



البنك المركزي  
البحرين  
2023  
البنك المركزي  
البحرين

# ANNUAL REPORT

2024

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# ABBREVIATIONS AND ACRONYMS

AML/CFT	Anti–Money Laundering and Combating the Financing of Terrorism
API	Application Programming Interface
BoD	Board of Director
DPMS	Dealers in Precious Metal and Stones
EMMoU	Enhanced Multilateral Memorandum of Understanding
FATF	Financial Action Task Force
FRC	Financial Regulatory Commission (of Mongolia)
IAIS	International Association of Insurance Supervisors
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
JSC	Joint Stock Company
LLC	Limited Liability Company
MACE	Mongolian Agricultural Commodity Exchange
MMoU	Multilateral Memorandum of Understanding
MNT	Mongolian tugrik
MLSP	Money Loan Service Providers
MONICPA	Mongolian Institute of Certified Public Accountants
MoU	Memorandum of Understanding
MSE	Mongolian Stock Exchange
NBFI	Non–Bank Financial Institution
NGO	Non–Governmental Organization
REB	Real Estate Broker
SC	Securities Company
SCC	Savings and Credit Cooperative
SME	Small and Medium Enterprise
VASP	Virtual Assets Service Providers
QR	Quick Response Code

# ABBREVIATIONS AND ACRONYMS

IFRS	International Financial Reporting Standards
VACG	Virtual Asset Contact Group
MARC	Machine-Readable Cataloging
CAGR	The Compound Annual Growth Rate
WALIR	Weighted average loan interest rate
WAIRD	Weighted average interest rate on deposits
SSD	Securities Supervision Direction
ISD	Insurance Supervision Direction
NBFISD	Non-Bank Financial Institution Supervision Direction
SCCSD	Savings and Credit Cooperatives Supervision Direction
REBSD	Real Estate Brokerage Supervision Direction
AMLSD	Anti-Money Laundering Supervision Direction
PRR	Person responsible for reporting
ORSI	Official requirements of the state inspector

## FOREWORD



We are pleased to present the Financial Regulatory Commission's Annual Report for 2024.

The year 2024 was particularly significant, commemorating the 90th anniversary of the insurance sector and the 30th anniversary of the establishment and development of the state regulatory authority for the capital market.

In 2024, the Financial Regulatory Commission implemented a series of comprehensive measures aimed at ensuring the stable development of the financial market, including aligning the regulatory environment with international standards, enhancing the legal framework, diversifying financial products and services, advancing the capital market to a global level, and attracting foreign investors.

For instance, in May 2024, the Parliament passed amendments to the Securities Market Law and related legislative proposals, enhancing the roles and responsibilities of securities issuers and underwriting firms, improving regulations on securities trading, settlement, and registries, streamlining the public offering process for domestic enterprises, and ultimately creating a more favorable environment for

innovative, technology-driven financial products and services.

In the framework of efforts to develop the capital market, promote competition, and reduce financing costs, fees and charges imposed by capital market infrastructure institutions have been gradually reduced, while a legal framework introducing tax incentives and exemptions for securities issuers and investors was established and came into effect in 2024.

Furthermore, the legal framework for corporate bond issuance was strengthened and a regulatory environment for the over-the-counter (OTC) market was established and developed, resulting in 148 companies successfully issuing debt instruments over the past three years—raising a total of MNT 3.4 trillion and USD 117.5 million—with 102 companies alone raising MNT 2.8 trillion through the bond market in 2024 across the Mongolian Stock Exchange, the Ulaanbaatar Securities Exchange, and the OTC market (including duplicates).

To enhance the coverage and accessibility of the insurance sector, ensure its stability, and strengthen the risk management and financial capacity of insurance companies and professional participants, efforts are underway to create an environment aligned with international trends and current demands by improving the sector's legal and regulatory framework, introducing policy innovations, and developing draft amendments to key industry laws to support these objectives.

To curb the excessive growth of consumer loans issued by non-bank financial institutions and prevent individuals from falling into debt burdens, debt-to-income and loan-to-value ratios have been introduced for consumer loan products, while the minimum capital requirements for these institutions have been doubled—an important step toward strengthening the sector's risk absorption capacity and improving service accessibility.

In 2025, the Financial Regulatory Commission will prioritize supporting sustainable green finance through policy initiatives, advancing legal reforms in the regulatory sector, bolstering investor confidence in both domestic and international markets, and supporting digital technology-based products and services while

ensuring the stable growth of the market.

Specifically, it will increase the opportunity for the banking sector to enter the capital market, introduce deposit certificates as financial instruments in the money market, and establish a system of equity crowdfunding to support startups and small and medium-sized enterprises (SMEs).

It is expected that a regulatory environment will be created to develop Real Estate Investment Trusts (REITs), diversify the capital market through the real estate sector, and provide investors with greater access to real estate such as residential properties, shopping centers, and offices, offering these opportunities in a more accessible and less risky manner.

Furthermore, special attention will be given to creating favorable conditions for raising funds through capital market products from both the public and professional investors in non-loan forms, with regulations implemented to simplify the process of raising funds through bonds on the capital market, exchanges, and the OTC market. As a result, the amount of funding raised through bonds is expected to increase by 1-2 times.

In the insurance sector, efforts will focus on increasing the availability of technology-based insurance products, simplifying the claims process, creating a

regulatory environment that supports life insurance, and defining tools for transferring insurance risks.

To prevent citizens from falling into debt burdens, redirect consumer loans towards business loans, and promote financial behavior where individuals increase their consumption through income growth from employment, major policy measures will be implemented in the non-bank financial sector.

Furthermore, the Commission will promote the development of financial cooperatives that incorporate a three-tier risk protection system, inclusive governance and oversight, and services designed to meet both financial and broader social and cultural needs. These cooperatives will be accessible to rural communities, and the legal framework will be updated to align with international best practices.

CHAIRMAN



T.JAMBAAJAMTS

# TIMELINE 10



## 1 LAUNCHED THE FIRST TRADING OF 'GREEN BONDS' IN THE PRIMARY MARKET

The Financial Regulatory Commission has revised and approved the "Debt Instrument Registration Regulation," paving the way for domestic companies to finance environmentally friendly projects and programs by issuing green bonds. As a result, «Khan Bank» JSC, one of the systemically important banks, has issued the country's first green bond.



## 2 THE FIRST TRADING OF COPPER CONCENTRATE ON THE EXCHANGE HAS BEEN LAUNCHED

In accordance with Government Resolution No. 73 of Mongolia for 2024, which authorized the trading of copper concentrate, the first-ever transaction took place on the Mining Products Exchange. «Erdenet Industry» SOE successfully traded 6,000 wet metric tons (WMT) of copper concentrate with a copper content of 22.35%, valued at 40.5 billion MNT.

## 3 «MONGOLIAN INVESTMENT WEEK» HELD IN NEW YORK, USA



The «Mongolian Investment Week» event was held in New York, USA, bringing together over 50 international investors and analysts. Participants included leading U.S.-based banks, financial institutions, and investment funds such as BNP Paribas, JP Morgan, Morgan Stanley, Standard Chartered Bank, Moody's, and Fitch Ratings. The event played a key role in connecting Mongolia's capital markets with global financial markets and made a significant contribution to attracting increased foreign investment into the country.

## 4 MONGOLIA RECOGNIZED AT THE ANNUAL MEETING OF THE ASIA-PACIFIC GROUP ON ANTI-MONEY LAUNDERING IN THE UNITED ARAB EMIRATES

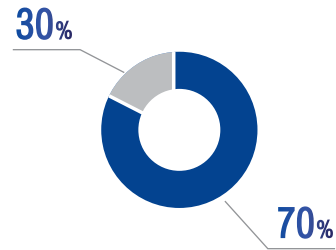


Asia-Pacific Group  
on Money Laundering

At the opening session of the Annual Meeting of the Asia-Pacific Group on Anti-Money Laundering, held in the United Arab Emirates, the Chairperson of the group commended Mongolia's notable achievements. In his remarks, he stated: "Mongolia is the fifth country to fully comply with the 40 recommendations of the Financial Action Task Force (FATF), and the second in the Asia-Pacific region to do so." He also emphasized Mongolia's proactive engagement with the international community by sharing its experience in regulating virtual assets, submitting annual progress reports for re-evaluation, and significantly improving its assessment outcomes.

## 5 ESTABLISHMENT OF DEBT-TO-INCOME AND LOAN-TO-VALUE RATIOS

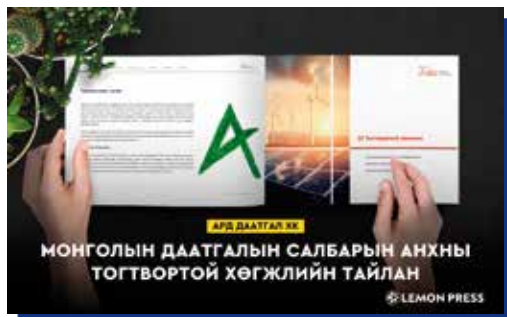
To safeguard investor and consumer interests and to prevent individuals from falling into debt distress, the Financial Regulatory Commission has introduced a regulation capping the debt-to-income (DTI) ratio for consumer loan products offered by non-bank financial institutions. Additionally, the loan-to-value (LTV) ratio for auto-secured loans has been limited. Under this regulation, both the DTI and LTV ratios must not exceed 70%.



To mark the 90th anniversary of the establishment and development of Mongolia's insurance sector, the Financial Regulatory Commission, in collaboration with the Insurance Association and insurance companies, organized the «Insurance 90» forum. The forum focused on exploring ways to enhance the sector's positive social and economic impact, while also outlining future goals for regulatory improvements and market development. As part of the event, Mongolia's first-ever "Digital Gallery" was launched, highlighting the sector's progress in digital transformation.



## 7 FIRST ESG REPORT OF THE INSURANCE SECTOR RELEASED



In line with the Paris Agreement and long-term national policy frameworks, Mongolia has been taking proactive steps to reduce greenhouse gas emissions and promote environmentally sustainable, socially inclusive, well-governed practices, and high-quality education initiatives. In collaboration with relevant organizations, the Financial Regulatory Commission has developed guidelines for Environmental, Social, and Governance (ESG) reporting, aligned with the United Nations Sustainable Development Goals and International Financial Reporting Standards (IFRS). As a result, insurance companies in Mongolia have started to disclose their ESG reports.

## TIMELINE 10

## 8 THE FINANCIAL REGULATORY COMMISSION ELECTED TO REPRESENT THE MEMBER STATES OF THE APG AT THE FATF'S VIRTUAL ASSET CONTACT GROUP (VACG)



In September 2024, the Financial Regulatory Commission was elected to represent the 42 member countries of the Asia-Pacific Group on Money Laundering (APG) at the Virtual Asset Contact Group (VACG) of the Financial Action Task Force (FATF).

## 9 REVISED MINIMUM CONTRIBUTED CAPITAL REQUIREMENT APPROVED



To strengthen the capacity and risk-bearing ability of Non-Bank Financial Institutions (NBFIs), the Financial Regulatory Commission has updated the minimum contributed capital requirements. For NBFIs holding special licenses for trust services, the minimum capital requirement has been set at 10 billion MNT, regardless of their location. For other NBFIs, the minimum contributed capital requirement has been doubled, and a revised schedule has been introduced to help institutions meet the new capital levels.

## 10 MAXIMUM INTEREST RATE FOR MONEY LENDING ACTIVITIES SET



The Policy Advisory Council for Money Lending Activities has introduced a cap on the interest rates charged by money lending entities. To protect consumers from falling into excessive debt and being burdened by extremely high interest rates, the maximum monthly interest rate for loans issued by money lenders has been set at 4.5%, which corresponds to an annual rate of 54%.



ORGANIZATION  
STRUCTURE, HUMAN  
RESOURCES



## ABOUT US

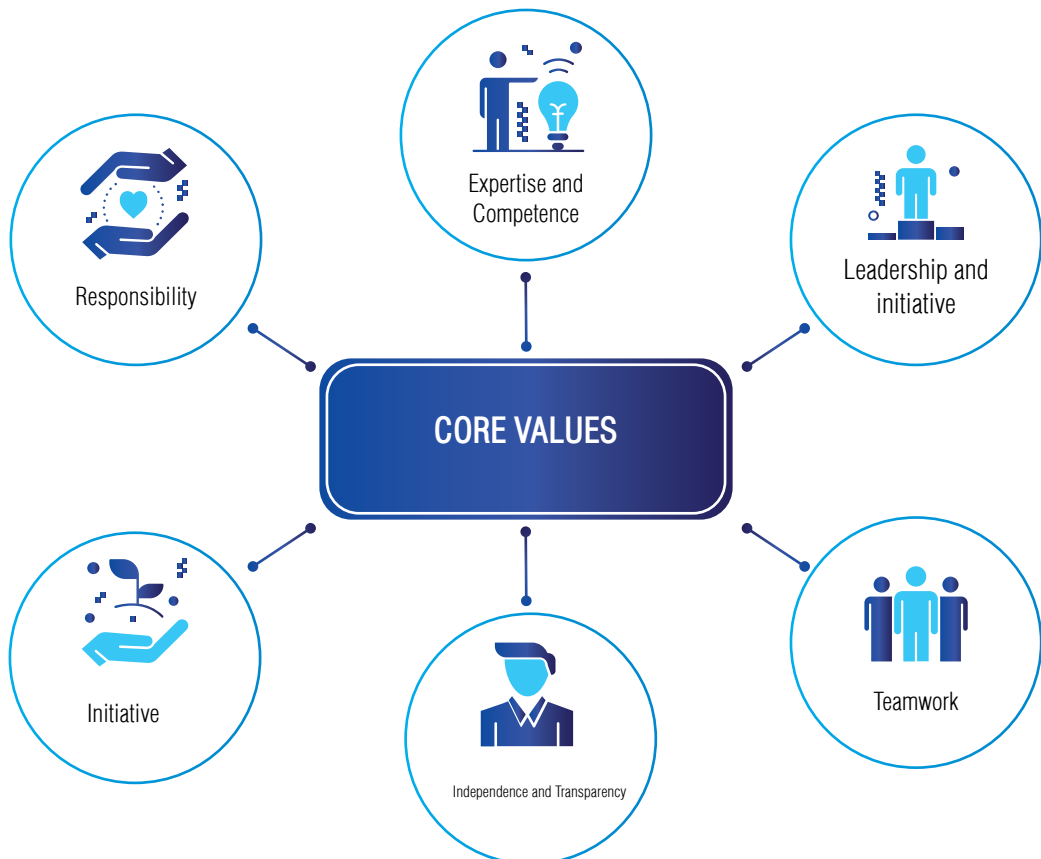
The Financial Regulatory Commission is a government body responsible for ensuring the stability of the financial market, regulating financial services, monitoring compliance with relevant laws and regulations, and protecting the rights and interests of investors and clients.

### VISION

Our vision is to establish an intelligent financial market that earns the trust and confidence of investors and clients.

