The Cast of an Issuance: Who Builds a Securities Offering?

An issuance is never one person's work; a whole cast builds it. In this lesson you first meet the cast of an issuance in world markets, in their English terms — from Issuer and Underwriter to Trustee and Market Maker — and then you see each role in Iran's market, one by one, on a real Iran Fara Bourse issuance.

Introduction and learning objectives: an issuance is teamwork

In Lesson 1 we saw that issuing securities means a company, instead of borrowing from one bank, cuts its financing need into small, tradable pieces and raises it from hundreds or thousands of investors. Behind that simple sentence, a multi-player machine is at work: someone must design the structure of the issue, someone must guarantee that the securities sell out, someone must guarantee the payments, someone must keep the securities liquid for years afterwards, and someone must supervise all of them. If any of these roles is missing or weak, the issuance either never happens, becomes expensive, or loses investors' trust.

This lesson maps that cast. Our method, as in Lesson 1, has two layers: first we learn the roles of an issuance exactly as they are defined in global finance and master each role's English alphabet; then we turn to the Iranian form of each role and see which Iranian institution carries which responsibility, how it differs from its global counterpart, and how, in practice, these roles sat together in one real issuance.

Learning objectives of this lesson: 1) name the ten core roles of an issuance and explain each one's responsibility in one sentence; 2) state precisely the difference between the underwriter and the guarantor — the market's most common confusion; 3) explain the special-purpose vehicle's role in Iranian Sukuk and how it differs from a direct issuer in the world; 4) recount the journey of an issuance file, step by step and role by role, from the

originator's decision to the start of trading; 5) identify the cast of a real Iranian issuance from its official announcement; 6) recognise each role's costs, risks and conflicts of interest, so you can read a prospectus with open eyes.

Layer one — the cast of an issuance in the world: who does what?

In world markets, the starting point is the Issuer: the company or entity that issues the securities, receives the money and undertakes to pay the coupon and the principal. But the issuer usually does not sell the securities itself. The design and execution of the issue belong to the investment bank acting as Lead Manager, or offering adviser: it designs the deal's structure, amount, rate and timing, prepares the disclosure document — the Prospectus — and sounds out large investors in advance. In large issues, several banks work together in a syndicate, and the bank that collects purchase orders and manages allocation is called the Bookrunner.

The second role is the Underwriter: the institution that legally undertakes to buy, on the same terms, any part of the securities that remains unsold in the sale window. This commitment takes the risk of an incomplete issuance off the issuer's shoulders; from day one, the issuer knows it will receive the full amount. In return for this commitment the underwriter earns a fee, and before signing it usually examines the company closely — because if the securities are left on its hands, its own money is at stake.

The third role is the Trustee: an independent institution that is the legal representative of all the holders. Scattered investors cannot each monitor the issuer; the trustee does it on behalf of the whole group: receiving reports, monitoring performance of obligations and collateral, and taking legal action if the issuer falls short. The fourth role is the Guarantor, which is not present in every issue: a third institution that takes over payment if the issuer does not pay. The fifth role is the Market Maker, which, after the issue, continuously quotes buy and sell prices in the secondary market so the securities stay liquid.

Three supporting roles complete the issuance. The Auditor examines the issuer's financial statements and issues an opinion on their fairness, so the prospectus figures can be relied on. The Central Securities Depository (CSD) registers ownership of the securities

electronically, settles trades and delivers payments to holders' accounts; without it, ownership and transfer would remain paper-based and risky. And above all of them stand the Regulator and the Exchange: the regulator — such as the SEC in the United States — supervises disclosure and compliance, and the exchange is the official platform for offering and trading. In the coming lessons we will see that Iran has almost all of these roles, but with different names and a different division of labour.

Terminology block: the English alphabet of the cast

Issuer — the company or entity that issues the securities and undertakes to pay profit and principal.

Originator — in structures built on a special-purpose vehicle, the principal company seeking financing, which provides the underlying asset or project.

Special-Purpose Vehicle (SPV) — an independent legal vehicle created solely for one issuance, which issues the securities in its own name and holds the underlying asset.

