

# E-Newsletter

34th edition



News Brief



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Events

- Since 2015, the total transaction value reached to MNT356.0 billion which is the highest in the history of the 25 years of the Mongolian Stock Exchange trading.
- Secondary market of “Erchim bond” trading will be starting from 2015.8.25.
- The secondary market trading of “Binse” JSC is starting from 17 August 2015.
- Framework of cooperation between parties, the training called “Reporting the mineral resources to the public /MRC Code/” organized by FRC, MSE and Securities companies on first half of August 2015.
- ANGAR.D: There is no companies will be traded bond with this high coupon rate.

STATISTICAL INFORMATION OF  
SECURITIES MARKET

- Trading information of August, 2015

TRAINING

Fundamental training of Capital market will start from September 21. For detailed information please contact at:

11-313747/126.



## BRIEF REPORT OF GLASS ACCOUNT

As of 31 July 2015, “Mongolian Stock Exchange” JSC had revenue of MNT872,770,265.79 and expense of MNT665,680,210.66. Salary and related other expenses were MNT358,979,443.96 and maintenance and other expenses were MNT306,700,766.70. Overall, total profit accounted to MNT207,090,055.13.

## TRADING VALUE HITS RECORD

The Mongolian Stock Exchange was established in 1991. Since 1995, the secondary market trading on MSE has been held for 5050 times.

On 18 August 2015, MNT10.0 billion securities traded on 5041st trading session. Since 2015, the total transaction value reached to MNT356.0 billion which is the highest in the history of the 25 years of the Mongolian Stock Exchange trading.





## SECONDARY MARKET OF “ERCHIM BOND” OPENED



Primary market trading of “Erchim bond”, first ever insured bond in Mongolian capital market, with face value of MNT10,000 and 6 months maturity at 18.5% annual interest, 50,000 shares was successfully traded at the primary market of MSE.

Pursuant to the resolution No.:3/3798 of Financial Regulatory Commission of August 24, 2015, the primary market trading of “Erchim bond” shall be deemed successful and thus, the secondary market of “Erchim bond” trading will be starting from August 25, 2015.

In addition, holders of “Erchim bond” are able to sell or buy their shares on the secondary market at any time.



## SECONDARY MARKET TRADING OF “BINSE” JSC LAUNCHED



The primary market trading of “Binse” JSC conducted between 03 June 2015 and 28 July 2015, and its 150,814 shares out of total public offered 800,000 shares traded through Mongolian Stock Exchange /MSE/.

Pursuant to the Resolution No.:1/3703 of Financial Regulatory Commission /FRC/ of 2015, the primary market trading of “Binse” JSC were considered as a successful, and FRC informed that the secondary market trading will be traded through MSE. Therefore, the secondary market trading of “Binse” JSC is starting from 17 August 2015.



## MINING COMPANIES WILL BE ISSUED IPO

Mongolian Stock Exchange and Mongolian Professional Institute of Geosciences and Mining signed the Memorandum of Understanding. Framework of cooperation between parties, the training called “Reporting the mineral resources to the public /MRC Code/” organized by Financial Regulatory Commission, Mongolian Stock Exchange and Securities companies on first half of August 2015.

On 17 August 2015, Mongolian Stock Exchange organized the training to the mining companies. This training provided understanding of how to conduct IPO in capital market and the advantages of foreign listed mining companies to dual list at Mongolian Stock Exchange. During the training, representatives of following mining companies participated:

- “Erdenes Tavan Tolgoi” JSC
- “Energy Resource” LLC
- “Mine Info” LLC
- “UyanGeo Resource” LLC
- “Megaton Minerals” LLC
- “International Mining Consulting” LLC
- “Sapfir Geo” LLC
- “IMC” LLC
- “Ikh Bayalag Mining” LLC.

By implementing the Clause No.: 5.6 of Mineral Law of Mongolia, which is to conduct IPO of 10 percent of strategic deposits through Mongolian Stock Exchange, information and advices informed to “Erdenes Tavantolgoi” JSC and “Energy Resource” LLC. In addition, open discussion about the listing classification 3 which is suitable for exploring licensed small and medium companies were discussed.