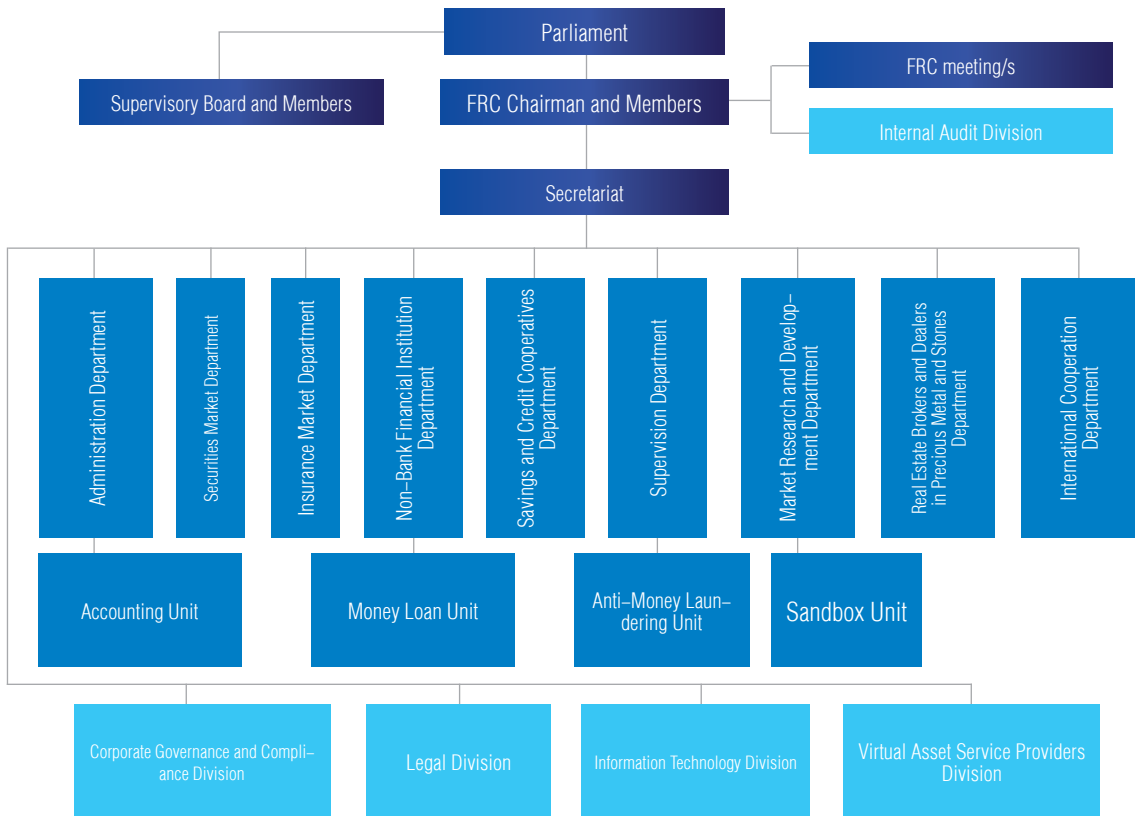
### MISSION

We are dedicated to developing a diverse, inclusive, and technology-driven financial market.



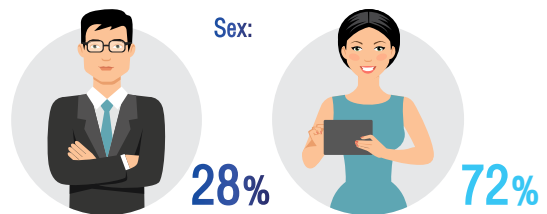
The Financial Regulatory Commission (FRC) of Mongolia began its operations in 2006 following the establishment of its legal framework. In 2005, the Mongolian Parliament passed the law on the legal status of the FRC, and in 2006, the FRC's regulations were adopted, officially defining its powers, responsibilities, and operational scope. As of 2024, the FRC consists of 9 departments, 5 divisions, and 6 units, employing a total of 172 staff members.

► Figure 1. Organization structure

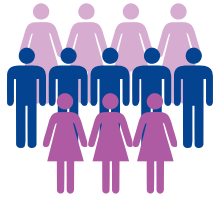


## EMPLOYEES

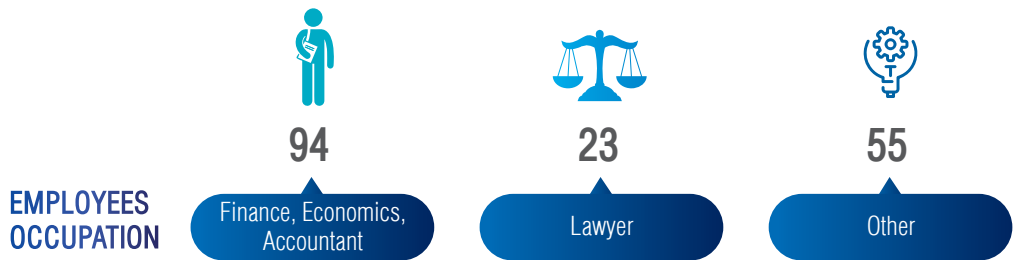
As of the reporting year, the Financial Regulatory Commission employs a total of 172 staff members, consisting of 3 civil servants, 160 government administrative officers, 6 public service employees, and 3 contracted workers.



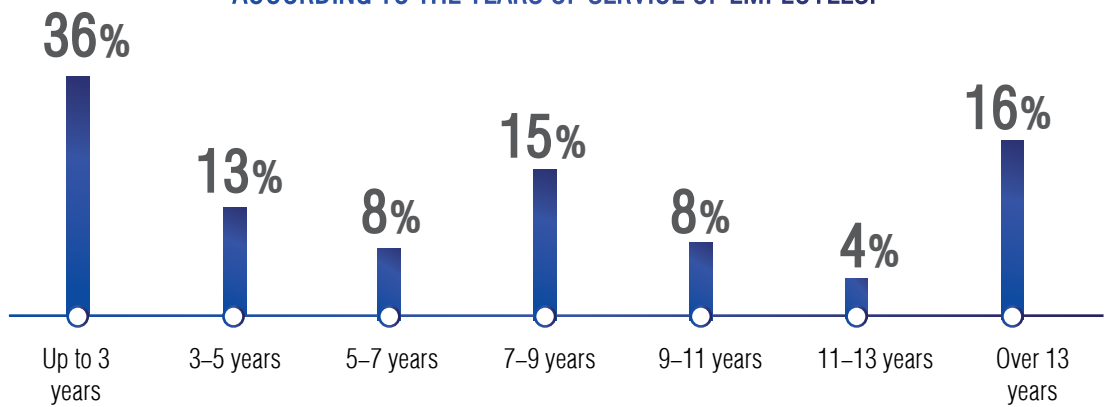
# HUMAN RESOURCES



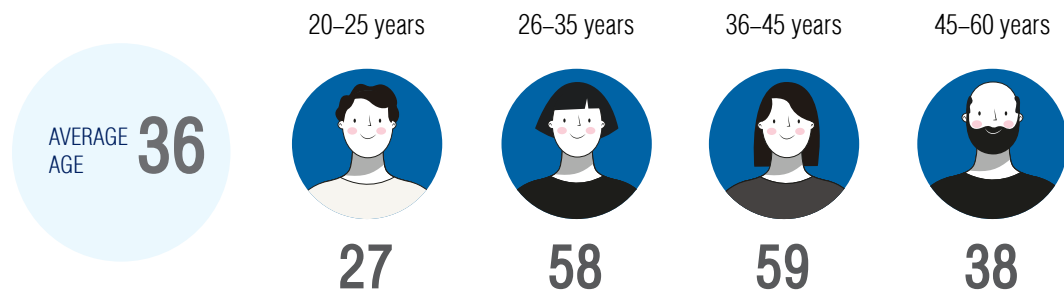
A total of 26 officials participated in various professional development programs, including short-term and medium-term training courses for civil servants.



## ACCORDING TO THE YEARS OF SERVICE OF EMPLOYEES:



## BY AGE; EMPLOYEES:



## APPROVAL OF THE CIVIL SERVANT WORK ENVIRONMENT AND SOCIAL SECURITY PROGRAM



In accordance with the provisions of the Civil Service Law regarding the social security of civil servants, the organization has implemented measures to enhance working conditions and continuously improve opportunities. The goal is to create a stable, productive, and supportive work environment that promotes long-term satisfaction and guarantees job security. To this end, in 2024, the «Employee Work Conditions and Social Security Program» was approved and is being implemented.

Additionally, to enhance the knowledge and skills of civil servants, and to foster a skilled and capable workforce, a comprehensive «Training Program» for 2024 was also approved. This program aims to improve job performance and overall effectiveness.

## SOCIAL SECURITY AND HEALTH

Employees of the Commission now have the opportunity to enroll their kindergarten-aged children at the 5th Kindergarten.

On the occasion of the Lunar New Year and Senior Citizens' Day, pension benefits were provided to seniors, and they were offered the opportunity to stay at the «Happy Family» resort. Additionally, non-repayable health support was provided to enhance the well-being of senior citizens.

Early detection and preventive health screenings, as well as specialized consultations in neurology, internal medicine, and cardiology, were offered to all employees.

The clinic has provided 1,123 instances of treatment and services to employees, including both pharmaceutical and non-pharmaceutical care.



## EMPLOYEE ENGAGEMENT INITIATIVES



### Joined the «One Billion Trees» National Movement

Leading the way among 13 regulatory organizations, employees of the Commission planted 1,360 trees at the International Eco Park located in Gachuurt, Bayanzurkh District.



### ASSISTANCE CAMPAIGN FOR HERDERS AFFECTED BY DROUGHT

In response to the harsh winter and spring conditions, a volunteer donation campaign was organized to support herders in affected provinces and districts. Employees contributed by donating one day's salary to assist the affected herders.



### JOINED THE BLOOD DONATION CAMPAIGN

A total of 43 employees participated in the blood donation drive.



### SPORTS FESTIVAL

A sports competition was held among employees from November 11–23, 2024, featuring four different sports disciplines.

### «UNITY–HEALTH» CAMPAIGN

Two sessions of the Autumn Walk event were successfully organized.

### ULANBAATAR MARATHON 2024

Employees successfully participated in the 1.5 km and 5 km international races.





## LAWS AND REGULATIONS



## LAW AND REGULATIONS

The Financial Regulatory Commission ensures the implementation of 28 laws, 58 regulations, rules, and guidelines related to the operations of the financial market.

The following is a list of the laws followed by the Financial Regulatory Commission, organized by their approval timelines:



### LIST OF LAWS SUBJECT TO THE ACTIVITIES OF THE FRC

Table 1. Laws list

No	NAME	DATE OF APPROVAL	No	TITLE	DATE OF APPROVAL
<b>TOTAL SECTOR</b>					
1	Law on the Legal Status of the	2005-11-17	7	Consent Law	2022-06-17
2	General Administrative Law	2015-06-19	8	Banking Law	2010-01-28
3	Company Law	2011-10-06	9	Law on State Inspection	2003-01-03
4	Law on Combating Money Laundering and Terrorism Financing	2013-05-31	10	Law on Torts	2017-05-11
5	Law on Currency Regulation	1994-05-12	11	Law on Violation Resolution	2017-05-18
6	Law on Payments and Settlements in National Currency	2009-07-09			
<b>INSURANCE MARKET</b>			<b>CAPITAL MARKET</b>		
12	Law on Insurance	2004-04-30	17	Law on the Securities Market	2013-05-24
13	Law on Seed Crop Insurance	1999-07-02	18	Law on Investment Funds	2013-10-03
14	Law on the Driver's Insurance	2011-10-06	19	Law on Asset-Backed Securities	2010-04-23
15	Law on Indexed Livestock Insurance	2014-06-13	20	Law on Agricultural Commodities and Commodity Exchange	2011-06-02
16	Law on Insurance Professional Participants	2004-04-30	21	Law on Innovation	2012-05-22
			22	Law on Specialized Investment Banking	2023-01-20
<b>SCC SECTOR</b>			<b>MONEY LOAN SERVICE PROVIDER SECTOR</b>		
23	Law on Savings and Credit Cooperatives	2011-10-27	24	Law on Money Loan Service Providers	2022-11-04
<b>VASP SECTOR</b>			<b>MINING PRODUCTS EXCHANGE AND EXCHANGE BROKERAGE SECTOR</b>		
25	Law on Virtual Asset Service Provider	2021-12-17	26	Law on Mining Products Exchange	2022-12-23
<b>NBFI SECTOR</b>					
27	Law on Non-Banking Financial Activities	2002-12-12	29	Law on Deposits, Transfers of Funds and Lending Activities of Banks and Authorized Legal Entities	2021-05-21
28	Law on the Credit Guarantee Fund	2012-02-10			

## IMPLEMENTATION OF RESOLUTIONS AND DECISIONS

In 2024, the Financial Regulatory Commission (FRC) carried out its performance plan in accordance with the «Regulation on Developing Organizational Performance Plans, Setting Performance Goals and Key Performance Indicators, and Reporting» approved by the Government Resolution No. 217 in 2020, as well as the methodology and instructions approved by the Government Secretariat of Mongolia under Resolution No. 100 in 2020.

The plan was developed based on the FRC's core functions, long, medium, and short-term national development policies, strategies, and action plans, as well as proposals from the previous year's plan. This was done

with alignment to the required actions and measures for implementation. The plan focused on 5 main objectives, with 21 goals and 189 actions to be implemented.

The implementation of these objectives and actions was supervised and monitored. Based on the consolidated results of the performance evaluation, the FRC achieved 95.7% of the planned targets, which was assessed as "Successfully Achieved."

The Strategic Plan of the Financial Regulatory Commission (2022–2025) had a half-year implementation rate of 93.6%, and a full-year rate of 96.4%, which signifies significant progress in fulfilling the outlined goals and actions.

For the reporting year, the implementation of the objectives and actions outlined in the decisions and resolutions of the FRC's top management is as follows.

### IMPLEMENTATION OF HIGHER AUTHORITY'S DECREES AND DECISIONS

Table 2. Implementation of the decision

No	Realization	Number of implemented measures	Performance
1	Vision 2050	37	96%
2	Five-year main direction of development of Mongolia in 2021–2025	9	100%
3	The main direction of improvement of legislation of Mongolia until 2024	8	
4	The government's main direction in monetary policy	6	
5	2020–2024 Action Program of the Government of Mongolia	5	96.6%
6	Work plan for implementing the interest rate reduction strategy	12	98.4%
7	New Revival Policy	4	100%
8	Medium-term policy action plan for the financial sector	45	84.3%
9	Resolution No. 32 of the State Great Khural of Mongolia of 2020	6	100%
10	Mongolia's Financial Inclusion Program	69	88.1%
11	National Anti-Corruption Program	4	100%
12	Mongolia's Development Plan for 2024	2	93.7 %
13	National Roadmap for Sustainable Finance	49	50%
<b>Total</b>		<b>256</b>	

During the reporting year, the Financial Regulatory Commission (FRC) approved 12 administrative regulatory acts, ensuring compliance with the General Administrative Law. Each of these acts was registered in the National Unified Register of Administrative Regulatory Acts.

