

This English translation of the “Regulation on Securities Registration” (Listing Procedure) has been prepared, reflecting up to the Resolution No 06 of the Financial Regulatory Commission dated as of January 15, 2014. This translation is awaiting Financial Regulatory Commission’s reviews, and is subject to change accordingly. This is an unofficial translation. Only the original Mongolian texts of regulation have legal effect, and the translations are to be used solely as reference material to aid in the understanding of Mongolian laws and regulations.

MONGOLIA

RESOLUTION OF THE FINANCIAL REGULATORY COMMISSION

January 15, 2014

No 06

Ulaanbaatar

Approving the “Regulation on Securities Registration” (Listing Procedure)

According to Article 6.1.2 of Law on the Legal Status of Financial Regulatory Commission, Article 8.2, 10.16, 16.2, 17.2, and 18.2 of Securities Market Law (revised version), Financial Regulatory Commission hereby RESOLVES:

1. To approve the regulation on “Securities Registration” as set in the Appendix.
2. To repeal the Resolution No 38 on “Approving the revised version of Regulation on Registering securities to be issued by public offering, selling and offering securities on primary market, ” approved by the Financial Regulatory Commission on February 19, 2009 upon the approval of this regulation.
3. To endorse Mongolian Stock Exchange JS /D.Bolormaa/, Working Group /Kh.Bum-Erdene/ to organize training, seminars among listed companies and regulated entities, to monitor implementation of approved regulation and to notify it publicly.

CHAIRMAN

D.BAYARSAIKHAN

REGULATION ON SECURITIES REGISTRATION

CHAPTER ONE

One. General Provision

1.1. The purpose of this regulation is to regulate relations and issues in connection with registering securities which newly or additionally issued and to be offered publicly in the securities registration /hereinafter, “securities registration”/ of Financial Regulatory Commission /hereinafter, “Commission”/, placing securities in primary market, selling, delivering securities transaction report to the Commission, public notification, division of joint stock company, and its merger, consolidation, reorganization, stock split, stock merger, bond residue avoidance, change in securities set, and delisting of securities respectively.

1.2. Regardless of the decision of joint stock company on selling its additional shares either in a form of open or closed subscription; it shall be registered in Commission in compliance with this regulation.

1.3. It is prohibited to start securities trading in secondary market until trading of those securities that are registered in Commission was not completed in primary market.

1.4. Requirements and necessary documents for securities registration may be different depending from types of securities, financial and operational position of securities issuer, and form of issuance of securities.

1.5. Relations regarding receiving sell or purchase orders of securities traded in the secondary market shall not be regulated by this regulation.

1.6. It shall be prohibited to advertise or trade securities which have not been registered in the register of securities with Commission in the securities market. Conducting preliminary discussion, negotiation with strategic investors, any entities undertaking professional investment activities or underwriting companies regarding trading securities in the primary market shall not considered as an advertisement activities for public offering.

1.7. Professional advisors such as securities issuer registered in the securities approved for public offer by Commission, or who are proposed to be registered, member of Board of Directors (hereinafter “BOD”) of securities issuer, authorised officers, underwriters, auditors, lawyers, property appraisers, and independent expert in respect of securities issuance shall comply with this regulation respectively.

1.8. Relations regarding the registration of Investment Fund units shall be regulated by Investment Fund Law, and procedures issued by Commission.

1.9. Relations with respect to issuing asset-backed securities and registering it with Commission shall be regulated by the Law on Asset-backed Securities and other procedures issued by the Commission.

1.10. Relations with respect to issuing depositary receipts shall be regulated by Securities Market Law and other procedures issued by the Commission.

Two. Definition of terms

2.1. In addition to definitions of terms used in this regulation have meanings specified in Article 4 of the Securities Market Law, the following terms shall be understood in following meaning:

2.1.1. “Registration with Commission” means registration of securities approved to be offered publicly in accordance with Securities Market Law, and this regulation;

2.1.2. “Stock Exchange Listing” means securities listed on stock exchange that registered in Commission and met requirements for participating in trading as specified in article 49.1.2 of Securities Market Law;

2.1.3. “registered securities or company” means registered as per specified in article 2.1.2, 7.1, and 8.1 of this regulation, securities of company specified in article 5.1 of Securities Market Law;

2.1.4. “applicant” means a legal entity or securities issuer registered with the Commission or submitted an application to register its securities;

2.1.5. “securities invested by professional investor” means securities traded among only professional and limited number of investors (as specified in article 2.1.7, 2.1.8) depending on nature of such securities;

2.1.6. “relevant entities” means entities who satisfy following conditions in addition to those specified in article 4.1.30 of Securities Market Law:

2.1.6.1. a person who can make decision to appoint or dismiss the majority of Board of Directors;

2.1.6.2. a person who does not own 10 percent of shares with voting rights of company as specified in article 4.1.30 of Securities Market Law, who controlled the majority of voting rights solely or with other shareholders on the basis of a mutual agreement as negotiated with them;

2.1.6.3. a person who does not own shares of the company but exercises control and decision-making.

2.1.7. “A person who undertakes professional investment activity” means following persons in addition to those specified in article 4.1.19 of Securities Market Law:

2.1.7.1. Government Special Funds as stipulated in Law on Government Special Funds of Mongolia;

2.1.7.2. regulated pension funds.

