

Commodity trade settlement in the Central Securities Depository of Iran (CSDI)



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Date



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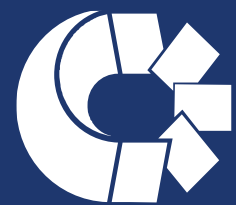
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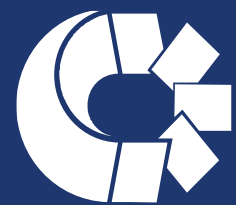


The history of the Iran Energy Exchange (IRENEX)



The history of the Iran Energy Exchange:

Iran Energy Exchange was established on March 9, 2013. It is one of the key components of Iran's capital market, designed to facilitate the trading of energy carriers and securities based on energy-related commodities (such as oil, gas, electricity, and their derivatives). The activities of this exchange aim to enhance transparency, streamline energy transactions, and attract investment in this sector by offering both domestic and international buyers a platform to access energy resources.



Recent Developments and Related Policies for International Buyers :

In recent years, the Iranian government has sought to strengthen the role of the Energy Exchange in international transactions. Initiatives such as offering crude oil on the Energy Exchange and providing special discounts to foreign buyers exemplify these policies. These measures are particularly designed to attract new buyers from Asian, African, and even European countries. Acceptable currencies usually include the US dollar and the euro, but in recent years, alternative currencies (such as the Chinese yuan or Russian ruble) have gained attention as a countermeasure against sanctions.



Percentage Value
of Settled Trades in
International Venue

%99

Percentage Value of Trades
in Domestic Venue

%34

Percentage Value of Trades
in International Venue

%66

Foreign Trading Accounts Opened on IRENEX Spot Market



- | | | | | | | |
|----------|--------------|-------------|----------|--------------|--------------|---------|
| Oman | Turkmenistan | Iraq | Armenia | UAE | Somalia | |
| Pakistan | Netherlands | Uzbekistan | Turkey | South Africa | Afghanistan | China |
| Zimbabwe | Bahrain | Germany | Sweden | Russia | India | Syria |
| Mali | Canada | England | Greece | Ukraine | Azerbaijan | Georgia |
| Malta | Singapore | Switzerland | Malaysia | Philippines | South Korean | |