### NUMBER OF NORMATIVE ACTS /BY YEAR/



### LIST OF RESOLUTIONS REGISTERED IN THE NATIONAL UNIFIED REGISTER OF ADMINISTRATIVE ACTS IN 2024

► Table 3. Administrative Norms and Regulations Registered in 2024

No.	TITLE
<b>1. CAPITAL MARKET</b>	
6593	Custodian operating procedures (No. A-169/283 of 2024 of the Chairman, FRC and the Governor, Bank of Mongolia)
7014	About approval of rules (FRC Resolution No. 587 of 2024)
	About approval of rules (FRC Resolution No. 630 of 2024)
<b>2. INSURANCE MARKET</b>	
6986	On the approval of the "Model Procedure Form" (FRC Resolution No. 493 of 2024)
	On the approval of the "Model Procedure Form" (FRC Resolution No. 493 of 2024)
	"On the approval of the «Administrative Norms Act» (FRC Resolution No. 635 of 2024)
<b>3. NBFİ SECTOR</b>	
6996	About approval of rules (FRC Resolution No. 555 of 2024)
<b>4. SCC SECTOR</b>	
6318	Conditions and requirements for operating a SCC (FRC Resolution No. 384 of 2024)
6880	"On the revision of the "Ratio Criteria for Savings and Credit Cooperatives" (FRC Resolution No. 286 of 2024)
<b>5. DPMS AND REB SECTOR</b>	
	About approval of rules (FRC Resolution No. 648 of 2024)
<b>6. VASP SECTOR</b>	
	On the approval of the "Operating Regulations for VASP" (FRC Resolution No. 657 of 2024)
<b>7. MLSP SECTOR</b>	
	Registration and operating procedures for entities engaged in money lending activities (FRC Resolution No. 641 of 2024)

## MEETINGS AND DECISIONS OF THE FRC

In accordance with Article 7.1 of the Law on the Legal Status of the Financial Regulatory Commission, «The primary mode of operation for the Commission is through meetings.»

As per the «Regulations on the Meetings of the Financial Regulatory Commission,» approved by Resolution No. 32 in 2015, the Commission held 23 meetings in 2024. During these sessions, 542 issues were discussed and resolved, leading to the issuance of 657 resolutions and 9 directives.



## RESOLUTIONS OF THE FINANCIAL REGULATORY COMMISSION

According to Section 3.2 of the Regulations of the Financial Regulatory Commission, «The Chairman of the Commission is authorized to issue resolutions in order to exercise the powers granted by the law and these regulations.»

In line with this provision, during the reporting period, the Chairman of the Financial Regulatory Commission issued 500 resolutions within the scope of their authority, ensuring the effective implementation of these decisions.



According to Section 4.5 of the Regulations, which states that «The Chief Executive of the Secretariat, in addition to the powers outlined in Section 18.3 of the Law on the Legal Status of the Financial Regulatory Commission, shall have the following rights and responsibilities,» during the reporting period, the Chief Executive of the Secretariat issued 445 resolutions.





FINANCIAL  
MARKET



## INTERNATIONAL FINANCIAL MARKETS

The global economy is projected to grow by 3.2% in 2024, according to the International Monetary Fund (IMF). This forecast aligns with the growth projections presented in July, as stated in the IMF's report on global economic prospects.

### CAPITAL MARKET

The size of the global securities market is valued at \$150.39 billion in 2024. According to IMARC Group, the market is expected to reach \$311.08 billion by 2033, with an annual compound growth rate (CAGR) of 8.34% between 2025 and 2033. Currently, North America holds 33.8% of this market. Growth is being driven by the rapid expansion of smart cities, regulatory enforcement, and advancements in artificial intelligence (AI), which are contributing to the growth of the security market.

### MICROFINANCE MARKET

The global microfinance market is valued at \$279.22 billion in 2024, with a CAGR of 11.2%. This vital financial sector continues to grow due to advancements in digital technology and the development of sustainable, responsive market practices. The growth of online lending platforms has significantly contributed to this growth, expanding the accessibility of microloans.

### INSURANCE MARKET

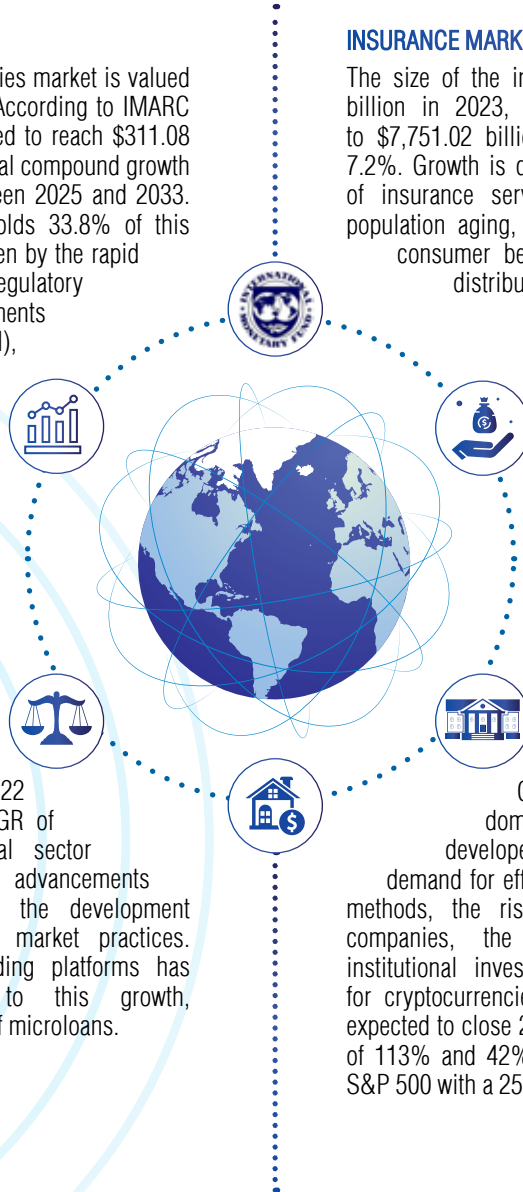
The size of the insurance market was \$193.85 billion in 2023, and it is projected to grow to \$7,751.02 billion in 2024, with a CAGR of 7.2%. Growth is driven by the global expansion of insurance services, demographic changes, population aging, natural disasters, changes in consumer behavior, and the expansion of distribution channels.

### VIRTUAL CURRENCY MARKET

The virtual currency market was valued at \$2.41 billion in 2023 and is expected to grow to \$2.71 billion in 2024, with a CAGR of 12.5%. Growth is being driven by the dominance of cryptocurrencies in developed countries, the increasing demand for efficient and convenient payment methods, the rise of major digital payment companies, the growing investment from institutional investors, and increased demand for cryptocurrencies. Bitcoin and Ethereum are expected to close 2024 with a healthy growth rate of 113% and 42%, respectively, surpassing the S&P 500 with a 25% growth.

### REAL ESTATE AGENCY AND BROKERAGE MARKET

The size of the real estate agency and brokerage market was \$1,414.75 billion in 2023, and it is expected to reach \$1,508.15 billion in 2024, with a CAGR of 6.6%. Growth can be attributed to the strong economic growth in emerging markets, one-time income increases, and government initiatives.



## GLOBAL GROSS DOMESTIC PRODUCT (GDP)

The total global Gross Domestic Product (GDP) is approaching USD 110 trillion, with the United States alone accounting for more than one-quarter of this figure.

GDP is typically calculated based on factors such as expenditure and trade, and it reflects the amount of goods and services a country can produce over a given period—most often annually.

Countries classified as developing or emerging economies collectively contribute approximately 60% of global GDP, while developed economies make up the remaining 40%.

### **UNITED STATES – GDP: USD 29.17 TRILLION**

Several key factors—including a strong work ethic, a culture that encourages long working hours, a business-friendly and decentralized governance system, world-renowned research universities, and a favorable regulatory framework—have collectively played a significant role in establishing the United States as the world's largest economy.

### **CHINA – GDP: USD 18.27 TRILLION**

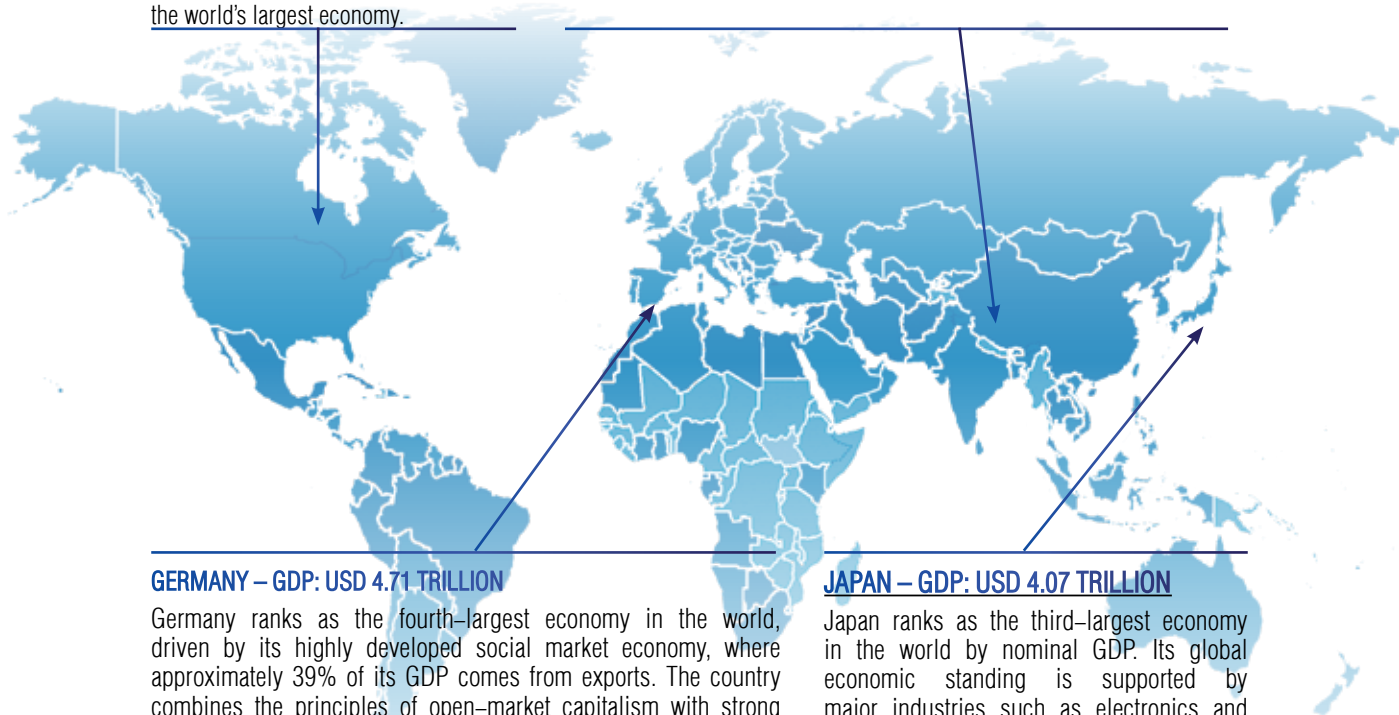
Ranked as the world's second-largest economy, China boasts one of the fastest-growing economies of the 21st century. The country's remarkable growth has been driven by major initiatives such as the Belt and Road Initiative—which includes the Silk Road Economic Belt and the 21st Century Maritime Silk Road—alongside the economic reforms launched in 1978 and significant investments in industrial and educational sectors.

### **GERMANY – GDP: USD 4.71 TRILLION**

Germany ranks as the fourth-largest economy in the world, driven by its highly developed social market economy, where approximately 39% of its GDP comes from exports. The country combines the principles of open-market capitalism with strong social welfare guarantees. As a result, key service sectors such as telecommunications, healthcare, and tourism play a major role in its economic growth. Germany also benefits from a highly skilled workforce and a strong emphasis on innovation, with global leadership in industries such as chemicals, machinery, and automotive manufacturing.

### **JAPAN – GDP: USD 4.07 TRILLION**

Japan ranks as the third-largest economy in the world by nominal GDP. Its global economic standing is supported by major industries such as electronics and automotive manufacturing. The country consistently maintains trade and investment surpluses, while its highly skilled and capable workforce plays a vital role in driving corporate growth. These combined factors have positioned Japan among the world's leading economies.



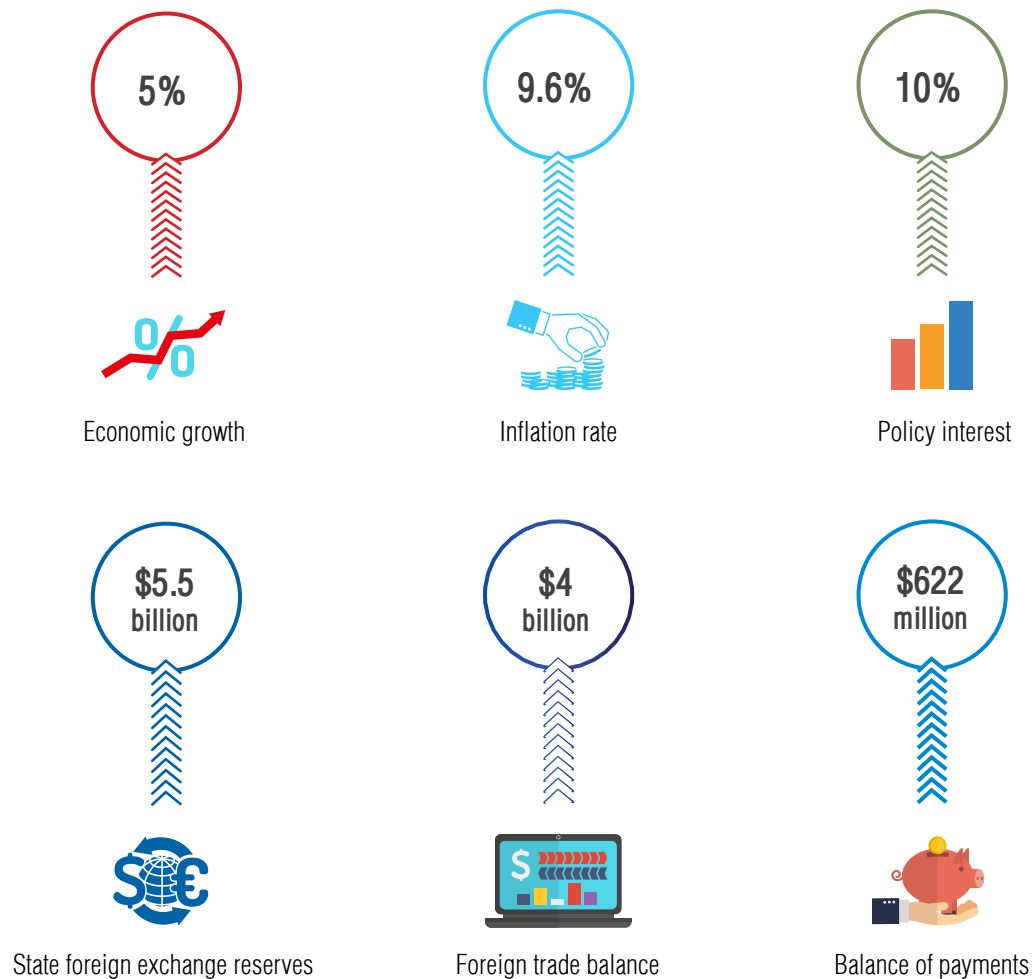
## ECONOMIC OVERVIEW OF MONGOLIA

According to the Mongolia Economic Update published by the World Bank, Mongolia's economy grew by 5.8% in 2023 and is projected to expand by 6.2% in 2024. The report highlights that this growth is primarily driven by increased mining production, a rebound in private consumption, and expanded government spending. Additionally, a dedicated section of the report emphasizes that the expansion of Mongolia's digital services sector presents opportunities for economic diversification.