2.1.8. “a person identified as similar with an entity that undertakes professional investment activities” means the following persons registered with the Commission as taking into account his investment expertise, assets, amount of trust assets under management:

2.1.8.1. company which its contributed capital is at least 1 billion tugriks, where assets guaranteed in following ways:

2.1.8.1.1. certified by audited financial report of last three quarters;

2.1.8.1.2. if company does not require financial reports to be audited by the law, company may assure by itself that financial position accurately reflected in the last quarter’s financial report;

2.2. Commission may establish special procedures, proper ratios to investment fund, underwriter, dealer, insurance, non banking financial institutions in accordance with article 2.1.7 of this regulation, Bank of Mongolia may establish the same to the entity undertakes banking activities, and Government may establish the same to the entities as specified in article 2.1, 7.1 of this regulation respectively in compliance with the law regarding the entities undertaking professional investment activities.

CHAPTER TWO
FUNCTIONS OF THE COMMISSION AND STOCK EXCHANGE,
REGISTRATION OF SECURITIES OF LEGAL ENTITY REGISTERED IN A FOREIGN
JURISDICTION, DUAL LISTING

Three. Functions of the Commission

3.1. Commission may register securities prospectus in its registration pursuant to the Securities Market Law.

3.2. Commission may provide requirements to the securities issuer registered with Commission, or those who submitted their application to be registered with Commission respectively in accordance with Securities Market Law, and following rules and procedures in addition to this regulation:

3.2.1. procedures on regulating relations in connection with delivering information regularly from securities issuer to the public үнэт;

3.2.2. procedures on regulating relations in connection with inside information, and activities in securities market of the entity who holds such inside information;

3.2.3. procedures on regulating relations in connection with purchasing company shares;

3.2.4. other procedures related to the activities of securities issuer.

3.3. Commission may grant approval on stock exchange listing procedures in accordance with article 49.1.4, 63.1.11 of Securities Market Law.

Four. Functions of the Stock Exchange

4.1. Stock exchange may register securities in accordance with its criteria and requirements and accept securities to be traded on the market based on approval of the Commission.

4.2. Stock Exchange shall be responsible to ensure that accepted securities tradings in the primary and secondary market are in compliance with Securities Market Law, and any provisions set in the regulations adopted by Commission.

4.3. Stock Exchange shall be responsible for conducting permanent monitor and supervision on activities of its member organizations, and listed companies are in compliance with the procedures and rules of the Commission.

4.4. Stock Exchange shall monitor the listed companies on their financial instruments that are being traded on stock exchange have been met the conditions such as fair and transparent trading as stipulated in relevant legislations.

Five. General obligations of listed companies

5.1. Commission may require from the listed companies, their authorised officials, and professional advisers to fulfill their obligations as per following:

5.1.1. authorised officials to take necessary measures to implement their roles and responsibilities;

5.1.2. undertaking activities abiding and complying with Securities Market Law, Company Law, and relevant procedures issued by Commission;

5.1.3. provide fair and equitable access to shareholders and investors;

5.1.4. preventing to create false market when delivering information to securities owners and investors;

5.1.5. to be fair and equitable to the securities holders who own securities with same conditions and type with each other regarding the securities related issues.

5.2. Commission may require listed companies, their member of Board of Directors, and authorised officials to comply with the Company Law, good governance principles as specified in the “Code of Corporate Governance” approved by Commission.

Six. Registration of Securities of legal entity registered in foreign stock exchange, dual listing

6.1. this regulation may apply to the legal entity registered in foreign stock exchange to trade its securities on exchange as approved by the Commission.

6.2. foreign companies as stated in the “list of foreign exchanges permitted to issue securities in Mongolia” adopted by the Commission according to article 14.2, 18.4 of Securities Market Law, shall meet following requirements in order to requesting a permission to trade their securities in mongolian stock exchange from the Commission:

6.2.1. copies of securities prospectus, additional information and other relevant attachment of securities registered in foreign stock exchange and regulatory authority and their mongolian translation copies;

6.2.2. securities registration application to Stock Exchange, securities prospectus prepared in accordance with Securities Market Law, this regulation and also satisfied conditions specified in article 18.3 of Securities Market Law;

6.3. in case of foreign company which undertakes its main operational activity in Mongolia but organized and registered in foreign jurisdiction and stock exchange, is requesting the Commission’s permission to register its securities in mongolian stock exchange for the first time, in terms of it has not registered in any foreign stock exchange in the past except of mongolia, shall comply with requirements specified in article 6.2.2 of this regulation.

6.4. foreign company undertakes main operation in foreign jurisdiction, founded and registered in foreign jurisdiction, and not registered in any foreign stock exchange before but requested first time to trade its securities in mongolian stock exchange, shall establish representative office in mongolia in compliance with relevant legislations in addition to comply with those specified in article 6.2.2 of this regulation.

6.5. listed company on stock exchange may register securities in foreign stock exchange and before make any notification about this, it shall register with the Commission in pursuant with article 17.2 of Securities Market Law.

6.6. as specified in article 6.5 of this regulation, following documents shall be submitted to be registered with the Commission:

6.6.1. notarized copy of documents required to submit to the regulatory authority and stock exchange in foreign jurisdiction upon requesting registration approval;

6.6.2. in case of decision made to register securities by foreign regulatory authority and stock exchange, such decision shall be delivered within one business day;

6.6.3. reports specified quantity of securities traded in the primary market in foreign stock exchange, price, total fund deposited from the market respectively shall be delivered to the Commission within one day upon after the same report delivered to the relevant organization in such jurisdiction.

