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News Brief

Event



INFORMATION OF GOVERNMENT SECURITIES TRADING

RETURN OF GOVERNMENT SECURITIES IS HIGHER THAN INTEREST RATE OF SAVING ACCOUNT OF COMMERCIAL BANK



DECISIONS OF FINANCIAL REGULATORY COMMISSION AND MONGOLIAN STOCK EXCHANGE

FINANCE MINISTER ERDENEBAT.J RANG THE OPENING BELL OF SECONDARY MARKET TRADING OF GOVERNMENT SECURITIES



GOVERNMENT SECURITIES BECOME POSSIBILITY OF TENDER GUARANTEE

D.ANGAR: EVEN THOUGH THE LAW HAS BEEN APPROVED, NEW SYSTEM HAS BEEN INSTALLED; COMPANY'S GOOD CORPORATE GOVERNANCE HAS BEEN LEFT



MARKET MAKERS WILL BE LAUNCHED AT MONGOLIAN STOCK EXCHANGE

STUDENTS VISITED MONGOLIAN STOCK EXCHANGE



- Government bonds worth MNT32.5 billion traded through 4 trading sessions in January.
- Return of Government securities with maturity 12weeks /3 months/ and 28 weeks /6 months/ is higher compared with interest rate of saving account of Commercial bank.
- Based on resolution of FRC, delisted, revoked and suspended licenses of following companies.
- Erdenebat.J, Finance minister of Mongolia, rang the opening bell of 4896th securities trading and acquainted with operation of Mongolian Stock Exchange.
- According to the "Law of purchasing goods and service by state or regional property", government securities could become guarantee for tender.
- D.ANGAR: Even though the law has been approved, new system has been installed, company's good corporate governance has been left
- Mongolian Stock Exchange is preparing to introduce international capital market structure of "Market Makers" from 16 February 2015.

STATISTICAL INFORMATION OF SECURITIES MARKET

- Trading information of January 2015

TRAINING

Fundamental training of Capital market will commence on February 23.