Looking ahead to 2025–2026, the economy is expected to grow at an average rate of 6.3%, mainly fueled by significant increases in mining output—particularly copper concentrate production at the Oyu Tolgoi mine.

Mongolia's Gross Domestic Product (GDP), calculated by the production approach, reached an estimated MNT 80.0 trillion in 2024. This marks a 13.5% increase (MNT 9.5 trillion) from the previous year. According to the National Statistics Office of Mongolia, this growth was largely driven by a MNT 2.0 trillion (10.0%) increase in the mining and extraction sector and a MNT 6.4 trillion (22.2%) rise in the value added by the services sector.

► Table 2. Implementation of the decision

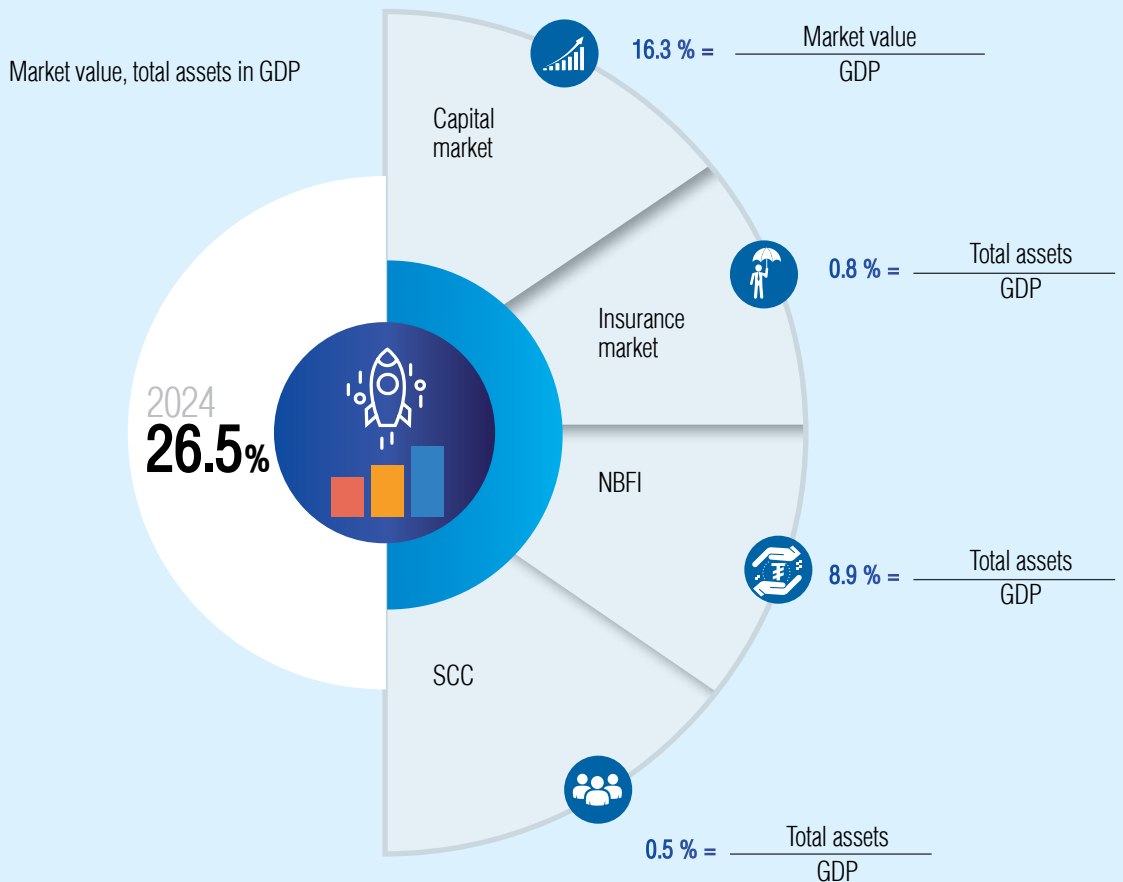


# OVERVIEW OF THE FINANCIAL MARKET

In 2024, the financial sectors regulated by the Financial Regulatory Commission of Mongolia—including the capital market, insurance market, non-bank financial institutions (NBFIs), and savings and credit cooperatives—collectively accounted for 26.5% of the country's Gross Domestic Product (GDP) (measured by the production method). This represents a 1.6 percentage point increase compared to the previous year.

The growth was primarily driven by a 16.3% increase in the capital market valuation and an 8.9% rise in total assets within the NBFIs sector.

▶ Table 3. Administrative Norms and Regulations Registered in 2024

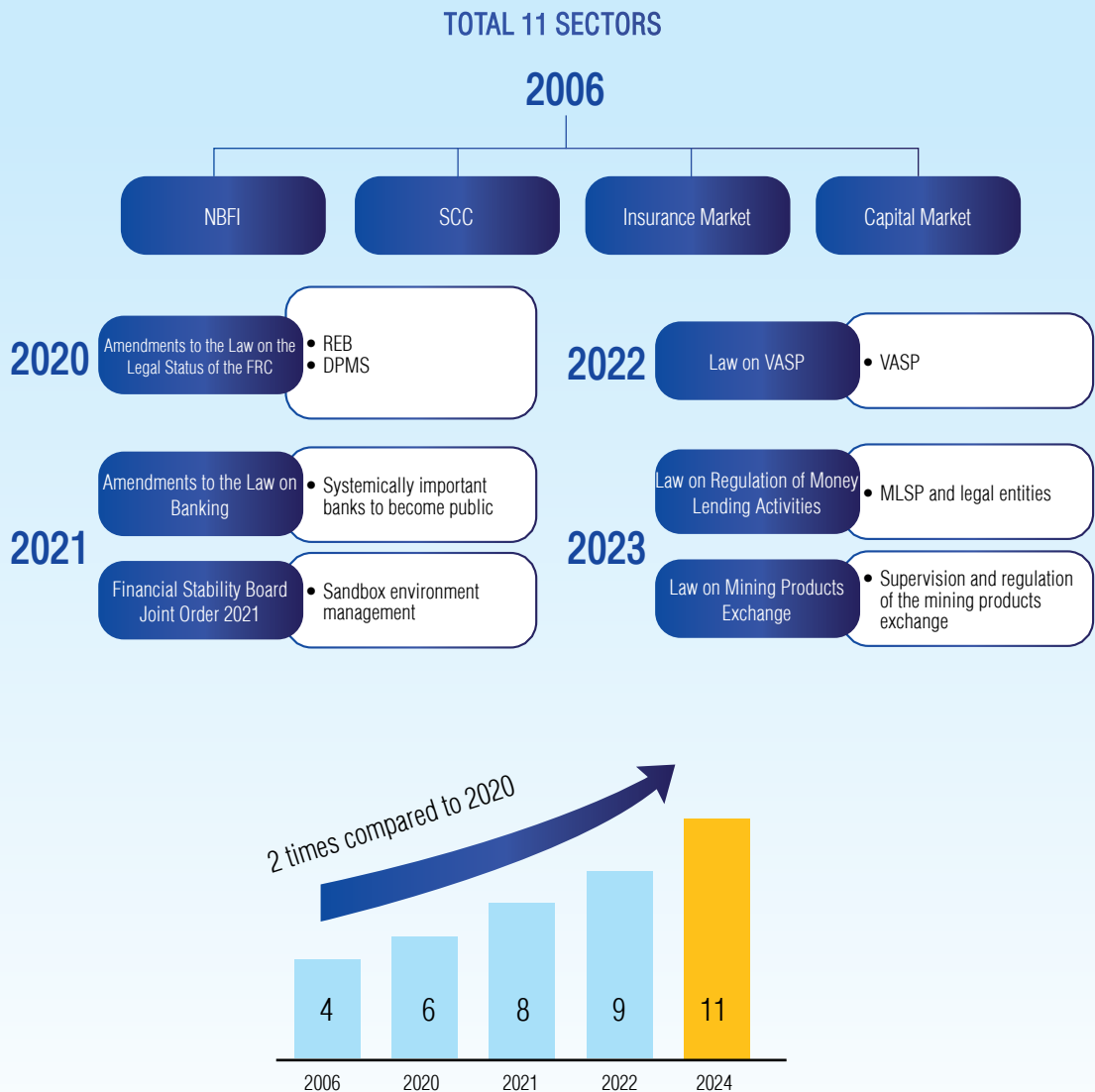


## REGULATORY SECTORS

Since its establishment in 2006, the Financial Regulatory Commission (FRC) of Mongolia has been responsible for ensuring the stability of four key financial sectors—securities, insurance, non-bank financial institutions (NBFIs), and savings and credit cooperatives. The Commission’s mandate includes regulating financial services, monitoring compliance with relevant legislation, and protecting the rights and interests of investors and clients.

Over time, due to amendments and the introduction of new legal frameworks, the scope of regulation has significantly expanded. As of 2024, the FRC regulates a total of 11 sectors, covering both financial and non-financial business sectors.

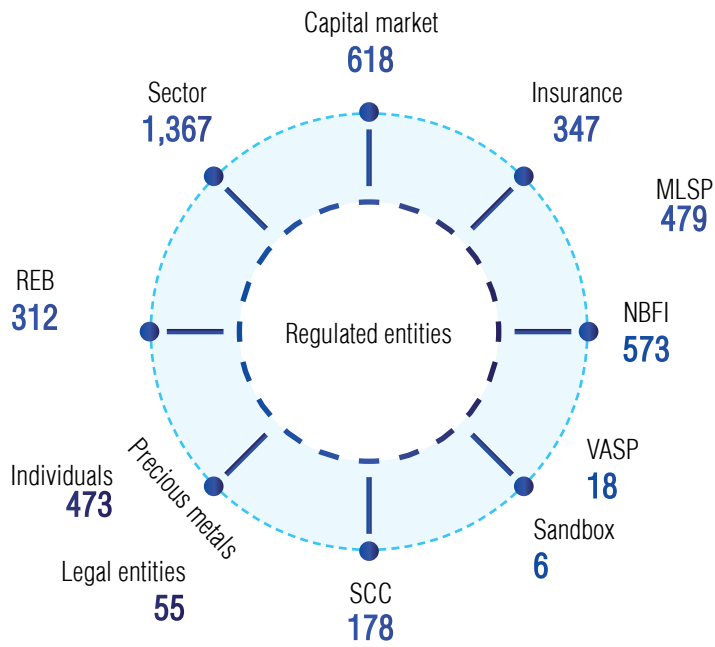
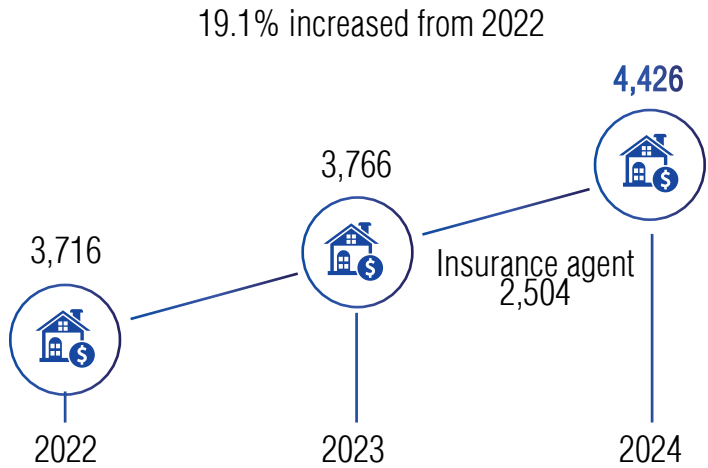
### FINANCIAL SECTOR



# CURRENT STATE OF THE FINANCIAL MARKET

As of 2024, the Financial Regulatory Commission (FRC) is overseeing the operations of approximately 7,000 regulated entities across 11 financial and non-financial business sectors. This represents a 19.1% increase compared to the number of entities monitored in 2020.

► Table 4. Organized trainings in the regulatory sector



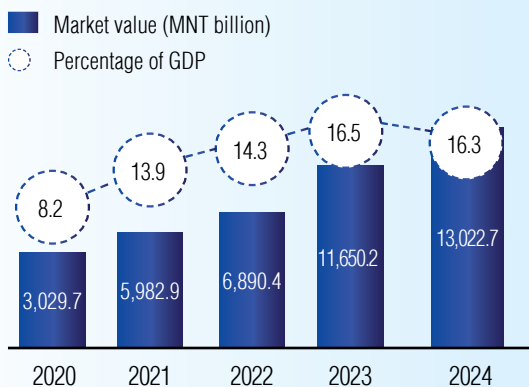
## CAPITAL MARKET

In the securities market, there are 618 regulated entities and public companies operating.

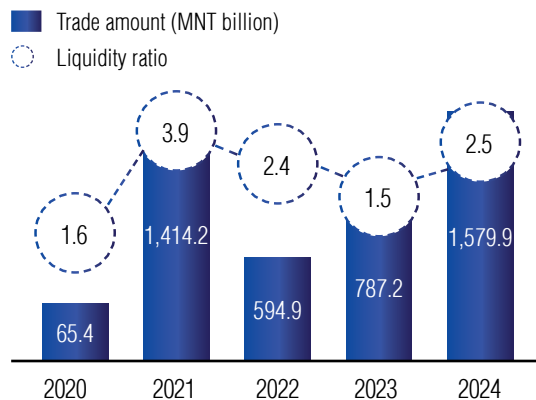
In the reporting year, the market capitalization of the stock market reached a historical high of 13.0 trillion MNT. This represents an 11.8% increase, or 1.4 trillion MNT, compared to the previous year, equivalent to 16.3% of GDP measured by the production method.

In 2024, 1.6 trillion MNT worth of securities were traded, marking a twofold increase compared to the previous year. The breakdown of total transactions is as follows: 57.8% in corporate bonds, 22.7% in stocks, 6.5% in investment fund units (IFUs), and 13.0% in asset-backed securities (ABS). The liquidity ratio for secondary market stock trading is 2.5%.

