



# MONGOLIAN STOCK EXCHANGE E-NEWSLETTER

## The revised draft of the Securities Markets law approved by the Parliament of Mongolia

### News review:

- The revised draft of the Securities Markets law approved by the Parliament of Mongolia
- Trading report
- “Argai Best” LLC license for brokerage and securities dealing activities reinstates
- “Tulga” JSC and “Mongol Em Impex” JSC delisted from the securities list
- Joint stock companies declared to distribute dividends
- MSE’s website reorganized
- Basic training courses of Securities Markets will start 17 June 2013

In order to accelerate the rapid social and economic development and sustain the growth in the long-term, our capital market and its infrastructure faced a pressing need to be aligned with international standards.

For this purposes, strategic partnership ‘Master Services Agreement’ was signed between the State Property Committee, Mongolian Stock Exchange and the London Stock Exchange and within this capital market reform initiative, many milestones have been reached including the market infrastructure reform to align with international

standards, introduction of T+3 settlement system, and the revision of existing market rules and regulations.

However, ‘Securities Markets Law’ then effective could not reflect the necessary regulations that are needed for capital market operations in accordance with international standards, and posed certain constraints within the reform initiative, which necessitated the revision of the Securities Markets Law. This coincided with the previously started effort to revise ‘Securities Markets Law’ based on the international best practices.

As the main organization that operates within and based on the Securities Markets Law,

Mongolian Stock Exchange assumed a key role in the process of drafting the law and provided policy-level advices and comments. Policy level discussions by the Government and Parliament such as improving effectiveness of capital market reform, attracting domestic and foreign investments, establishing modern competitive market environment, funding development projects, and furthermore enabling dual listing of securities on both home and international exchanges, can now be realized. The new opportunities created by the revised Securities Markets Law include the following:

### Securities trading information

#### Stock trading: From 1st to 31st of May

Number of trading days	23
Volume	1.7 million
Value	MNT 1.04 billion
# of traded companies	92
Number of transaction	1,566
Average daily trading	MNT 45.3 million

#### Top gainers:

Khot development /SDT/ **+74.85%**  
Berkh Uul /BEU/ **+66.01%**  
Shivee Ovoo /SHV/ **+64.41%**

#### losers:

Mongol alt /ERS/ **-49.92%**  
Zoos goyol /ZOO/ **-20.42%**  
Telecom Mongolia /MCH/ **-17.99%**

#### Market capitalization:

MNT 1,373.8 billion  
USD 922.2 million

#### Top-20 index change:

13,835.84 / **+1.06%**

### TOP-20 index performance



From 1st to 31st of May 2013 1.7 million shares of 92 companies' worth MNT 1.04 billion have been traded through 23 trading sessions.

During the time the most active stocks were “Tavan tolgoi” JSC / MNT 243.7 million/, “APU” JSC /MNT 135.7 million/ “Dornod khudaldao” JSC /MNT 97.7 million/.

3 June 2013  
(15, 16th edition)



# MONGOLIAN STOCK EXCHANGE E-NEWSLETTER

\* Provision for 'dual listing' of companies that have operations in Mongolia and listed abroad, on the domestic exchange, will enhance local market liquidity and provide an opportunity for the public to hold and gain from the securities of such companies. Detailed provisions for dual listing with international exchanges will encourage local companies to issue securities and depository receipts on international market.

\* Detailed provisions for issuance of depository receipts based on underlying securities and other derivative products will diversify the current products on the market whilst offering various options to the investors and helping to expand the market and align with international practices. In addition, the provision for custodians with the function to provide custody for underlying securities, enables the establishment of custodian operations in the market.

\* The revised Law also includes detailed provisions for nominal and beneficial holders, in accordance with the international standards. 'Nominal holder' is a regulated entity, registered as the depositor in the securities ownership rights registry who is not an actual owner of such securities, while 'Beneficial owner' is the actual owner who registered its securities under the nominal holder according to the Law and who is legally entitled to the any proceeds from the securities. The recognition of nominal and beneficial ownership promotes in bringing sophisticated international investors to the local market.

\* The Law provides for flexible and fast procedure for public and private placements of securities in line with international standards and clearly establishes the responsibilities of listed companies and includes regulations on operational transparency and implementation of good corporate governance practices.

