

KISH INTERNATIONAL BOURSA OFFSHORE (KIBO) INTRODUCTION FOR POTENTIAL PARTNERS

Aims of KIBO

The Kish international exchange promises to establish Kish as a financial powerhouse in the region.

Benefits of setting up in KISH
FREE TRADE ZONE



KIBO legal context

- ❖ Regulations for establishment and operation of stock exchange markets in free trade-industrial zones of the Islamic Republic of Iran passed on 2019.02.21.
- ❖ The Securities Exchange Market Act of the Islamic Republic of Iran passed by the Islamic Consultative Assembly on 2005.11.22.
- ❖ The Foreign Investment Promotion and Protection Act (FIPPA) passed by the Expediency Discernment Council on 2002.03.10 and its code of procedure passed by the council of ministers in 2002.
- ❖ Regulations for foreign investment in stock exchange market passed by Cabinet of Iran on 2010.04.18.
- ❖ The executive guidelines for foreign investment in stock exchange markets and other markets passed by the Securities and Stock Exchange High Council on 2011.10.03.
- ❖ The Conditions for granting securities trading licenses to foreign investors passed by Board of Directors of the Securities and Exchange Organization on 2012.12.04 and its amendment on 2014.05.03.
- ❖ The law for granting a securities trading license to a foreign investor in accordance with anti-money laundering (AML) regulations passed by Board of Directors of the Securities and Exchange Organization on 2016.01.05.
- ❖ The law concerning the activity of foreign partners in domestic financial institutions passed by Board of Directors of the Securities and Exchange Organization on 2015.07.27.
- ❖ The law for the management of free trade-industrial zones passed by the Islamic Consultative Assembly on 1993.08.29.
- ❖ Regulations on investment in free trade-industrial zones passed by council of ministers on 1994.05.09 and its executive guideline.
- ❖ Executive guideline for banking and monetary operations in free trade-industrial zones of Islamic Republic of Iran passed by Iranian Cabinet on 1996.12.23.
- ❖ The Monetary and Banking Act of Iran passed in 1972.

Exchange vision

The new exchange will represent a venue for Iran's capital markets and a gateway for foreign investments

Products & services

- Wide range of asset classes, incl equities, debt, funds, derivatives, commodities, Sukuk
- Dedicated platforms for financing junior, private and investment companies
- Full market data offering
- Full clearing, settlement and CSD services

Clients

- Government and corporate issuers from Iran and abroad
- Privatized national assets offered through IPO
- Source of return for national institutional investors (NDF, Δ)
- Opening investment opportunities for retail and foreign investors

Kish International Boursa Offshore (KIBO)

Geographic coverage

- Listed products in EUR, CNY, AED, Δ
- Compelling incentive program to grow international participation
- Healthy competition between local and foreign institutions
- All participants operate under same regulation based on international standards
- The listing company and instruments will audit by international auditors in IFRS standards

Strategic partners

- Large core partner to bring international capabilities to the exchange
- Significant financial partners to support exchange setup & growth
- Potential to establish regional trading links to boost liquidity and market access

Key benefits

For issuers

- Access to extensive local & foreign capital in one location
- Diverse financing options