▶ Figure 5. Capital market valuation



▶ Figure 6. Securities trading volume



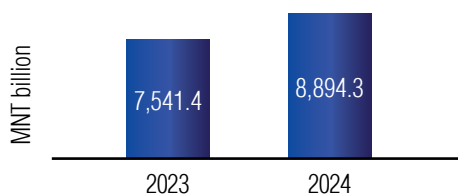
## MINING PRODUCT EXCHANGE

In 2024, 571 transactions were conducted through the mining product exchange, totaling 24.8 million tons of mining products traded for 8.9 trillion MNT. This represents a 17.9% increase compared to the previous year. The distribution of the trading volume is as follows: 93.0% of the transactions were in coal, 6.4% in iron ore and concentrate, 0.5% in copper concentrate, and 0.1% in fluor spar.

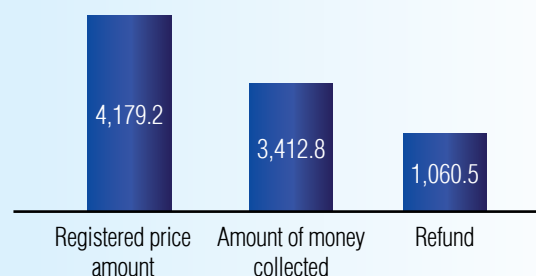
## OVER-THE-COUNTER (OTC) TRADING

In 2024, 131 debt instruments from 95 issuers were registered on the OTC market. Of these, debt instruments totaling 1,781.9 billion MNT were registered, with 1,670.2 billion MNT successfully raised. Additionally, debt instruments worth 91.8 million USD were registered, with 71.9 million USD successfully raised.

▶ Figure 7. Trading results



▶ Figure 8. Trade amount (MNT billion)



## INSURANCE MARKET

As of 2024, the insurance market consists of 20 insurance companies, including 17 general insurance companies, 2 life insurance companies, and 1 reinsurance company. There are also 60 insurance brokerage firms, 29 insurance loss assessors, 151 auditors, 40 actuaries, and 2,504 insurance agents, all operating under special permits or licenses granted by the Financial Regulatory Commission.

Over the past 5 years, the total assets of the sector have increased by an average of 19.4% annually, while insurance premiums have grown by 13.1%

each year. The sector plays a vital role in protecting rural households from poverty by providing coverage for livestock against disasters like drought and blizzards, reducing transportation accident losses, and safeguarding mortgage borrowers from financial risks. The share and significance of these products and services in the economy have been steadily increasing year by year.

Key indicators of the insurance sector's development include the insurance penetration rate, which stands at 0.64% of GDP, and the insurance density, which is 142,736 MNT per capital.

Figure 9. Insurance sector (Total assets and Reserve fund)

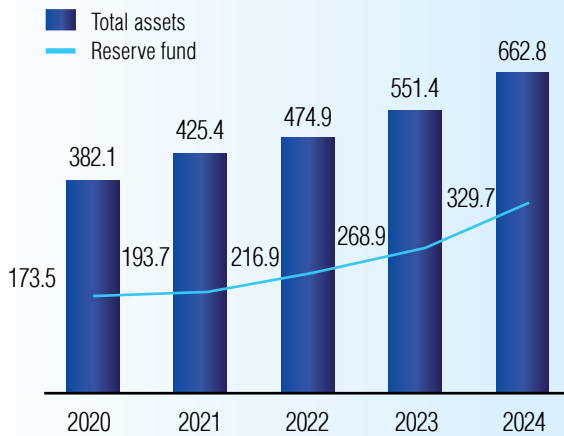


Figure 10. Insurance reimbursement

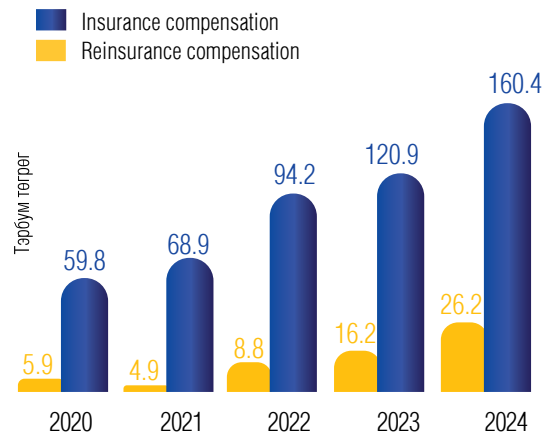


Figure 11. Insurance fee (MNT billion)

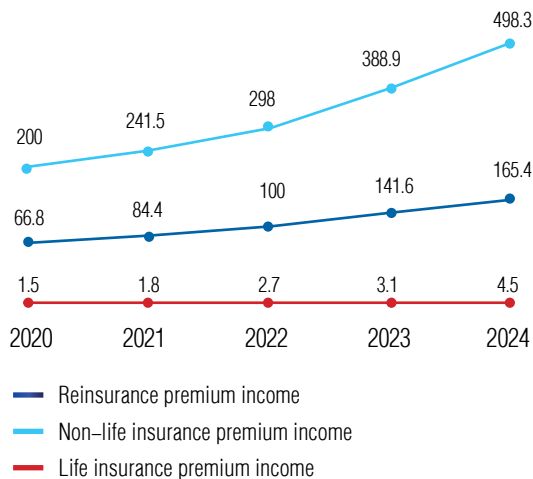
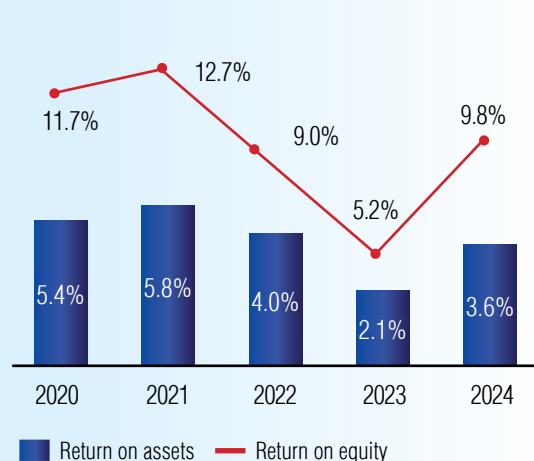


Figure 12. Return on equity and capital (MNT billion)



# NON-BANK FINANCIAL INSTITUTIONS SECTOR

There are a total of 573 non-bank financial institutions (NBFIs) in Mongolia, with 116 branches and 521 branch offices, 12 representative offices, and 5,964 employees. These institutions serve approximately 5.4 million customers and 2.3 million borrowers across all 21 provinces and 8 districts. Of the total number of customers, 94.4% (5,088,561 people), and of the total borrowers, 75.8% (1,749,538 people), use financial services that incorporate technology (fintech) and online lending services provided by NBFIs.

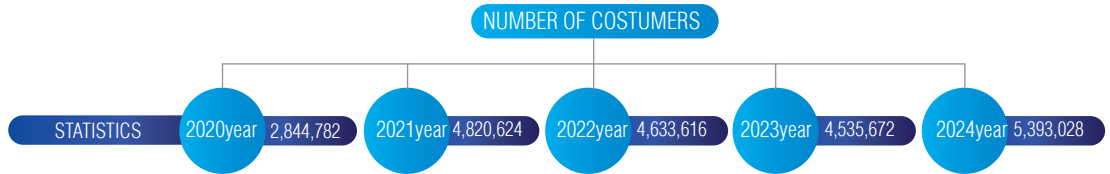


Figure 13. NBF total assets and loan amount (trillion MNT) and growth

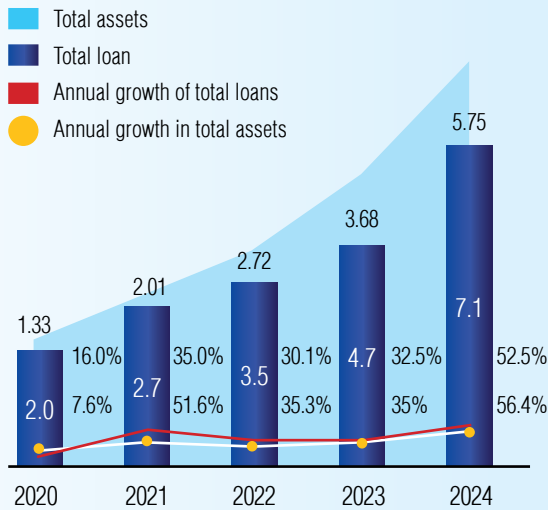


Figure 14. NBF loan classification (trillion MNT)

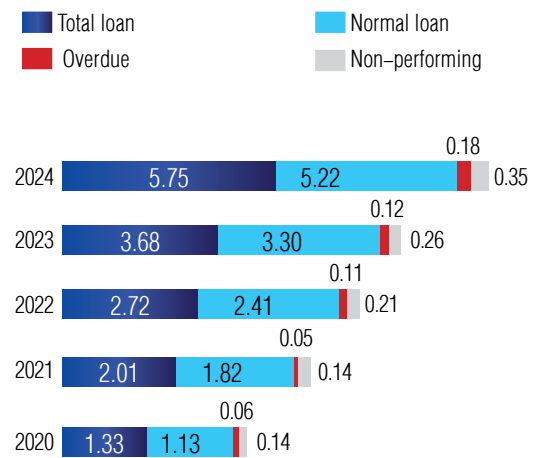


Figure 16. NBF total income, total expenses and net income (trillion MNT)

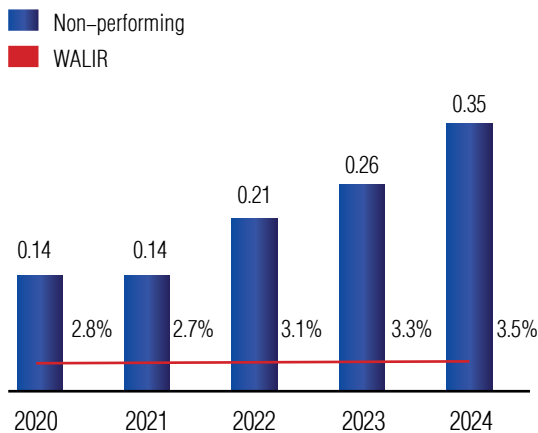
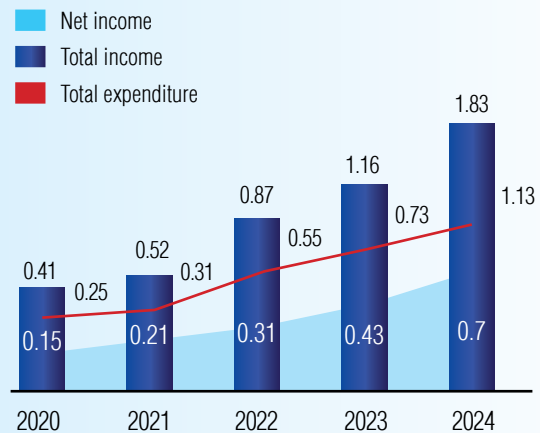


Figure 16. NBF total income, total expenses and net income (trillion MNT)

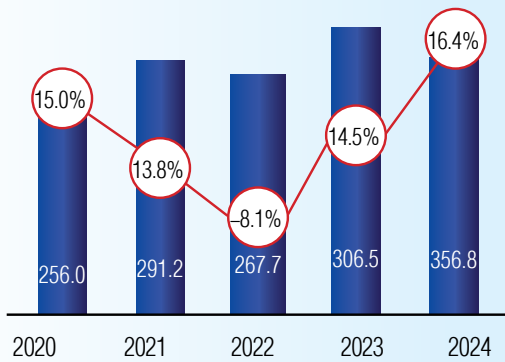


# SAVINGS AND CREDIT COOPERATIVES (SCC) SECTOR

In Mongolia, there are 178 Savings and Credit Cooperatives (SCCs) and their 61 branches, providing savings and loan services to their members. Among these, 87 SCCs are based in Ulaanbaatar, while 91 are located in the provinces. The number of members in SCCs has increased by 3.8% compared to the previous year, reaching a total of 75,252 members. The total capital contribution of SCCs has grown by 5.1%, amounting to 28.9 billion MNT, while the value of member-owned assets has risen by 27.8%, reaching 53.4 billion MNT.

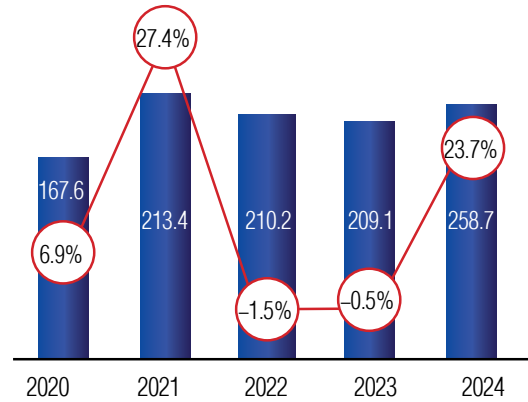
▶ Figure 17. SCC total assets

- Total assets (billion MNT)
- Total asset growth (%)



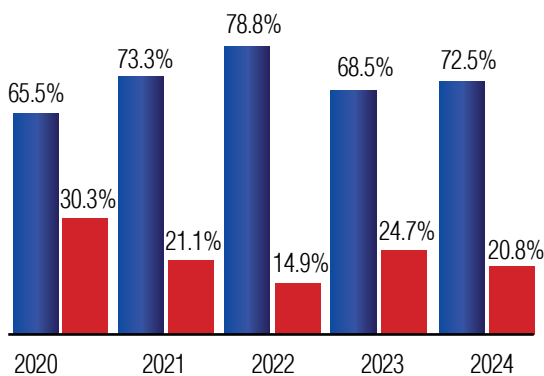
▶ Figure 18. SCC loan

- Total loan (billion MNT)
- Annual growth of loans (%)



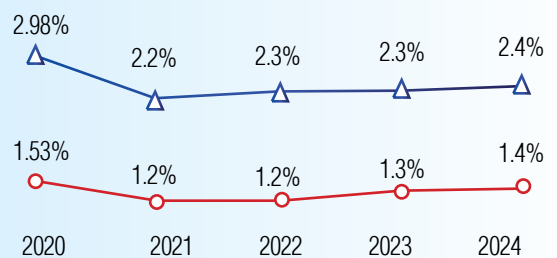
▶ Figure 19. SCC liquidity

- (Short-term investment+Total loan) / Total assets
- Cash / Total assets



▶ Figure 20. SCC loan and weighted average loan interest rate

- ▲ WALIR
- WAIRD

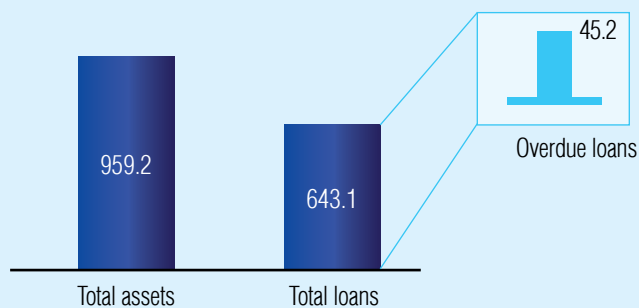


## MONEY LENDING SERVICE PROVIDERS

As of now, there are 479 money lending service providers in Mongolia, consisting of 326 legal entities and 153 individuals. Among them, 21 providers operate 115 branches, with 71 legal entities registered with the Financial Regulatory Commission. Of the total, 313 are based in Ulaanbaatar, while 166 operate in regional areas.

