



MSE Newsletter

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News Highlights:

- **Mongolia is Placed on FTSE's Watch List for Possible Promotion to Frontier Market Status**
- **Number of Broker, Dealer Companies Eligible to Participate in Trading Reached 47**
- **MSE Listing Fees Reduced**
- **Listing Amendments Made to Two Listed Companies**
- **Securities Trading at MSE from January – September 2012**
- **Summary of Last 2 Weeks Securities Trading**

>>> Mongolia is Placed on FTSE's Watch List for Possible Promotion to Frontier Market Status



Chris Woods, Governance and Policy Director of FTSE Group, a world-leader in the provision of global index and analytical solutions, sent official letter to Mr. Altai, the CEO of 'Mongolian Stock Exchange' JSC on 26 September 2012. In this letter, Mr. Woods officially informed and congratulated that Mongolian market is placed on FTSE's Watch list for possible promotion to Frontier market status.

He emphasized in his letter that Mongolian Stock Exchange and Mongolian capital markets participants are making a good progress within a short period of time in developing Mongolian capital markets in line with international standards and opening the market to international investors.

FTSE group, based in world's financial centre London, is a leading index provider in the world which calculates over 120,000 end-of-day and real-time indices covering more than 80 countries. FTSE assumes a major position in global financial market and enjoys an unparalleled reputation for provision of indices and market data that many international investors and investment funds base on to make informed investment decisions.

FTSE group classifies the countries' capital markets into four categories from 'Frontier' to 'Developed' according to stringent market criteria. It reviews the classification of countries once a year and places them on a Watch list for possible promotion to the next category or demotion from its existing category within FTSE indices.

The implementation of a world standard trading and settlement system and market infrastructure and



increasing transparency in the market had a major influence in placing Mongolia on a Watch list for possible promotion to Frontier market status.

Having a Frontier market status is an invaluable chance for Mongolian market to gain international recognition, to attract international qualified investors, improve the market activity and liquidity, speed up the market development and provide relatively cheap, long term financing to companies in rapidly growing sectors.

>>> Number of Broker, Dealer Companies Eligible to Participate in Trading Reached 47

Mongolian Stock Exchange /MSE/ is successfully implementing the development activities reflected in the 'Master Services Agreement' between Mongolian Stock Exchange JSC, State Property Committee and London Stock Exchange Group.

MSE has successfully migrated to the new 'Millennium IT' integrated trading, clearing and settlement and surveillance system on the 2nd of July 2012. The number of compliant members that satisfy the requirements set by the legislation and the new system is increasing day by day. As of 05 October, 2012, the number of compliant members has reached 47, representing an average of 95% of the market share over the last several years.

Also, the number of members that contributed to the Settlement Guarantee Fund has reached 56; the number of members that concluded a revised agreement with MSE has reached 67, as well as the number of members that placed collateral and have concluded agreement with clearing banks have reached 50 and 55, respectively.

>>> MSE Listing Fees Reduced

In order to promote the rapid growth of Mongolian capital market and support domestic companies to obtain relatively cheap, long-term financing, Mongolian Stock Exchange Board of Directors issued a resolution on the 13th September 2012, to provide discount on its listing fees by 30% for companies that are being initially listed at the stock exchange and by 50% for those issuing additional shares, until the 13th September 2013.

Within this period, the issuers are also exempted from the listing fees if the issue is for the distribution of dividends in form of shares or for exercising the employee stock ownership plan where the market capitalization of the additional issue falls below MNT 50,000,000 /fifty million/.

>>> Listing Amendments Made to Two Listed Companies

'Asia Pacific Properties' JSC

'Asia Pacific Properties' JSC /MSE: APP/ has merged with its subsidiary 'Rural Development Corporation' LLC by adding 177,505 ordinary shares with nominal value of MNT 100 of "Rural Development Corporation" LLC to its existing 175,265 shares with nominal value of MNT 100.

'Asia Pacific Properties' JSC was initially listed on MSE under the name 'Sudut' and had operations in agriculture and animal husbandry sector. According to Financial Regulatory Commission resolution no. 5/782 of 4th March 2011, 'Asia Pacific Investment Partners' LLC /APIP/ bought the controlling stake of



‘Sudut’ JSC. Consequently, the company’s name was changed to ‘Asia Pacific Properties’ JSC and operations shifted to real estate brokerage and trading.

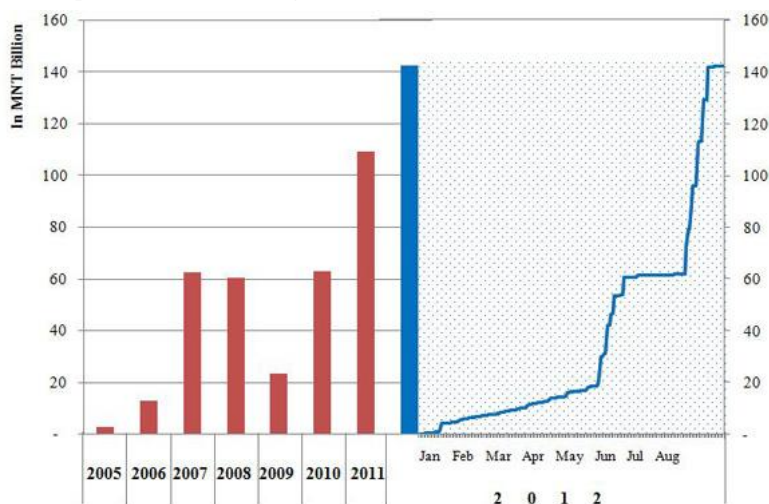
‘Erdenet Suvraga’ JSC

‘Erdenet Suvraga’ JSC /MSE: SVR/ issued 120,463 additional shares by converting debt to equity, resulting in total of 156,054 shares.

‘Erdenet Suvraga’ JSC was founded in 1939 and listed on MSE in 1993. The company operates in construction and construction repair sector.

>>> Securities Trading at MSE from January – September 2012

Graph 1: MSE Trading Statistics



As of the first nine months of this year, trades worth MNT 142.4 billion have been executed at Mongolian Stock Exchange, with an increase of MNT 81.3 billion or 2.3 times compared to the same period of the previous year and an increase of MNT 33.4 billion or 1.3 times compared to the year-end.

Total turnover for the first six months of 2012, was MNT 61 billion with a daily turnover of MNT 463 million, whereas the total turnover and average daily turnover reached MNT 81.5 billion and

MNT 1.4 billion, respectively, since the 2nd of July or the date of launching of the new system.

>>> Summary of Last 2 Weeks Securities Trading

From September 24, 2012 to October 5, 2012, 49 companies’ 429.7 thousand shares worth MNT 317.2 million were traded on MSE through 10 trading sessions. The most actively traded stock by value of trading were “Mongolyn Gegee” JSC with trading worth 83.1 million tugriks, followed by “Gobi” JSC with trading worth 51.9 million tugriks.

MSE Top-20 Index decreased by 888.6 points from 17,995.36 and stood at 17,106.80 points which represents a decrease of 4.9%. The decrease was mainly due to sharp price drop of “APU”, the one of largest companies listed at MSE.

As of October 5, 2012 market capitalization of MSE listed companies was MNT 1 trillion 786.9 billion.

No blocks were traded on MSE during this period.

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