

***Stock Exchange of Tehran***  
***Articles of Association***  
**(Public Joint Stock Company)**

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## **Chapter One: Definitions**

Article 1 – All terms and words defined in Article 1 of the Securities Market Law of the Islamic Republic of Iran, ratified by the I.R.I Parliament in Nov. 22<sup>nd</sup>, 2005 shall have the same meaning in these Articles of Association. Other words shall have such meanings as defined below:

1) **Law:** Securities Market Law of the Islamic Republic of Iran, ratified by the I.R.I Parliament in Nov. 22<sup>nd</sup>, 2005 and the amendments thereto;

2) **Commercial Code:** Commercial Code ratified in 1932 along with its amendment of 1968;

3) **Regulations:** Including the approvals of the Cabinet, High Council of Securities and Exchange(Council), Securities and Exchange Organization(SEO), and any such approvals of other institutions

concerning the securities market and market participants, which are notified to be implemented, to the extent of the power delegated to which under any particular title (by-laws, regulations, procedures and circulars);

4) **Member:** A person who is accepted by the Company under this title, in compliance with the Law and regulations, and is qualified with respect to the general, professional and financial standards and duties prescribed in the Law and regulations;

5) **Investor:** A person who is the owner of the listed securities or has taken required proceedings in this regard;

6) **Listed Securities:** A security which is accepted by Company listed in the Company in compliance with the Law and regulations and the Company facilities the transaction of it.

7) **Associate Person:** Associate person are persons who are as defined in National Accounting Standards.

8) **Relevant person:** Relevant person is an individual or institutional entity who shall have, according to an agreement or any other legal relationship, mutual rights and commitments to the Company.

## **Chapter two: Name, Subject, Duration, Nationality, and Registered Office**

Article 2 – The name of the institutional entity established and managed according to these Articles of Association and under paragraph 3, Article 1 of the Law shall be entitled as “Tehran Stock Exchange Company”.

Article 3 – The subject for which the Company is established are as follows:

1) Establishing, organizing and managing of the Stock Exchange in order to trade listed securities in the Exchange by Iranian and non-Iranian entities, in compliance with provisions of the Law and regulations;

- 2) Listing of securities, including the securities of foreign issuers, in compliance with provisions of the Law and regulations;
- 3) Prescribing membership requirements for different classes of members, registration of applicants, enacting and executing of professional and disciplinary rules for members, prescribing the duties and responsibilities of members and supervising their activities, and regulating their relationship, in compliance with provisions of the Law and regulations;
- 4) Providing necessary conditions for fair and equitable access of the members for trading of listed securities;
- 5) Communicating and cooperating with other financial institutions which shall undertake a part of trade operations or dissemination and process of information relevant to the Stock Exchange, including Central Securities Depository of Iran(CSDI);
- 6) Executing researches and educations and improving the culture securities in order to facilitate, improve and develop the transactions and investment of (investing in) securities;
- 7) Cooperating with other exchanges in Iran and abroad in order to exchange information and experience, consolidate regulations and standards, and the simultaneous listing of securities, in accordance with provisions of the Law and regulations;
- 8) Supervising the transactions of the Exchange listed securities;
- 9) Providing, collecting, processing and disseminating the information regarding orders and transactions of securities;
- 10) Monitoring the performance of listed securities issuers, in compliance with provisions of the Law and regulations;

11) Performing other duties which have been or shall be resigned to the Company, according to provisions of the Law and regulations.

Article 4 – The Company is of Iranian nationality and the duration of which is unlimited from the time of establishment.

Article 5 – The registered office of the Company is No.228, Hafez Ave., Tehran, IRAN and changing of the address shall be subject to the approval of the Board of Directors of the Company. The Board of Directors shall have the power to establish or wind up any branch or representative office whenever or wherever it deems necessary.

### **Chapter Three: Framework of Activities**

Article 6 – All organs of the Company, including General Assembly, directors, inspector/auditor and also the Company members of and associate persons shall be bound to observe all rules and regulations. Decisions, proceedings and activities of the organs, members and associate persons of the Company shall be under supervision of SEO and complied with the Law, regulations and Articles of Association of the Company. The content of this article shall govern the absoluteness or generality of these Articles of Association and any other powers of the bodies and members of the Company.

