

In the name of God

The Law Governing the Securities Market in the Islamic Republic of Iran ratified by the Islamic Consultative Assembly on 22 November, 2005

Chapter One – Definitions and Terms

Article 1- The terms and words applied in the present Law have the following meanings: -

1. **Securities and Exchange High Council** means a council convened based on Article 3 of the present Law, hereinafter referred to as the “Council”.
2. **Securities and Exchange Organization** means an organization convened based on Article 5 of the present Law, hereinafter referred to as the “Organization”.
3. **Stock Exchange** means an organized and self-regulatory market where securities are transacted by dealers and/or brokers according to the provisions of the present Law. Each Stock Exchange (hereinafter referred to as the “Exchange”) shall be established and administered in the form of a public joint stock company.
4. **Arbitration Board** means a board convened based on Article 37 of the present Law.
5. **Association** means self-regulatory organizations of brokers, broker/dealers, market makers, investment advisors, issuers, investors, etc., duly registered as per the approved guidelines of the Organization, in the form of non-governmental, non-commercial and non-profit institutes, regulating the relations between the parties which are engaged in the securities market based on the present Law.
6. **Self-regulatory Organization** means an organization which is allowed to set and implement professional and disciplinary rules and standards by observing this Law to regulate professional activities and create discipline in the relations

- among its members for good performance of the tasks and duties entrusted to them by this Law.
7. **Central Securities Depository** means a company which conducts and handles the affairs related to the registration, depository, clearing and settlement of securities.
 8. **OTC Market** means an electronic or non-electronic market which implements securities transactions on the basis of negotiations.
 9. **Primary Market** means a market where the initial offer and subscription of newly issued securities are affected, and related proceeds are transferred to the issuer.
 10. **Secondary Market** means a market where securities are transacted after their initial offering.
 11. **Derivative Market** means a market where futures and options contracts in transactions are transacted based on securities or commodities.
 12. **Issuer** means a legal entity that issues securities under its name.
 13. **Broker** means a legal entity that transacts securities in the name and for the account of the others.
 14. **Broker/Dealer** means a legal entity that transacts securities in the name and for the account of the others or itself.
 15. **Market Maker** means a broker/dealer who, after obtaining the required permission, commits to deal in certain securities in a way to increase liquidity and regulate supply and demand for such securities with the aim to limit price fluctuations.
 16. **Investment Advisor** means a legal entity which, based on a particular contract, renders advisory services to the investors relating to the sale and purchase of securities.
 17. **Portfolio Manager** means a legal entity which, based on a particular contract, purchases and sells securities for the investors with the aim of generating profit.
 18. **Investment Bank** means a company which is active as an intermediate between the issuer of securities and public investors and can involve in dealing, brokerage, market making, investment advisory, portfolio management, subscription, underwriting, and similar activities after obtaining permission from the Organization.

19. **Pension Fund** means an investment fund that provides complementary benefits for the retirement period of its members by utilizing savings and investment schemes.
20. **Investment Fund** means a financial institution whose main activity is investment in securities and its owners participate in the profit and loss of the fund with respect to the ratio of their investment.
21. **Financial Institutions** mean financial institutions which participate in the Securities Market including Brokers, Broker/Dealers, Investment Advisors, Rating Agencies, Investment Funds, Investment Companies, Financial Information Providers, Investment Banks and Pension Funds.
22. **Holding Company** means a company that by investing in a company with the aim of generating profit acquires sufficient votes to elect members of the board of directors of that particular company, or, is effective in the election of members of the board of directors for the purpose of controlling the operations of the latter company.
23. **Assessor** means a financial expert assessing assets and securities under the present Law.
24. **Securities** means any paper or instrument bearing the transferable financial rights for the owner of an asset and/or related interest. The Council shall determine and define securities. The concepts of financial instruments and securities are considered equivalent in the context of the present Law.
25. **Issue** means a publication which offers securities to the public.
26. **Public Offering** means offering newly issued securities to the public for sale.
27. **Private Placement** means the direct sale of securities by the issuer to institutional investors.
28. **Subscription** means the process of purchasing securities from the issuer and/or its legal representative against payment of the full price according to a mutual agreement.
29. **Underwriting** means the undertaking by a third party to purchase the securities not sold within the subscription period.
30. **Prospectus** means a notice which informs the public about the issuer and the offered securities.
31. **Registration Statement** means all forms, information and documents submitted to the Organization by the applicant during the procedure of application for registration.