Underwriter — the institution that undertakes to buy unsold securities so the issue completes.

Guarantor — a third institution that guarantees payment of the issuer's obligations if the issuer cannot pay.

Market Maker — an institution that keeps securities liquid in the secondary market by continuously quoting buy and sell prices.

Lead Manager — the bank that designs the structure, rate and timing of an issuance and coordinates the whole process.

Bookrunner — the institution that collects investors' purchase orders and manages the allocation of the securities.

Trustee — the holders' independent representative, which monitors the issuer's performance of its obligations.

Auditor — the independent firm that audits the issuer's financial statements and issues an opinion on them.

Legal Inspector — the company's statutory officer who monitors compliance with the law and the articles and safeguards shareholders' rights.

Selling Agent — the brokerage that collects purchase orders through its network during the subscription window.

Central Securities Depository (CSD) — the institution that registers securities ownership, settles trades and distributes payments.

Regulator — the capital market's rule-making and supervisory authority, such as the SEC in the US and the SEO in Iran.

Exchange — the official, organised platform for offerings and trading of securities.

The journey of an issuance, step by step: how the file moves between the cast

Now let us see this cast in motion. Step one begins with the originator and the offering adviser: the company fixes its need, the amount and the purpose of the funds, and the adviser designs the right structure — the type of security, the maturity and the proposed rate. Step two is audit and disclosure: the auditor finalises the financial statements, and the prospectus is written on the strength of those very figures; every number an investor reads in the prospectus must have audited backing.

Step three is licensing: the file goes to the regulator, and after reviewing the structure, the cast and the disclosure, the Securities and Exchange Organization grants the issuance licence. At this same stage the guarantor and the underwriter become final through formal contracts; before the offering, the regulator wants to know who buys if the sale falls short, and who pays if the originator cannot. Step four is subscription: the sale window opens on Iran Fara Bourse or the exchange, the selling agent collects the orders, and if anything remains, the underwriter steps in and the issuance completes.

Step five is registration and settlement: the Central Securities Depository registers the buyers' ownership and the funds reach the originator. Step six is the start of secondary trading: the securities become tradable, and from the very first day the market maker keeps them liquid with continuous buy and sell quotes. Step seven is the life of the securities: the originator pays on the set dates, periodic reports are posted on Codal, the auditor and the legal inspector repeat their work each year, and the regulator supervises it all — until the final step, maturity, when the principal is returned and the file closes. This lesson's animation shows exactly this journey, with the role responsible for each step highlighted on screen at that step.

Layer two — the cast of an issuance in Iran, role by role

The originator and the SPV: in Iranian Sukuk, the company seeking funds is called the originator (Bani), but it does not issue the securities directly in its own name. A special-purpose vehicle — a limited company formed solely for that issuance — is the legal issuer: the underlying asset or contract is transferred to the SPV, the securities are issued in its name, and payments reach investors through it. The reasons for this separation are both the Shariah and legal requirements of the Sukuk structure and the isolation of the underlying asset's risk from the originator's other assets. So in Iran, when we ask 'who is the issuer?', the answer has two layers: the legal issuer is the SPV; the economic obligor of the payments is the originator.

The offering adviser is usually an investment bank or an SEO-licensed investment adviser. It designs the structure of the issue, prepares the prospectus, moves the licensing file forward and gives expert advice on the rate and the timing of the offering. The underwriter is often the same investment bank, or another one, which signs the commitment to buy unsold securities. The guarantor, in most Iranian corporate issues, is a bank; the guarantor's credit fills much of the space that a prominent credit-rating culture leaves empty in Iran's market, and it directly affects the securities' rate.

The market maker undertakes that, for the securities' whole life, within a stated price range and volume, it will stand ready as buyer and seller; the quality of market making means an

investor can sell close to a fair price any day. The selling agent is the brokerage that, in the subscription window, collects purchase orders from its client network and delivers them to the market. The auditor and the legal inspector: an SEO-trusted auditor audits the originator's financial statements, and the legal inspector monitors compliance with commercial law, the articles and shareholders' rights; both reports are part of the issuance's disclosure file.