Article 7 – Regulations stated in article 6 of these Articles of Association shall include the followings:

- 1) Duties, powers and responsibilities of the Company and such organs or directors;
- 2) The Company's requirement to provide the organs of securities market or other competent persons and authorities with required information or dissemination of information to the public in due case;
- 3) The manner of admittance, suspension or cancellation of membership, rejecting of membership applications, professional and moral qualifications of members' directors and disciplinary regulations governed them as well as way of terminating their activities in the Company;
- 4) Revenue resources of the Company, suppliers, payment dates, manner of payment, payment guarantees, as well as the manner of recording and maintenance(book keeping) of the Company's accounts;
- 5) Procedures, administrative manner, organizational constitution, professional and ethical qualifications of the Board members and other managers and employees, and their duties and responsibilities thereof. Also their obligation to pass the particular training courses and minimum number of required employees;
- 6) Upgrading the software in use and the obligation to use particular softwares;
- 7) Advertising manner of the Company and its members;
- 8) The manner of investigating of claims on securities transactions and activities of the members by Company;
- 9) The manner of establishing internal controls system, risk-management , and controls on interests conflict) with investors;

10) Listing of securities, types of securities accepted for listing, duties and responsibilities of the Company to have surveillance (or supervision) on observing the listing conditions by the issuers, and suspension or cancellation of securities listing;

11) The manner of supervision on the securities transactions in order to prevent the probable violations of the Law and regulations and the necessity to inform SEO of such violations and offences;

12) Responsibilities of the Company, directors and relevant persons of the Company to provide or disclose the information on breaching of the Law and regulations.

## **Chapter Four: Capital, Shareholders Composition and Transfer of Shares**

Article 8 – The capital of the Company is equal to 150 billion Rials, which is divided into 150 million registered common shares of 1000 Rials each, the whole of which has been paid in cash.

Article 9 – Shareholders of the Company shall be classified as follows:

1) Class one: Persons who have received the license for brokerage activities in compliance with the Stock Exchange Establishment Law approved on Ordibehesht 1345 [1966] or those who have received the license for broker/dealer activities in compliance with the Securities Market Law of Azar 1384 [2005] and shall be accepted as the Company members.

2) Class two: Financial institutions other than brokerage firms companies who shall receive the activity license from SEO.

3) Class three: All persons other than class one or two above.

Note: By the time the activity license for financial institutions are issued according to provisions of the Law, the list of institutions of class two shall be determined by SEO.

Article 10 – The maximum percentage of shares belonging to each class of shareholders defined in Article 9 shall be determined by SEO on the date of establishment and the amendments thereto.

Article 11 – Any person at any time shall have the right to have, directly or indirectly (via whose associate persons), the ownership of a maximum 2.5 percent of total shares of the Company.

Article 12 – Shares transmission and priorities attached thereto shall be authorized only within the class of shareholders defined in Article 9 and in Shares transmission and purchase priorities observing of all regulations beside the provisions of the Commercial Code shall be required.

Article 13 – The Board of Directors of the Company shall make such arrangements to give the proposal of capital increase and perform all official protocols with the acknowledgment of SEO. Shareholders of the Company shall have the per-emptive right(purchasing priority to purchase new shares in the process of capital increase unless, upon decisions of the General Meeting(Assembly) and provisions of the Law and regulations, they have been deprived of this right. In this case, those persons provided with new shares to purchase shall be prescribed and the approval of SEO in this regard shall be obtained. However, in executing of the capital increase process there shall be observed the amount of the capital declared to SEO.

Article 14 – Any of the shareholders shall not commit or mortgage a part or the whole of his shares or the rights and benefits attached thereto via

proxy, conditional transaction with the right to return, etc.(except for directors' mortgage stock). This provision shall be noted in the share of stock.

Article 15 – There shall be stated full specifications, ten digits national code number, ten digits postal code, and the address of the stock owner, as the owner himself declares, in the stocks underwriting the Company during subscription and transfer of shares in the company registration book. A notice to the address of the owner, registered according to this article, shall be valid until the Company is informed of a new address by the owner.