For investors

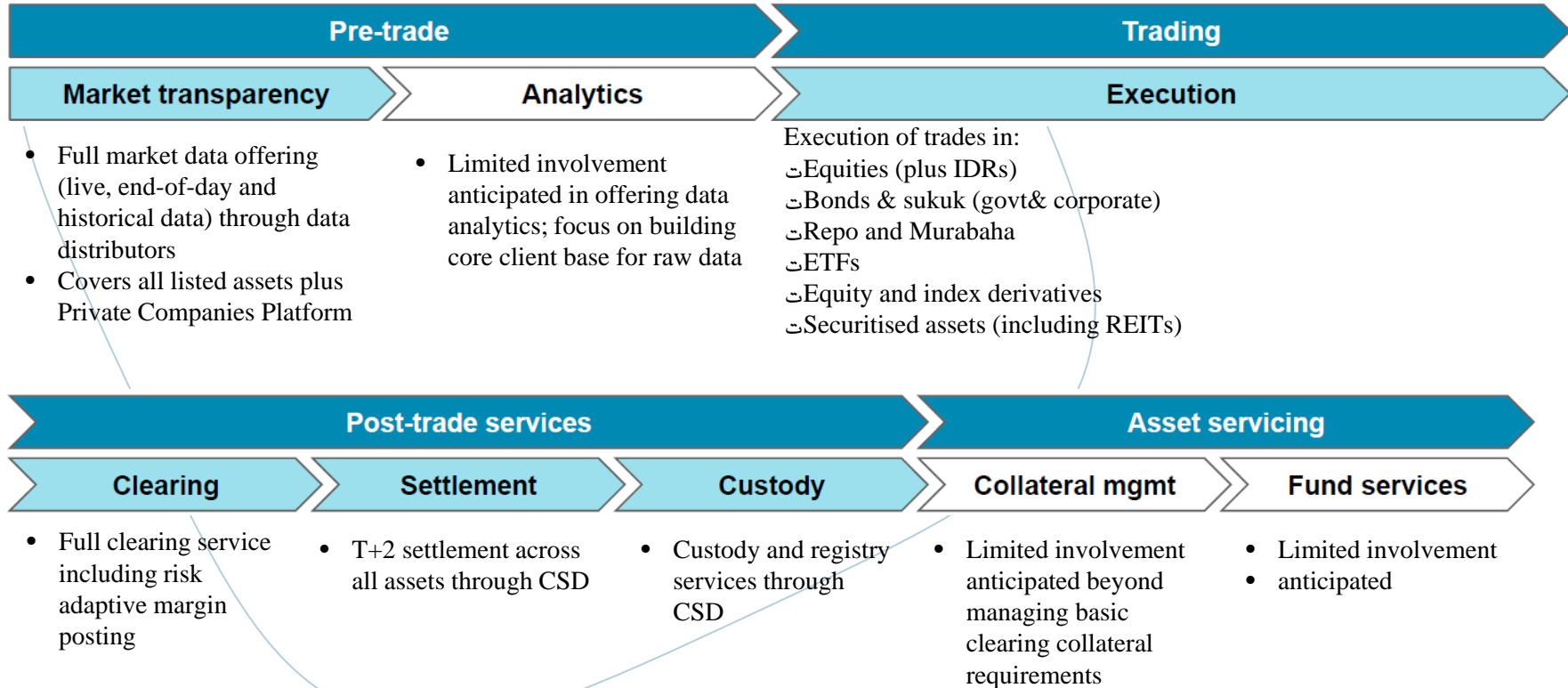
- Liquid trading environment to lower transaction costs
- Trust through compliance and transparency
- Diverse investment options to manage risk
- High quality services For partners
- Financially attractive proposition
- Exposure to Iran and wider of Asia and especially Iran trade partners

Organizational structure and type of ownership

According to Section 3 of Article 1 of the Securities Exchange Law, the Securities Exchange is a structured and self-regulated market in which securities are traded by brokers or traders in accordance with provisions of this law. According to the Stock Exchange Law, Securities Exchange Market is established and operated as a **public joint stock company**.

Value chain

Simultaneously focus on the pre-trade and trading parts of the value chain and post-trade operations



develop CCP and CSD internally through Central Securities Depository of Iran

Custody services offer through leading international partners on next phase of development.

capital of the company

30,000,000 Euros

divided into

30,000,000 One-Euro shares

- The capital of the company must be approved by the Securities and Exchange High Council.
- Foreign investors can hold totally up to 60% of KIBO total shares.
- The maximum ownership percent of each foreign investors in KIBO will be negotiable.
- Each domestic investor can own up to 2.5% KIBO total shares.

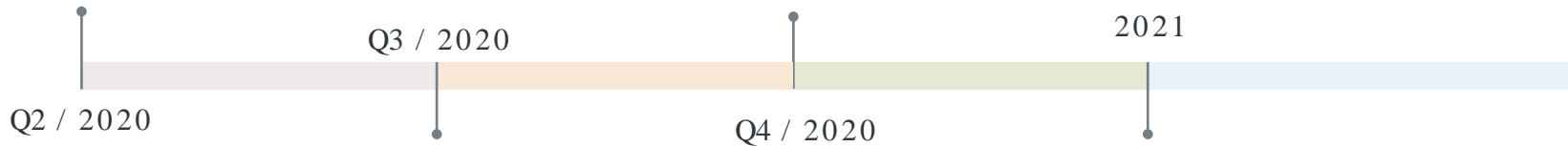
process of obtaining operating license

Obtaining license for international exchange market:

- Preparation of a justification plan for international stock exchange
- Development of the business plan for international stock exchange
- Compiling Article 29
- Ratification of the guideline for Article 29
- Obtaining the ratification of Cabinet
- Formulation of the articles of association of international exchange market
- Obtaining a license for international stock exchange company

Pillars:

- Clearing and Settlement
- Auditor
- International traders
- Technology



Shareholding:

- Designing the shareholding structure (activity/governance)
- identifying potential domestic and foreign shareholders
- Negotiation and agreement with domestic and foreign shareholders
- Subscription in international stock exchange

Issuers:

- Identifying, negotiating and reaching agreements with export issuers
- Identifying, negotiating and reaching agreements with potential issuers of foreign currency securities

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