For detailed information please contact to: 11-313747 /116

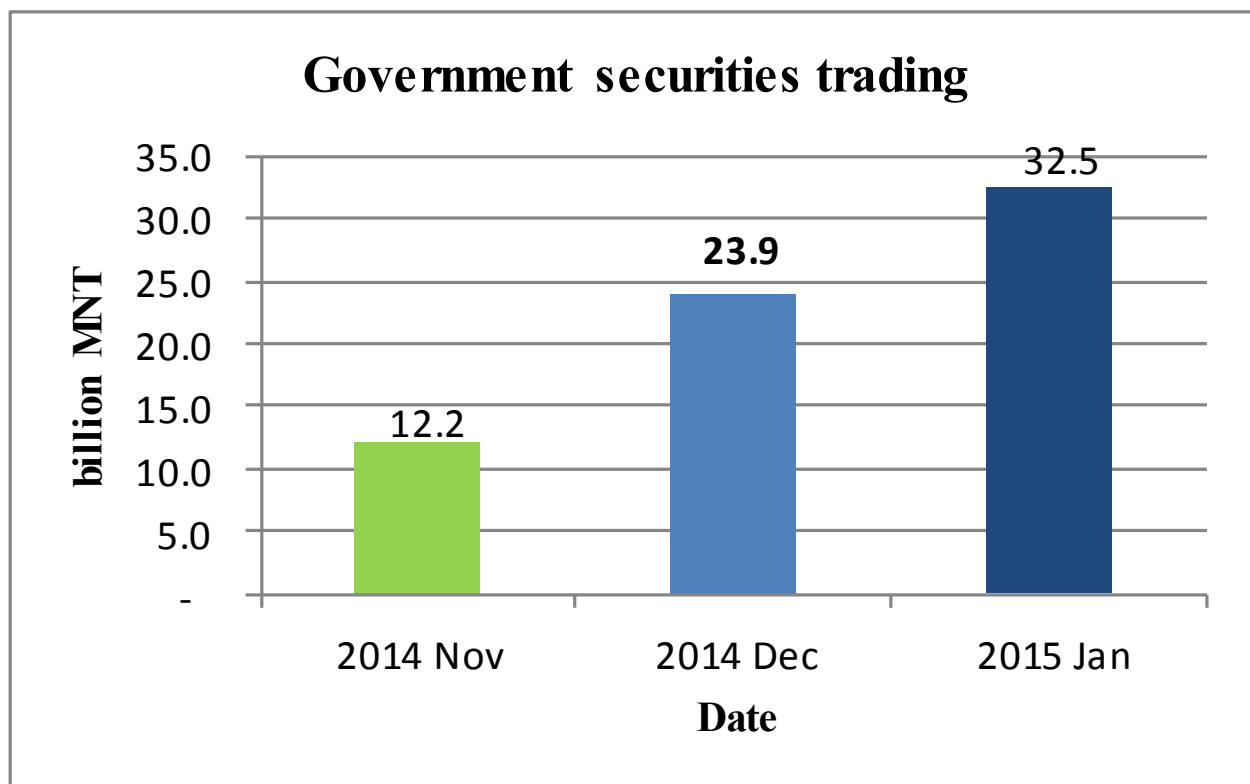


INFORMATION OF GOVERNMENT SECURITIES TRADING

According to the Financial Regulatory Commission Resolution No. 389 dated 21 October 2014 and Chief Executive Officer's Order No.169 of the MSE dated 23 October 2014, will be traded Mongolian Government Securities with the value of MNT100 billion through the Mongolian Stock Exchange.

Therefore, Government bonds worth MNT32.5 billion traded through 4 trading sessions in January.

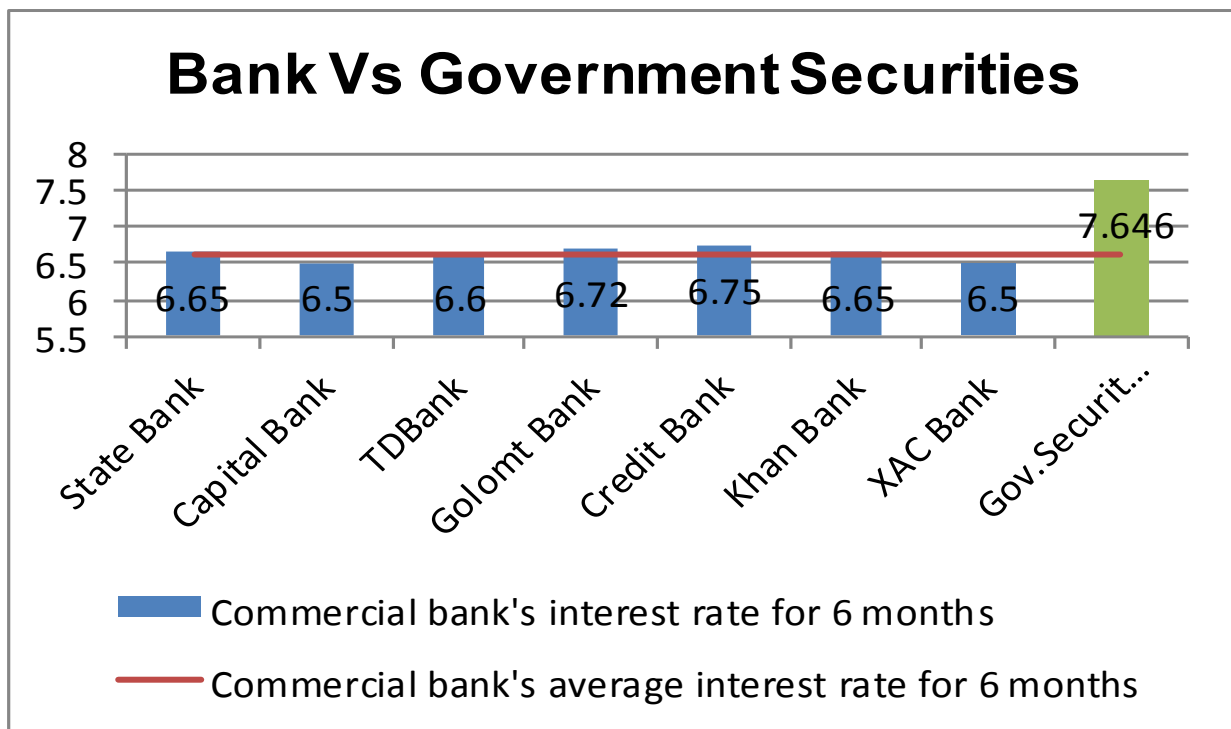
Date	Government Securities Name	Maturity /week	Purchased amount /unit/	Interest rate	Value /MNT/
2015.01.06	3ГЭБ-Б-52-283	52	-	16.625%	-
2015.01.13	3ГЭБ-Б-52-284	12	130,077	14.690%	12,582,348,210.00
2015.01.20	3ГЭБ-Б-12-285	28	3,293	15.292%	304,309,423.00
2015.01.27	3ГЭБ-Б-12-286	12	202,750	14.846%	19,605,519,500.00
Total purchased Government securities			336,120		32,492,177,133.00