The total assets of the money lending sector amount to 959.2 billion MNT, with outstanding loan balances reaching 643.1 billion MNT. Of this, 7%, or 45.2 billion MNT, represents overdue loans.

► Figure 21. Total assets and loan (billion MNT)



## REAL ESTATE BROKERAGE SECTOR (AND AGENTS)

As of 2024, a total of 312 real estate brokerage organizations are registered in the Real Estate Brokerage Sector (REBS), employing 1,310 agents and 324 brokers. These organizations have a combined contributed capital of 7.3 billion MNT, invested by 465 shareholders. In 2024, they reported accumulated profits of 30.0 billion MNT and total assets amounting to 224.6 billion MNT. Compared to the previous year, accumulated profits increased by 15.8%, while total assets declined by 7.5%.

► Figure 22. Profitability



89

89 entities had no profit and no loss

122

122 entities had 7.0 billion MNT loss

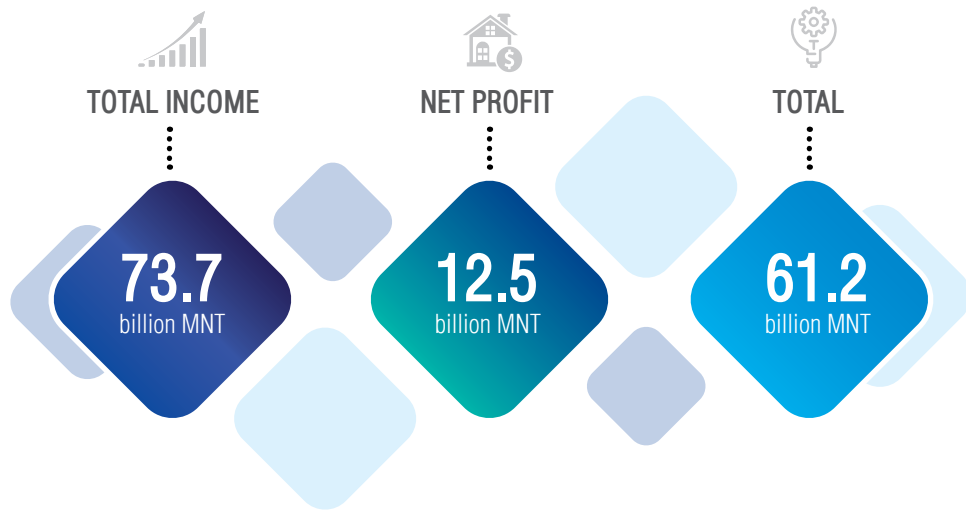
101

101 entities had 16.7 billion MNT profit

## DEALERS IN PRECIOUS METALS AND STONES

In the sector of precious metals and stones or articles made from them, a total of 55 legal entities and 473 individuals are actively operating. In 2024, traders in this sector purchased 1.6 tons of precious metals worth 323.3 billion MNT and sold 1.4 tons worth 324.7 billion MNT. Additionally, precious jewelry and articles made from these materials valued at 29.7 billion MNT were purchased, and items worth 48.6 billion MNT were sold.

### PROFITABILITY



## VIRTUAL ASSET SERVICE PROVIDER SECTOR

As of 2024, 12 legal entities are operating as Virtual Asset Service Providers (VASPs) in Mongolia, with a combined total asset value of 77.9 billion MNT. Through these platforms, 645 virtual assets are actively traded, of which 6.5% (42 assets) are domestic virtual assets.

The market valuation of domestic virtual assets has reached 258.3 billion MNT, representing an increase of 16.4 billion MNT (6.8%) compared to the previous year. A total of 921,022 users (duplicated count) are registered with VASPs, with 1.5% (14,011 users) actively participating in trading activities.

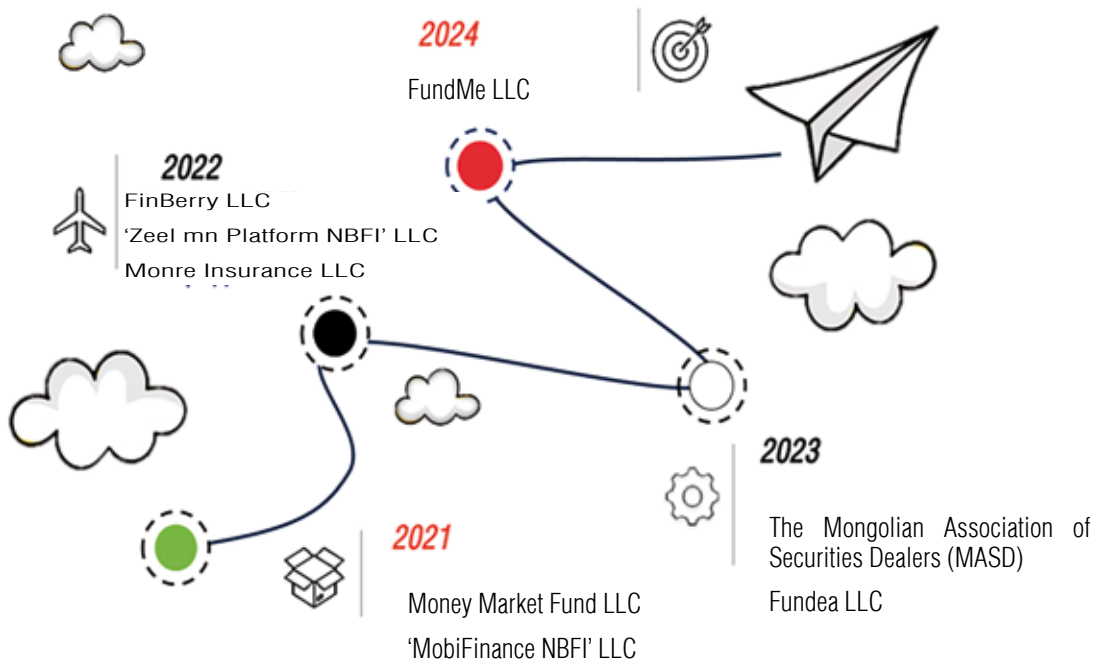


## REGULATORY SANDBOX ENVIRONMENT

Within the sandbox regulatory environment, six types of products and services are currently being piloted, including repo transactions between non-bank financial institutions (NBFIs), peer-to-peer (P2P) lending services, two forms of crowdfunding (reward-based and donation-based), a blockchain-based over-the-counter (OTC) trading system, and short-term B2B financing intermediation services.

A total of 41 lenders and 32 borrowers participated in repo transactions between non-bank financial institutions (NBFIs), conducting 1,555 trades amounting to 318.1 billion MNT.

The crowdfunding service facilitated the publication of 53 projects totaling 1.9 billion MNT, successfully raising 354.3 million MNT through 35 reward-based, 16 donation-based, 1 loan-based, and 1 equity-based crowdfunding projects; meanwhile, peer-to-peer (P2P) lending services intermediated loans worth 3.4 billion MNT to 9,807 clients, B2B lending services—launched in February 2024—have provided 50.9 billion MNT in loans to 162 clients, and blockchain-based OTC market transactions reached 93,745 securities traded with a total value of 9.4 billion MNT.





Regulatory  
Environment



## POLICY COUNCIL



A Policy Council operates under the Financial Regulatory Commission to assist in the implementation of laws and regulations within the scope of the Commission's functions. Its purpose is to support activities related to defining, regulating, and monitoring financial market stability policies.

## SECURITIES POLICY COUNCIL

At the meeting held on October 8, 2024, a decision was made to discuss the proposals submitted by the relevant brokers regarding the mediation of transactions in the mining product exchange through brokers, and to issue policy recommendations. In the meeting held on March 29, 2024, the Financial Regulatory Commission, in collaboration with the Mongolian National Chamber of Commerce and Industry and the Mongolian Stock Exchange, agreed to work with relevant organizations, including securities



market infrastructure institutions, to provide companies with consultation and information.

## THE INSURANCE POLICY COUNCIL



On November 13, 2024, the Council held a meeting to discuss issues related to promoting the proper functioning of the insurance market, supporting product innovations that align with the green economy and climate change, and policy recommendations. In this context, the Council adopted a recommendation to develop and promote the principle of «serving customers fairly» among industry participants.

## MICROFINANCE POLICY COUNCIL

At the regular meeting held on June 14, 2024, information was exchanged and discussed regarding the current situation, as well as the measures implemented and planned actions in the areas of supervision, inspection, and regulation.

At the regular meeting held on December 4, 2024, the policy measures implemented in the NBF and SCC sector, as well as research on technology-based



products and services in the sector, were reviewed, and policy recommendations were made.

## MONEY LENDING ACTIVITY POLICY COUNCIL



The council discussed the research conducted regarding the setting of the maximum interest rate for loans provided by money lending entities, as well as the draft templates for loan, collateral, and guarantee agreements. Additionally, they reviewed the methodology for calculating interest rates and determined the maximum interest rate for loans provided by money lending entities to be 4.5% per month.

# CAPITAL MARKET



## IMPROVEMENT OF THE LEGAL ENVIRONMENT

The law amending and supplementing the Securities Market Law, along with other related bills, were passed during the unified session of the State Great Khural on May 16, 2024, and the legal regulatory reforms were implemented accordingly.

By the joint orders A-169 and 283 of the Governor of the Bank of Mongolia and the Chairman of the Financial Regulatory Commission in 2024, the «Custody Operations Procedure» has been newly approved.

With the adoption of this revised procedure, the processes related to securities registration, ownership rights verification, and the relationship between custodians have been clarified. The roles and responsibilities of custodians, transparency of information, centralized securities custody, and coordination between custodians have been improved. These changes are expected to lead to positive outcomes, such as reduced time for transferring client assets to other custodians and faster securities collateralization



By the joint order No. 94/A/62 of the Chairman of the Financial Regulatory Commission and the Minister of Justice and Home Affairs in 2024, the «Procedure for registering a portfolio of asset-backed securities with a special notation» has been newly approved.



A regulation has been approved to govern the determination of income subject to corporate income tax on the proceeds from the sale of securities, as well as the withholding, calculation, payment to the budget, and reporting related to these matters.

The timeline for distributing dividends has been clearly defined. Companies that have decided to distribute dividends must complete the distribution within four months after the end of the financial year, or by April 30th, and submit their report to the Financial Regulatory Commission. This regulation ensures that shareholders receive their dividends in a timely and efficient manner, which enhances investor confidence in the market and plays a crucial role in protecting their rights.

The regulatory framework has been established, requiring companies listed in the first category of the stock exchange to mandatorily disclose their Environmental, Social, and Governance (ESG) and Sustainability Reports to the public.

## EXPANSION OF CAPITAL MARKET PRODUCTS AND SERVICES

As part of ensuring the implementation of the 'Program to Support the Listing of the Top 100 Enterprises on the Capital Market,' forum events and a one-stop service have been established.



A government resolution has been passed to add copper and molybdenum concentrates and products to the list of products and categories traded on the mining products exchange. As a result, copper and molybdenum concentrates and products are now being traded on the mining products exchange.

## PROMOTIONAL EVENT TO INTRODUCE THE MONGOLIAN CAPITAL MARKET TO INTERNATIONAL MARKET

### "MONGOLIA'S CAPITAL MARKET CONNECTIVITY:

Singapore, Korea

### "MONGOLIAN INVESTMENT FORUM":

New York, Singapore



### Turkish Stock Exchange

A formal meeting was held with the Vice President of the Turkish Stock Exchange (Borsa Istanbul), and an agreement was made to collaborate in developing the financial sector, particularly the capital market, of both countries..



### U.S. Commodity Futures Trading Commission (CFTC)

A formal meeting was held with representatives of the U.S. Commodity Futures Trading Commission (CFTC), and an agreement was made to collaborate in developing the derivative financial instruments market of Mongolia.



### U.S. Securities and Exchange Commission (SEC)

A formal meeting was held with representatives of the U.S. Securities and Exchange

Commission (SEC), and as a result, the Commission's officials were included in capacity-building training organized by the SEC.



### Navigating OTC Markets: A Pathway to Capital for Global Issuers» Webinar

The Financial Regulatory Commission, in collaboration with the

U.S. OTC Markets Group, organized a webinar to provide information about raising capital from this market and the related conditions and requirements. As part of the collaboration with this organization, efforts are being made to grant the Mongolian Stock Exchange (MSE) the status of a «Recognized Exchange».



### Toronto Stock Exchange

The Financial Regulatory Commission, in collaboration with the Toronto Stock Exchange, organized a webinar to provide information on the conditions and requirements for foreign securities issuers to dual-list on this exchange, as well as the key regulatory provisions and reporting requirements.

## INSURANCE MARKET



### A DRAFT OF THE LAW IS UNDER DEVELOPMENT

The draft of the **Insurance Package Law** has been finalized and prepared for presentation at the Cabinet meeting and submission to the State Great Khural, in cooperation with the Ministry of Finance. Once the law is passed, it will create a regulatory environment to support the development of products and services based on electronic transactions and advanced technologies, establish a multi-pillar insurance system, and foster an environment that supports life insurance. It will also improve the framework for implementing reinsurance and risk management tools, enhance the system for preventing systemic risks, and build a regulatory environment aimed at strengthening the capacity of industry professionals.

The draft bill to amend the **Law on Indexed Livestock Insurance** was developed in collaboration with the Ministry of Finance and «National Reinsurance» JSC. The proposed amendments aim to better align the insurance products and services for herders with their specific needs and demands, increase the interest of herders in enrolling in insurance, and ultimately expand the coverage of herders' insurance. This will play a key role in ensuring the financial stability of herders, increasing insurance participation, and reducing the impact of risks such as harsh winter conditions (zud).

As part of the development of the draft law on Private Supplemental Pensions, a working group was established under the Minister of Family, Labor, and Social Protection's Order No. A/48 of 2024. The group is currently working on finalizing the draft of the **Private Supplemental Pension Law**.

The proposed amendments aim to improve the regulations for calculating long-term insurer underwriting risks, allow for the separate calculation of the insurer's liabilities related to investment and insurance risks, and enable the calculation and reporting of their reserve funds.



### THE LEGAL FRAMEWORK HAS BEEN ENHANCED

By the Financial Regulatory Commission's Resolution No. 632 of 2024, the Annex 1 of the Insurance Package Regulations, titled «Requirements and Compliance Indicators for Insurers and Insurance Professionals,» has been amended to include updated requirements and regulations for mortgage insurance activities.