Article 16 – Listing of the Company in the Stock Exchange and Over the Counter(OTC) markets shall be subject to the approval of SEO.

Article 17 – Each share of stock and the contents of which shall be issued in compliance with provisions of the Commercial Code, these Articles, especially Article 15, and shall be signed by the managing director and one of the Board members approved by the Board of Directors.

Note: Until the shares of stock not issued, there shall be issued, in compliance with provisions of the Commercial Code, temporary stock certificates with exact contents of a share of stock.

## **Chapter Five: Organs of the Company**

Article 18 –Organs of the Company shall include:

- 1) General Meetings

- 2) Board of Directors
- 3) Managing Director
- 4) Inspector/Auditor

## **Chapter Six: General Meetings**

Article 19 - Duties and authorities of the annual and extraordinary General of the Company shall be the same duties and authorities stated in the Commercial Code for annual and extraordinary general Assemblies of joint stock companies, unless otherwise is prescribed according to provisions of the Law, regulations and these Articles.

Article 20 – Any such annual and extraordinary General Meetings shall be convened by the presence of SEO's delegate who shall attend the General Meetings as an observer, and if it appears to him that such decisions have been made in violation of provisions of the Law, regulations, or public interests, especially the interest of general investors, shall inform the chairman of the meeting and the chairman shall announce the comments of the observer to the present shareholders.

Note: Decisions made in General Assembly shall be valid upon the approval of SEO to the effect that there have been found no violations to provisions of the Law and regulations. In case the resolutions of the General Meeting not be approved by SEO, the Board of the Company shall not be authorized to execute the resolutions and if necessary, shall invite the General Meeting to discuss about the subject.

Article 21 – In all General Assembly, shareholders or agents and deputies of whom, with no respect to the number of the shares they own, shall attend the meeting and have not more than one vote for every one share, except for election of members of the Board of Directors in which the whole process shall be performed in compliance with Article 88 of the Commercial Code.

Note: Wherever(whenever) the shareholder transfers his shares to the others(the other), the next shareholder shall have the right to attend the annual and extraordinary General Meetings only if the transfer of his shares has been registered according to provisions of any such regulations and these Articles. The notice to attend the meeting shall be submitted to those who have been registered as a shareholder of the Company.

Note 2: No natural or legal member entity shall accept the proxy of other shareholders in General Assembly in such manner that the whole number of shares together with his own shares consist a total of 2.5 percent of the Company.

Article 22 – Annual General Meeting of the Company shall be convened at least once a year for investigation and approval of the annual financial statements of the Company and listening to the annual report of the Board of Directors and a report by the inspector/auditor of the Company.

Note: The Board of Directors of the Company shall take required proceedings for invitations and convening of the meeting in such manner that the General Meeting for each fiscal year shall be convened during the first four months of the next fiscal year.

Note 2: In case the annual General Meeting shall not be officially opened to set forth and make decisions on the subjects of this Article at the first session, the Board of the Company shall execute the proceedings for

convening of the next meetings until resolutions on the subject of this Article be achieved.

Note 3: In case the financial statements of the Company not be approved in a particular session, the General Meeting of the Company shall specify such required amendments in the same or another session which shall be convened not later than twenty days and give a deadline of not more than three months to the Board Of Directors to accomplished these amendments.

Note 4: Approval of the annual financial statements of the Company shall be valid only after reciting the report of the inspector/auditor. The same procedure shall be observed for the approval of the amended financial statements.

Note 5: The presence of the inspector/auditor or the agent of whom shall be required for reciting the inspector/auditor report.

Article 23 – In addition to such persons who, in accordance with provisions of the Commercial Code, have the right or duty to call for General Assembly, SEO shall also request the Board of Directors, at such time as it thinks fit to protect public and especially investors’ interests, to call for annual or extraordinary General Assembly of the Company to decide on a particular subject. Upon this case, the Board of Directors of the Company shall invite and execute the proceedings for convening of the meeting in such period as SEO shall deem necessary for the ceremonies of invitation and convening of the meeting.