\* In accordance with shifting to post payment system for securities, the Law provides detailed provisions for such payment system. Within the capital market reform initiative, the shift from prefunded system to post payment system was completed in 2012. Post payment system provides an opportunity for trade participants to fund their trades after certain period of time after the trade is executed, and operates on the main principle of Delivery versus Payment. This system has many benefits such as bringing a favorable environment to attract international and domestic capital and reduces the unnecessary troubles and inefficiencies of participating in trading.

\* As Mongolian economy and capital markets become more multinational, the Law provides for the cooperation between the local regulator and foreign regulators and the International Organization for Securities Commissioners /IOSCO/. Having Securities Markets Law which aligns with international standards is a major milestone in internationally accepting our market regulatory framework. Previously, as our domestic legal and regulatory frame-

work were not internationally accepted, domestic companies could only be listed abroad by establishing a foreign entity abroad, but now the Law opens up the opportunities.

\* The Law provides for criteria of issue and public offer of securities, information to be included in the prospectus, and includes clauses to reduce the associated risks and improve responsibility. The Law also provides for quality information, fair and equal access to information, and associated disclosure duty of related participant and competent persons, hence creating a transparent environment with open, accurate and equal information for all market participants, which is all crucial for ensuring better trust in the capital market and promoting the market development.

\* In the revised Securities Markets Law, self regulatory organization is set to provide central policy and standards for market participants and improve their ethics and professionalism, which ensures better regulation for market participants' operations.

Mongolian capital market marks 22 years in its history. During this time, we have worked towards the goal of developing the capital market, enabling all nationals possess private assets and protecting the rights and interests of market participants and in the future we will strive towards more developments in the market while maintaining close relations with investors and market participants.

## "Tulga" and "Mongol Em Impex" JCS delisted from the securities list

According to Financial Regulatory Commission's Resolution No:143, 144 of 10th April 2013, provisions No:58, 59.1 of the Mongolian Stock Exchange Listing Rules and "Tulga" and "Mongol Em Impex" JSC's requests to change its organization into Limited Liability Company, the total of 131,620 shares of "Tulga" and the total of 40,010,457 shares of "Mongol Em Impex" JSC delisted from the Mongolian Stock Exchange securities list.

3 June 2013  
(15, 16th edition)



# MONGOLIAN STOCK EXCHANGE E-NEWSLETTER

## “Argai Best” LLC license for brokerage and securities dealing activities reinstates

Administrative court of Capital city revoked the FRC’s resolution no: 374 of 2012 by its resolution no: 156 of 2013. Hereof, the “Argai best” LLC’s license for brokerage and securities dealing activities was reinstated pursuant to the order no: 33 of national inspector on May 27, 2013.

## Joint stock companies declared to distribute dividends

As of 31 May 2013, 25 joint stock companies listed at MSE have submitted their Board of Directors decision to distribute sum of MNT 10,562,078,572 dividends to their 385,348,509 shares.

#	Company name	Code	Symbol	Sector*	Location*	Dividend per share /MNT/	Total number of shares	Sum of dividends / MNT/	Distribution place
1	Gobi	354	GOV	B	UB	125	7,801,125	975,140,625	JSC, SCHCD
2	Hermes Center	528	HRM	E	UB	5.09	78,543,001	399,783,875	SCHCD
3	Sharyn Gol	309	SHG	A	DA	50	10,231,389	511,569,450	SCHCD
4	APU	90	APU	B	UB	70	74,287,700	5,200,139,000	SCHCD
5	BDSec	522	BDS	E	UB	60	11,000,000	660,000,000	SCHCD
6	Takhi-Ko	44	TAH	B	UB	56	1,189,983	66,639,048	SCHCD
7	Bayanteeg	445	BTG	A	UH	100	252,608	25,260,800	SCHCD
8	Ulaanbaatar BUK	195	BUK	D	UB	137	1,128,275	154,573,675	SCHCD
9	Tulga	5	TLG	E	UB	60	131,620	7,897,200	SCHCD
10	Teever Darkhan	217	TEE	D	DA	400	163,349	65,339,600	SCHCD
11	Mongol Alt	68	ERC	A	DA	150	265,852	39,877,800	SCHCD
12	Remicon	530	RMC	B	UB	1.27	78,679,464	100,000,000	SCHCD
13	Makh Impex	208	MMX	B	UB	80	3,800,721	304,057,680	JSC
14	Bayangol Hotel	13	BNG	E	UB	350	423,065	148,072,750	SCHCD, JSC
15	Genco Tour Bureau	521	JTB	E	UB	1.6	100,000,000	160,000,000	SCHCD, JSC
16	Olloo	527	OLL	E	UB	6	9,700,497	58,202,982	SCHCD
17	Atar-Urguu	17	ATR	B	UB	500	174,136	87,068,000	SCHCD
18	Gazar Shuljmel	34	SUL	B	UB	4948.2	65,362	323,424,248	SCHCD
19	Dornod Hudalaa	311	DES	E	DO	500	73,969	36,984,500	SCHCD
20	Barilga Corporation	476	BRC	D	UB	5000	40,662	203,310,000	JSC
21	Gutal	88	GTL	B	UB	420	1,618,684	679,847,280	JSC
22	Mogoin Gol	444	BDL	A	HU	5	829,622	4,148,110	SCHCD
23	Eermel	191	EER	B	UB	52.87	3,479,320	183,951,648	SCHCD
24	Material Impex	379	MIE	E	UB	100	1,368,206	136,820,600	SCHCD
25	Gan Kherlen	353	HZB	E	DO	300	99,899	29,969,700	SCHCD
<b>TOTAL</b>							<b>385,348,509</b>	<b>10,562,078,572</b>	-

