Capital-Market Financing vs. Bank Loans: The Roadmap

Every company needs money to grow; the financial manager's question is whether to take it from a bank or from the capital market. In this lesson you first learn the world's alphabet of finance — bond, coupon, yield and the cast of an issuance, in the standard language of global finance — and then you see the same instrument in Iran's market: debt securities and Sukuk, with one complete, real example.

Introduction and roadmap: first the world, then Iran

Every company needs money — to grow, buy equipment, build a plant, or simply fund working capital. The financial manager's core question is: where should this money come from? The world's answer has two great routes: borrowing (debt financing) and bringing others into ownership (equity financing). Banks and the capital market are the organised forms of these same two routes.

This course follows the method of international financial-education institutes such as CFI and Saylor: first we learn each concept exactly as it is taught in global finance and master its English alphabet, and only then do we turn to the Iranian form of the same instrument. The reason is simple: the world's financial literature is in English, and almost every concept in Iran's market — from coupon and maturity to guarantor and underwriter — is a translation or a local adaptation of that same alphabet. Whoever knows the global layer understands Iran's market faster and more deeply.

Learning objectives of this lesson: 1) define debt and equity financing with an example; 2) name the parts of a bond — issuer, face value, coupon, maturity and yield — and explain how they relate; 3) recognise the standard roles of a global issuance, from underwriter to trustee; 4) explain why Iran's debt securities are called Sukuk and how they differ from a global bond;

5) list the steps of an issuance in order, from decision to maturity; 6) for a given financing need, propose the right route between a bank loan and the capital market.

Layer one — the concept in the world: debt financing and the bond

In global finance, when a company borrows money it has two ways to do it: take a loan from one bank, or issue a “bond”. A bond is essentially the same loan with one big difference: instead of a single lender, the loan is cut into small, equal pieces, sold to hundreds or thousands of investors, and those pieces can be traded in a market. The issuing company (the Issuer) undertakes, over the bond's life and on set dates, to pay a fixed amount called the “coupon”, and at the end of the term — the “maturity” — to return the principal, the “face value”.

A bond's market price is not necessarily its face value; if market interest rates rise, older bonds with low coupons become cheaper, so that their “yield” is attractive to a new buyer. So the coupon is the fixed rate written on the face value, while the yield is what the investor actually earns, and it depends on the purchase price. This distinction — the nominal rate versus the real yield — is one of the most fundamental points of this course, and in Lesson 5 we open it up with numbers and formulas.

Because an investor cannot be sure the company will honour its promise, the world has built several mechanisms to manage this risk. The first is the “credit rating”: agencies such as Moody's, S&P and Fitch grade the issuer's creditworthiness; the lower the rating, the higher the risk of “default” — failure to pay — and the higher the yield the market demands. The second is “collateral”: some bonds are backed by a specific asset and some are not. The third is the “trustee”: an independent institution that represents the bondholders, monitors the issuer's performance of its obligations, and acts on behalf of all investors if the issuer falls short.

An issuance has its own cast, too. The “underwriter” — usually an investment bank — structures the issue, proposes the price and the rate, sells the bond to investors, and in many issues undertakes to buy whatever remains unsold, so the issuance does not fail. Sometimes a third institution also “guarantees” payment (the Guarantor). And all the

information about the issue — the issuer's financial position, the bond's terms and the risks — is published in a document called the “prospectus”, so investors can decide with open eyes. The first sale happens in the “primary market”, and later trading among investors takes place in the “secondary market”.

Terminology block: this lesson's English alphabet

Debt Financing — raising funds by borrowing, with a duty to repay the principal and make regular payments; bank loans and bonds both belong to this family.

Equity Financing — raising funds by selling ownership (shares); it carries no repayment and no fixed profit, but ownership and control are diluted.

Bond — a tradable certificate showing that the issuer has borrowed a sum from investors for a fixed period.

Issuer — the company or entity that issues the bond and undertakes to pay.

Face Value (Par Value) — the amount printed on each security, repaid to the holder at maturity.

Coupon — the issuer's periodic payment to the holder, usually a fixed yearly percentage of face value.

Maturity — the date the bond's life ends and the principal is repaid.

Yield — the investor's actual return, which depends on the purchase price and need not equal the coupon rate.

Credit Rating — the grade rating agencies assign to an issuer's creditworthiness and repayment capacity.

Default — the issuer's failure or refusal to pay the coupon or the principal when due.

Collateral — an asset pledged as security for repayment of an obligation.