32. **Inside Information** means any information not disclosed to the public, directly or indirectly related to particular securities and the issuer or transaction of which, and in case of becoming public affects the price and/or decision of investors relating to such securities.
33. **Portfolio** means the total financial assets purchased out of the investors' funds.

Chapter Two: Securities Market Organs

Article 2-

To protect the rights of investors, to organize, operate and develop a transparent, just and efficient securities market, and to supervise a proper execution of the present Law, the Council and the Organization shall be established, having the composition, tasks, duties, powers and authorities as stipulated in the present Law.

Article 3-

The Council shall be the highest official executive organ of the securities market, being responsible for setting the macro policies of the market. Members of the Council shall include the following:

- 1- Minister of Economic Affairs and Finance;
- 2- Minister of Commerce;
- 3- Governor of the Central Bank of the Islamic Republic of Iran;
- 4- Secretaries General of the Iranian Chamber of Commerce, Industries and Mines and the Chamber of Cooperatives;
- 5- Chairman of the Organization, who shall act as secretary to the Council and spokesman of the Organization;
- 6- Public Prosecutor or his deputy;
- 7- One representative from the Associations;
- 8- Three financial experts from the private sector recommended by professional institutions of securities market, proposed by the Minister of Economic Affairs and Finance and approved by the Council of Ministers;
- 9- One expert strictly from the private sector proposed by the related minister and approved by the Council of Ministers for each commodity exchange.

Note 1: Minister of Economic Affairs and Finance shall act as chairman of the Council.

Note 2: The term of office of the members mentioned in paragraphs 7, 8 and 9 of this Clause shall be 5 years and they cannot be elected from among the members of board of directors and the employees of the Organization.

Note 3: Re-election of the members mentioned in paragraphs 7, 8 and 9 of this Clause shall be possible for a maximum of two periods.

Note 4: Members mentioned in paragraph 9 shall participate merely in sessions adopting resolutions on their Exchange.

Article 4

Duties of the Council shall be as follows:

1. To make necessary arrangements for establishing and developing a securities market and exercising supreme supervision over execution of this Law;
2. To determine the macro policies of securities market in line with the overall economic policies of the country in compliance related laws and regulations;
3. To propose bylaws for approval by the Council of Ministers, as deemed necessary for the execution of this Law;
4. To approve new financial instruments;
5. To issue, suspend and cancel the activity permit/license of the Exchanges, OTC Markets, Central Securities Depository and Investment Banks;
6. To approve the budget and financial statements of the Organization;
7. To supervise the activities of and consider complaints against the Organization;
8. To approve the type and amount of collectibles of the Organization and have supervision over them;
9. To elect the inspectors/auditors of the Organization and to determine their remunerations;
10. To appoint the members of the board of directors of the Organization;

11. To determine the remuneration of the chairman and members of the board of directors of the Organization;
12. To select the members of the Arbitration Board and to fix their remuneration;
13. To grant permission to the Exchange for offering, in foreign markets, the securities of companies listed there in;
14. To grant permission to the Exchange for listing of foreign securities at the Exchange;
15. To grant permission to the Exchange for transactions of the foreign entities at the Exchange;
16. To conduct other activities related to securities market at the discretion of the Council of Ministers.

Note: Resolutions of the Council shall be enforceable after being approved by the minister of Economic Affairs and Finance.

Article 5-

The Organization shall be a public non-governmental institute with legal and financial independence and shall be funded through a service charge and admission fee collected from companies listed in the Exchanges and other revenues. The required funding for commencement of activity of the Organization shall be provided out of the trust fund of the Stock Exchange Council deposited with the Tehran Stock Exchange Brokers' Organization.

