

The Rules Governing Issuance of Securities Transactions License to Foreign Investors

Introduction:

For the purpose of receiving the documents and information from foreign persons or Iranian persons/nationals who are in possession of foreign-originated capital and apply for trading in the Iranian issuer's securities and issuance of the appropriate trading license for such applicants, the present rules were adopted by the Securities and Exchange Organization board of directors on the strength of the By-law Governing Foreign Investment in the Exchanges and OTC Markets as approved by the Council of Ministers.

Article 1- The definitions provided for the terms and phrases used in article 1 of the By-law Governing Foreign Investment in the Exchanges and OTC Markets approved by the Council of Ministers (hereinafter named **Foreign Investment By-law**) shall also apply for the purposes of the terms and phrases used herein.

Article 2- Any foreign person or any Iranian person (natural/legal) in possession of the capital with foreign origin applying to obtain a trading license shall have to submit the required documentation to one of the brokerage firms which has been duly licensed and authorized by the SEO as follows:

- a) The application for a license to trade in the Iranian issuers' securities by the natural or legal persons shall be made either in English or in Persian (Farsi) in the forms attached hereto;
- b) Identification documents which include:
 - b-1) if the applicant is a natural person:
 - the originals and copies of the birth certificates or passports or national cards for the Iranians in possession of foreign-originated capital and the originals and copies of the passports for foreign persons;
 - b-2) if the applicant is a legal person:
 - the originals and copies of the constitution/articles of association or documents of similar nature and documents proving the foundation of company and the scope of powers of the duly authorized signatories.

Note- The documents stated in this article shall be produced either in English or in Persian (Farsi). If the originals of the documents are in another language, the production of its translation in English or in Persian shall be sufficient providing that the translation of the given language has been duly certified by the authorities in charge of the official translation in Iran, or by the country in which the applicant resides or by the country which has issued such documents.

Article 3- The brokerage firm shall have to verify the copies of documents mentioned in paragraph (b) of article 2 with the originals and shall, when the documents are found to be conformed, have to sign them by writing the phrase "**True copy of the original**" and shall send the application along with the officially certified copies of original documents to the SEO for issuance of license.

Note- If the copies of the documents produced have been certified by the following appropriate authorities, it shall not be required to present the original documents to the brokerage firm for verification processing by this firm:

- a) notaries public licensed by the Judiciary of I.R.I;
- b) the Embassy or the Consulate of I.R.I at the applicant's place of residence;
- c) the competent authorities which have been designated for such purposes in the country of the applicant's residence or in the country which has issued the documents.

Article 4- If the SEO finds the required documents and information to be complete, it shall, within seven business days, issue the trading license as per the samples attached hereto in Persian with its translation in English in the name of the applicant signed by the SEO president and shall deliver the license to the brokerage firm where the brokerage shall have to hand it over to the applicant within seven business days. Where the required information and documents are found to be incomplete, the time-limits to notify this matter to the brokerage firm by the Organization and accordingly to the applicant by the brokerage firm shall correspond to the said periods.

Note- The trading license which has been issued in Persian shall be deemed to be an official and reliable instrument. This matter shall have to be specified in the translation of the trading license.

Article 5- After the receipt of the trading license as prescribed herein, if the licensee is authorized to engage in trading activities on one of the Iranian exchanges or OTC markets, the procedures for obtaining a trading code shall be similar to the prevailing rules.

Article 6- The present rules comprising 6 articles, 3 notes and 4 appendixes were approved on December 04, 2010 by the Securities and Exchange Organization board of directors and would go into effect as of the approval date.