Trustee — an independent institution that represents the bondholders and monitors the issuer's obligations.

Underwriter — the investment bank that structures and runs an issuance and usually undertakes to sell the whole issue.

Guarantor — a third institution that guarantees payment of the issuer's obligations.

Prospectus — the official disclosure document of an issue, covering the issuer's finances, the terms and the risks.

Primary / Secondary Market — the primary market is where securities are first sold by the issuer to investors; the secondary market is where those same securities are then traded among investors.

The life cycle of an issuance, step by step

Now let us see the journey of an issuance from start to finish; this skeleton is almost identical in the world and in Iran — only the institutions' names change. Step one is “decision and design”: the company fixes the amount, the tenor and the purpose of the funds, and its financial adviser proposes the right structure. Step two is “preparation and disclosure”: audited financial statements are prepared and the prospectus is written, so investors can evaluate the company.

Step three is “approval and rating”: the market regulator reviews the issue and grants permission, and in advanced markets the rating agencies grade the securities. Step four is “pricing and subscription”: the coupon rate is finalised, the sale window opens, and investors buy the securities in the primary market; if anything remains unsold, the underwriter steps in under its commitment. Step five is “allocation and the start of trading”: the securities are allocated to buyers, the money reaches the company, and the securities become tradable in the secondary market; from here on, the market maker keeps them liquid.

Step six is “the life of the securities”: for the bond's whole life, the issuer pays the coupon on the set dates, publishes periodic reports, and the trustee or the regulator oversees this flow. Step seven is “maturity”: the principal is returned to the holders and the issuance file closes. Whenever we say “issuance” in this lesson and the next ones, we mean exactly this seven-step journey.

Layer two — the same instrument in Iran's market: debt securities and Sukuk

Iran's market has the same global skeleton, with one fundamental difference: in the Islamic financial system, contractual “interest” on a loan is not permitted; so Iran's securities cannot be a simple interest-bearing loan. The solution is “Sukuk”: securities that, instead of a loan, ride on a real asset or contract. In Ijarah Sukuk, the company's asset is bought and leased back to it, and the investor receives the rent. In Murabaha securities, goods are bought for the company and sold to it at a stated profit, in instalments. Manfa'at, Istisna and Musharakah Sukuk each rest on their own underlying contract, which we open one by one in Lesson 3. From the investor's seat, the result looks like a bond: set periodic payments and the principal at maturity; from the legal seat, behind every payment stands a real transaction.

In Iran, issuing securities requires a licence from the Securities and Exchange Organization (SEO); the offering and trading take place on the Tehran Stock Exchange or Iran Fara Bourse, and all the issuer's information — from the prospectus to financial statements and periodic reports — is published on the Codal system. The issuance structure also usually has an “originator” (the company seeking the funds) and a “special-purpose vehicle” that issues the securities in its own name for the originator and holds the underlying asset; the other roles — offering adviser, underwriter, guarantor, market maker and selling agent — are detailed in the roles section below and deepened in Lesson 2.

The second capital-market route is “equity financing”: offering the company's shares on the exchange or on Iran Fara Bourse and making the public a partner in ownership. On both routes, the money does not come from a single lender's pocket; it is collected from hundreds or thousands of small and large investors.

The right instrument also depends on the company's stage of life. At the seed and idea stage, personal funds, family money and angel investors are usually the only realistic sources; the company has no track record, assets or reliable cash flow yet. At the growth stage, a company with a product and customers can turn to venture capital (VC funds) and crowdfunding — instruments that bet on the company's future rather than on real-estate

collateral. At the expansion stage, medium and large companies with transparent financial statements can issue securities and raise long-term funds for multi-year projects. At maturity, the full basket opens up: a public share offering, large securities issues, and a measured mix of both the bank and market routes. This lesson's animation shows exactly this cycle: the more mature and transparent a company becomes, the more doors of the capital market open to it.

The main differences from a bank loan

The first difference is the intermediary. In a bank loan, the bank stands between depositors and the company and itself sets the risk terms and conditions; in the capital market this intermediation is minimal and the company and the investor face each other almost directly. The second difference is tenor: bank facilities in Iran are mostly short-term and one-year, and renewing them each year is a fresh negotiation, whereas securities are usually issued with multi-year maturities and suit long-term projects better.