## ANGAR.D: THERE IS NO COMPANIES WILL BE TRADED BOND WITH THIS HIGH COUPON RATE

### -What is the demand for insured corporate bonds?

-Total amount of “Erchim” bonds is MNT500.0 million. The buy order of this bonds already exceeded the limit right after an hour of MSE’s registration. Therefore, I think demand for this bonds is way more than its supply. The coupon rate of this bonds is more than interest rates of any other commercial banks, plus it is very safe investment. You could sell your bond on its secondary market trading and get cash any-time. Anyone who make buy order could buy this bonds due to equal distribution.

### -I do understand that the trading of this bonds will be successful, is there any company who has interest of issuing corporate bond?

-Participants of capital market accepted this bond trading very positive way. Previously, business entities have only one path to raise money, but now another path to raise money became available. This kind of securities already proved as one reliable financial instrument in global market, I am sure that it will work same way in our market. Currently, there are three companies are under bond preparation worth MNT5-6 billion. We will help Mongolia’s Top-100 com-



panies to issue securities in capital market. In future, companies will be able to trade share to the public.

### -What requirement do you take from bonds Issuer Company?

-Corporate bonds is loan; therefore, company should able to pay back the loan. The requirement supposed to be high because of insurance company responsible for company and its effective operation. In last 25 years, the development of banking sector was very high. On the other hand, the development of capital market and in-

insurance sectors were very low, they are not ready for a big amount of transaction. So this year, we have ability to trade maximum of MNT10-20 billion insured bonds. Anyways, these two sectors are able to develop at same time.

**-How much bond order are you taking from individual citizens?**

-The bond order is not closed yet, so I am not able to give detailed information right now. Individual citizens could order bond amount of MNT10,000 or MNT500.00 million. Unfortunately, our citizens' level of financial knowledge is low. They still having MNT100,000-200,000 in their current account. If they invest on bonds, their money will be increased more than commercial bank. Mongolian Stock Exchange has been working on to improve financial knowledge of our citizens.

**-Is it right that the coupon rate of Government bond lowered after it started traded through Mongolian Stock Exchange?**

-When Government bond traded through Mongol Bank, the coupon rate were increased to 16% from 9%. But now, it lowered by 1.5-2% so far. The coupon rate of corporate bonds eligible to be lowered. We estimated that the coupon rate of bonds will be lowered to 12-15%, so investors should take advantage now.

**-Do you have any plan to introduce new products in near future?**

-It is difficult to introduce new products right now because our market is not fully developed. The Government bonds trading has been conducted at MSE for 8-9 months. We are working on to traded corporate bonds at this time. In near future, we might have possibility to introduce derivatives based on corporate bonds.

**-Some state-owned companies will be privatized at Mongolian Stock Exchange. How the preparation is going on?**

-Mongolian parliament approved the Resolution to privatize 9 state-owned companies through MSE. Financial Regulatory Commission, MSE and specialist of State Property Committee /SPC/ organized the training for managements of these state-owned companies. I believe 2-3 companies will be privatized this year and MSE is ready for it. If these companies changed to public companies, the privatization process should be transparent and shares should be distributed to as many as investors.

Source: Sanjaasuren.N, Unuudur Sonin 2015.08.18



## STATE-OWNED COMPANIES ABLE TO MANAGE THEIR IDLE FUNDS

Regarding to the submitted official suggestion letter which suggested about effective money management for surplus money to the State Property Committee /SPC/ from Mongolian Stock Exchange /MSE/, SPC informed that suitable condition for state-owned companies to invest in securities were created.

Scope of this work, MSE organized the introduction training at “Thermal Power Plant-4” State-owned JSC on 19 August 2015. During the training, specialist of MSE presented about possibilities to earn additional profit beside main operation by investing in the Government securities at MSE. After the introduction training, management team of “Thermal Power Plant-4” JSC showed grateful respect for the training, and they expressed that research work of investing on government securities will be conducted in near future.



## MSE'S BEGINNER COURSE CONDUCTED SUCCESSFULLY



Mongolian stock exchange's "Capital market beginner course" for the residents has successfully conducted from 10 August 2015 to 14 August 2015.