RETURN OF GOVERNMENT SECURITIES IS HIGHER THAN INTEREST RATE OF SAVING ACCOUNT OF COMMERCIAL BANK

Since Government bonds trading launched at Mongolian stock exchange, 12 Government bonds trading organized and total of MNT68,606,043,046.00 transaction has been made.

Return of Government securities with maturity 12weeks /3 months/ and 28 weeks /6 months/ is higher compared with interest rate of saving account of Commercial bank.



DETAILED INFORMATION OF GOVERNMENT SECURITIES

No	Date of Primary market trading	Name of Government Securities	Symbol of MIT system	Maturity /week/	interest rate	Face Value	Discounted price	Form of interest payment	Maturity date
1	2014.11.04	ЗГЭБ-Б-12-274	ZGEB-BL-27/01/15-A0001-0	12	15.795	100,000	96,493	хямдруулсан	2015.01.27
2	2014.11.11	ЗГЭБ-Б-52-275	ZGEB-BD-10/11/15-A0002-16.25	52	16.25	100,000	-	Сар бүр	2015.11.10
3	2014.11.18	ЗГЭБ-Б-12-276	ZGEB-BL-10/02/15-A0003-0	12	15.99	100,000	96,451	хямдруулсан	2015.02.10
4	2014.11.25	ЗГЭБ-Б-28-277	ZGEB-BL-09/06/15-A0004-0	28	16.3	100,000	91,952	хямдруулсан	2015.06.09
5	2014.12.02	ЗГЭБ-Б-12-278	ZGEB-BL-24/02/15-A0005-0	12	15.96	100,000	96,457	хямдруулсан	2015.02.24
6	2014.12.09	ЗГЭБ-Б-52-279	ZGEB-BD-08/12/15-A0006-16.625	52	16.625	100,000	-	Сар бүр	2015.12.08
7	2014.12.16	ЗГЭБ-Б-12-280	ZGEB-BL-10/03/15-A0007-0	12	15.731	100,000	96,506	хямдруулсан	2015.03.10
8	2014.12.23	ЗГЭБ-Б-28-281	ZGEB-BL-07/07/15-A0008-0	28	16.436	100,000	91,890	хямдруулсан	2015.07.07
9	2014.12.30	ЗГЭБ-Б-12-282	ZGEB-BL-24/03/15-A0009-0	12	15.653	100,000	96,523	хямдруулсан	2015.03.24
10	2015.01.13	ЗГЭБ-Б-12-284	ZGEB-BL-07/04/15-A0010-0	12	14.690	100,000	96,730	хямдруулсан	2015.04.07
11	2015.01.20	ЗГЭБ-Б-28-285	ZGEB-BL-04/08/15-A0011-0	28	15.292	100,000	92,411	хямдруулсан	2015.08.04