6.7. if the Commission receive copy of such decision specified in article 6.6.2 of this regulation, it shall serve as a ground to register securities with the Commission as stipulated in article 17.2 of Securities Market Law.

6.8. if limited liability company registered in state registration of mongolia, requested to be listed in foreign stock exchange, it shall notify to the Commission regarding this matter. In such notification, all specified information included in 6.6.1, 6.6.2 and 6.6.3 of this regulation shall be reflected.

6.9. during the review of request for registration of dual listing and within the multilateral or bilateral memorandum established with foreign regulatory authorities, the Commission may request an information of certain company from the foreign regulatory authorities and cooperate with them in future.

6.10. Commission may register securities dual listing in securities registration and inform to the public about this in accordance with Securities Market Law.

6.11. Commission may follow principles regarding registration of foreign stock exchange in the “list of foreign stock exchange approved to issue securities in Mongolia” according to article 6.2 of this regulation, where those foreign stock exchanges are considered to have prescribed possibilities for shareholders, investor protection, information disclosure, and transparency in which these requirements are properly satisfied, and it is possible for investors to receive information on time.

6.12. any foreign company requesting permission from the Commission to register their securities in Commission’s registration, shall prepare all documents specified in this regulation in 2 copies in Mongolia and English.

6.13. it shall be highlighted as “review of information to be disclosed publicly” in the information specified in 6.12 of this regulation, and shall explain reasons of public disclosure of such information and may provide contact details of organization that can provide complete version of such information in english , and their relevant staff’ contact address and website.

CHAPTER THREE SECURITIES REGISTRATION OF THE COMMISSION

Seven. Stock registration

7.1. In order to issue for public offering Commission may register shares of joint stock company specified in article 5.1.1 of Securities Market Law based on meeting requirements in relevant provisions of Securities Market Law and this regulation.

7.2. Stock Exchange may establish criteria on shares of securities to be offered publicly and public ownership rates, and classifications based on the approval of Commission.

7.3. Commission may separate the securities of held by company’s shareholders during the registration period, shareholders who owned shares in closed subscription, and securities owned by professional or strategic investor for a particular period and may extend the separation period one time.

7.4. Stock Exchange may register securities which are registered with Commission as specified in 7.1 of this regulation in certain class in accordance with its own listing requirements.

Eight. Registration of securities other than shares

8.1. In order to offer publicly financial instruments specified in article 5.1 of Securities Market Law, it shall be registered with Commission in compliance with relevant procedures.

8.2. article 10 of Securities Market Law and relevant provisions of this regulation shall also apply to the prospectus about issuing Company’s debt instruments.

8.3. Commission shall approve registration on public offering of Government Debt instruments, and securities guaranteed by government based on the decision of relevant competent authority as specified in the article 9.2 of Securities Market Law.

8.4. article 10.5.1-10.5.5, 10.5.7, 10.5.8, 10.5.12, 10.5.16, 10.8, 10.9, 10.11 of Securities Market Law shall not apply to the prospectus on issuance of debt instruments by the provincial or city government.

8.5. provincial and city governor shall sign to confirm the accuracy of financial information in the prospectus of debt instruments to be issued by provincial and city government and may attach resolution issued by such provincial or city representative's meeting that agreed to issue debt securities in stated amount and terms in prospectus when submitting application to registration of the Commission.

8.6. Commission shall receive documents specified in article 8.4, 8.5 of this regulation and Securities Market Law, and register based on taking into consideration that repayment guarantee of debt instruments, collateral assets, degree of compliance with such requirements stipulated in Budget Law, and other relevant legislations.

8.7. if securities are no longer meeting requirements in terms of registration with Commission, securities issuer or its professional adviser shall notify about it to the Commission within 5 days.

Nine. General requirements for securities issuers

9.1. Sissuer must comply with the following requirements:

9.1.1. applicant who requested to be registered with the Commission, shall be registered in such jurisdictions' state registration, and its securities must complying with Company's Law and other relevant legislation;

9.1.2. all payments and clearing related to previous registered securities shall be settled, and proposed securities to be issued are not in violation of ownership rights, and any liability to perform any obligation on behalf of others;

9.1.3. an applicant company shall have working capital in the amount that would be enough to carry out its normal activity until its securities traded in the primary market.

CHAPTER FOUR PREPARING FOR ISSUANCE OF SECURITIES

Ten. Preparing for the registration with Commission

10.1. an applicant may conclude agreements under preparation for registration with Commission with licensed underwriters, regulated legal entity which registered with Commission that undertakes legal, audit, and evaluation activities and if necessary, with independent experts.

10.2. legal entity undertakes underwriting activities as stipulated in article 41 of Securities Market Law, shall be in charge for activities such as registering securities with Commission and Stock Exchange, and securities public offering.

10.3. an applicant and regulated entity provides professional service shall prepare and develop documents and relevant conclusions in the proper sequence before registering with the Commission.

10.4. an applicant shall deliver notification about its preparation for registration to the Commission no later than 10 business days before its application for registration delivered to the Commission.