Article 24 – The Board of each General Meeting shall be elected in accordance with Article 101 of the Commercial Code and has the duty to handle the Meeting. The chairman of the Board of Directors, failing whom the deputy chairman and if there be no such chairman or deputy chairman,

the directors or the members of the General Assembly present shall choose one of their number to take the chair.

Article 25 – In inviting, convening, handling and making decisions in the General Assembly, regulations shall also be observed together with provisions of the Commercial Code.

Note: The quorum for a General Assembly to be treated as being held and the number of votes required for making decisions in these meetings shall be determined in accordance with provisions of the Commercial Code and regulations.

## **Chapter Seven: Board of Directors**

Article 26 – The Company shall be managed by a non-executive Board of Directors consist of seven persons appointed in accordance with these Articles, Commercial Code, and regulations for a period of two years.

Article 27 – General Meeting of the Company shall appoint substitute members equal to the number of such members of the Board who are individual persons, in order to fill the vacancies due to death, resignation, and removal of each director in such a way that determined by the ordinary General Meeting. Duration of responsibilities of each substitute member shall be equal to the reminder terms of office of the member he has replaced thereto.

Note: If there be no director to act for the purpose of each vacancy, then the Board of Directors shall call for an ordinary General Assembly for appointing substitute members of the Board in a period not later than two months.

Article 28 – Re-election of the Board members and substitute members shall be permitted.

Article 29 – Prior to election of the Board members and substitute members of the Board, nominees of such appointments shall be registered by SEO in such way prescribed by which and provide the required information in order to be examined for general and professional competence by SEO. Delegates of the legal entities shall, prior to acceptance of the appointment and not more than ten days after election, be introduced to SEO and provide the required information to investigate their general and professional competence and to meet the approval of SEO.

Note 1: If it appears to SEO that any of the Board members is not eligible or has not been eligible, SEO may remove him from office.

Note 2: The current Directors shall advertise, at least 50 days prior to the General Assembly being convened to appoint the new Board members, this subject in the Company's wide circulation newspaper. If the advertisement not be published in due time, SEO may directly submit it to be published. SEO may decrease the period mentioned here in special conditions, including the election of the first members of the Board.

Article 30 – Each director shall have a number of not less than 500 of the Company's shares during and until the end of his terms of office and deposit the shares to the Company's fund as a collateral to guarantee the likely(probable) damages to the company due to Directors' fault, separately or jointly. The shares shall be registered and not transferable and until he has not received a certificate of clearance related to his terms of office, the shares mentioned here shall be remained in the Company's fund as collateral. Depositing the shares as collateral shall not restrict the voting

right of whom in General Assemblies and payment of dividends to the owners.

Article 31 – SEO may appoint an observing member to the Board of Directors without voting right. The observing member of SEO shall have the right to attend the Board’s meetings and the authority who invites for the meetings shall inform him of the agenda, time, date and place of the meeting in date time. The remuneration of the observing member shall be determined and paid by SEO. Observing member and the spouse and first degree relatives of who shall not have the right to obtain money from the Company by any means and may not be benefited, directly or indirectly, in the Company’s business. The Company may not guarantee them against any third party.

Article 32 – The Board of Directors of the Company may not make a decision in breach of the Law, regulations, and these Articles. If it appears to the observing member that the decision made by the Board of Directors are in breach of the Law, regulations and these Articles or against the investors’ interests, he shall inform the Board and submit a report of which to SEO for making further decisions.

Article 33 – The Board of Directors of the Company at their first meeting shall elect from their midst a chairman and a vice-chairman. The terms of office of the chairman and the vice-chairman shall not exceed the periods of their directorship, respectively.

Article 34 – the Board of Directors shall have a secretariat working under supervision of the chairman of the Board. Secretariat of the Board of Directors shall cause minutes of each meeting to be made and signed by the majority of the members present thereat and register the day and hour, place, name of directors present at such meeting, proceedings, resolutions and the

names and comments of the opponents against each resolution therein. The minutes of the Board meeting shall be made in two copies and numbered by the date respectively. A copy of which shall be registered in the secretariat of the Board and the other shall be submitted to the observing member of SEO.