Note: The articles of association of the Organization shall be composed by the Council and approved by the Council of Ministers at most within three months from the date of ratification of this Law.

Article 6-

The board of directors of the Organization consists of 5 members, elected by the Council from among the trusted and reputable non-governmental sector financial specialists based on a proposal of the chairman of the Council. The chairman of the Council shall issue the appointment letters of the members of the board of directors.

Article 7-

Duties and authorities of the Organization's board of directors shall be as follows:

1. To prepare the by-laws for implementation of this Law and propose them to the Council;
2. To draft and codify the complementary instructions of this Law;
3. To supervise the good performance of this Law and related rules and regulations;
4. To register and issue the permission for public offering in the securities market and to supervise thereon;
5. To apply for issuance, suspension and cancellation of the establishment permit / license of Exchanges and other institutes who require approval by the Council;
6. To issue, suspend and cancel the establishment permit/license of Associations and Financial Institutions subject to the present Law which are not under direct activities of the Council;
7. To approve the articles of association of the Exchanges, Associations and Financial Institutions subject to this Law;
8. To take necessary measures to prevent violations in the securities market;
9. To report such violations in securities market whose reporting shall be done according to this Law by the Organization to the concerned authorities and follow up the same;
10. To present financial statements and periodical reports on the operations of the Organization and also the status of the securities market to the Council;
11. To take necessary measures and required actions to protect the rights and benefits of investors in securities market;
12. To establish the required coordination in securities market and co-operation with other policy-making and supervisory institutions;
13. To suggest new financial instruments in securities market to the Council;
14. To supervise the investment of foreign real persons and legal entities in the Exchanges;
15. To plan the budget and propose various income and service fees of the Organization for approval by the Council;

16. To approve the ceiling of the services fees and charges of the Exchanges and other Financial Institutions subject to this Law;
17. Issuance of confirmation letter of the Organization for public joint stock companies before their registration with the Company Registrar and supervise the activities of those companies;
18. To check and supervise the disclosure of material information by the companies registered with the Organization;
19. To establish close co-operation and coordination with the accounting authorities, especially the board for codifying the auditing standards;
20. To perform macro and long-term research to develop the future policies of the securities market;
21. To co-operate with and participate in other international institutions and to join related regional and international organizations;
22. To perform all other affairs entrusted to the Organization by the Council.

Article 8-

The term of office of each member of the board of directors shall be five years and their re-election for second term shall be allowed.

Article 9-

The chairman of the Organization shall be elected from among the members of the board of directors by recommendation of the members and approval by the Council for duration of 30 months.

Note 1: The chairman of the board of directors shall be the chairman of the Organization and considered as the highest ranking executive official.

Note 2: The tasks, duties and scope of powers and authorities of the chairman of the Organization shall be defined in the articles of association of the Organization.

Article 10-

The employment of members of the board of directors shall be compensated on a full time basis and they shall have absolutely no right to accept any other employment or responsibility in other governmental and non governmental departments, agencies or institutions.

Article 11-

In case of dismissal, death and/or resignation of any member of the board of directors, his substitute shall be appointed for the remaining term of office within 15 days, subject to the regulations specified in Article 6. The conditions for dismissal of members of the board shall be stipulated in the Organization's articles of association.

Article 12-

Members of the board of directors shall take an oath in front of the Council before starting their work in the Organization, to perform their legal tasks and duties to their best abilities, to apply their utmost attention and impartiality in performing their tasks and duties, to ensure that all resolutions adopted by them are in the best interest of the country, and to observe the secrecy of information of the Organization and the board of directors. The text of the oath shall be stipulated in the articles of association of the Organization.

Article 13-

The chairman and members of the board of directors of the Organization shall be compensated out of the Organization's budget.

Note: The attendance fee of the Council's non-governmental members for attending the meetings shall be approved by the Council pursuant to the proposal of the Council's chairman and shall be payable out of the Organization's budget.

