Ministry of Communications and Information Technology shall have to provide the required technical and telecommunication infrastructures for the development of securities market.

**Article 13-** In order to establish the required coordination in the securities market and facilitate cooperation with other policy-making and supervisory boards subject of paragraph (12) of article (7) of the Act, all commissions, committees and councils, which have been formed or will be formed under special rules and regulations such as the Government’s Economic Commission, Economic Council and the like, shall be obliged to invite the chairman of the organization to attend their decision-making sessions without having the voting right in cases when they have set on their agenda items for decision-making on national securities, any investment or any change and revision in the securities market.

**Article 14-** The rules governing the investments made by foreigners in the Exchange and the way they are to be monitored, subject of paragraph (14) of article (7) of the Act, shall be approved by the Council in compliance with the prevalent rules and regulations as proposed by the organization.

**Article 15**- Classification of confidential (classified) information and designation of the persons authorized to access such information shall be accomplished in accordance with the rules which have been approved by the council as proposed by the organization.

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**Article 16-** The procedures for listing the securities, and commodities as well as all regulatory rules and standards for the exchanges and financial institutions shall be approved by the organization.

**Note:** The listing of the securities and commodities which have been issued or listed on the exchanges before the Act became effective, shall be authorized in accordance with the directive approved by the organization.

**Article 17-** In execution of article (35) of the Act, the board of directors of the exchanges shall have to investigate the disciplinary violations of brokers, broker/dealers, market makers, issuers and other members of the exchange in accordance with the provisions of the bylaw thereof and on the basis of the directive issued by the organization. A copy of the verdicts given on the disciplinary infractions shall be communicated to the organization within 3 days in the maximum after such verdicts have been passed.

**Article 18**- In execution of paragraphs (3) and (11) of article (7) of the Act, the violations committed by the managing director and board members of the exchanges and organs of other self-regulatory organizations (SROs) in connection with the duties and functions undertaken and the powers vested in them shall be investigated by the organization’s board of directors pursuant to the directive which has been adopted by the Council.

**Article 19-** The provisions for the actions which will typically lead to a deceptive image of the transactions trend in the exchanges by creating false prices or deceiving people into trading securities shall have to be approved by the council as proposed by the organization.

**Article 20-** The report referred to under Note (2) of article (46) of the Act, shall be presented in accordance with the directive which will be approved by the organization.

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