For details please visit MSE website: [www.mse.mn](http://www.mse.mn)

\*LOCATION: UB—Ulaanbaatar, DA—Darkhan, UKh- Uvurkhangai, DO- Dornod, HE- Khuvsgul

\*SECTOR: A - Mining, B - Industrial, C - Agricultural, D - Construction and transportation, E - Trade and services



3 June 2013  
(15, 16th edition)

# MONGOLIAN STOCK EXCHANGE E-NEWSLETTER

## MSE's website reorganized

MSE reorganized its official website in order to improve the accessibility of capital market information for the Public.

The new website consists of six main sections:

About us contains information about history, management, organizational chart, annual report and time schedule of Mongolian Stock Exchange.

All information about listing such as benefit of listing, listing requirements, process, fee, required documents, listing rules and regulations, listed companies list, their introductions, annual report, shareholder meetings and dividend information are available on Listings section.

Therefore, each company listed at

MSE has administrator rights to connect with our website and companies have to follow the Instruction of Submitting Electronic Information, whose purpose is to communicate promptly to the public all changes of listed companies.

Markets section will show you data and statistics about bond and stock market, trade reports in 5-minute intervals and securities order information.

All market activities like daily, weekly, monthly and annual trading summary in brief and detailed version are located on the right side of our website. Therefore, you can obtain your needed market information.

You can find on Members page general requirements for becoming a member of MSE, admission process, fees and charges, required documents, related rules and regulations and members list,

their business description and financial statements.

For broker-dealer companies, there is a enter data window and members should follow the Instruction of Submitting Electronic Information.

Regulation section presents you the laws related to Mongolian capital markets, Financial Regulatory Commission and Mongolian Stock Exchange Regulations.

News and announcements section consist of interviews and news related to the market. We ensure you will always have new information regardless of section you visit. You will find contacts relating to each section for further information.

Thank you for visiting regularly our website.

## Mongolian Stock Exchange's training center

Training center of capital market was established on 31 October 2005 at MSE for the purposes of meeting the needs of specialists in capital markets, organizing training courses, seminars and events in order to provide knowledge for individuals and students interested in this field.

Capital market starts to yield benefits even if it is a new sector in Mongolia. It is important to ensure that all participants have complete understanding of market functioning for faithful development of this sector. With this purpose, every month, we organize basic training courses of capital markets. Our training center has trained over 3000 people until now.

Training center offers permanent

courses delivered by professionals who work in governmental and specialized organizations on the capital markets.

We try to accommodate trainees' individual needs and interests and each person will be closely supervised and mentored. We aim to develop appropriated practical and theoretical knowledge within a relatively short time span.

Practice opportunity in the Mongolian Stock Exchange is one of the main advantages offered for our trainees. Nowadays, investment opportunities on the international capital markets are available for everybody and our trainees will be able to trade on any international stock exchange after

their graduation. Appropriated competences are acquired through our training and help investors to reduce risk. Furthermore, it is essential to have a deep knowledge of domestic market and we try to teach the difference between Mongolian markets and developed countries' capital markets.

We have great feedback from alumni regarding the quality of our courses and we maintain contact with them for future cooperation opportunities.

Upon request, we also organize in-company training classes.

The last training courses of this academic year will be held on 17 June 2013 at MSE. For more information, please contact us at 11-313747 or visit [www.mse.mn](http://www.mse.mn).