Article 14-

At the time of appointment as well as the end of office term, members of the board of directors shall provide to the Council a list of their own assets and the assets of their spouses and persons under their dependency.

Article 15-

The auditor/inspector of the Organization shall be elected by the Council from among the members of the Association of Certified Accountants for one year. Election of the auditor/inspector shall be possible for a maximum of two periods.

Article 16-

Any transactions in securities, registered or in the process of registration with the Organization, or any direct or indirect activity and participation in the said transactions by members of the Council, Organization, directors and partners of the Organization's auditing firm and also their dependants shall be forbidden.

Article 17-

The members of the Council and the Organization shall report to the head of the judiciary about their economic and financial activities and also their full-time or part-time jobs held during the past two years.

Article 18-

Members of the Council, Organization, and directors and partners of the auditing firm of the Organization shall refrain from direct or indirect disclosure of confidential information they become aware of in execution of their tasks and duties even after termination of their term of office. Violators shall be punished according to Article 46 of the present Law.

Article 19-

The Organization may request for furnishing the information required in the context of the present Law, in the execution of its legal tasks and duties by permission of the public prosecutor general, from all banks, credit institutes, governmental companies, governmental and public organizations, including the entities whose names have to be mentioned or specified, and also non-governmental real persons or legal entities. All the said organizations and parties shall present the information requested by the Organization in due time.

Chapter Three: Primary Market

Article 20-

Public offerings of securities in the primary market shall be registered with the Organization in accordance with the present Law. Public offerings of securities in any way and means without observing the provisions of this Law shall be forbidden.

Article 21-

Registration of securities with the Organization shall ensure that the regulations and decrees of the Organization are observed and the information is transparent, but does not provide any confirmation of proceeds, guarantee of profitability and/or any recommendation as to the companies or projects related to the securities by the Organization. This shall be stipulated in Prospectus.

Article 22-

The issuer shall submit to the Organization the application for registration of the securities together with the Registration Statements and Prospectus for obtaining the permission for the public offer.

Note: The securities registration form, the content of the Registration Statements and Prospectus which shall be submitted to the Organization and also the ways and means for publishing the Prospectus and the ways and means for coordination between the Company Registrar and the Organization shall be based on the instructions composed by the Organization after being approved by the Council.

Article 23-

The Organization, after considering the application for registration of securities and attachments of which, and assurance as to their compliance with the rules and regulations, shall take action for approval of the Prospectus.

Note 1: Public offerings of securities shall be closed within a period prescribed by the Organization. The period shall not exceed 30 days. The Organization may extend the subscription period for another maximum of 30 days, according to an application by the Issuer giving justifiable reasons.

Note 2: The Issuer shall inform the Organization of the results of distribution and sales of securities in a manner determined by the Organization in a period not more than within 15 days upon completion of the public offering deadline. The steps taken by the Issuer, in case not all securities have been sold, shall be specified in Prospectus.

Note 3: The Organization shall permit utilization of the collected funds after completion of the Public Offering procedure is confirmed by the Organization.

Note 4: In case the Public Offering procedure is not successfully completed, the collected funds shall be returned to the investors within a maximum of 15 days.

Article 24-

If the application received for the issuance of securities is considered by the Organization to be incomplete, the foregoing shall be declared to the issuer within 30 days with the request for correction. In case of a complete set of documents the Organization shall announce its agreement or disagreement regarding registration of the securities to the issuer within a maximum of 30 days from filing of the application with the Organization.

Article 25-

As of the effective date of this Law, permission for publication of Prospectus, relating to the registration of public joint stock companies or increase of their capital, shall be issued by the Company Registrar upon approval of the Organization.

Article 26-

As of the effective date of this Law, duties and powers mentioned in Article 4 of the Law on the Ways and Means for Issuance of Participation Bonds, approved on September 22, 1997 shall be transferred from the Central Bank of the Islamic Republic of Iran to the Organization.

Note: Participation bonds which are exempted from registration with the Organization by this Law shall be excluded from this clause.