10.5. in case of notification specified in article 10.4 of this regulation delivered to the Commission, Chairman of the Commission may issue order to establish working group for the purpose of conducting discussion on registering those securities with Commission, and if necessary, exempting from particular requirements, reviewing relevant requisition, documents, and materials, presenting about it at the meeting of Commission, and preparing proposal on upcoming decision.

10.6. applicant may receive information from the working group specified in article 10.5 of this regulation, before submitting application for securities registration:

10.6.1. first day of duration period specified in article 9.6 of Securities Market Law starting after Commission receives application;

10.6.2. a date set in advance by the Commission to discuss application officially in accordance with Securities Market Law.

10.7. applicant may arrange consultation meeting with working group according to specific schedule during the preparation period for registration with Commission.

10.8. in preparation process for registration with Commission, an applicant shall cooperate with entities who undertake underwriting activities in respect of followings and shall be given a conclusions to the company's operation:

10.8.1. conclude a contract with legal entity provides legal advice specified in article 33.2.1 of Securities Market Law and shall provide legal opinion on following issues:

10.8.1.1. whether the company established and registered in compliance with law;

10.8.1.2. whether the Board of Directors, executive management, authorised officials of company are met and comply with requirements those specified in "Corporate Governance Code of Mongolia" issued by the Commission and their management skills and experience;

10.8.1.3. whether the charter of company, and other internal procedures are in compliance with "Corporate Governance Code of Mongolia" adopted by the Commission and relevant legislation;

10.8.1.4. whether a purchase, supply and loan agreements established with others and other agreements that is considered to have major importance on operation of securities issuer are in compliance with the relevant legislations;

10.8.1.5. large amount of agreements, and agreements with conflict of interest are established within last one year according to the procedures prescribed by law;

10.8.1.6. whether the existence of objective conditions that may affect its operation such as validity of operating licence, licence, copyrights, patent, trademarks and its expiration, cancellation, and performance obligation committed to another body;

10.8.1.7. validity of ownership rights of securities, real estate, and other property and whether its committed to provide performance obligation;

10.8.1.8. information contained in the application for securities registration and securities prospectus are documented in force;

10.8.1.9. determine the supervisory body of company that issues securities based on the information of the company's parent, subsidiary, or affiliate company respectively;

10.8.2. establishing a contract with legal entity undertakes auditing activities specified in the article 33.2.3 of Securities Market Law and shall issue audit opinions on following matters:

10.8.2.1. whether the accounting and financial report are in compliance with "International Accounting Standards" /hereinafter, IAS/;

10.8.2.2. whether the company's accounting policy and internal supervision system can ensure the compliance of requirements for the reports in accordance with IAS, contributed capital and its ability to provide efficient service;

10.8.2.3. whether the financial information included in securities prospectus, and attached documents is conforming with reality.

10.8.3. applicant may conclude a contract with legal entity undertakes property assessment and asset valuation specified in article 33.2.2 of Securities Market Law and shall conduct company's property assessment. The Commission may require securities issuer to conduct a business assessment.

10.8.4. applicant may issue independent expert's evaluation if necessary as specified in article 10.8 of Securities Market Law.

Eleven. Consulting with the Working Group, exempting from registration requirements

11.1. securities issuer, and regulated entity provides professional service to the securities issuer, may consult with the Working Group as specified in article 10.5 of this regulation of Commission on following circumstances:

- 11.1.1. doubt on usage of procedures of registration of Commission;
- 11.1.2. it is considered to exempt from certain requirements of this regulation.

11.2. entity specified in article 11.1 of this regulation may deliver written request on issues specified in article 11.1.2 of this regulation to the working group including following information:

- 11.2.1. grounds and reasons for request;
- 11.2.2. information on compliance with other requirements бyцад;
- 11.2.3. other information such as working group may take into consideration when making decision;
- 11.2.4. copy of documents and evidences that relevant to the request.

11.3. A working group has a right to make decisions on exempting certain entities from requirements specified in registration procedures taking into account a request of entity specified in article 11.1 of this regulation based on principles to protect investors' rights and legitimate interests, and depending on circumstances, if it is deemed necessary, a working group may obligate applicant to provide certain conditions or may exempt him from particular requirements included in this regulation without any obligation to do so.

11.4. the person specified in article 11.1 shall promptly give written notification to working group if there is change made in to the situation related to exemption since the date on request has been issued or the release of the decision on exemption has made.

11.5. in the circumstance specified in article 11.4 of this regulation, working group shall make decision either of leaving previous decision or changing it based on reviewing the actual situation.

CHAPTER FIVE APPLICATION AND SECURITIES PROSPECTUS

Twelve. Requesting to be registered with the Commission

12.1. application for registration of any securities shall cover all securities issued of particular class or proposed to be issued regardless neither of previously registered securities nor securities that have not been registered before.

12.2. following documents shall be attached to the application for securities registration with Commission:

- 12.2.1. application /as set in appendix 1/;
- 12.2.2. securities prospectus ;
- 12.2.3. receipt of payment of regulatory services fees;
- 12.2.4. legal opinion obtained in accordance with article 10.8.1 of this regulation;
- 12.2.5. audit opinion obtained in accordance with article 10.8.2 of this regulation;
- 12.2.6. property valuation report obtained in accordance with article 10.8.3 of this regulation;
- 12.2.7. if independent expert, analyst is involved in accordance with article 10.8.4 of this regulation, his review and opinion;
- 12.2.8. other additional documents stated in this regulation.