Note: Secretariat of the Board of Directors shall be the official source for all notifications and calls for information about the resolutions of the Board of Directors.

Article 35 \_ The meeting of the Board of Directors shall be managed by the chairman of the Board, and if not present, by the vice-chairman of the Board, and upon the absence of these two, by a member of the Board elected by the majority of members present.

Article 36 – The meeting of the Board of Directors shall be convened in the registered office of the Company, not later than once per month. The chairman of the Board shall submit, via the secretariat of the Board, a notice including the agenda, place, day and hour of the meeting of Directors to all members and the observing member of SEO in such manner every member thinks fit. Moreover, any member of the Board may, by specifying the subject and, if necessary, the day and hour he thinks is fit, submit to the secretariat the call for a meeting of the directors, so that the secretariat shall summon a meeting of the Board member by the agreement of the chairman of the Board.

Note: Any claim by each member of the Board or the observing member containing the non receipt of notice shall not invalidate the decisions of the Board of Directors, but the members shall be investigated and there shall be made a required decision.

Article 37 – The quorum necessary for the meeting of the Board of Directors shall be the presence of four members. However, the resolutions of the Board of Directors shall be validated upon the agreement of a number of not less than four members present at the meeting.

Article 38 – The Board of Directors shall have unlimited power to execute any activity in the name of the Company and any operation and transaction within the subjects of the Company as decisions on which are not required to be made by the Company in General Assembly, in compliance with the provisions of the Law, regulations and these Articles.

The duties of the Board of Directors include:

- 1) To execute all its effort to the subjects of the Company in most effective and efficient manner,
- 2) To accomplish all decisions made by the General Assembly, after executing the legal ceremonies and any requirement prescribed in these articles;
- 3) To enforce any such ratified regulations after being notified;
- 4) To provide and approve the long-term, middle-term and short-term plans and the budget of the Company;
- 5) To provide the annual report of the Board of Directors on performance and situation of the Company, in order to present at the General Assembly;
- 6) To cooperate with SEO and the inspector/auditor in executing his duties;
- 7) To set particular procedures to avoid any conflict of interests between shareholders, directors, members and investors;

8) To establish internal controls system to assure that the whole operations of the Company are according to the subjects of the Company and complied with provisions of the Law, regulations, and these Articles;

9) To supervise the activity and performance of the managing director, managers and employees of the Company;

10) To acquire properties and make required investments in order to execute the subject of the Company;

11) To establish branches in any place in Iran and abroad if it is necessary to execute the subjects of the Company;

12) To approve the Company's internal by-laws except those of the powers of ordinary General Meeting;

13) To approve the administrative and executive constitution of the Company and any such amendments thereto;

14) To open and work with accounts in banks and institutions in the name of the Company;

15) To underwrite, endorse, accept, pay and withdraw any such commercial papers in the name of the Company;

16) To sign any contract and execute any transaction in the name of the Company and change, modify, cancel or revoke of which to the extent of the objects of the Company;

17) To apply for registering of any trade mark and invention in the name of the company;

18) To deposit, guarantee or mortgage of the deeds, documents, funds or properties of the Company, observing the advantage and goodness of the Company if it is required by the execution of the subject of the Company;

19) To collect loans and credits in foreign exchange and Rials in the name of the Company and with any conditions if it is required by the execution of the subject of the company;

20) To prepare interim and annual financial statements of the Company;

21) To fulfill the undertakings of the company against other persons and retrieve the Company's rights from the other parties;

22) To call for ordinary and extraordinary General Meetings Assembly and prescribe the agenda thereof;

23) To suggest to the General Meeting Assembly any saving out of profits and distribution of profits among the shareholders of the Company;

24) To suggest to General Meeting Assembly, after the approval of SEO, any such amendment or modification to the Articles of Association.

25) To suggest to SEO, any amendment to regulations governing the Company.

26) To investigate any violation of the members in executing of Article 35 of the Law.

27) Any such other authorities and duties which have been or shall be deemed as the authorities and duties of the Company or the Board of Directors.