FINANCE MINISTER ERDENEBAT.J RANG THE OPENING BELL OF SECONDARY MARKET TRADING OF GOVERNMENT SECURITIES



On 19 January 2015, Erdenebat.J, Finance minister of Mongolia, rang the opening bell of 4896th securities trading and acquainted with operation of Mongolian Stock Exchange. On this day, which coincidences with 24th anniversary of Mongolian stock market, secondary market trading of government securities launched officially. By launching secondary market trading of government securities, liquidity and assess will be increased, and possibilities of buying government securities on daily basis, settlement and buying back of government securities before its maturity date will be feasible. Therefore, benchmark and yield curve of Mongolian capital market will be settled in competitive real situation, and new data which shows economic trend will be established.

GOVERNMENT SECURITIES BECOME POSSIBILITY OF TENDER GUARANTEE



According to the “Law of purchasing goods and service by state or regional property”, government securities could became guarantee for tender. By implementing articles for the “Law of purchasing goods and service by state or regional property”, Board of Directors of Securities Clearing House and Central Depository

**DECISIONS OF FINANCIAL REGULATORY COMMISSION AND
MONGOLIAN STOCK EXCHANGE**



**MSE'S ANNUAL MEMBER FEE DISCOUNTED FOR BROKERAGE
COMPANIES WHO NOMINATED AS A BEST**

Based on Resolution No.:7.2 of Membership Regulation of MSE, annual membership fee of "BDSec" LLC and "TDB Capital" LLC, who provided over 10 percent of total trading in 2014, discounted by 10 percent in 2015 by the decree No.: 07 of CEO of the MSE on 7 January 2015.

- | | |
|------------------------|--|
| 1 "Darkhan Broker" LLC | 6 "Good Sec" LLC |
| 2 "Sanar" LLC | 7 "Ace&T Capital Securities Company" LLC |
| 3 "Monsec" LLC | 8 "ZGB" LLC |
| 4 "Masdaq" LLC | 9 "I Trade" LLC |
| 5 "Bulgan Broker" LLC | |

TRADING LICENSE OF "MW TRADING SECURITIES" LLC HAS BEEN REINSTATED

According to the decree No.:201 of CEO of MSE on 1 December 2014, trading licenses of 18 brokerage companies suspended until fulfill its obligation because of did not fulfill its obligation.

Trading license of "MW Trading Securities" LLC reinstated based on Article No.:83.1 of Company Law of Mongolia, Article No.:8.1, 8.10, 11 of Charter of MSE and decree No.:25 of CEO of MSE on 23 January 2015.