Article 27-

The following securities shall be exempted from registration with the Organization:

- 1- Participation bonds issued by the government, Central Bank and municipalities;
- 2- Participation bonds issued by banks and finance and credit institutions under supervision of the Central Bank;
- 3- Securities offered in form of a private placement;
- 4- Shares of any public joint stock company whose total rights of its shareholders are less than the figure determined by the Organization;
- 5- Other securities that do not require registration at the discretion of the Council, such as bonds issued by organizations and other legal authorities.

Note: The Issuers of Securities which are exempted from registration shall report to the Organization as per the conditions determined by the Organization, the specifications and characteristics of the instruments and the ways and means for their distribution and sales.

Article 28-

Establishment of the Exchanges, OTC Markets and Financial Institutions subject to this Law requires registration with the Organization. Their activities shall be performed under supervision of the Organization.

Article 29-

Professional competence of members of the board of directors and managers, minimum capital, subject of activity as per articles of association, reporting system and means and types of special audit reports of Financial Institutions subject to this Law shall be approved by the Organization.

Chapter Four: Secondary Market

Article 30-

Securities shall be admitted by the Exchanges according to procedures proposed by each Exchange and approved by the Organization. The Exchange is not allowed to accept securities which have not been registered with the Organization.

Note: Securities exempted from registration shall not be subject to this Clause.

Article 31-

Each Exchange shall prepare a list with the names, numbers and prices of transacted securities on the transaction days according to the approved rules and regulations of the Organization and inform the public of the same. This list shall be considered as an official document and filed in the Exchange.

Article 32-

The Organization shall be entitled to issue the order for closing and/or suspension of the transactions of each Exchange for maximum three working days by declaring emergency conditions. In case of continuation of emergency conditions, the said duration may be extended by the Council.

Note: Emergency conditions shall be based on the executive regulations proposed by the Organization and approved by the Council.

Article 33-

Commencement of the activity of brokers, broker/dealers and market makers in any manner and under any title whatsoever, shall be subject to membership in the related Association and observing the provisions of the present Law, by-laws and implementary regulations thereof.

Note: As long as the Associations for the broker/dealers and market makers have not been convened, tasks and duties of such Associations shall be accomplished by the Organization. When the number of the Association members reaches 11

persons all across Iran, the convention of Associations for broker/dealers and market makers shall be compulsory.

Article 34-

Activity of the dealers, broker/dealers and market makers in each Exchange shall be subject to admission to that Exchange according to regulations proposed by the Exchange and approved by the Organization.

Article 35-

The board of directors of the Exchange shall investigate and consider the disciplinary violations of brokers, broker/dealers, market makers, issuers and other members of any provisions of the present Law or the related by-laws. Judgments of the Exchange may be appealed within one month from the notification date. The decision of the Organization shall be final and enforceable.

Article 36-

Disputes among brokers, broker/dealers, market makers, investment advisors, issuers, investors and other concerned parties relating to their professional activities shall be considered by the Arbitration Board in the case(s) when no amicable solution can be reached in the Associations.

Article 37-

Arbitration Board shall be composed of three members. One member shall be appointed by the head of the judiciary from among the experienced judges. Two members shall be economic and financial experts proposed by the Organization and approved by the Council. The head of the judiciary and the Organization shall appoint and introduce each an alternate member in addition to their principal representatives to participate in Arbitration Board in case of absence of a principal member. Qualifications for alternate members shall be the same as for principal members.

Note 1: Representative of the judiciary shall preside over the Arbitration Board.

Note 2: The term of office of principal and alternate members shall be two years and re-election of whom shall be allowed for another two periods.

Note 3: Arbitration Board shall have a secretariat located at the premises of the Organization.

Note 4: The budget of Arbitration Board shall be formed and paid out as a part of the Organization's budget.

Note 5: Awards issued by the Arbitration Board shall be final and enforceable and shall be executed by the executive authorities of the Property Registration Organization.