The third difference is collateral and guarantee: a bank usually demands real-estate deeds, while in a securities issue one can use institutional guarantors and the company's own assets. The fourth is transparency: a company that issues securities must publish its financial statements and information on the Codal system and is supervised by the Securities and Exchange Organization — something a bank loan does not require. And the fifth is scale and fixed cost: an issuance carries sizeable fixed costs and pays off at larger amounts, while a bank loan reaches a result faster and cheaper for small amounts.

World vs. Iran: the key differences

Legal basis: a global bond is an interest-bearing loan contract; Iran's securities rest on real contracts — Ijarah, Murabaha, Manfa'at, Istisna, Musharakah — and the investor's payment comes out of that contract, not out of loan interest.

Sizing up the issuer's risk: in the world, the credit ratings of agencies such as Moody's and S&P are the market's common language, and the coupon rate is largely set off that rating. In Iran, domestic rating still plays a more limited role, and an institutional “guarantor” — often a

bank — has taken over much of its place; in other words, the Iranian investor leans more on the guarantor's credit than on the issuer's grade.

Representing investors: in the world, the trustee is the bondholders' legal representative. In Iran this role is split among several bodies: the special-purpose vehicle holds the asset, the guarantor guarantees payment, the SEO supervises, and the Central Securities Depository handles registration and settlement.

Disclosure and the market: in both worlds the disclosure document (prospectus) and periodic reporting are the pillars of an issuance; in Iran everything is concentrated on Codal, and secondary trading happens on the Tehran Stock Exchange and Iran Fara Bourse. And one important similarity: in both markets it is the market maker and an active secondary market that keep the securities “liquid”; without them, no investor agrees to lock up money for years.

A complete real example: the Murabaha securities of Arian Pars Motor

Now let us see all of these concepts on a real issuance that took place on Iran Fara Bourse in recent days: the Murabaha securities of the Arian Pars Motor Industrial Complex, with the symbol “Arian Pars 091”. The issue's specifications, per the Iran Fara Bourse announcement and Codal disclosures: a total of 200 billion tomans, in the form of 2 million securities with a face value of one million rials each; an annual profit rate of 23 percent, paid every three months; a tenor of 48 months with maturity on 1 Azar 1409; a subscription window of three business days on Iran Fara Bourse, from Sunday 1 Azar 1405; and the purpose of the issue — working capital to buy production raw materials.

Let us read this issue's cast with this lesson's alphabet: the originator and the economic issuer of the story is Arian Pars Motor itself, which needed funds to buy raw materials. The issue's “guarantor” is Bank Melli Iran; that is, if the company cannot pay, Bank Melli has guaranteed payment of principal and profit — the same role that in the global layer is covered either by a high credit rating or by a Guarantor. The “underwriter and market maker” is Omid Investment Bank, in both roles: Omid had undertaken that if any security remained unsold in the three-day window, it would buy it itself so the issue would complete; and over the next

four years it will keep “Arian Pars 091” liquid in the secondary market by continuously buying and selling it. The “selling agent” was Firouzeh Asia Brokerage — the network through which purchase orders in the subscription window were collected.

A quick educational calculation: each security is one million rials and the annual profit rate is 23 percent; so each security's annual profit is 230,000 rials and its quarterly payment is 57,500 rials. At the scale of the whole issue, the company pays 46 billion tomans of profit a year, and at maturity on 1 Azar 1409 it also returns the 200 billion tomans of principal. Note that this calculation is the simple contractual profit of these securities; each investor's real “yield” depends on the price at which they bought the security — if you buy it in the secondary market above face value, your yield falls below 23 percent, and if you buy it cheaper, it rises.

Why did this company not go to a bank for a loan? The issue's specifications support a documented inference: its need was working capital for raw materials, but a four-year repayment horizon lets it manage the production-and-sales cycle without an annual renewal negotiation; and an amount of 200 billion tomans is large enough to justify an issuance's fixed costs. This is exactly the logic of this lesson's roadmap: the horizon of the need chooses the instrument.

Each player's role, with its duties in detail

The “originator / issuer” is the starting point and the principal obligor: it defines the financing need and the purpose of the funds, presents the underlying asset or project of the Sukuk, prepares its information and financial statements for the prospectus and Codal, and makes the periodic payments and the principal over the securities' whole life. An issuance's credit is, before anything else, the originator's credit.

The “investment bank / offering adviser” is the architect of the issuance: it designs the structure and the type of security to fit the company's position, prepares the prospectus, moves the file through the SEO licensing process, gives expert advice on the rate and the timing of the offering, and coordinates the whole process. In the Arian Pars example, Omid Investment Bank, besides this role, also took on two executive roles.