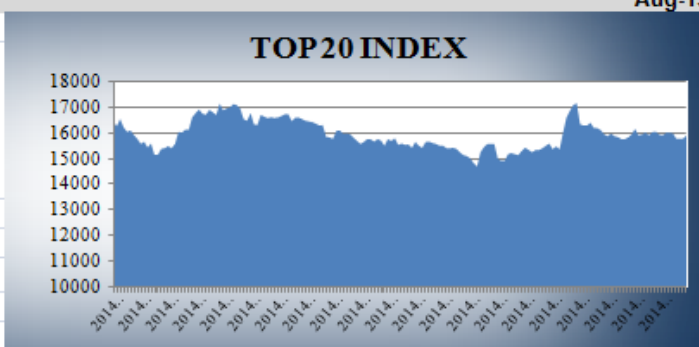
This beginner course consists of combination of theory and practical aspects and capital market basic comprehensions, legal adjustment, participant's operation, practice lessons and securities trading at MSE, taught by specialists of Mongolian stock exchange and other professional organizations and professors 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 21 September 2015.



Aug-15

Brief Statistic	
Traded Volume	744,389
Total Value	37,196,968,352
Number of Transactions	659
Number of traded securities	58
Market Capitalization	1,262,994,806,097
Top20 index	
Close	12,890.12
Pre-month close	13,811.64
Change /%/	-921.52



### Most actively traded securities:

Volume:					Value:				
No	Symbol	Securities name	Volume	Value	No	Symbol	Securities name	Volume	Value
1	MRX	Merex	103,451	8,177,955	1	BLC	Buteelch uils	37,579	33,821,100
2	HGN	Khukh gan	79,659	6,274,258	2	BDL	Mogoin gol	3,528	27,070,960
3	BLC	Buteelch uils	37,579	33,821,100	3	TTL	Tavan tolgoi	3,463	11,474,390
4	OLL	Olooo	33,935	3,360,355	4	GOV	Govi	1,277	11,325,340
5	RMC	Remicon	6,366	422,565	5	MRX	Merex	103,451	8,177,955

### Most gainer securities

No	Symbol	Securities name	Closing price	Change
				%
1	TAH	Takhi-ko	15,850.00	44.22
2	RMC	Remicon	69.00	26.86
3	BDL	Mogoin gol	7,700.00	18.92
4	HAM	Mongoliin khugjil undesni	4,250.00	14.86
5	BHL	Buunii hudaldaa	560.00	14.29

### Most loser securities

No	Symbol	Securities name	Closing price	Change
				%
1	BUK	UB-BUK	30,000.00	-6.60
2	MMX	Makhimpex	3,013.00	-8.20
3	SOR	Sor	1,480.00	-8.53
4	EER	Arig gal	2,350.00	-11.36
5	SHV	Shivee ovoo	4,950.00	-14.29

### Government securities /primary market/

No	Securities name	Volume	Value	Face value	Maturity /week/	Interest rate %
1	ЗГХБ-Б-52-322	100,000	8,727,900,000.00	87,279	52	14.615
2	ЗГХБ-Б-12-323	100,000	9,685,300,000.00	96,853	12	14.118
3	ЗГХБ-Б-25-324	100,000	9,298,300,000.00	92,983	28	14.054
4	ЗГХБ-Б-52-325	100,000	8,725,300,000.00	87,253	52	14.65

### Government securities /secondary market/

No	Securities name	Volume	Value	Face value	Maturity /week/	Interest rate %
1	ZGEB-BL-09/02/16-A0045-0	10	954,200.00	95420.00	95420.00	95420.00
2	ZGEB-BL-13/1015-A0044-0	11	1,083,280.00	98480.00	98480.00	98480.00
3	ZGEB-BL-22/09/15-A0041-0	10	990,000.00	99000.00	99000.00	99000.00
4	ZGEB-BL-27/10/15-A0025-0	11	1,078,000.00	98000.00	98000.00	98000.00
5	ZGEB-BD-26/05/16-A0035-15,75	1,000	100,900,000.00	100900.00	100900.00	100900.00