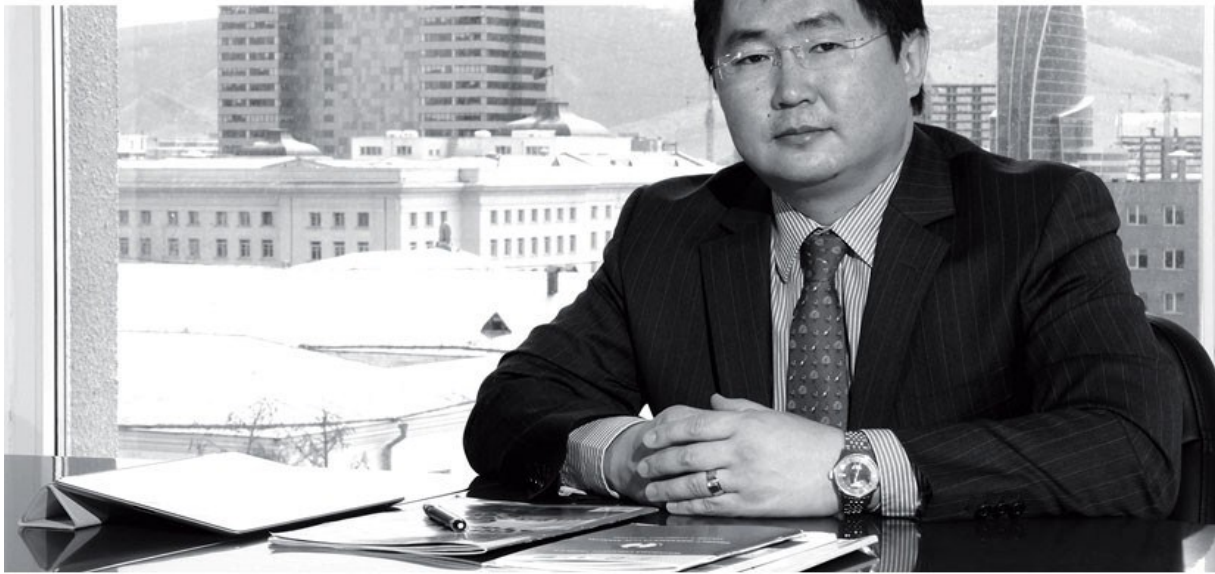
**PROPER FUND MANAGEMENT WILL BE IMPLEMENTED
BY MONGOLIAN STOCK EXCHANGE**

In purpose of increasing profit of the company and managing its capital efficient, MSE decided to invest its own spare cash on Government Securities of Mongolia.

Government securities are risk free financial instrument with high return and liquidity.

MSE will post every investment reports on section of "Glass Account" at website of Mongolian Stock Exchange.

D.ANGAR: EVEN THOUGH THE LAW HAS BEEN APPROVED, NEW SYSTEM HAS BEEN INSTALLED; COMPANY'S GOOD CORPORATE GOVERNANCE HAS BEEN LEFT



-Economists and analysts admit that the MSE does not have a strong position in the economy because of the poor management.

-Although, the MSE has 24 years of history, it has not been developed that much. It proves that management is operating poorly. Therefore, the management of Mongolian Stock Exchange has been transferred to the Ministry of Finance under the State Property Committee last spring. At that time, the exchange was operating badly. Almost all experts say that the exchange was on the verge of bankruptcy. Although I knew that the exchange was declining, I did not want to discuss about the previous mistakes. However, I work intensively to stimulate it.

-What work are you doing in restoring trading? Even though, experts say that trading has been activated, it seems unsatisfactory?

-It has a future. Stock market is the main driver of the economy for every country. Therefore, foundation should be established properly. If stock market is getting developed, it will provide many opportunities. The Ministry of Finance maintains a policy to develop the stock market. It is focused on introducing new products and company's disclosure principle. Therefore, corporate governance is vital. Thus, number of activities has been planned. For example, we successfully implemented trading of government securities through the exchange. In that regard, people begin to notice that trading has been restored sharply.

-What is the reason behind of the sudden deterioration of stock trading? There are many reasons to interpret this?

People say that stock market is on the verge of extinction. However, the stock has fulfilled the duties of issuance. At first, the

market began to privatize 475 state-owned enterprises. So trading activities have been deteriorated due to the end of privatized enterprises. Therefore, it's important to introduce new products. Trading has been improved with the introduction of government securities. Before introduction of government securities, Mongolian Stock Exchange has been compared with a kiosk. Solid, but the bitter truth. However, the current average daily trading has been amounted to billion and people begin to look it from a different perspective.

-There has been a discussion that trading decline has been linked to the introduction of a new system?

-There is a common misinterpretation that trading has been deteriorated due to partnership with London Stock Exchange. Unfortunately we did not cooperate closely with them. The issues have been distorted intentionally and decision makers have been provided with misleading false information. It is sad to admit that some people say that it will affect negatively to national security.