Three infrastructure roles complete the work. The Central Securities Depository of Iran centrally and electronically registers ownership of all securities, settles trades, and deposits profit and principal into holders' accounts when due. The Securities and Exchange Organization (SEO) is the regulator: it grants the issuance licence, supervises continuous disclosure on the Codal system, and acts against violations. And Iran Fara Bourse or the Tehran Stock Exchange is the platform for the primary offering and secondary trading. Together, these ten roles are the cast we now watch on one real file in the next section.

World vs. Iran: one role, two divisions of labour

Direct issuer versus originator and SPV: in the world, the company is usually its own issuer, with a direct obligation. In Iran, especially in Sukuk, the SPV sits between the originator and the investor; it holds the underlying asset and is the legal issuer. For the investor the result looks similar, but the legal path of the money and the asset is different, and when reading an Iranian prospectus you must find both names.

The trustee versus the Iranian set: in the world, the trustee is the holders' legal representative and acts on behalf of the group at a default. In Iran there is no single role with that name and scope; its work is in practice divided among the SPV, the guarantor, the SEO and the Central Securities Depository. That means the Iranian investor, for legal protection, leans more on the guarantor's guarantee and the regulator's supervision than on an independent contractual representative.

Rating versus guarantor: in advanced markets, a security's rate is read mainly off the issuer's credit rating, and many issues have no guarantor at all. In Iran, domestic rating still plays a more limited role, and a bank guarantor is close to a rule in corporate issues; so the Iranian

investor's analysis starts from the guarantor's credit, not from the issuer's grade. And one important similarity: in both markets the underwriter, the market maker, the auditor, the central depository and the regulator are present, and an issuance without any one of them is either impossible or riskier.

A real example: the cast of the 'Arian Pars 091' issuance

Let us see all of these roles on the real Murabaha issuance of the Arian Pars Motor Industrial Complex, with the symbol 'Arian Pars 091' — the same example as Lesson 1, this time through the lens of the cast. The issue's specifications, per the Iran Fara Bourse announcement: a total of 200 billion tomans, in the form of 2 million securities 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; subscription over three business days on Iran Fara Bourse from 1 Azar 1405; and the purpose — working capital to buy production raw materials.

The cast map of this issuance is as follows: the originator is Arian Pars Motor itself, which needed funds to buy raw materials and is the economic obligor of the payments. The issue's guarantor is Bank Melli Iran; that is, payment of principal and profit is guaranteed by a bank, and the investor measures default risk against Bank Melli's credit. 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 full 200 billion tomans would be raised; and over the 48 months of the securities' life it also carries the market making and liquidity of 'Arian Pars 091'. The selling agent was Firouzeh Asia Brokerage; purchase orders in the subscription window were collected through this brokerage.

Take two practical lessons from this map. First, combining roles is possible and common: one institution — here Omid Investment Bank — can be both underwriter and market maker at once; what matters is that in the issuance announcement each role is named explicitly and separately, so responsibility for each part is clear. Second, each role must be tested with its own question: ask the guarantor, 'if the originator does not pay, will you?'; ask the underwriter, 'if the sale falls short, will you buy?'; ask the market maker, 'for the next four

years, will you be a buyer every day?'. If the answer to all three is clear in the issuance documents, the skeleton of the issuance is sound.

Costs and fees: how does each role get paid?

None of the cast works for free, and all of their costs are ultimately paid out of the originator's pocket; so a company's real cost of financing is the securities' profit rate plus these very role fees. The offering adviser earns a fee for designing and managing the file. The underwriter earns a commitment fee for the risk it accepts — the chance of having to buy unsold securities with its own money. The guarantor earns a guarantee fee for a guarantee that stands for the securities' whole life. The market maker earns a market-making fee for years of continuous presence in the market and for keeping its capital committed. Auditing, the selling agent, admission on Iran Fara Bourse and depository services each carry their own cost as well.

See the real scale of these costs in the same Arian Pars example: per Omid Investment Bank's Codal disclosure, Omid's total income from just two roles — underwriting and market making — in this issuance 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. Two points in these figures matter: first, market making is far more expensive than underwriting, because the commitment is a risk of a few days while market making is a four-year service; second, this sum comes on top of the 23 percent profit that reaches investors, so a fair comparison of an issuance with a bank loan must look at the profit rate and all the fees together.