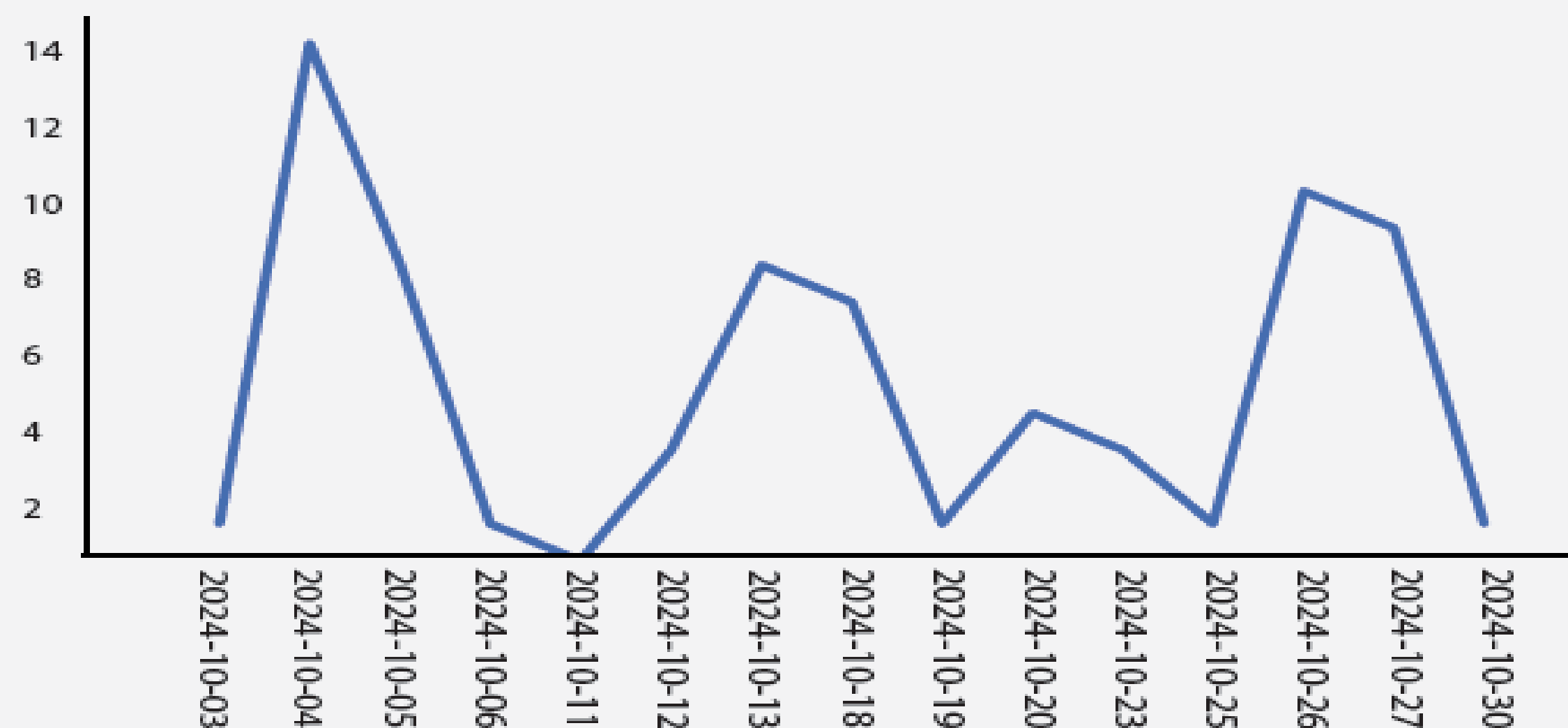
November 2024



Ranking of Countries by Trading Volume (IRENEX Spot Market)

Country	Transaction Value (USD)
Emirates	117,055,490
Iran	45,215,140
Hong Kong	27,222,360
Türkiye	24,593,300
Oman	12,544,650
Pakistan	11,104,180
China	3,383,890
Afghanistan	2,948,150
Armenia	2,886,490
Iraq	864,900
Azarbaijan	75,200

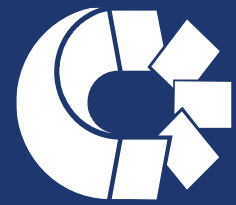
Transaction Process (IRENEX Spot Market)



November 2024



Introduction to the three main markets of the Iran Energy Exchange



Introduction to the three main markets of the Iran Energy Exchange:

۱. **Physical Market:** Direct buying/selling of commodities
۲. **Commodity-Based Securities Market:** Trading financial securities linked to commodity prices.
۳. **Derivatives Market:** Trading futures, options, and contracts to hedge against future price changes.

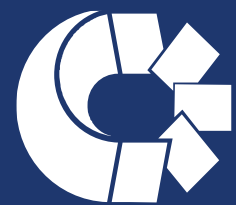


The main products offered in the Physical Market include

- . Crude Oil: Iranian crude oil and condensates are available on the exchange, including various grades like light and heavy crude.
- . Petroleum Products: Products like gasoline, diesel, liquefied petroleum gas (LPG), and other refined products.
- . Natural Gas: Natural gas and associated products are also part of the offerings on the exchange.
- . Electricity: The market for the trade of electricity, which is growing as the Iranian government works to boost its energy sector's efficiency and sustainability.
- . Bitumen and Petrochemicals: Besides fossil fuels, products related to petrochemical industries, such as bitumen, which is widely traded in global markets.



Introduction of different types of transactions methods in CSDI



Different types of transactions methods:

1. Spot Contract:

In this type of contract, payment for the goods and their delivery or transfer of ownership occur simultaneously at the time of the transaction. This contract is suitable for transactions requiring immediate settlement.

۲. Deferred Payment Contract:

In this contract, the goods are delivered at the time of the transaction, but payment for them is made on a specified future date (the due date). This type of contract is ideal for buyers needing deferred payment terms.