The “underwriter” is the insurance that the issuance completes: it legally undertakes that if part of the securities remains unsold in the subscription window, it will buy them on the same terms; so the company is certain of receiving the full amount. The “guarantor” is the insurance of payment: if the originator falls short in paying profit or principal, the guarantor pays on its behalf and then has recourse to the originator; that is why the guarantor's credit — like Bank Melli's in our example — directly affects investor trust and the securities' rate.

The “market maker” is the guardian of liquidity: in the secondary market it continuously quotes buy and sell prices for the securities, so a holder can sell whenever they wish. The “selling agent” is the executive arm of the sale in the primary market and collects orders through the brokerage network. The “auditor” lends credibility to the originator's financial statements. And above all of them, the “SEO” licenses and supervises, the “exchange / Iran Fara Bourse” is the platform for offering and trading, and the “Central Securities Depository” handles ownership registration and payment settlement. Lesson 2 devotes a full section to each of these roles.

Costs and considerations

Unlike a bank loan, an issuance has a fixed entry cost: the fees of the offering adviser and the investment bank, the underwriting fee, the market-making fee over the securities' life, the guarantee fee, auditing, preparing and publishing the prospectus, and the admission and disclosure costs. These costs are largely fixed for any issuance, whatever its size; the practical result is what we said in the roadmap: an issuance does not pay off for small amounts, and the larger the amount, the smaller the fixed cost's share of each toman raised.

To make the scale of these costs tangible, let us return to the real example: per Omid Investment Bank's Codal disclosure, Omid's total income from just two roles — “underwriting and market making” — in the Arian Pars issue was announced as 48.68 billion tomans: 2 billion tomans for underwriting and 46.68 billion tomans for market making, recognised over the securities' four-year life. This sum is a cost ultimately paid out of the originator's pocket, and it comes on top of the 23 percent profit that reaches investors; so a company's “real cost of financing” is always the securities' profit rate plus these very fees and costs. A fair

comparison with a bank loan must be made on the same basis: the loan's rate, plus its side costs and its annual-renewal risk.

The second consideration is time: preparing an issuance — audit, prospectus, licence — takes weeks to months and does not suit an urgent need. The third is the duty of continuous disclosure: after the issue, the company lives for years under the magnifying glass of Codal and investors; for some companies this transparency is a credit advantage, and for others a real managerial cost.

Risks and cautionary notes

From the company's seat, the biggest risk of an issuance is the “fixed payment obligation”: the periodic profit and the principal must be paid on time, whether you have had a good year or not; so cash-flow forecasting must be conservative. The second risk is “horizon mismatch”, which we have seen several times in this lesson: short-term financing for a long-term need seats the company at the renewal table every year.

From the investor's seat, the first risk is “default”: the chance that the originator cannot pay; in Iran much of this risk is measured by the guarantor's credit, but a guarantor is not absolute immunity either, and its own credit must be checked. The second risk is the “profit-rate risk”: if market rates rise, the price of fixed-rate securities falls in the secondary market, and an early seller takes a loss. The third is “liquidity”: securities without an active market maker may have no ready buyer when you need to sell. And the fourth is “inflation”: a fixed 23 percent profit against high inflation can produce a negative real return; do not confuse the nominal figure with the real yield.

Common mistakes

Mistake one: choosing the instrument before fixing the amount and the horizon of the need; pin the need down first, and the instrument will show itself. Mistake two: comparing a loan and securities by the rate alone; the real cost is the rate plus the fees and the cost of renewal and collateral. Mistake three: underestimating the time and the disclosure duty; an issuance is a months-long project, not a one-day signature. Mistake four: assuming “it has a

guarantor, so it is risk-free”; a guarantor reduces default risk, but rate, liquidity and inflation risk stay in place. Mistake five: locking all funding into a single route; mature companies combine their baskets. And mistake six, for investors: equating the nominal profit rate with the real yield; yield depends on the purchase price and on inflation.

Wrap-up

In this lesson we saw the whole map: in the global layer, a bond is a loan cut into pieces and made tradable, with a defined alphabet — Issuer, Coupon, Maturity, Yield, Trustee, Underwriter. In the Iranian layer, the same skeleton becomes Sukuk through real contracts, and its cast — originator, investment bank, underwriter, guarantor, market maker — works on the platform of the SEO, Iran Fara Bourse and Codal. The Arian Pars Motor example showed how these concepts sit together in a real 200-billion-toman issuance.