Article 38-

If brokers, broker/dealers, market makers, investment advisors and other similar organizations apply for provisional or permanent termination of their activities, they shall declare the same to the Organization, and related Association and Exchange and shall deposit their license with the Association. Related guarantees and collaterals shall remain valid and effective up to clarifying the status of their performed transactions and other commitments. The latter part of this article shall apply also to brokers, broker/dealers, market makers, investment advisors and other similar organizations whose membership is suspended or cancelled based on Article 35 of the present Law.

Article 39

Brokers, broker/dealers, market makers, investment advisors and other similar organizations shall prepare the required reports according to the regulations made and notified by the Organization and submit the same to the competent authorities.

Chapter Five: Information in Primary and Secondary Markets

Article 40

The Organization shall ensure that all information retrieved in the process of registration of securities shall be made available to the public at most within 15 days according to the related regulations.

Article 41

The Organization shall commit the Exchanges, issuers of securities, brokers, broker/dealers, market makers, investment advisors and all other organizations active in the capital market to publish full information on their activities based on the Iranian national accounting and auditing standards.

Article 42

The issuers of securities shall prepare their financial statements according to legal requirements, accounting standards, financial reporting standards, and implementary regulations and rules notified by the Organization.

Article 43

The issuer, investment bank, auditor, assessors and legal advisors of the issuer shall be responsible for compensation of damages to investors who incurred a loss due to failure, negligence, violations and /or presenting incomplete and incorrect information in initial offering due to their actions or omissions.

Note 1: Those who suffer a loss subject to the present Article may file a complaint with the board of directors of the Exchange or the Arbitration Board within one year from the date of discovering the violation, not more than three years after the public offering.

Note 2: Only those individuals shall be permissible to claim damages who have already purchased the securities of the issuer, subject of the present Article, before discovery of violation.

Article 44

In case the Organization becomes aware that the issuer has provided false, incomplete or misleading information in Registration Statements or Prospectus, the Organization may stop the public offering of securities at any stage.

Article 45

Any issuer who has received permission for offering his/her securities from the Organization shall be obliged to submit at least the followings to the Organization, according to the implementary regulations notified by the Organization:

1. Annual audited financial statements;
2. Interim financial statements, including semi-annual audited financial statement and quarterly statements;
3. Reports of the board of directors to the shareholders' assemblies and related comment of the auditor;
4. Any information having a significant effect on the price of the securities and the decision of investors.

Chapter Six: Penalties & Punishments

Article 46-

The following persons shall be sentenced to prison from three months to one year or a cash penalty equal to two to five times of the earned profit or non-incurred loss, or both:

1. Any person who takes advantage of, before public offering, and/or discloses or publishes, in such cases not prescribed before, inside information related to securities subject to the present Law, being disposed to him/herself due to his/her tasks and duties, which one way or the other might be against the interests of the others or in his/her favor or the favor of the persons he/she is the representative of whom under any title;
2. Any person trading securities by using inside information;
3. Any person whose actions lead to a distorted picture of securities and transaction trends or cause the establishment of false prices or lures persons into securities transactions;

4. Any person who publishes a notice or Prospectus for a public offering of securities without observing the provisions of this Law.

Note 1: The following persons shall be considered to have inside information about a company:

- A. Directors of the company including members of the board of directors, executive board, managing director and their deputies;
- B. Inspectors, advisors/consultants, accountants, auditors and attorneys of the company;
- C. Any shareholders having more than 10% of the company shares at their disposal, on their own or jointly with their dependants or representatives;
- D. Managing director, members of the board of directors, related directors and representatives of the Parent (Holding) Companies owning at least 10% of the shares or, having at least one member in the board of directors of the invested company;
- E. Other persons having access to inside information due to their tasks, duties, powers and/or their positions.

Note 2: Persons subject to note 1 of this Article shall report to the Organization and the related Exchange their transactions in securities which are not based on inside information within 15 days after such transactions been concluded.

Article 47-

Persons who present or certify false or incorrect information to the Organization and/or the Exchange and/or use false information and documentation in execution of the reports mentioned in the present Law shall be punished in accordance with the Islamic Punishment Act approved on May 27, 1996.