Note: Board of Directors may delegate to the managing director, a part of its duties and authorities. Delegation of duties and authorities shall be performed in such a clear and explicit manner.

Article 39 – Directors shall prepare an annual report of the Company's performance and its affiliates', together with its future plans, and submit it to

the inspector/auditor for further comments in . SEO may determine minimum required materials to be stated in this report. A summary of this report shall be recited by the chairman or any of the Board members in the General Assembly which has been convened to evaluate the performance and the financial statements of the Company.

Article 40 – Any of the Board members and the managing director of the Company shall pay to SEO such a collateral as a performance guarantee, in such manner SEO thinks fit. This collateral shall not be transferable and if, according to provisions of regulations, there is no reason to sustain such collateral, it shall be released not later than six months after receiving the certificate of clearance for the terms of office as director.

Article 41 – Members of the Board shall reject any job or responsibility which is in contrast to his task in the Board of Directors of the Company and inform SEO of accepting such appointments.

Note: The decision of the company regarding the existence or non-existence of any conflict between the accepted job or responsibility and the task of the Board of Directors shall be binding.

Article 42 – The Board members, managers and employees of the Company and the spouse and first degree relatives of whom shall observe the restrictions prescribed by SEO in their transactions and accepting of any job, appointment and responsibility out of the Company.

Article 43 – If any of the Board members is willing to resign his office, he shall inform SEO and the chairman of the Board at least 30 days prior to such decision and achieve the agreement of the Board. If the request is agreed, the date of resignation shall be determined by the Board of Directors.

Article 44 – The office of a member of the Board of Directors shall be automatically vacated if he shall not be present with no excuse in four sessions consecutively or eight sessions alternatively during a solar year. The Board of Directors shall determine whether the absence is excused or not.

## **Chapter Eight: Managing Director**

Article 45 – the Board of Directors shall appoint an individual person from out of the Company as managing director for two years. Directors shall determine the remuneration of the managing director.

Note: General and professional qualifications of the managing director shall be approved by SEO prior to the appointment by the Company and if it is clear to SEO that he has not been a qualified person or ceased to be such a qualified person during his terms of office *ipso facto* cease to be a managing director by the request of SEO and substitute by any other person upon the approval of SEO.

Article 46 – If the office of the managing director of the Company vacated because of any such reason as resign, removal, or death or any such other reason, the Board of directors shall appoint, according to provisions of these Articles, any other person, and if the ceremonies of appointing a new managing director shall take a period of more than one week, there shall be appointed a person in charge until a new managing director be elected in compliance with this Article.

Article 47 – The managing director shall be the chief executive officer and speaker of the Company besides being representative of the Company against SEO, Council and any other authorities and persons. Duties and authorities of the managing director shall include the followings:

1) To enforce the regulations and resolutions of the General Assemblies and meetings of the Board of Directors;

2) To initiate any such civil or criminal action and defend any such initiated civil or criminal, on behalf or in the name of the Company, before any special or general tribunal, in order to retrieve any such real or conceived rights or any such other rights and benefits of the Company and also defend the Company and in the name of the Company, before any special or general tribunal, against any such initiated civil or criminal action in order to retrieve such aforesaid rights with the authority to attend and refer to police authorities and interrogators and retrieve any such required powers in legal procedure from the beginning to the end, including attending all sessions, declaring of a will or opinion, requesting for investigation, appeal, protest and rehearing, compromise and conciliation, return of documents, bill, compliant, and disclaiming and denying of documents, and declaring of forgery and introducing the forger, and carrying the authority to sign contracts together with separate arbitrary condition or agreement, and referring to arbitration and assigning of an arbitrator – with or without the right to compromise – and enforcing of the final and absolute decision of the arbitrator, and generally, utilizing of all his authorities and executing of all the tasks arising from the arbitration, and requesting for evacuation,

seizure, and removal of any such usurpation and nuisance, requesting for recovery of losses and issuing a writ of execution, suing persons and introducing the debtor and the assets of whom, and requesting to seize the suspected and accused persons, accepting the assets of the debtors against the claims of the Company in auctions, assign an expert, assign and dismiss the attorney and agent of the Company with the right of repeated substitution, and admit the merit of the claim and summon the third party, and counter-action and defend against any such claimants, and recovery of claims and losses arising from the crimes, obtain the object of judgment, and any such other actions. Also requesting the issue of enforcement document and prosecution of the enforcement operation and obtaining the object of the judgment either before the court or in the offices and divisions of the notary public;

