

SARV

A Collective Payments System



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CSDI Legal Responsibilities

- There are over 60 million shareholders in Iran's capital market; owners of "Justice Shares" included.
- CSDI's Responsibilities to Shareholders and Issuers (Corporate Actions):
 - Hosting electronic general meetings
 - Managing pre-emption rights subscriptions
 - Distributing dividends
- To support these efforts, CSDI launched a home-grown e-KYC system called the Comprehensive Information Gathering System (CIGS) in 2018



CIGS

e-KYC System

Central Securities
Depository of Iran

Purpose: CIGS is CSDI's e-KYC platform for collecting client information and providing efficient online services

Role: Serves as an infrastructural system, feeding other CSDI and capital market systems

Compliance: Developed in full compliance with Anti-Money Laundering & Combating the Financing of Terrorism Act

Mandate: Required for registration of all Iranian individual and institutional investors

Benefits:

- o Streamlines KYC process for investors
- o Enables online registration and trading account issuance
- o Facilitates efficient capital market transactions

Objectives:

- o Enforce AML and CFT Acts
- o Provide sophisticated and efficient services
- o Promote transparency and information aggregation
- o Facilitate online services provision
- o Streamline registration and trading account issuance

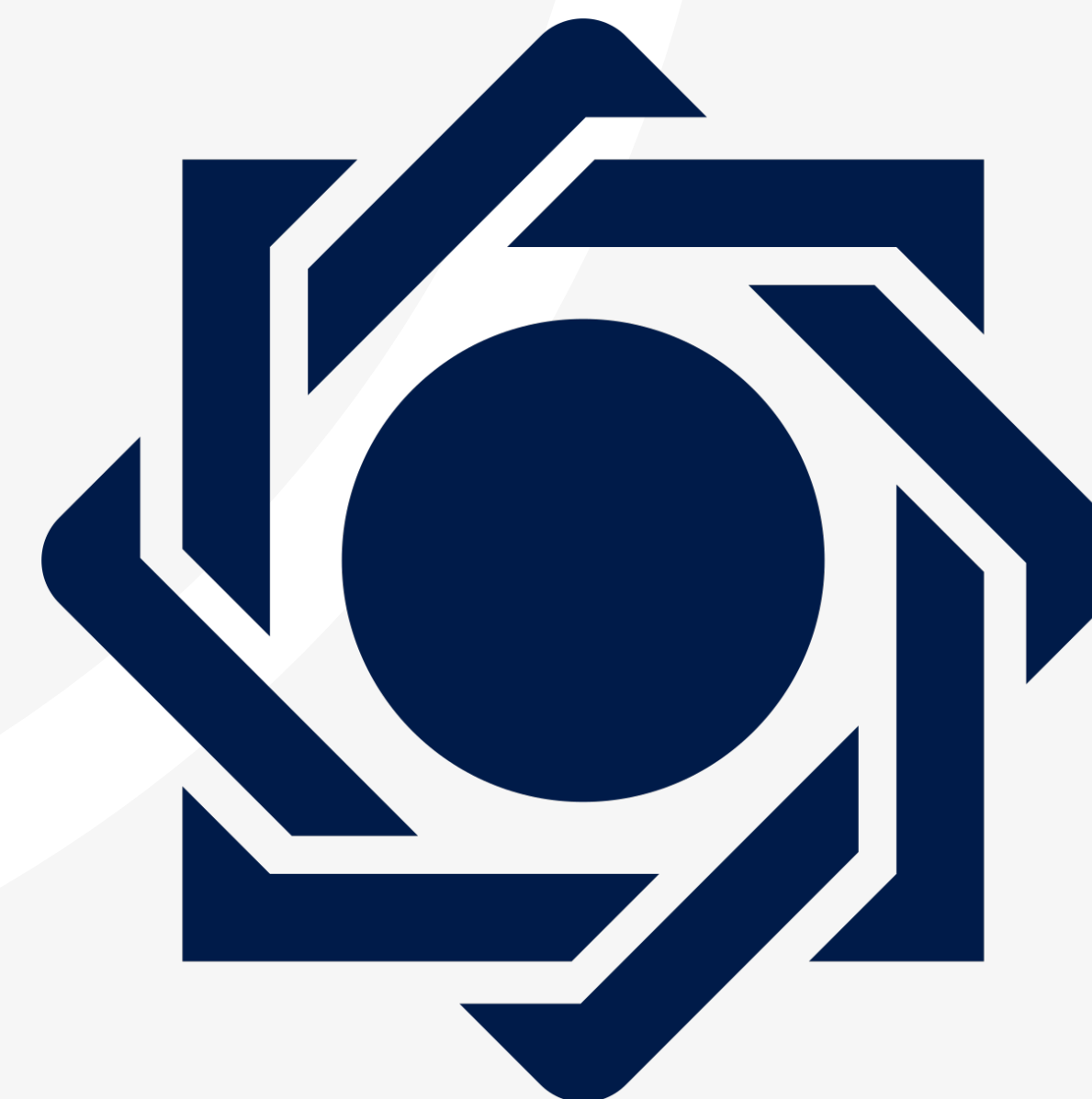
Today, nearly 45 million registered with CIGS