Article 48-

Brokers, broker/dealers, market makers, and investment advisors who have, in the execution of their tasks, acquired or is at their disposal private and confidential information and disclose such information without permission, shall be punished in accordance with Article 648 of the Islamic Punishment Act ratified on May 27, 1996.

Article 49-

The following persons shall be sentenced to prison from one to six months or a cash penalty equal to one to three times the earned profit or the non-incurred loss, or both:

1. Any person who involves in activities of brokers, broker/dealers or market makers that require permission, without observing the provisions of the present Law under any title whatsoever and/or introduces himself under one of the said titles;
2. Any person who is obliged to present total or partial information or documents to the Organization and/or the related Exchange based on the present Law and refrains to do so;
3. Any person who is responsible for execution of documents, information, Registration Statements, Prospectus and the like for filing with the Organization and also any person who is responsible for considering and commenting on or execution of financial, technical or economic reports or any certification of such documents or information and violates the provisions of the present Law in the execution of the entrusted tasks and duties;
4. Any person intentionally and consciously misusing any information or documents or false and incorrect reports related to securities, in whatsoever manner.

Article 50-

Brokers, broker/dealers, and market makers who illegally take advantage of securities and funds deposited with them to keep in separate accounts and perform transactions, in their own favor or in favor of others, shall be subject to punishment set forth in Article 674 of the Islamic Punishment Act ratified on May 27, 1996.

Article 51-

In case legal entities commit the violations stipulated in present Law, related punishments shall be applied upon those real persons who have had the decision making responsibility on behalf of the aforesaid legal entities.

Article 52-

The Organization shall collect evidences and documents relating to violations of this Law, and present the same to the competent judicial authorities and follow up the case, respectively, as claimant. If any loss and damage has been incurred by any person due to the said violations, the party who has incurred the loss may refer to the judicial authorities for compensation of the same and submit a loss and damage petition according to related rules and regulations.

Chapter Seven: Miscellaneous Rules

Article 53-

Brokers, broker/dealers, market makers and others active in the securities market shall take action for establishment of their Association upon approval of related articles of association by the Organization within six months from establishment of the Organization.

Article 54-

No real or legal person shall be allowed to hold, directly or indirectly, more than 2.5% of the shares of the Exchange.

Article 55-

No real or legal person shall be allowed to hold, directly or indirectly, more than 5% of the shares of Central Securities Depository.

Article 56-

Upon establishment of the Organization all records, deeds and documents of the Stock Exchange Council, subject of the Establishment Act of Tehran Stock Exchange ratified in 1966, shall be transferred to the Organization.

Article 57

The properties and assets of the existing stock brokers' organizations, including the current and fixed assets, cash, bank deposits, securities, rights and other assets, as well as the Exchange development deposit shall be computed by a committee composed of the Chairman of the

Organization and selected representatives of the brokers at the respective Exchange and representatives of the Council, and upon deduction of liabilities, shall be appropriated between the relevant Exchange and the Organization and put at their disposal as capital and financial resources respectively. Decisions adopted by this committee shall be enforceable upon approval by the Minister of Economic Affairs and Finance.

Note: Termination benefits of the employees of the stock brokers' organization of each Exchange shall be redeemed based on regulations of the Labor Law.

Article 58

The Government shall take necessary actions to activate commodity exchanges in compliance with the present Law and, to present legal guidelines for this purpose.

Article 59

The present Law shall come into force after four months from the date of ratification and the Council of Ministers and other authorities mentioned in the present Law shall take action in a manner that the administrative and organizational regulations and also particular institutions required under this Law are established and approved within this period.

Article 60

Upon expiration of deadlines prescribed in this Law, Establishment Act of the Tehran Stock Exchange ratified in 17 May, 1966 and all other rules and regulation in conflict with this Law shall be considered null and void.

The above Law, consisting of 60 Articles and 29 Notes, was ratified by the Islamic Consultative Assembly in its open session dated 01/09/1384 (22 November 2005) and confirmed by the Guardian Council on 02/09/1384 (23 November 2005).