3) To employ the staff of the Company and determine the remuneration, removal and appointment of whom and, in general, any such power required for the management of human resources in compliance with the approved by-laws;

4) To admit any such pledge, deposit and guarantee, receive any collateral and issue any approval and accept any such written undertaking on behalf of the Company.

Note: The managing director may delegate any of his duties and authorities, maintaining his own responsibility, to directors other than the Board members and any such employees of the Company.

## **Chapter Nine: Inspector/Auditor**

Article 48 – The General Meeting of the Company shall appoint the Company’s inspector/auditor for each year, from amongst the auditing firms which are the members of Iranian Association of Certified Public Accountants. The General Meeting shall also appoint, from amongst the aforesaid auditing firms or any of the partners of which, a substitute inspector/auditor to undertake the duties and responsibilities of which, upon the excuse, liquidation, resign, incapacitation or withdraw of the main inspector/auditor.

Note: Re-appointment of the inspector/auditor shall be permitted only for two consecutive years.

Note 2: The inspector/auditor and the substitute inspector/auditor shall accept the office in compliance with provisions of the Commercial Code.

Note 3: The General Assembly of the Company may remove the inspector/auditor and substitute inspector/auditor and appoint the substitute of which at any time it thinks fit.

Article 49 – The inspector/auditor, in addition to the duties prescribed for the inspector of the joint stock company in the Commercial Code, shall have the following duties and responsibilities:

- 1) To consider national standards of auditing and accounting in his comments on financial statements;
- 2) To express his opinion on observing and non-observing of the provisions of the Law and regulations by the

Company, directors and employees thereof in his report to the the General Assembly ;

- 3) To submit a copy of his comments directly to SEO not later than 100 days before convening the General Assembly be convened;
- 4) To examine the sufficiency of the internal controls systems and compose a management letter with all defects and deficiencies of the system and any other defects and deficiencies he distinguishes stated therein. And submit the letter directly and simultaneously to the Board of Directors and SEO;
- 5) To submit his written report to the Board of Directors and SEO simultaneously, as soon as being informed of any such violation to the provisions of the Law, regulations and the approved procedures;
- 6) To submit to SEO a copy of his material correspondences to the management simultaneously.

Article 50 – Remuneration of the inspector/auditor shall be determined by the ordinary General Assembly of the Company. The inspector/auditor and the directors and employees of which and the spouse and first degree relatives from the first category of whom shall neither be paid any cash, properties and benefits other than those determined by the General Assembly nor benefited, directly or indirectly, in transactions of the Company.

Article 51 – Upon the termination of the inspector/auditor’s terms of office until the General Assembly of the Company be convened to appoint a new inspector/auditor, the previous inspector/auditor,

notwithstanding the restrictions stated in Note 1 of the Article 48, shall execute any such duties entrusted thereto.

Article 52 – The inspector/auditor shall observe any such regulations enacted by SEO regarding the relationship between the inspector/auditor and the Company.

## **Chapter Ten: Financial Regulation**

Article 53 – The fiscal year of the Company shall be equal to one solar year (Iranian calendar) and shall be commenced from the beginning of the Farvardin and be terminated by the end of Esfand of the same year, except for the first year of business. The first year of business of the Company shall be commenced from the day of establishment and shall be lasted by the end of Esfand of the establishment year.

Article 54 – The Board of Directors of the Company shall provide the inspector/auditor with the annual financial statements of the Company together with a report on performance and general situation of the Company to be investigated/audited , not later than thirty days before the General Assembly which shall be convened to examine such materials.

Note: The Board of Directors shall prepare the interim financial statements for the first half of each fiscal year and submit it to the inspector/auditor for further comments not later than 45 days after the first half of the same year. The inspector/auditor shall submit his comments to the Company and submit a copy of which to SEO.