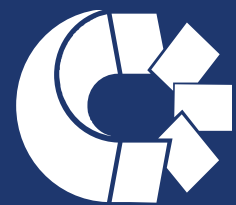
Iran Money Market Structure

- Total number of commercial banks, credit institutions in Iran reached 32 by 2024
- These banks tend to offer intrabank and interbank services that cater to individuals, businesses and corporations
- Interbank services are online and greatly save time
- Intrabank services are either periodic (lower cost) or online (higher cost)
- Intrabank transactions are four times costlier than interbank services



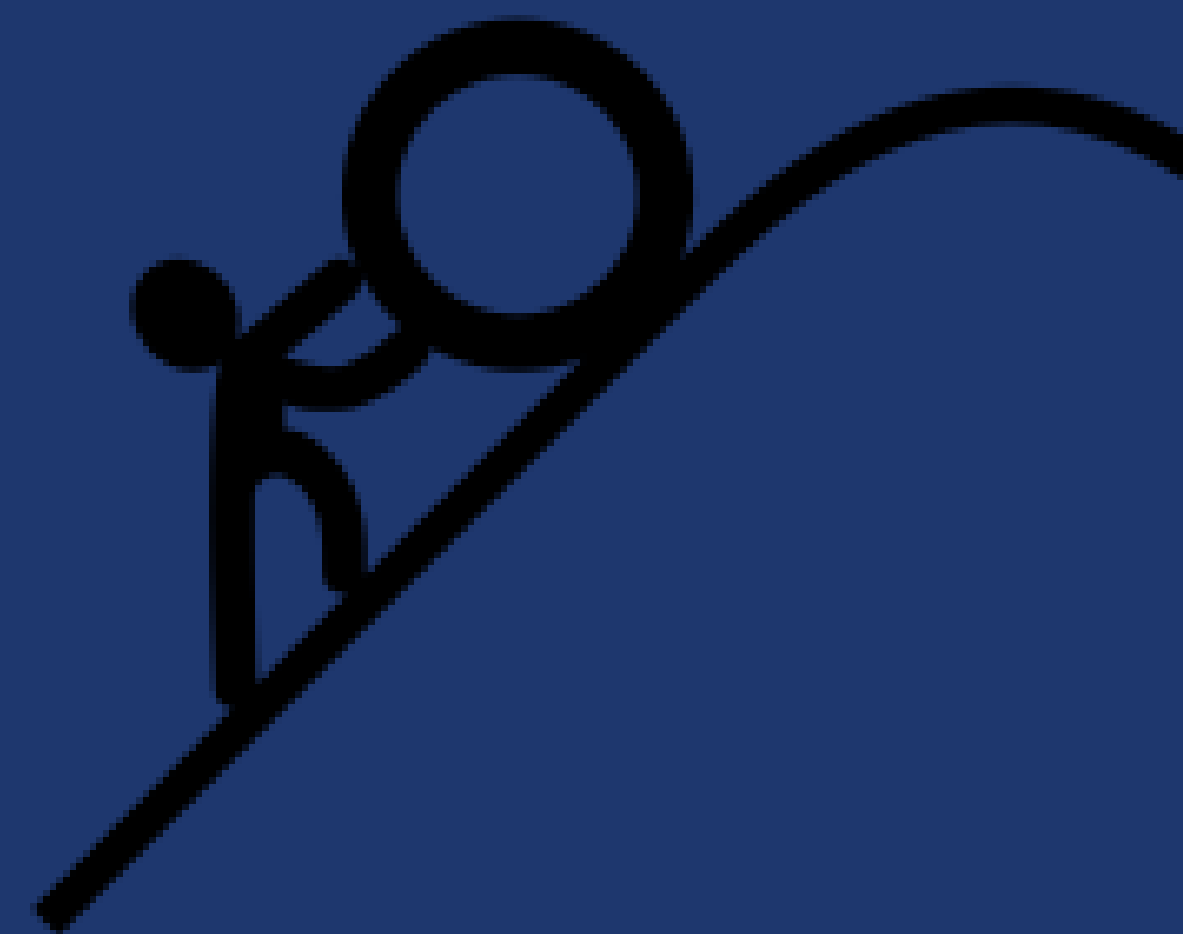
Dividend Distribution System

- Each issuing company has between hundreds of thousands to 20 million shareholders.
- Every shareholder provides a bank account with one of 32 commercial banks in the country.
- Issuing companies deposit their shareholders' dividends into CSDI's bank account at any chosen bank.
- CSDI then distributes the amount among shareholders via interbank, intrabank services.
- Over 500 issuing companies distribute dividends as part of the shareholders' share of the profits from listed companies.