Risks and conflicts of interest: where can each role slip?

Each role brings its own risk into an issuance. The originator's risk is default: inability to make the periodic payments and the principal. The underwriter's risk is that if the market does not welcome the securities, a large volume of them stays on its own balance sheet; that is why an underwriter is demanding before it signs. The guarantor's risk is concentration of obligations: a bank's many guarantees mean that in an economic shock, all of those

obligations can be triggered at once; so the guarantor's credit must be examined independently. And the market maker's risk is cosmetic liquidity: if the market maker performs weakly, the securities are tradable on paper but have no ready buyer in practice.

Conflicts of interest are real, too, and must be recognised. When one institution is at once offering adviser, underwriter and market maker — a common combination in Iran — its interest lies in the issuance getting done, not necessarily in the best rate for the originator or the investor. When the underwriter is itself the final buyer of unsold securities, it has an incentive to propose a rate attractive enough to guarantee a sell-out, which can raise the originator's cost. The way to manage these conflicts is not to abolish them; it is transparent disclosure of roles and fees in the prospectus, SEO supervision, and comparing several advisers' proposals. The careful investor, in every issuance, first reads the prospectus's 'cast and fees' page.

Common mistakes

Mistake one, and the most common: treating the underwriter and the guarantor as the same thing. The underwriter guarantees that the sale completes in the first days; the guarantor guarantees payment over the securities' whole life. These are different risks, different institutions and different fees. Mistake two: treating the originator and the issuer as the same in Iranian Sukuk; the legal issuer is the SPV and the originator is the economic obligor, and confusing the two ruins your reading of the prospectus.

Mistake three: dismissing the market maker as unimportant; for an investor who may need their money before maturity, the quality of market making matters as much as the profit rate. Mistake four: assuming that because the guarantor is a bank, examining the originator is unnecessary; the guarantor is the last line of defence, not a substitute for analysing the company. Mistake five: skipping the fees section and comparing an issuance with a loan on the profit rate alone. And mistake six: assuming that combining several roles in one institution is necessarily a sign of weakness; combining is common and lawful, provided disclosure is transparent and supervision is real.

Wrap-up

In this lesson we saw the whole group that builds an issuance. In the global layer: the Issuer issues, the Lead Manager and the Bookrunner manage the design and the sale, the Underwriter commits to the sale completing, the Trustee represents the holders, the Market Maker keeps liquidity, and the Auditor, the central depository and the Regulator are the pillars of trust and order. In the Iranian layer, the same group sits with a different division of labour: the originator and the SPV instead of a direct issuer, the offering adviser and the investment bank as architect, a bank guarantor at the heart of the market's trust, and the SEO, Iran Fara Bourse and the Central Securities Depository as supervisor, platform and registrar.

The 'Arian Pars 091' example showed that these roles do not stay on paper: Bank Melli guaranteed, Omid Investment Bank took the underwriting and the market making, and Firouzeh Asia executed the sale, so that 200 billion tomans could be raised to buy raw materials for a manufacturing company. From this lesson on, whenever you see an issuance announcement, first find its cast, and ask each role its own question. Now complete the scenarios and the end-of-lesson quiz; Lesson 3 turns to the types of Sukuk, and we will see how this same cast arranges itself around each type of security.

Checklist for reading the cast of an issuance

- Identify the originator and the SPV separately; the economic obligor of the payments is the originator.
- Find the guarantor's name and examine the guarantor's own credit independently of the originator.
- Do not confuse the underwriter with the guarantor: the first completes the sale, the second guarantees payment.
- Check the market maker and its commitments (price range and volume) in the issuance announcement.
- Name the offering adviser and the selling agent, and see how many roles are combined in one institution.

- Read the auditor's and the legal inspector's reports in the disclosure file; do not rely on unaudited figures.
- Read the cast's fees section in the prospectus and set the total cost beside the profit rate.
- Identify the regulator, the offering platform (Iran Fara Bourse or the exchange) and the registration and settlement path at the CSD.
- Ask each role its own question: if the sale falls short? If the originator does not pay? If I want to sell?