Thirteen. Content and form of securities prospectus

13.1. Securities prospectus shall contain information necessary to make investment decision and shall include information as follows:

- 13.1.1. securities issuer;
- 13.1.2. shareholders;
- 13.1.3. management and organization of securities issuer;
- 13.1.4. authorized officials of securities issuer;
- 13.1.5. operation of securities issuer;

13.1.6. assets, debts, financial position;
13.1.7. present and future business plan;
13.1.8. macro and micro issues, particularly, operational and financial risks, and risk diversification, risk mitigation measures;
13.1.9. securities authorised to be issued, and the rights evidenced by such securities;
13.1.10. procedures for trading the securities;
13.1.11. independent opinions;
13.1.12. and such other information as the Commission may consider necessary for investors to make an investment decision.

13.2. the following warning shall be placed on the cover of first page of prospectus:

“Please be noted that registering securities with the Commission does not serve as a ground to provide any guarantee on risk of such securities by the Commission. Please be noted that making investment in the way of purchasing securities would be ALWAYS RISKY activity at all times as for you investors and it is highly recommended that reviewing securities prospectus, and securities issuance procedures carefully before make any investment decision.”

13.3. securities prospectus shall meet following requirements.

13.3.1., the chairman of board of directors of securities issuer, chief executive officer, general accountant, chairman of board of directors of the regulated entity undertakes underwriting activity, and its chief executive officer shall sign and seal on the application to register securities and securities prospectus respectively for authorisation;

13.3.2. securities prospectus shall not have pages more than 400 pages;

13.3.3. each page of prospectus shall be numbered accordingly and chief executive officer of securities issuer, general accountant, and chief executive of regulated entity that carried out underwriting shall sign and date on right bottom side of each page respectively;

13.3.4. certified translation copy of securities prospectus shall be attached if it is translated into any foreign language;

13.3.5. all documents that are necessary to be notarized are shall be notarized accordingly.

13.4. Head of internal supervisory division of securities issuer and secretary of Board of Directors shall sign on the copies of securities prospectus which will be delivered to the Commission and Stock Exchange respectively.

Fourteen. Additional information to be reflected in the securities prospectus

14.1. Securities prospectus shall include information specified in article 10.5 of Securities Market Law and unless otherwise stated in the law, Commission may require to include particular information or information specified in article 2.1.6 of this regulation in the securities prospectus.

14.2. Securities issuer is responsible to deliver additional prospectus of securities to register with the Commission during the period from delivery of securities prospectus to the working group until the the decision to register securities with Commission has been made and started to be traded on stock exchange:

14.2.1. change has been made to the content of information to be reflected in the prospectus and disclosed publicly;

14.2.2. new events that is necessary to be included in the prospectus have occurred since the last prospectus has been prepared;

14.2.3. Commission has required to include additional information in the prospectus.

14.3. arrangement of calculation of time and period specified in article 10.6.1 of this regulation shall also apply to the additional prospectus of securities.

14.4. Applicant shall submit application, prospectus, and documents in proper form in accordance with requirements in one original copy in electronic /PDF/ and printed form to the Commission and two copies of the same both in electronic and printed form to the working group.

Fifteen. Responsibilities regarding securities prospectus

15.1. Competent officials must reflect notice specified he/she is responsible for the contents of information included in securities prospectus and any conclusion, reports which are an intergral part of prospectus as stated in article 12.2.4-12.2.7 of this regulation.

15.2. Persons those who signed on the prospectus such as the chairman of board of directors of securities issuer, chief executive officer, general accountant, chairman of board of directors of the regulated entity undertakes underwriting activity, its chief executive officer and other authorised officials of the company shall be responsible for accuracy of information included in the securities prospectus.

15.3. As of legal opinion referred to article 12.2.4 of this regulation, a signing lawyer jointly with the entity provided legal advice, as of audit opinion referred to article 12.2.5 of this regulation, signing auditor jointly with legal entity rendered audit service, as of asset valuation report referred to article 12.2.6 of this regulation, a signing property appraiser jointly with legal entity rendered valuation service, as of conclusion and reports referred to article 12.2.7 of this regulation, signing independent expert, as of context of translation referred to article 13.3.4 of this regulation, translator, as of accuracy of copy referred to 13.4, a head of internal supervisory division jointly with secretary of board of directors are responsible for those mentioned documents above.

15.4. If any part of the prospectus prepared by third parties other than those described above, statement shall be included in the prospectus specifying such third party is responsible for accuracy of whole or a part of the content of information and in that case, securities issuer or its authorized official may amend the statement accordingly.

Sixteen. Commission's right to demand information from securities issuer

16.1. Securities issuer shall immediately submit following information to the Commission in addition to those specified in article 21.1 of Securities Market Law:

16.1.1. information and explanations that Commission considered as necessary to make decision whether to register securities in the registration of Commission;

16.1.2. any information that Commission considered as necessary to protect investors' interest and to ensure proper functioning of the market;

16.1.3. any information that Commission considered as necessary to protect investors' interest during the process of takeover and reorganization of company;

16.1.4. any information or explanation that Commission deems to be necessary to ensure compliance of requirements of registration.