The right answer to “loan or capital market?” is usually “both”: current and urgent needs from the bank, and the long-term, large project from the capital market. If you own a business, before any decision talk to an investment bank or an offering adviser licensed by the Securities and Exchange Organization. Now, with the scenarios below, put yourself in the shoes of two companies' financial managers, and then take the end-of-lesson quiz; Lesson 2 goes after the cast of an issuance, one player at a time.

Checklist before choosing a route

- Pin down the amount and the time horizon precisely; do not answer a multi-year need with a one-year loan.
- Review the alphabet of an issuance: identify the issuer, coupon/profit rate, maturity, yield and guarantor for your option.
- Prepare audited financial statements and the company's disclosure record.
- Put the total cost of both routes side by side (rate + fees + fixed issuance costs).
- Review the collateral you can offer and the possibility of an institutional guarantor.

- Check the guarantor's credit and the record of similar originators; “it has a guarantor” is not enough on its own.
- Forecast the cash flow for periodic payments conservatively.
- Consult an investment bank or an offering adviser licensed by the SEO.
- Think in combinations: current needs from the bank, the long-term project from the capital market.

Bilingual Glossary

Persian	English	Definition
تأمین مالی بدهی	Debt Financing	جذب منابع از راه قرض با تعهد بازپرداخت اصل و پرداخت منظم؛ مانند وام بانکی و باند.
تأمین مالی سرمایه‌ای	Equity Financing	جذب منابع از راه فروش سهام و شریک کردن سرمایه‌گذاران در مالکیت شرکت.
باند (اوراق بدهی)	Bond	سند قابل معامله‌ای که نشان می‌دهد ناشر مبلغی را برای مدت معین از سرمایه‌گذاران قرض گرفته است.
ناشر	Issuer	شرکت یا نهادی که اوراق را منتشر می‌کند و متعهد پرداخت سود و اصل است.
مبلغ اسمی	Face Value	مبلغ نوشته‌شده روی هر ورقه که در سررسید به دارنده برگردانده می‌شود.
کوپن (نرخ سود)	Coupon	پرداخت دوره‌ای ناشر به دارندهٔ اوراق؛ معمولاً درصدی ثابت از مبلغ اسمی در سال.
سررسید	Maturity	تاریخ پایان عمر اوراق یا وام و بازپرداخت اصل مبلغ.
بازده	Yield	بازده واقعی سرمایه‌گذار که به قیمت خرید اوراق بستگی دارد و لزوماً برابر نرخ کوپن نیست.
رتبه‌بندی اعتباری	Credit Rating	درجه‌ای که مؤسسات رتبه‌بندی به اعتبار و توان بازپرداخت ناشر می‌دهند.
نکول	Default	ناتوانی یا خودداری ناشر از پرداخت سود یا اصل در موعد مقرر.
وثیقه	Collateral	دارایی‌ای که پشتوانهٔ تضمین بازپرداخت تعهد قرار می‌گیرد.

امین	Trustee	نهاد مستقلی که نمایندهٔ دارندگان اوراق است و بر اجرای تعهدات ناشر نظارت می‌کند.
متعهد پذیره‌نویسی	Underwriter	نهادی که انتشار را طراحی و اجرا می‌کند و تعهد می‌کند اوراق فروش‌نرفته را بخرد تا انتشار ناتمام نماند.
ضامن	Guarantor	نهادی که پرداخت تعهدات ناشر اوراق را تضمین می‌کند.
امیدنامه	Prospectus	سند رسمی معرفی طرح انتشار اوراق، شامل اطلاعات مالی، شرایط اوراق و ریسک‌ها.
بازار اولیه	Primary Market	بازاری که اوراق برای نخستین بار از ناشر به سرمایه‌گذاران فروخته می‌شود.
بازار ثانویه	Secondary Market	بازاری که اوراق منتشرشده در آن میان سرمایه‌گذاران خرید و فروش می‌شود.
صکوک	Sukuk	اوراق بهادار اسلامی مبتنی بر دارایی یا قرارداد واقعی، مانند اجاره و مرابحه.
بانی	Originator	شرکتی که برای تأمین مالی خود، انتشار صکوک را از مسیر نهاد واسط انجام می‌دهد و متعهد پرداخت‌هاست.
بازارگردان	Market Maker	نهادی که با خرید و فروش مستمر، نقدشوندگی اوراق را در بازار ثانویه حفظ می‌کند.
کدال	Codal	سامانهٔ جامع اطلاع‌رسانی ناشران سازمان بورس برای انتشار اطلاعات شرکت‌ها.
سرمایه در گردش	Working Capital	منابع لازم برای هزینه‌های جاری و روزمرهٔ بنگاه.