۳. Forward Contract:

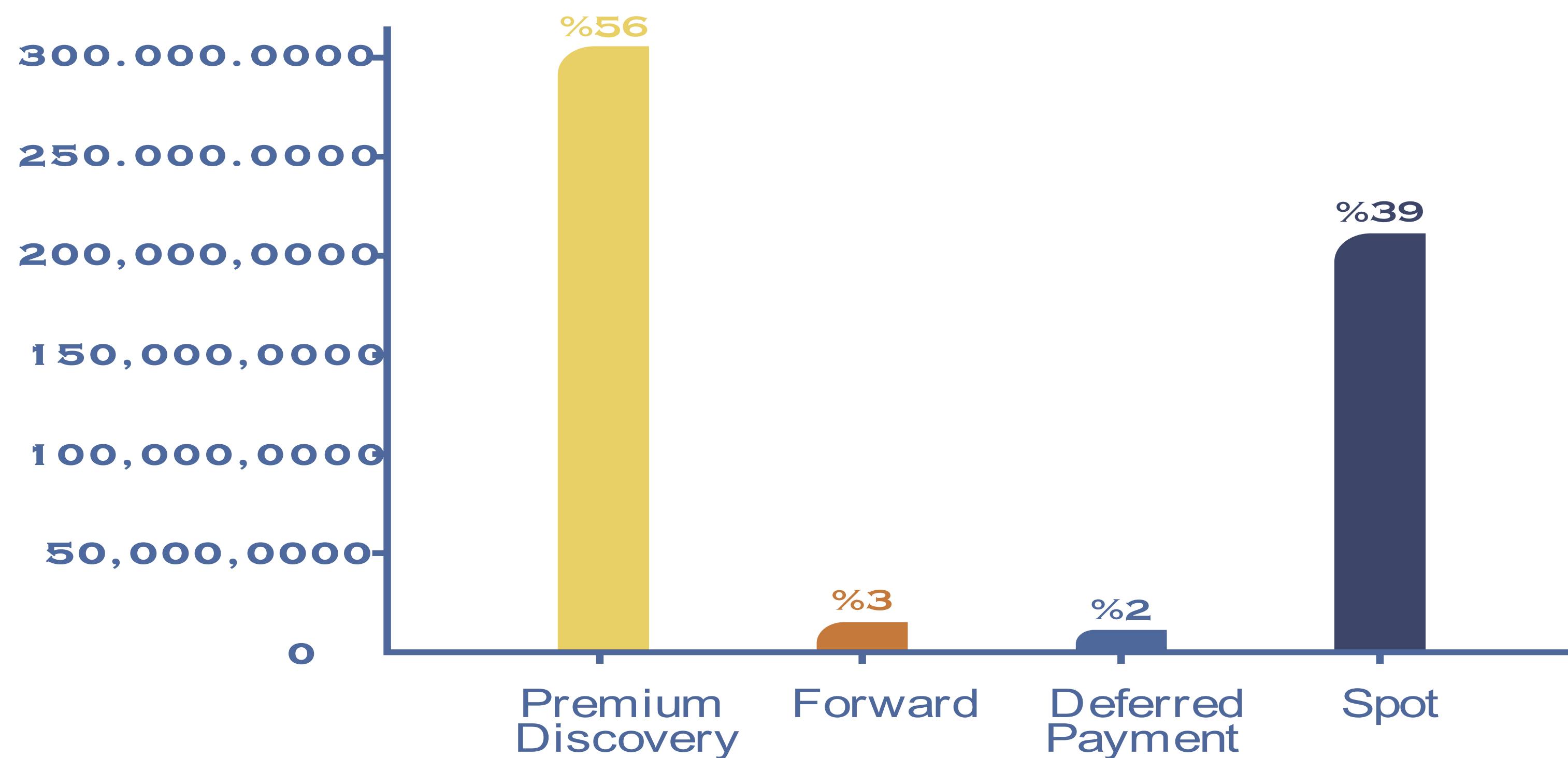
In this type of contract, the buyer pays for the goods at the time of the transaction, but the delivery of the goods takes place at a specified future date. Forward contracts are typically used by sellers who need quick access to liquidity.

۴. Premium Discovery Contract:

In this contract, the buyer pays part of the transaction price at the time of agreement, while the remaining amount is settled later on a specified date according to the terms of the agreement. This type of contract is often used in situations where the price of goods depends on variable factors, providing greater flexibility in payment and settlement.

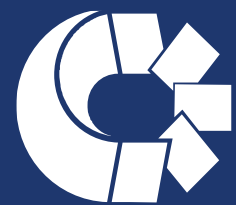


Transaction Methods





Introduction of different types of settlement methods in CSDI



Different types of settlement methods:

1. Cash Settlement:

The contract amount is paid in cash within the settlement period. Settlements for most commodities occur on a T+3 or T+5 basis, depending on the type of security or commodity involved.

۲. Off-Clearing Settlement:

Within the settlement period, an off-clearing settlement document, along with other required documentation, is sent to the clearinghouse.

۳. Guaranteed Settlement:

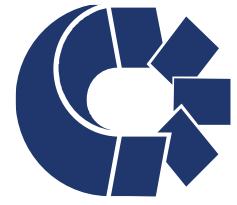
Settlement is performed by providing a bank guarantee.