16.2. Commission may demand at any time from securities issuer to provide necessary information for investor's protection, proper function of market activities in required form and to publish such information from time to time.

16.3. Commission may provide opportunity for securities issuer to provide justification and explanation about not implementing requirements set forth in 16.2 of this regulation and reason of undisclosed information. Commission may publish such information to the public.

16.4. Securities issuer shall take necessary measures to ensure that information published to the public through Commission or delivered to the Stock Exchange does not include any false, misleading,

inaccurate or discrepant information or not missing any situation to be reflected in such information and shall be fully responsible for the accuracy of information.

CHAPTER SIX COMMISSION'S APPROVAL ON SECURITIES PROSPECTUS, REGISTRATION OF SECURITIES, AND REFUSAL ON REGISTRATION

Seventeen. Registering Securities with Commission's registration

17.1. Commission may register securities and issue resolution regarding the registration based on its review of complete documents submitted to it in accordance with chapter 5 of this regulation and its consideration that there is no ground to issue refusal on registration of such securities.

17.2. The Committee has the following rights in the course of reviewing the request for registration:

17.2.1. require any inquiries, additional information which it deems necessary, consult with other regulatory authorities and stock exchange;

17.2.2. obtain stock exchange suggestions;

17.2.3. ask questions and comments from the applicant with relevant to registration with Commission and his professional adviser;

17.2.4. check any information deemed to be related to application for Commission's registration;

17.2.5. require to certify information submitted by the applicant in the form prescribed by the Commission;

17.2.6. conduct on-site inspection for the purpose of making conclusion on compliance with reality of applicants operation and documents submitted to Commission;

17.2.7. Determine any additional terms and conditions deemed necessary to the applicant.

17.3. deliver information regarding the Commission's decision to register securities prospectus with Commission to the securities issuer and inform to the public through website of Commission and Stock Exchange respectively.

17.4. applicant may keep copies of following documents for 5 years since the date of resolution on registration of Commission has been issued:

17.4.1. if it is issuing securities for the purpose of financing purchase of property, business, or shares, such agreements on those transactions;

17.4.2. any letters, reports, evaluation, contracts and other documents used in preparation of securities prospectus;

17.4.3. charter and rules of applicant that were in force when during the decision made to register prospectus by the Commission;

17.4.4. annual report and other financial report and financial reports covering period specified in the securities prospectus of applicant and its guarantor;

17.4.5. semi-annual and quarterly financial report released between the last annual report and the date of approval of registration by the Commission;

17.4.6. any documents proves ownership rights;

17.4.7. if application for Commission's registration is relevant to the Employee Stock Ownership Program /ESOP/, documents that proves such program, resolution and decisions made by the authorised officials of the applicant relevant to distribution of shares , issuance of shares.

17.5. applicant shall ensure to submit documents specified in article 17.4.1-17.4.7 of this regulation once Commission delivers its requirements to the applicant.

Eighteen. Disclosing securities prospectus to the public

18.1. Issuing resolution on registering securities and its prospectus with Commission shall serve as a ground to permit those securities to be offered in the primary market.

18.2. it shall be prohibited securities issuer to disclose prospectus publicly that those of securities not registered with the Commission.

18.3. securities issuer shall publicly disclose securities, securities prospectus, and additional prospectus within six months of the registration since the date Commission registered securities prospectus and it shall be prohibited to disclose publicly after the end of period.

Nineteen. Refusal on registration of securities with Commission

19.1. Commission may refuse to register securities and will respond to the applicant in writing in case of securities issuer has been registered with another jurisdiction outside of Mongolia in addition to those specified in article 9.10 of Securities Market Law, and securities issuer has not been met with requirements of registration in such jurisdiction.

19.2. Commission may refuse to register securities on condition pursuant to specific events.

19.3. prior to registering securities, if Commission deemed necessary, it may obtain from securities issuer a written confirmation on securities registration that is not on condition to depend from certain events.

19.4. if applicant disagree with the decision of the Commission to refuse to register securities, it may appeal to the relevant Supervisory Board to the Commission under the Law on Legal Status of Financial Regulatory Commission.

CHAPTER SEVEN CHANGES TO THE REGISTRATION OF SECURITIES, SUSPENSION OF TRADING, AND DELISTING

Twenty. Changes to the registration of securities

20.1. Changes in the registration of securities can be made in circumstances such as change of organizational form of a joint stock company by way of consolidation, merger, division; issuing additional securities, split of shares, compilation, bond residue avoidance and modification to the securities set.

20.2. Decisions on issues relevant to reorganization of the company, issuance of additional securities, consolidation, merger and division of such company shall be approved by shareholder's meeting of the company; issues relevant to debt residue avoidance shall be approved by the authorised entity who made decision on issuing bond in the first place.

20.3. Securities issuer shall submit request for change in registration of securities, related resolution and documents to the Commission within five business days since the decision made specified in 20.2 of this regulation.

20.4. Decision on company's merger, consolidation, division and stock split, compilation shall be made in accordance with regulation specified in Company Law and such decision and reorganization procedure of company shall include followings:

20.4.1. procedures on implementation of company's merger, consolidation, division, and stock split, compilation;

20.4.2. conversion ratio of shares of company to be changed to the shares of company at the result of reorganization, and related calculations;

20.4.3. amount of own equity, debt, rights and obligations of company at the result of reorganization and statement of transfer of such rights and obligations;

20.4.4. plan and procedures on exercise of shareholder's rights associated with reorganization of company;

20.4.5. board of directors shall set the price of redeem of shares upon request of shareholders' in case of such joint stock company's merger, consolidation, division, separation and reorganization changing to the limited liability company; and purchasing price of fractional shares in case of stock split, and compilation.