The revised regulations ensure that mortgage insurance operations align with international standards and meet the needs and requirements of policyholders. The amendments will address the extension of insurance contracts, increase insurance coverage, and lead to the development of a consolidated database for mortgage insurance, generating significant results and benefits.

Furthermore, the «Solvency Indicators for Insurers and the Regulation for Monitoring Them» was updated and approved by the Financial Regulatory Commission's Resolution No. 559 of 2023, which took effect on January 1, 2024.

With the implementation of this regulation, insurers are now better equipped to operate more efficiently in accordance with their capabilities, reduce the amount of non-performing assets, and determine and accumulate the necessary capital or equity in line with the risks they assume. Insurers have begun focusing on these areas to ensure sound financial management.

By the joint Order No. A/146/499 of the Minister of Justice and Internal Affairs and the Chairman of the Financial Regulatory Commission of 2024, amendments were made to the «Regulation on Including Vehicle Owners and Operators Transiting or Temporarily Entering the Territory of Mongolia in the Driver's Insurance Scheme.»

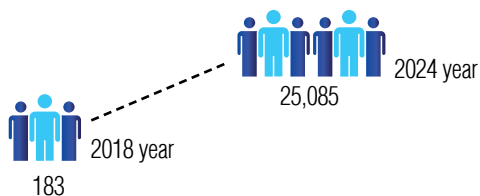
As a result, the restriction allowing only one insurance broker to operate in border areas was lifted, enabling all insurance broker companies that meet the requirements to sell driver liability insurance.

Additionally, the Financial Regulatory Commission's Resolution No. 632 of 2024 approved the updated «Insurance Package Regulations.» The first annex of the regulations, titled «Requirements and Compliance Indicators for Insurers and Insurance Professionals,» has been amended accordingly.

## INSURERS' INVOLVEMENT IN THE CAPITAL MARKET HAS INCREASED

To support the capital market and increase investment opportunities for insurers, relevant regulations have been amended. As a result, significant changes have occurred in the investment portfolios of insurers, with investments made by insurance companies in the capital market reaching 101.7 billion MNT as of 2024.

With this, insurance companies are now able to publicly trade their shares and operate as joint-stock companies. The number of shareholders in the insurance sector has increased significantly, rising from 183 in 2018 to 25,085 in 2024, marking a 137-fold growth.



## EXPANSION OF INSURANCE PRODUCTS AND SERVICES

In accordance with the «Procedure for Issuing Insurance Guarantees by Insurers» approved by the Financial Regulatory Commission's Resolution No. 46 of 2023, insurers began issuing insurance guarantees in August 2024. In 2024, five insurance companies issued a total of 22.5 billion MNT in guarantees, including tender guarantees (9.8 billion MNT), performance guarantees (9.5 billion MNT), and advance payment guarantees (3.2 billion MNT), while collecting 1.6 billion MNT in guarantee fees.



Four new life insurance products have been registered, increasing the accessibility of long-term insurance.

Additionally, artificial intelligence has been integrated into the process of analyzing statistical data for driver insurance.

## THE 'INSURANCE 90' FORUM TOOK PLACE



In celebration of the 90th anniversary of the establishment and development of the insurance sector in Mongolia and in anticipation of «Insurance Day,» a forum titled «Insurance and Economic Resilience» was organized.

As a result of this forum, it was emphasized that accelerating the legal reform of the insurance sector is essential. Additionally, the key priorities for implementation in 2025–2026 were identified.

## NBFI SECTOR

### THE DRAFT LAW WAS OFFICIALLY SUBMITTED

A revised draft of the Law on Non-Banking Financial Activities was developed and submitted to the legislative initiators, with the aim of creating a legal framework that supports an inclusive and

citizen-friendly financial service environment, protects the rights of financial consumers, contributes to economic growth, and enables competitiveness in the international financial market. The draft was supported by the State Great Khural (Parliament), and a working group has been established to further develop it.

### REVISED REGULATION ON ACCOUNTING APPROVED



Under Joint Order No. A/226/528 of the Chairman of the Financial Regulatory Commission and the Minister of Finance, the revised “Accounting Procedure for Non-Banking Financial Institutions” was approved and has been in effect since January 1, 2024.

This updated procedure incorporates detailed provisions on the recognition, classification, and measurement of financial assets and liabilities, as well as the accounting treatment of transactions in accordance with International Financial Reporting Standards (IFRS), including IFRS 9 Financial Instruments, IFRS 13 Fair Value Measurement, IFRS 7 Financial Instruments: Disclosures, and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, along with relevant national accounting standards.

### AMENDMENTS MADE TO THE REGULATION OF THE MONITORING

To mitigate the negative impacts of climate change on traditional livestock farming, amendments were made to the “Procedure for Regulating and Supervising the Operations of the Credit Guarantee Fund.” As a result, 77.9% of the newly issued guarantees—amounting to 238.6 billion MNT—were allocated to financing activities under the “New Soum Movement” initiative.

### FINTECH-BASED NON-BANK FINANCIAL INSTITUTIONS ARE OFFERING SHORT-TERM WORKING CAPITAL FINANCING

In 2022, the Financial Regulatory Commission, in collaboration with the Ministry of Labour and Social Protection, launched a project to provide short-term working capital financing through Non-Bank Financial Institutions (NBFIs) that offer technology-based loan products, with funding sourced from the Employment Promotion Fund.

In order to further expand the project and improve its accessibility, an information session was organized for NBFIs offering fintech lending services. During the session, participants were introduced to the objectives and selection criteria of the project. Over 40 NBFIs with special licenses to operate fintech lending services took part in the event and received relevant information.

### FINTECH SERVICE PROVIDERS ISSUE JOINT STATEMENT



The Financial Regulatory Commission, in collaboration with the Public Center for Combating Cyber Attacks and Incidents and the Fintech Association, organized the «FINSEC» Forum.

The forum brought together executives and information security officers from over 50 fintech service providers. As an outcome of the forum, all participating organizations endorsed a joint appeal and agreed to a «Protocol for Information Sharing on Cybersecurity Incidents and Coordination.»

### PROJECT DISCUSSION MEETING TOOK PLACE

With financing from the Asian Development Bank (ADB), the “Knowledge and Support Technical Assistance on Developing Fintech Legal and Regulatory Frameworks for Mongolia” project has been under implementation since November 2023.

As part of this initiative, a consultative meeting was held on June 10, 2024, to discuss the initial draft recommendations. Representatives from the project’s consulting firm and ADB participated in the meeting, during which the Financial Regulatory Commission (FRC) presented an overview of the current legal and regulatory environment for fintech operations within non-bank financial institutions (NBFIs) and facilitated an exchange of views.

## SCC SECTOR

### WITHIN THE FRAMEWORK OF IMPROVING THE LEGAL ENVIRONMENT

The “Accounting Regulation for Savings and Credit Cooperatives (SCCs),” which must be adhered to by all entities and organizations operating as SCCs, was jointly developed with the Ministry of Finance in alignment with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). The regulation was approved by the Minister of Finance under Order No. A/49 of 2024.

In collaboration with the Ministry of Finance, three training sessions were conducted to introduce the new regulation, involving 145 participants, including representatives from the MOCCU and various SCCs.



By Resolution No. 286 of 2024, the Financial Regulatory Commission (FRC) approved the revised “Prudential Ratio Indicators for Savings and Credit Cooperatives (SCCs),” which has been registered under No. 6880 in the Unified State Registry of Administrative Acts.

In accordance with this regulation, SCCs are required to submit quarterly reports on loan and green loan interest rates and terms.

By Order No. 148 of 2024 issued by the Chairman of the Financial Regulatory Commission, the “Standardized Template for Internal Control Checklists of Savings and Credit Cooperatives (SCCs)” was approved.

This marks a transition toward a risk-based supervision and inspection system for overseeing SCC operations.

### CONSULTATION HELD WITH REPRESENTATIVES OF ASIAN SAVINGS AND CREDIT COOPERATIVES



On June 21, 2024, representatives from the Asian Confederation of Credit Unions (ACCU) were received for a meeting to exchange views on the development and future trends of the savings and credit cooperative sector.

### TRAINER TRAINING CONDUCTED FOR SCC LEADERS

In cooperation with the Association of Asian Confederation of Credit Union (ACCU), the MOCCU organized a Training of Trainers (ToT) program for leaders of Mongolian savings and credit cooperatives from June 17 to 20, 2024.



## DPMS SECTOR

### THE “MONGOLIAN JEWELLERY & METAL FORUM 2024” WAS SUCCESSFULLY CONVENED.

In order to enhance coordination among participants in the precious metals and stones or articles made from them sector, to support them through policy and regulatory frameworks, and to define the sector’s development policy and strategy for 2025–2027 as well as to strengthen inter–agency collaboration, the Financial Regulatory Commission, in cooperation with the National Association of Professionals in the Precious Metals, Stones, and Jewelry Sector (NAP–PMSJ), successfully organized the “Mongolian Jewellery & Metal Forum 2024.”



### ESTABLISHED A MEMORANDUM OF UNDERSTANDING (MOU) WITH THE NATIONAL ASSOCIATION OF PROFESSIONALS IN THE PRECIOUS METALS, STONES, AND JEWELRY SECTOR



In order to develop the sector, enhance its impact on the socio–economic landscape, strengthen the capacity of professional market participants, promote accountability and professionalism, ensure fair competition, and improve coordination and collaboration between public and private sector organizations, the Financial Regulatory Commission and the National Association of Professionals in the Precious Metals, Stones, and Jewelry Sector (NAP–PMSJ) signed a Memorandum of Understanding (MoU) on April 11, 2024.

### THE “MONGOLIAN JEWELLERY & METAL EXPO–2024” WAS SUCCESSFULLY HELD FOR THE



To promote Mongolia’s unique cultural heritage, artistic creations, and the products and services of the sector to the public, the Financial Regulatory Commission and the National Association of Professional in the Precious Metals, Stones, and Jewelry Sector (NAP–PMSJ) jointly organized the “Mongolian Jewellery & Metal Expo–2024” from April 12 to 14, 2024.

The exhibition and trade fair brought together participants from across the precious metals sector to showcase their work and engage with the wider community.

### MEETING HELD WITH REPRESENTATIVES FROM THE U.S.–BASED NATIONAL ASSOCIATION OF REALTORS AND THE PROFESSIONAL ASSOCIATION “JARECO”

On June 12, 2024, Mr. T. Tserenbadral, Vice–Chairman of the Financial Regulatory Commission, received and held discussions with over 10 representatives from the U.S.–based National Association of Realtors and the professional association JARECO. The meeting focused on improving the legal and business environment for real estate and investment, protecting the rights and interests of consumers and clients, and enhancing collaboration among relevant stakeholders. Discussions also covered opportunities to develop the sector in line with international standards, exchange best practices, and implement appropriate policy measures to support sustainable growth.

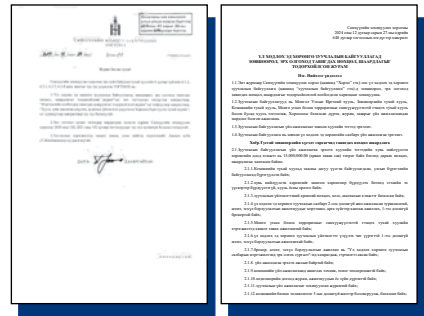
# REAL ESTATE BROKERAGE SECTOR

## REGULATIONS HAVE BEEN REVISED AND APPROVED



By the Financial Regulatory Commission's Order No. 648 of 2024, the following regulations have been revised and approved:

- Regulation on the Conditions for Granting Licenses and Permissions to Real Estate Brokerage Organizations
- Regulation on the Requirements for Professional Associations
- Regulation on the Registration of Legal Advisory and Audit Services with the Commission



## THE INDUSTRY WILL BE STAFFED WITH SPECIALIZED HUMAN RESOURCES

In collaboration with the School of Economics and Finance and the Mongolian Real Estate Management Academy, Mongolia has successfully launched its first-ever Master of Business Administration (MBA) in Real Estate Management program, offering specialized qualifications in real estate management.

## 'GREEN REALTOR TRAINING PROGRAM' SUCCESSFULLY IMPLEMENTED IN MONGOLIA



For the first time in Mongolia, the «Green Realtor Training Program» has been successfully implemented as part of efforts to increase the accessibility of green financing. This initiative was carried out through collaboration between the Mongolian Real Estate Management Academy, National University of Mongolia, and the Mongolian University of Science and Technology.

The project aims to equip realtors with academic-level knowledge on green development, green buildings, green financing, and social and environmental impact, while also providing a comprehensive training program to develop interdisciplinary professionals in the field.



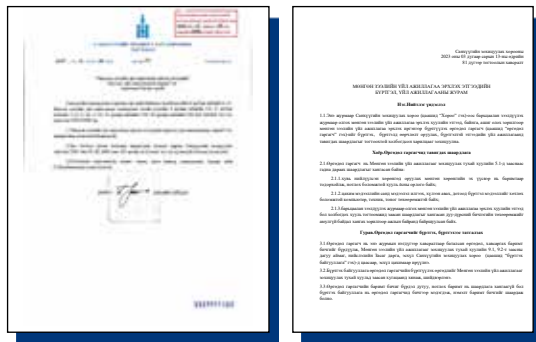
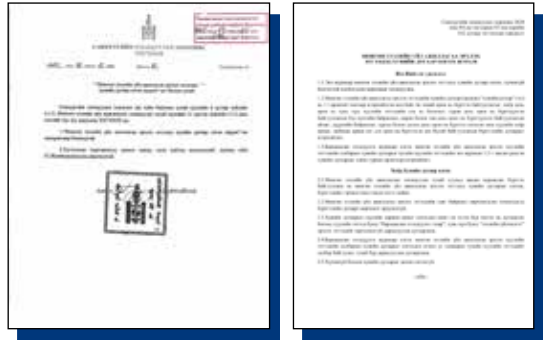
## INFORMATION PROVIDED TO CITIZENS AND THE GENERAL PUBLIC

To raise public awareness and promote a unified understanding of activities in the real estate brokerage sector, as well as in the trade of precious metals, stones, and related articles, informational posters were developed and distributed to citizens and the general public.

# MONEY LENDING SECTOR

## THE REGULATION HAS BEEN REVISED AND APPROVED

The "Regulation on Assigning Identification Numbers to Entities Engaged in Money Lending Activities," originally approved by the Financial Regulatory Commission under Resolution No. 83 of 2023, has been revised and reapproved. This updated regulation will be used by the Financial Regulatory Commission in cooperation with provincial and district governors to assign unique, uninterrupted identification numbers to entities engaged in money lending activities. The assigned ID numbers will be used to mark the registration certificates issued to these entities, ensuring consistency and traceability in the registration process.