Lesson Review Questions

1. In capital-market financing, where does a company's funding come from?

From one specific bank · Directly from many investors in an organised market · From the central bank · From the government budget

2. What is the most common instrument on the capital-market route?

Debt securities such as Ijarah Sukuk and Murabaha securities · Directed lending facilities · Petty cash · Bounced cheques

3. What does “equity financing” mean?

Taking a loan at a preferential rate · Offering the company's shares and making the public a partner in ownership · Selling fixed assets · Borrowing from the National Development Fund

4. What is the first difference between a bank loan and the capital market, in terms of the intermediary?

Intermediation is heavier in the capital market · In a bank loan the bank is the intermediary and sets the terms; in the capital market intermediation is minimal · Neither has an intermediary · In the capital market the central bank is the intermediary

5. In terms of tenor, what is the usual difference between the two routes?

Securities are usually one-year and loans multi-year · Bank facilities are mostly short-term and one-year; securities usually carry multi-year maturities · Both are always five-year · Tenor is unspecified in both

6. In a securities issue, what can be used instead of a real-estate deed?

The CEO's personal cheque · Institutional guarantors and the company's own assets · Employees' promissory notes · No guarantee is ever needed

7. What does the “transparency” requirement in the capital market mean?

Mandatory TV advertising · Publishing financial statements and information on Codal, under SEO supervision · Newspaper announcements · Monthly reports to the agent bank

8. Issuing securities pays off mostly for which companies?

Newly founded companies with no record · Medium and large companies with a sizeable, stable financing need · Only state-owned companies · Only startups

9. For a small, urgent, short-term need, what is usually the simplest option?

Issuing Sukuk · A public share offering · A bank loan · A venture capital fund

10. A small company or startup, in its life cycle, is closest to which instruments?

A multi-hundred-billion Musharakah Sukuk · Venture capital and crowdfunding · Government securities · A large unsecured bank loan

11. What is this lesson's bottom line on choosing between a loan and the capital market?

Always only a bank loan · Always only the capital market · Usually a mix of both: current needs from the bank, the long-term project from the capital market · Neither; only personal funds

12. Which is one strategic advantage of the capital market?

Removing any need for financial statements · Freedom from dependence on a single lender, and longer maturities · Exemption from SEO supervision · Government-guaranteed profit

13. What is a bond's "coupon" in global finance?

Each security's face value · The issuer's fixed periodic payment to the holder, based on face value · The underwriter's fee · The date the bond's life ends

14. If you buy a bond in the secondary market above its face value, what happens to your yield relative to the coupon rate?

It stays exactly equal · It rises · It falls · It becomes zero

15. What is a "trustee" in global issuances?

It buys the unsold securities · It represents the bondholders and monitors the issuer's obligations · It sets the coupon rate · It audits the issuer's financial statements

16. What does a credit rating fundamentally measure?

The profitability of the company's shares · The probability of default and the issuer's repayment capacity · Secondary-market trading volume · The quality of the company's products

17. Why are Iran's debt securities called "Sukuk"?

Because only the government issues them · Because instead of an interest-bearing loan they rest on a real asset or contract, such as Ijarah or Murabaha · Because they are issued only in rials · Because their maturity is always one year

18. In the real Murabaha issue of Arian Pars Motor (“Arian Pars 091”), which institution was the guarantor?

Omid Investment Bank · Firouzeh Asia Brokerage · Bank Melli Iran · The Securities and Exchange Organization

19. What were the size and purpose of the Arian Pars 091 issue?

50 billion tomans to build a factory · 200 billion tomans for working capital and buying raw materials · 100 billion tomans to repay bank debt · 500 billion tomans to acquire a rival company

20. What does an “underwriter” undertake in an issuance?

It guarantees payment of the securities' profit forever · If part of the securities remains unsold in the subscription window, it buys them so the issue completes · It keeps the securities' price fixed in the secondary market · It audits the prospectus

Answer Key

1: 2، 2: 1، 3: 2، 4: 2، 5: 2، 6: 2، 7: 2، 8: 2، 9: 3، 10: 2، 11: 3، 12: 2، 13: 2، 14: 3، 15: 2، 16: 2، 17: 2، 18: 3، 19: 2، 20: 2

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