20.5. Company shall set the price of redeem of shares based on opinion made by the independent evaluation organization as specified in article 55.6 of Securities Market Law and if price set below the average rate of securities traded on stock exchange within last six months, it shall submit relevant explanation and evidence regarding pricing of shares by the Board of Directors to the Commission.

20.6. In stock split, compilation proposal, it shall be reflected as purchasing price of fractional shares of stock determined by the Board of Directors, and shareholder may become an owner of whole shares by paying the amount of such gap to the company on his own request.

20.7. Reorganization proposal shall be arranged to get voting of shareholders in the same procedure of delivering meeting notice to the shareholders.

20.8. Request for changes to the registration of securities shall be delivered to the Commission with resolution on such decision by the shareholders' meeting and following documents:

20.8.1. opinion made by the stock exchange and securities central depository organization in respect of changes to the registration of securities of particular company and description of fulfillment of works in terms of contractual obligations in accordance with joint contract respectively.

20.8.2. Distribution of dividend and if there is an outstanding balance of dividends, receipt of such securities deposited in savings account of shareholder.

20.9. Commission may refuse to amend or make changes to the registration of securities if it considered that application does not meet requirements specified in this regulation and law.

20.10. Working group shall make changes to the registration of securities based upon decision by the Commission in respect of changes in the registration within 5 working days, and shall notify about it to the state registration office within 10 working days.

Twenty one. Suspension of trading of securities

21.1. Commission may suspend trading of securities on following grounds if it deemed that normal operation of market may temporarily at risk or it is necessary to protect investors' interest:

21.1.1. Compliance with requirements of registration is no longer adequate;

21.1.2. securities issuer failed to fulfill its obligation to publicly disclose information related to second market as specified in article 56 of Securities Market Law;

21.1.3. securities issuer did not disclose financial information in accordance with law and legislation;

21.1.4. there has been issue arisen relevant to participating securities trading using internal information and preventing from market abuse;

21.1.5. securities issuer is no longer capable of assessing its financial position accurately and providing necessary information to market participants;

21.1.6. revocation or suspension of same securities of securities issuer that are being traded on another stock exchange by the authorized organization;

21.1.7. other circumstances that Commission deemed necessary.

21.2. suspension of trading of securities shall not serve as a ground to exempt securities issuer from obligations to disclose information stated in this regulation and law, and other obligations.

21.3. Commission shall clearly specify the cancellation terms of such decision in the decision of suspending the trading of securities.

21.4. Commission shall not suspend trading of securities in the purpose of maintaining price in certain level.

21.5. Commission may establish a period of time in terms of suspension of trading of securities if Commission finds out that registered shares of company are less than the appropriate level of shares to be held by public, and if company did not meet the conditions, Commission may suspend the trading of such securities in specified period of time.

21.6. All shares owned by the public shall be purchased at the price not less than weighted average market price of last six months within 28 working days since the date of suspension of securities trading as conditions specified in 21.5 of this regulation arises.

21.7. company shall purchase shares at original price sold to the public if market value of shares held by the public has not been made up.

21.8. Commission may recover trading of securities of company if the registered company ensures the condition as for appropriate level of public ownership of shares within established period of time and requested to remain as registered company in the Commission's registration.

Twenty two. Delisting upon request of securities issuer

22.1. if securities issuer requested to delist its securities from Commission's registration it shall be discussed in shareholder's meeting in advance.

22.2. securities issuer shall submit resolution made by shareholder's meeting and notice for securities owner as specified in 20.8.1, 20.8.2 of this regulation to the Commission.

22.3. Commission shall review on compliance of requirements above and notify to securities issuer about the permission on public announcement in writing.

22.4. in announcement specified in 22.3 of this regulation, the grounds of delisting, permission of public announcement by the Commission, and the date of delisting are to be reflected respectively.

22.5. securities issuer may inform about resolution issued by shareholder's meeting and Commission regarding the delisting of securities to the Stock Exchange at the same time of announcement to the public and relevant shareholders.

22.6. if Securities Issuer submitted request for delisting to the Commission based on following grounds, article 22.5 of this regulation may not be applied.

22.6.1. financial position had been worsened and startup situation regarding bankruptcy and liquidation had arisen;

22.6.2. securities issuer shall deliver following explanations to the Commission if registration of such securities is to obstruct the implementation of transactions, and decisions made regarding reorganization of such securities issuer:

22.6.2.1. grounds on delisting securities issues are consistent with the securities owner, creditors, securities issuer who is responsible before them, or its authorized officials' collective interest;

22.6.2.2. reasons that discussing delisting issues at shareholder's meeting is not necessary or impossible to do.

22.7. request for delisting shall be delivered to the Commission at least 20 working days before the date of such delisting will be taken place as planned.

22.8. As of debt instruments, securities issuer shall inform about request for delisting of securities to the securities owner and their representatives in pursuant with securities prospectus and in that case, there is no need to get shareholders' prior approval.