DDS Challenges

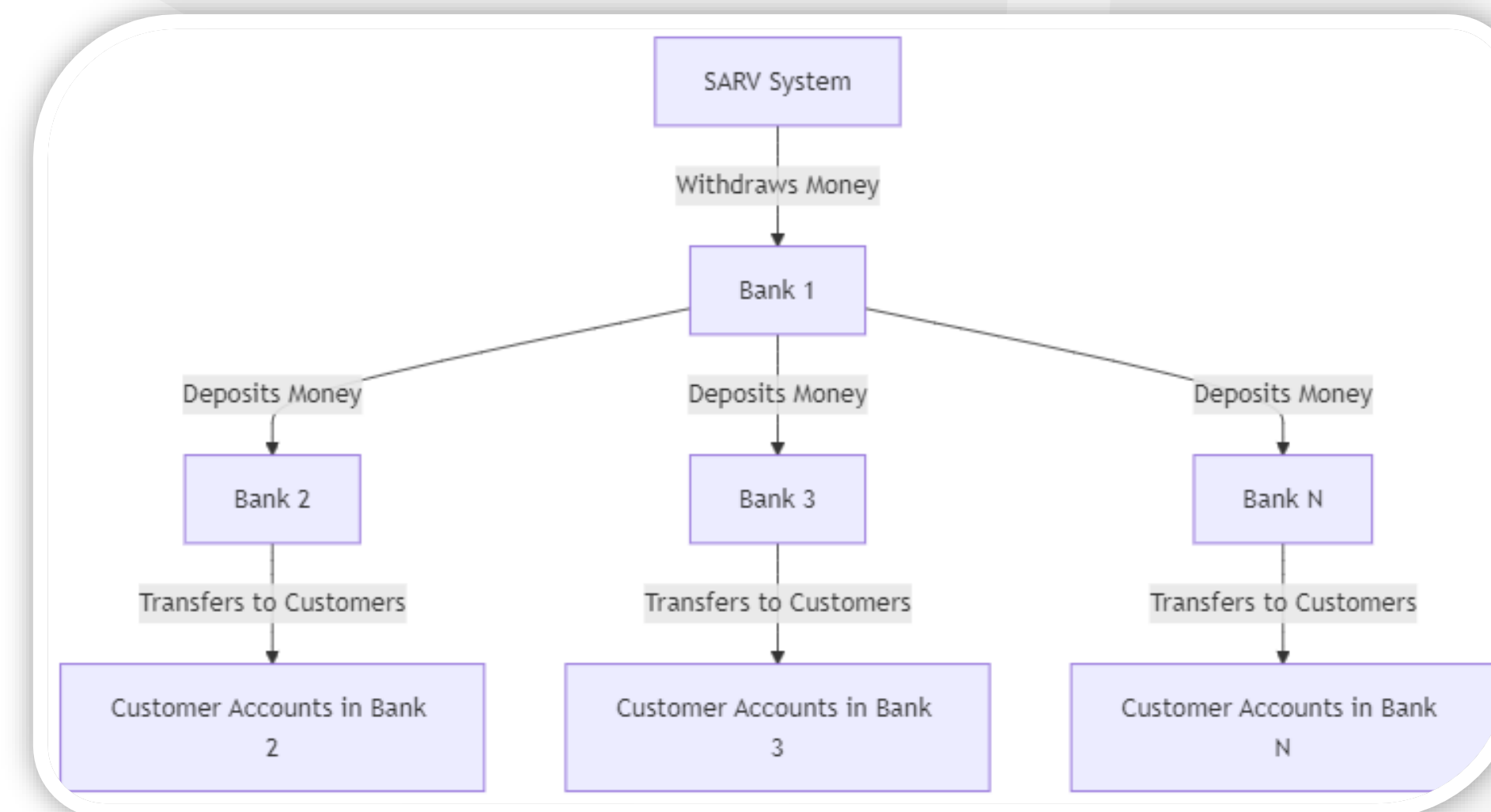
- It takes several hours to finally receive a firm response from intrabank transactions
- Intrabank transactions inflict heavy costs on CSDs





SARV System

1. It initially calculates the share of each bank or credit institution from the total amount.
2. It deposits specified amounts into CSDI accounts in target banks via several intrabank transactions.
3. It transfers dividends of each customer to their accounts, using inter-bank transactions.





Outcome

- Faster dividend distribution, with completion in under 30 minutes for each issuer
- More accurate transaction status responses, helping shareholders update their bank account numbers if needed
- Reduced CSD-related costs to below 20% of previous levels
- The capability to handle up to 50 million transactions per day

Central Securities
Depository of Iran

Thank
you!

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