Article 55 – Any such income resources of the Company, including commissions, listing fees, membership fees, members access fees, and any other incomes, together with a timetable for receipts, a list of payers, payment sanctions and any such other related materials shall be approved by SEO.

Note: There shall be within the authorities of the Board of Directors to determine the rates of services and commissions received by the Company, observing the limits prescribed by SEO.

Article 56 – Precautionary reserve of the Company shall be determined by SEO in addition to the legal reserve stated in Article 140 of the Commercial Code. The General Assembly shall prescribe the amount of one fifth of the Company's net profit as the precautionary reserve until it is equal to the amount prescribed by SEO. The precautionary reserve shall not be divided among the shareholders without permission of SEO.

Note: There shall be within the authorities of the ordinary General Assembly to prescribe an amount for precautionary reserve and other reserves above what is determined by SEO.

Article 57 – The Company shall deposit collateral determined by SEO to compensate damages which may be incurred by directors and employees to the others due to violation of any such provisions of the Law and regulations. The type and amount of the collateral may be changed as SEO thinks fit.

Article 58 – The Company shall not undertake, without permission of SEO, any such liabilities above 80% of its own capital.

Article 59 – The Company shall not invest in the stocks of the listed companies, members and such others companies which are dealing in

securities trade, or grant any loan to such companies, or purchase any such securities issued by the aforesaid companies.

Article 60 – The Company may accomplish any such required proceedings and investments to perform the subjects of the Company and acquire any such required assets in this regard. The Company shall acquire the permission of SEO to accomplish or invest in any such activities not related to the subjects of the Company and acquire any such unnecessary assets for performing the subjects of the Company.

Article 61 – The authorized signatories and the extent of the authority and responsibilities of whom, shall be determined by the Board of Directors. The decision of the Board shall be submitted, within a periods of one month, to the office of the Registrar of Companies to be published in the Official Gazette after registration.

Article 62 – Dividend(or dividable) profit of the company shall be the net profit of the Company earned during the given fiscal year less the transfers to the legal reserve, precautionary reserve and any other reserves, and losses incurred during preceding years plus distributable profit of the preceding years not previously distributed. The General Assembly of the Company, after being approved by the inspector/auditor that there exists any such distributable profit and having approved the financial statements of the given year by the ordinary General Assembly, shall decide on distribution of the distributable profit.

Article 63 – The Company shall issue any such securities upon the approval of SEO.

## **Chapter Eleven: Other Provisions**

Article 64 – The Board of Directors shall establish, not later than one month after its appointment, the internal auditing department of the Company.

Note: The internal auditing department shall operate under supervision of the Board of Directors and shall submit regular monthly reports to the Board and SEO.

Article 65 – Any change to these Articles shall be performed upon legal ceremonies within the Company, a proposal by the Company, and approval of SEO.

Article 66 – Arbitrary dissolution of the Company shall be performed upon the agreement of SEO and the Council and be approved in an extra-ordinary General Assembly. If the activity license of the Company is cancelled by the Council, the Company shall be dissolved or continue any other activity upon the approval of SEO and changing of the name and subjects of the Company.

Article 67 – In case the Council decides to halt or suspend the whole or part of activity of the Company for a specified or unlimited period, the Company shall halt or suspend its activity in compliance with the provisions of the regulations.

Article 68 – The Law of the Securities Market of the Islamic Republic of Iran, ratified in Azar 1384 (November 2005) and any such regulations, including by-laws, instructions, procedures, circulars and whatever be ratified in future and the amendments thereto shall be the inseparable part of these Articles.

Article 69 – The interpreter authority to these Articles of Association shall be SEO and no article of which shall be so interpreted to violate or restrict the provisions of the Law.

Article 70 – Any such Articles not prescribed in these Articles of Association shall be subject to the Commercial Code and any other statutes.

Article 71 – These Articles of Association, consisting of 71 Articles and 24 Notes, were ratified by the General Assembly of the Company on 20/07/1385(12 October 2005) and approved by SEO on 30/07/1385(22 October 2006).