Twenty three. Delisting securities due to reorganization and restructuring

23.1. Commission shall delist securities on following grounds:

23.1.1. Decision has made by the court or competent authority in accordance with Bankruptcy Law, Banking Law, and Securities Market Law, and appointed trustee and plenipotentiary to the securities issuer;

23.1.2. Decision on liquidating securities issuer has made by the court based on the grounds specified in Civil Law, and Company Law and liquidation Committee has been appointed;

23.1.3. period of appeal to the resolution of Shareholders' meeting has expired;

23.1.4. liquidation decision has made in accordance with such jurisdiction's law and liquidation, reorganization process has started for those securities issuers of foreign jurisdiction which are registered with Commission in accordance with grounds specified in 23.1.1-23.1.3;

23.1.5. delisting of securities on another stock exchange of such securities issuer;

23.1.6. as of securities issuer, liquidation committee, a bankruptcy trustee or receiver has been appointed;

23.1.7. as of debt instruments, all payments are settled.

Twenty four. Request for delisting of securities and suspension of trading of securities

24.1. securities issuer may submit request to the Commission for delisting and suspension of trading of securities and shall include following information:

24.1.1. full name of securities issuer;

24.1.2. detailed information about securities and stock exchange that securities are being traded;

24.1.3. reason and grounds for submitting such request;

24.1.4. a planned date to delist securities and suspension of its trading;

24.1.5. a sample design of public notice on delisting of securities and suspension of trading, if necessary copies of relevant documents;

24.1.6. if it is stated in the law, company's charter, and this regulation, a resolution of shareholders' meeting issued in accordance with them.

24.1.7. shareholder of controlling shares issued proposal of takeover of company in accordance with Company Laws, notice to the shareholders of more than 10 percent of common shares issued by the company and evidence of such notice delivered in the period specified by law.

24.2. Commission may require information on fulfillment of obligation under the law of securities issuer, and shareholder of controlling shares and relevant evidences if necessary.

24.3. Unless otherwise stated by this regulation, during the suspension period of securities trading, if violations and conflicts that were subject to the suspension are corrected, Commission may recover trading of securities based on the request of securities issuer.

24.4. if such request of securities issuer specified in 24.3 of this regulation has not been submitted , Commission may issue decision on delisting of securities as suspension period of trading expires.

Twenty five. Cancellation of request for delisting of securities

25.1. applicant who requested for delisting of securities and suspension of securities trading has a right to cancel his/her request at any time before Commission has made its decision. Applicant shall deliver the explanation and grounds of decision for cancellation of such request to the Commission immediately in writing.

25.2. submitting request specified in 25.1 from securities issuer shall not serve as a ground to any decision of Commission such as suspending trading of such securities if Commission deemed as necessary to do so.

25.3. if securities issuer has made a decision to cancel its request for delisting after he/she made public announcement on due decision for delisting of securities and suspension of such securities trading, securities issuer shall promptly make public announcement about cancellation of request to the public and stock exchange.

Twenty six. Recovering securities trading

26.1. securities issuer may submit request specified in 24.3 of this regulation regarding recovering trading of securities after Commission has made decision on suspending trading of such securities.

26.2. Securities issuer shall submit request specified in 26.1 of this regulation in writing to the Commission, and shall attach relevant documents evidencing all such violations and grounds that were subject to the suspension of trading were eliminated and corrected accordingly.

26.3. Commission may issue decision regarding recover of trading of securities within 20 working days.

26.4. if Commission deemed suspending trading of securities in future, or not necessary to delist such securities in terms of protecting investors' interest, it may recover trading of such securities.

26.5. Commission may recover trading of such securities on its own initiative, if it considered that conflict that subject to suspension of trading were resolved and eliminated.

26.6. Commission shall deliver permission on recovering trading of securities and starting trade of such securities to the Stock Exchange and shall publicly inform about it.

Twenty seven. Relations regarding the suspension , recover and delisting of securities that are dual registered with foreign stock exchange

27.1. if decision made by foreign stock exchange to suspend trading of securities, delisting , securities issuer shall promptly notify about it to the Commission.

27.2. request to suspend or delist securities from regulatory authority, stock exchange of jurisdiction of securities issuer has been delivered to the Commission, or suspension of trading, delisting occurred in such jurisdiction where securities issuer registered on its stock exchange are shall not serve as a ground to suspend, rocover, delist such securities trading unless Commission deemed it necessary to do so.

27.3. if Commission make decision on suspending, recovering, delisting of securities and its trading based on the request submitted by foreign regulatory authority, and stock exchange, it shall give notice to the securities issuer.

27.4. relevant arrangements of this regulation shall similarly apply to the relations regarding suspending, rocovering, or delisting securities and trading of securities issuer who has dual registration on foreign stock exchange.

27.5. Commission may request additional information from foreign regulatory authority and stock exchange regarding making decision on suspending, recovering, delisting of securities and trading of entity specified in 27.4 of this regulation, and may cooperate with them in purpose of the same.

Twenty eight. Responsibility

28.1. An entity violated this regulation shall be subject to administrative sanctions as provided by State inspector of Commission in accordance with Securities Market Law and other legislation.

28.2. Imposing administrative sanction as specified in 28.1 of this regulation shall not serve as a ground to exempt such entity from any performance obligation committed to others.