Bilingual Glossary

Persian	English	Definition
ناشر	Issuer	شرکت یا نهادی که اوراق را منتشر می‌کند و متعهد پرداخت سود و اصل است.
بانی	Originator	شرکت متقاضی تأمین مالی در ساختار صکوک که دارایی یا طرح پایه را ارائه می‌دهد و متعهد اقتصادی پرداخت‌هاست.
نهاد واسط	Special-Purpose Vehicle (SPV)	نهاد حقوقی مستقلی که فقط برای یک انتشار تشکیل می‌شود، اوراق را به نام خود منتشر می‌کند و دارایی پایه را نگه می‌دارد.
متعهد پذیره‌نویسی	Underwriter	نهادی که تعهد می‌کند اوراق فروش‌نرفته در پنجرهٔ پذیره‌نویسی را بخرد تا انتشار کامل شود.
ضامن	Guarantor	نهاد سومی که اگر بانی نتوانست، پرداخت سود و اصل اوراق را تضمین می‌کند.
بازارگردان	Market Maker	نهادی که با اعلام مستمر قیمت خرید و فروش، نقدشوندگی اوراق را در بازار ثانویه حفظ می‌کند.
مشاور عرضه	Lead Manager / Offering Adviser	نهادی که ساختار، نرخ و زمان‌بندی انتشار را طراحی و کل فرایند عرضه را هماهنگ می‌کند.
مدیر دفتر سفارش	Bookrunner	نهادی که سفارش‌های خرید سرمایه‌گذاران را جمع‌آوری و تخصیص اوراق را مدیریت می‌کند.

امین	Trustee	نهاد مستقلی که نمایندهٔ حقوقی دارندگان اوراق است و بر اجرای تعهدات ناشر نظارت می‌کند.
حسابرس	Auditor	مؤسسهٔ مستقلی که صورت‌های مالی ناشر یا بانی را حسابرسی و دربارهٔ آن‌ها اظهارنظر می‌کند.
بازرس قانونی	Legal Inspector	رکن قانونی شرکت که بر رعایت قانون تجارت و اساسنامه و حفظ حقوق سهامداران نظارت می‌کند.
عامل فروش	Selling Agent	کارگزاری‌ای که در پنجرهٔ پذیره‌نویسی سفارش‌های خرید را از شبکهٔ مشتریان جمع می‌کند.
شرکت سپرده‌گذاری مرکزی	Central Securities Depository (CSD)	نهادی که مالکیت اوراق را متمرکز و الکترونیکی ثبت می‌کند، معاملات را تسویه و پرداخت‌ها را توزیع می‌کند.
نهاد ناظر	Regulator	مرجع مقررات‌گذار و ناظر بازار سرمایه؛ در ایران سازمان بورس و در آمریکا SEC.
بورس / فرابورس	Exchange	بستر رسمی و سازمان‌یافتهٔ عرضهٔ اولیه و معاملات ثانویهٔ اوراق بهادار.
شرکت تأمین سرمایه	Investment Bank	نهاد مالی‌ای که خدمات انتشار اوراق، مشاورهٔ عرضه، تعهد پذیره‌نویسی و بازارگردانی ارائه می‌کند.
امیدنامه	Prospectus	سند رسمی افشای اطلاعات انتشار، شامل وضع مالی بانی، ارکان، شرایط اوراق و ریسک‌ها.
پذیره‌نویسی	Subscription / Underwriting Period	پنجرهٔ زمانی فروش اولیهٔ اوراق در بازار اولیه که سرمایه‌گذاران در آن سفارش خرید می‌گذارند.
نقدشوندگی	Liquidity	قابلیت فروش سریع یک ورقه نزدیک به قیمت منصفانه، بدون انتظار طولانی برای یافتن خریدار.
نکول	Default	ناتوانی یا خودداری بانی یا ناشر از پرداخت سود یا اصل در موعد مقرر.
کدال	Codal	سامانهٔ جامع اطلاع‌رسانی ناشران سازمان بورس برای انتشار اطلاعات و گزارش‌های شرکت‌ها.