-The most important thing for our enterprises is that they have not been able to implement good corporate governance and it restricts opportunities for the stock market to develop. What action should be taken on this regard?

-There is a wrong thought exist among us. We thought that after adopting the Securities Market Law and the Investment Fund Law, international and domestic professional investors would penetrate into market. . We did not assume that without good company's governance, it would fail eventually. There is an article in the large investment fund's rule stating that "the company should be transparent,

accountable and have good governance". When it comes to our enterprises, financial statements are being prepared in confidential manner and conflict of interest transaction takes place. So before we talk about attracting foreign investors, we should correct the starting point.

-MSE's new registration rule has been adopted. What is the difference from the previous one?

-We had "A" and "B" board before. "A" board comprised large companies and "B" board consisted of medium and small companies. Now we opened a new board. The criteria for the new board are that companies should have good governance. Unfortunately, companies could not be able to qualify for this board. Therefore, preparing enterprises for this board is getting necessary. I signed the declaration in order to improve governance of TOP-20 companies.

-There has been ongoing discussion that Securities Clearing House and Central Depository will get under the authority of the Mongolian Stock Exchange. Is it the right decision?

-The organization which was under one management was separated in 2002 and it was a wrong decision. As a result of the wrong decision, organizations became illegitimate. In 2011, reform failure that has been attributed with cooperation with the London Stock Exchange is a result of the wrong decision. Unfortunately, people want to impose the negative consequences on the exchange. In this case, we will put ourselves in a shameful situation in front of the world. Therefore, we should correct the mistake. Thus, it is understood that the Government made a decision to merge two organizations back. By merging these organizations, trading volume will increase.

MARKET MAKERS WILL BE LAUNCHED AT MONGOLIAN STOCK EXCHANGE

Performance of brokerage companies plays major role in improving daily trading turnover and liquidity of stock exchange. Even though brokerage companies of Mongolian stock exchange have double duties for broker and dealer, activity of brokerage companies mainly limited by implementing buy and sell order of its clients.

Thereupon investors face problems with buying and selling their shares at any time they want, and it has a negative impact on market liquidity. Therefore, Mongolian Stock Exchange is preparing to introduce international capital market structure of “Market Makers” from 16 February 2015.

Market makers will make buy and sell order for government securities, and it will increase liquidity of securities in the primary and secondary market. Mongolian capital market trading activity and participation of investors are expected to increase due to increasing buy and sell order from investors on a daily basis.

Introduction of market makers structure will be available in shares and derivatives market in the future.

STUDENTS VISITED MONGOLIAN STOCK EXCHANGE

6th grade students from “Shine Erin” school and 12th grade students from “Hobbi” school visited to Mongolian Stock Exchange and acquainted with operation of MSE on 8th and 28th of January 2015.





MSE'S BEGINNER COURSE CONDUCTED SUCCESSFULLY



Mongolian stock exchange's "Capital market beginner course" for the residents has successfully conducted from 26 January 2015 to 30 January 2015. Total 25 students enrolled and successfully graduated with certificate.

This beginner course consists of combination of theory and practical aspects and capital market basic comprehensions, legal adjustment, participant's operation, practice lessons and securities trading at MSE, taught by specialists of Mongolian stock exchange and other professional organizations and professors of Mongolian Universities.

Numbers of people who want to enroll this course have increased day by day. Therefore, we plan to set next course on 26 February 2015.