۴. Conditional Settlement:

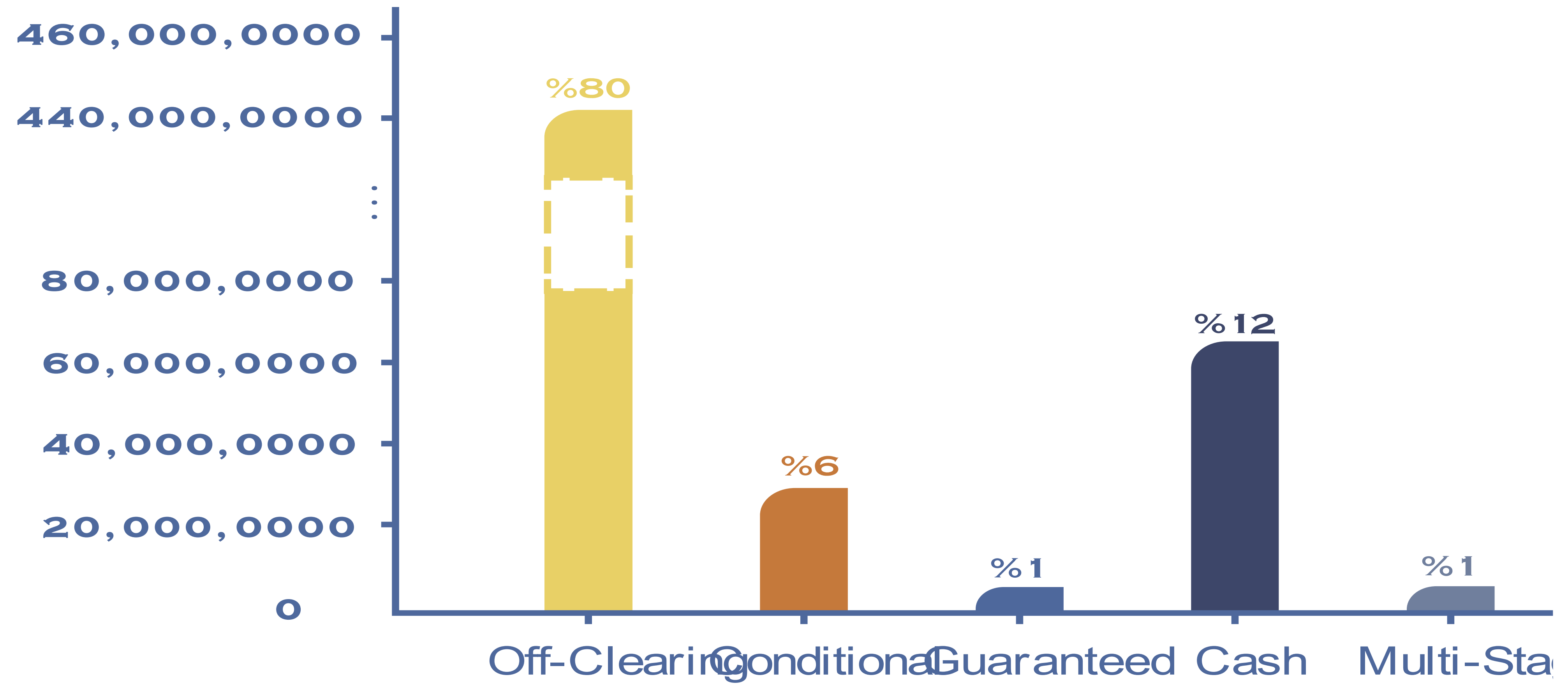
Settlement is carried out through a combination of methods such as cash payment, submission of an off-clearing settlement form, providing a bank guarantee, or a mix of these methods.

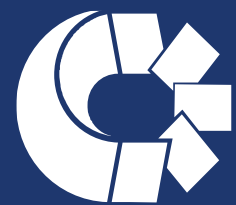
۵. Multi-Stage Settlement:

Payment for the contract is made proportionally to the amount of goods delivered, based on the conditions outlined in the offering notice, and resolved between the parties under a premium discovery contract.



Settlement Methods



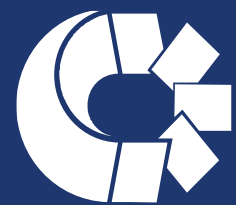


Key Elements of Commodity Trade Settlement:

1. Trade Confirmation
2. Delivery or Transfer
3. Risk Management
4. Issuance of Settlement Notification



Future Outlook



Future Outlook:

- **Expansion:** As global energy demand evolves, especially for natural gas and renewable energy sources, IRENEX may expand its offerings to include more diversified energy products.
- **Diversification and Modernization:** Iran is working to modernize its energy infrastructure, and over time , it may integrate new technologies, such as digital platforms for more efficient trading and blockchain-based solutions.

Thank you

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