Lesson Review Questions

1. What exactly does the underwriter undertake?

Payment of profit and principal over the securities' whole life · Buying the unsold securities in the subscription window so the issue completes · Keeping the securities' price fixed in the secondary market · Auditing the originator's financial statements

2. What is the guarantor's role in an issuance?

It collects purchase orders · It writes the prospectus · It guarantees payment of profit and principal if the originator cannot pay · It registers ownership of the securities

3. In Iranian Sukuk, who is the legal issuer of the securities?

The originator itself · The special-purpose vehicle (SPV) · The guarantor · The Securities and Exchange Organization

4. Who is the originator in a Sukuk structure?

The selling-agent brokerage · The Central Securities Depository · The company seeking financing, which provides the underlying asset or project · The company's auditor

5. What is the market maker's main duty?

Granting the issuance licence · Continuously quoting buy and sell prices and keeping liquidity in the secondary market · Guaranteeing payment of principal and profit · Preparing the prospectus

6. What does the offering adviser (Lead Manager) do?

It designs the structure, rate and timing of the issuance and coordinates the offering process · It deposits payments into holders' accounts · It monitors compliance with the articles · It settles the trades

7. In global issuances, whom does the Trustee represent?

The issuer · The underwriter · All of the securities' holders · The regulator

8. In Iran, the global trustee's work is in practice divided among which bodies?

Only the selling agent · The SPV, the guarantor, the SEO and the Central Securities Depository · Only the auditor · Only the market maker

9. Which brokerage was the selling agent of 'Arian Pars 091'?

Omid Investment Bank · Bank Melli Iran · Firouzeh Asia Brokerage · The Central Securities Depository

10. Which institution was the guarantor of 'Arian Pars 091'?

Omid Investment Bank · Bank Melli Iran · Firouzeh Asia Brokerage · Iran Fara Bourse

11. Which institution was the underwriter and market maker of 'Arian Pars 091'?

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

12. What were the amount and profit rate of 'Arian Pars 091'?

100 billion tomans at 20 percent · 200 billion tomans at an annual profit rate of 23 percent, paid quarterly · 200 billion tomans at 18 percent, paid annually · 500 billion tomans at 23 percent

13. What was the purpose of the 'Arian Pars 091' issuance?

Buying a rival company's shares · Building a headquarters · Working capital to buy production raw materials · Paying government fines

14. Per its Codal disclosure, what was Omid Investment Bank's income from underwriting and market making in 'Arian Pars 091'?

48.68 billion tomans: 2 billion for underwriting and 46.68 billion for market making · 2 billion tomans in total · 46.68 billion tomans, all for underwriting · 10 billion tomans: 5 and 5

15. Why was market making far more expensive than underwriting in the Arian Pars example?

Because the market maker is also the guarantor · Because the commitment is a risk of a few days, while market making is a continuous four-year service · Because fees are set at random · Because the selling agent takes a share of it

16. What is the Central Securities Depository's duty?

Designing the structure of the issuance · Central registration of securities ownership, settlement of trades and distribution of payments · Guaranteeing the originator's payments · Setting the securities' profit rate

17. How do the auditor and the legal inspector differ?

They do not differ at all · The auditor audits the financial statements; the legal inspector monitors compliance with the law, the articles and shareholders' rights · The legal inspector sets the profit rate · The auditor sells the securities

18. What is a Bookrunner in global issuances?

The institution that manages the book of purchase orders and allocates the securities · The institution that guarantees the payments · The institution that audits the financial statements · The institution that grants the issuance licence

19. What is the most important conflict of interest when roles are combined?

There is no conflict · An institution holding several roles has an interest in the issuance getting done, not necessarily in the best rate for all sides · The conflict exists only between the auditor and the inspector · The conflict occurs only in the secondary market

20. Before buying securities, which part of the prospectus does the careful investor read first?

Only the profit-rate page · The cast and fees section: the guarantor, the underwriter, the market maker and each one's costs · Only the originator's name · The company's advertising section

Answer Key

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

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