MONTHLY TRADING REPORT

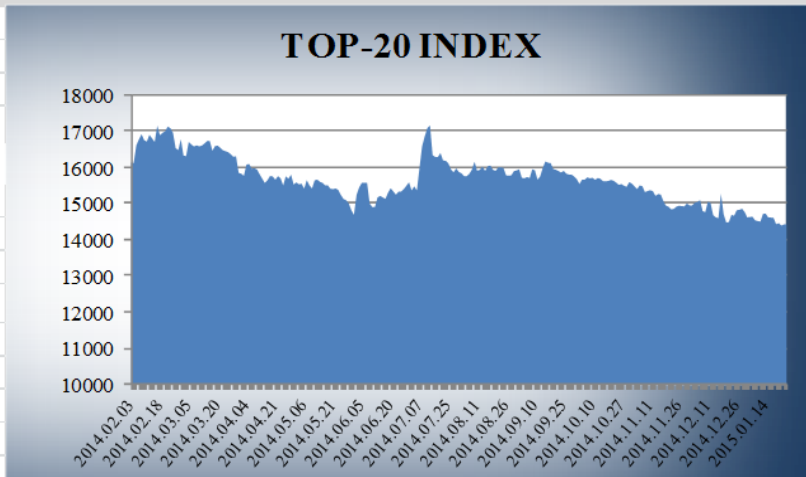
Jan-15

Brief statistics

Traded volume	5,728,726
Total traded volume /MNT/	33,519,347,928
Number of transactions	930
Number of traded securities	66
Market capitalization /MNT/	1,378,363,060,774

TOP-20 INDEX

Close	14,290.63
Pre-close	14,854.24
Change /MNT/	-563.61
Change %/	-3.79
52 weeks	
High	17,160.49
Low	14,389.27



Most actively traded securities

By volume:

No	Symbol	Securities name	Volume	Price
1	HGN	Khukh gan	4,399,729	502,107,047
2	MRX	Merex	603,106	58,122,840
3	UID	Ulsyn ikh delguur	77,610	43,406,889
4	RMC	Remicon	62,846	5,741,283
5	HRM	Hermes centre	61,464	9,794,090

By value:

No	Symbol	Securities name	Volume	Price
1	HGN	Khukh gan	4,399,729	502,107,047
2	APU	APU	16,994	62,733,008
3	MRX	Merex	603,106	58,122,840
4	UID	Ulsyn ikh delguur	77,610	43,406,889
5	BHR	Binse	48,485	38,283,150

Most Gainer Companies

No	Symbol	Securities name	Pre-close	Closing price	Change	
					MNT	%
1	UBH	Ulaanbaatar khivs	12,400	14,800	2,400	19.35
2	GTL	Gutal	9,500	11,000	1,500	15.79
3	UYN	Mongol savkhi	950	1,100	150	15.79
4	SOR	Sor	1,800	2,070	270	15.00
5	TAV	Tav	30,500	35,000	4,500	14.75

Most Loser Companies

No	Symbol	Securities name	Pre-close	Closing price	Change	
					MNT	%
1	DLG	Mongol makh expo	3,780	2,423	-1,357	-35.90
2	SUU	Suu	120,000	88,800	-31,200	-26.00
3	HHC	Bishreht Industrial	2,470	1,850	-620	-25.10
4	SHV	Shivee Ovoo	5,000	3,900	-1,100	-22.00
5	GTJ	Guril tejeel Bulgan	3,600	3,000	-600	-16.67

Government securities: /Primary market/

No	Securities name	Volume	Price	Interest rate %/annual/	Face value	Discounted price
1	ZGEB-B-12-284	130,077	12,582,348,210	14.690	100,000	96,730
2	ZGEB-B-28-285	3,293	304,309,423	15.292	100,000	92,411
3	ZGEB-B-12-286	202,750	19,605,519,500	14.840	100,000	96,698

Government securities: /Secondary market/

No	Securities name	Volume	Price	Interest rate %/annual/	Face value	Discounted price
1	ZGEB-BD-10/11/15-A0002-16.25	550	55,000,000	16.25	100,000	-
2	ZGEB-BL-10/02/15-A0003-0	123	12,261,870	15.99	100,000	96,451

Primary market trading: /Stocks/

No	Symbol	Securities name	Volume	Price	Unit price
1	BDS	BDSec	189	405,594	2,146