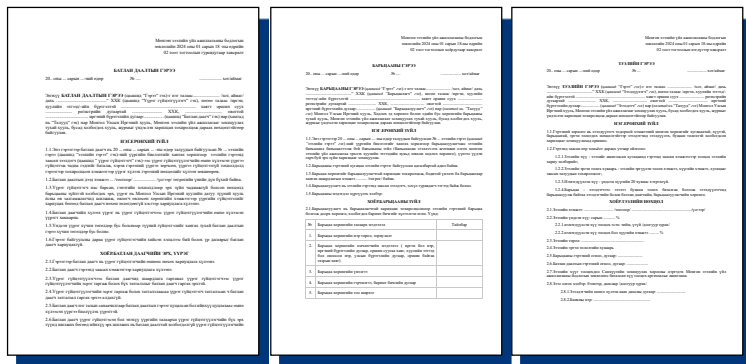


To streamline registration procedures, the Financial Regulatory Commission has consolidated and updated several existing regulations related to money lending activities. As a result, the "Regulation on Registration

and Operations of Entities Engaged in Money Lending Activities" was newly approved under Resolution No. 641 of 2024.

This comprehensive regulation brings together the provisions of the following previously approved regulations:

"Regulation on Registration and Operations of Money Lending Entities" (Resolution No. 81, 2023), "Regulation on Maintaining the Registry, Reporting, and Submission of Information for Money Lending Activities" (Resolution No. 82, 2023), "Regulation on Assigning Identification Numbers to Entities Engaged in Money Lending Activities" (Resolution No. 162, 2024). By unifying these regulations, the Commission has eliminated redundancies and established a single, consistent regulatory framework for governing the registration and operational requirements of money lending entities.



The general templates for loan, guarantee, and collateral agreements, approved by Resolution No. 02 of 2024 of the Monetary Loan Policy Council, have been registered in the State Unified Registry of Administrative Normative Acts.

## VIRTUAL ASSET SERVICE PROVIDER SECTOR

The Financial Regulatory Commission of Mongolia is working to ensure compliance with FATF Technical Recommendation 15 (New Technologies) related to virtual assets within the country.



### THE REGULATION HAS BEEN REVISED AND APPROVED

The relevant regulations governing the activities of Virtual Asset Service Providers (VASPs) have been harmonized and consolidated in accordance with the applicable laws. As a result, the Financial Regulatory Commission approved the «Regulation on the Operations of Virtual Asset Service Providers» under Resolution No. 657 of 2024.



### ON-SITE INSPECTION CONDUCTED

The Financial Regulatory Commission is regularly conducting remote monitoring and inspections by receiving real-time data through the API system, including detailed information on virtual asset service providers' (VASPs) transactions, user numbers, and price data on a daily basis.

In accordance with the “On-Site Inspection and Supervision Guideline for Virtual Asset Service Providers,” approved by Order No. 370 of 2024 issued by the Chairman of the Financial Regulatory Commission, on-site inspections were conducted on the operations of six designated companies, and evaluations and conclusions were provided.

### MEETING AND DISCUSSION ORGANIZED



(VASPs) were consolidated and amended to align with current legislation. A discussion was organized with the participation of sector stakeholders and representatives from the “Mongolian Association of Exchanges” NGO to review and gather input on these regulatory changes.

The Financial Regulatory Commission organized a meeting involving relevant government authorities and participants from the virtual asset sector. The purpose was to support the operations of sector participants, monitor and detect illicit financial flows, and openly discuss risks related to P2P services. As a result, measures to be taken in the future were outlined, with a focus on enhancing inter-sectoral cooperation. Additionally, the relevant regulations governing the operations of Virtual Asset Service Providers

### SELECTED TO REPRESENT APG



In September 2024, the Financial Regulatory Commission of Mongolia was selected to represent the Asia/Pacific Group on Money Laundering (APG) in the Virtual Asset Contact Group (VACG) under the Financial Action Task Force (FATF).

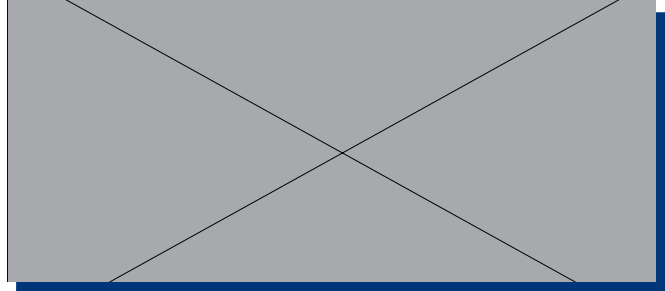
This group plays a key role in advancing the global implementation of international standards for Virtual Asset Service Providers (VASPs) and contributes significantly to shaping future policy directions in the virtual asset space.

## SANDBOX REGULATORY ENVIRONMENT

The Financial Regulatory Commission provides a controlled environment for testing new, innovative financial products and services based on technology. This opportunity allows for the testing of such products and services within a limited scope and timeframe, under the Commission's supervision and regulation.

### THE REGULAR MEETING OF THE SANDBOX COUNCIL WAS HELD

The regular meeting of the Sandbox Council was held on January 19, 2024, where five issues were discussed and decided, including testing new products and services in the sandbox environment, extending the testing period, implementing a transition plan for market entry, and exiting the sandbox environment.



### EXPANDING INTERNATIONAL COOPERATION

With funding from the Asian Development Bank (ADB), the project to develop the legal, regulatory, and supervisory environment for the fintech sector in Mongolia is being implemented. The project aims to: (1) develop a roadmap for the growth of Mongolia's fintech and innovation ecosystem, and (2) prepare evaluation and policy recommendation reports for the introduction of supervisory technology in financial monitoring and oversight. The Financial Regulatory Commission has been selected as the main implementing agency for this project, which will run until 2025.

Additionally, the Financial Regulatory Commission was chosen to lead the Regional Sandbox Implementation initiative under the Alliance Financial Inclusion's (AFI)



Eastern Europe and Central Asia regional initiative. This includes organizing a webinar for exchanging experiences on sandbox regulation among regional countries. The Commission also participated as a guest speaker in the conference organized

by the Association of Southeast Asian Central Banks on «Technological Development and Regulation in Payment Systems» and the AFI webinar on «Implementing Sandbox Regulation: Challenges and Lessons.» During these events, the Commission shared its experiences in implementing sandbox regulation in Mongolia.

### PROVIDED INFORMATION TO THE PUBLIC

A total of 24 meetings were organized with representatives from 11 companies interested in testing their products and services in the sandbox, as well as 6 companies currently testing their products within the sandbox environment. During these meetings, guidance and information were provided regarding the sandbox environment and the requirements set by the regulatory authorities. Additionally, the Financial Regulatory Commission participated in 18 training sessions and discussions, delivering information to the public on sandbox regulations and the development of the fintech market.



## TO ENHANCE THE KNOWLEDGE AND CAPABILITIES OF PARTICIPANTS IN THE FINANCIAL MARKET

In order to address the fundamental issues in the regulatory financial and non-financial business sectors, the Financial Regulatory Commission, in collaboration with professional associations, organizes relevant training sessions under the «Regulation on Training of the Financial Regulatory Commission». These sessions are designed to provide employees responsible for operations with the necessary knowledge and information to meet the specialized qualifications and requirements in the field.

Table 4. Organized trainings in the regulatory sector

Д/А	Type of training	Number of training sessions	Number of participants
1	Authorization	37	2,796
2	Specialization	27	422
3	In the field of combating money laundering and terrorist financing	23	1,208
4	In the field of corporate governance code implementation and compliance	39	1,552



A total of 37 joint training sessions were organized under 15 different programs in collaboration with 14 professional associations, with a total of 2,796 participants from the financial market. Of these, 1,908 participants met the qualifications and requirements to work in the regulated sectors and received certification. Additionally, 27 specialized training sessions were held for professional participants, with 442 attendees, 422 of whom were awarded certificates.

## TO ENHANCE FINANCIAL LITERACY AMONG CITIZENS AND THE PUBLIC

In accordance with Section 6.1.13 of Article 6 of the Law on the Legal Status of the Financial Regulatory Commission, which mandates the authority to «organize activities to provide financial knowledge to citizens,» the Commission is actively implementing this responsibility.

### SHARED INFORMATION



To promote financial literacy among the public, a total of 207 news articles, 17 video broadcasts, interviews, and articles, 15 posters with QR codes, 10 reels, and 5 posters were distributed through various public media channels such as the Financial Regulatory Commission's website, Twitter, Itoim.mn, Ezasag.mn, Eguur.mn, Ergelt.mn, Tsahiur.mn, and «Odiriin Sonin» newspaper.



Participated in pro bono events for lawyers and Book Day celebrations, providing advice and information to the public.



### TO ENHANCE FINANCIAL LITERACY AMONG LOCAL CITIZENS

The training and discussions on «Financial Market Development and Citizen Participation» were held in a total of 10 provinces during 2023–2024.



### COLLABORATING WITH SECONDARY SCHOOLS AND UNIVERSITIES

- A working group was formed to integrate «Financial and Economic Literacy» into the general education curriculum, and suggestions were provided in collaboration with relevant stakeholders.
- In collaboration with the Business School of the National University of Mongolia (NUM) on the «Job fair», and with the School of Economics and Business Administration (SEZIS) on topics such as «Modern Trends and Challenges in Finance», «Corporate Governance Transparency», and «The Role of Accountants and Auditors in the Securities Market», a series of discussions and events were organized. As a result, a total of 880 students and the public were provided with information, advice, and distributed handbooks and materials.
- A training session was organized for 130 students of the University of Internal Affairs on the topics «Securities Market and Types of Investments» and «Virtual Assets, Financial Fraud, and Cybercrime».

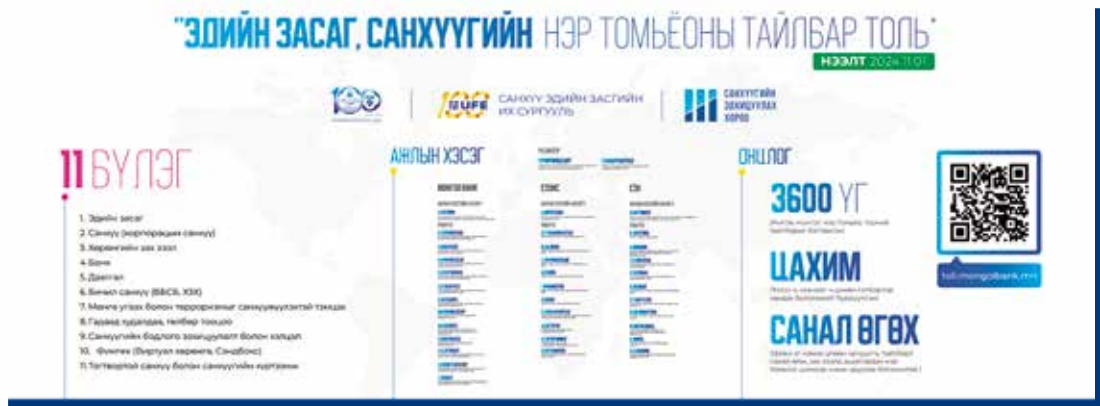
### TRAINING ORGANIZED



The Financial Regulatory Commission organized 19 training sessions to provide knowledge and information to citizens and the public on its activities, policies, regulations, and financial education. A total of 3,001 individuals participated in these sessions. The «Introductory Training on the Securities Market» was held 3 times, with a total of 639 participants.

They received comprehensive information on the current state of the securities market, the regulatory environment, the economy, as well as an understanding of securities issuance, trading, and participation in the market.

## THE «GLOSSARY OF ECONOMIC AND FINANCIAL TERMS» HAS BEEN UPDATED AND REVISED



In celebration of the 30th anniversary of the establishment of the Securities Commission (now the Financial Regulatory Commission), the 100th anniversary of the establishment and development of the modern banking system in Mongolia, and the 100th anniversary of the University of Finance and Economics, the «Glossary of Economic and Financial Terms» was updated and revised. It is now available in both digital (etoli.mn) and print formats. The glossary consists of 11 sections, featuring approximately 3,650 English and Mongolian terms. It includes specialized terminology related to anti-money laundering, counterterrorism financing, sustainable finance, fintech, and cryptocurrencies, which are emerging sectors. This glossary is significant for eliminating misunderstandings in professional language and ensuring

consistent interpretation and application of terms in future economic and financial regulations, documents, contracts, training, and research.





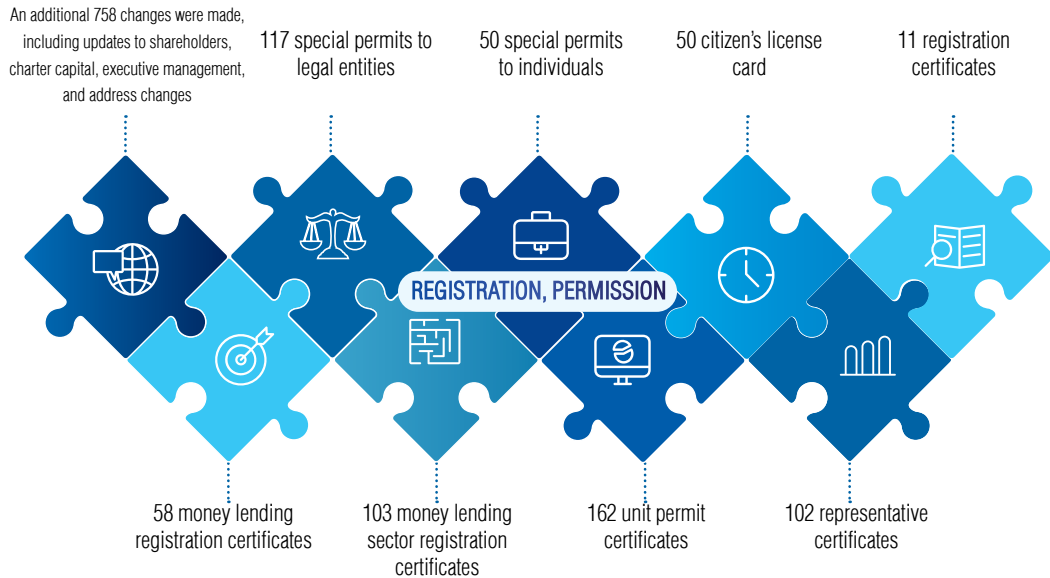
REGISTRATION  
AND APPROVAL



## REGISTRATION AND APPROVAL

In the past year, a total of 2,925 legal entities and individuals submitted documents requesting special permits, approvals, registration, and rights. After reviewing the completeness of these documents, 656 applications that met the basic requirements were accepted. Additionally, guidance and advice were provided to 2,155 applicants.

Records of requests received by the FRC:



### CAPITAL MARKET:

A total of 305 applications were received from individuals and legal entities. These applications were reviewed in accordance with the relevant laws and regulations, resulting in the resolution of 260 issues, including securities registration, amendments to securities registration, issuance of special permits and approvals, and registration. **The details are as follows:**



#### Special Permits:

- Issuance of a special permit for brokerage activities in the securities market – 1
- Issuance of a special permit for underwriting activities in the securities market – 4
- Issuance of a special permit for activities related to the establishment of financial capacity ratings – 2
- Issuance of a special permit for brokerage activities in the mining products exchange – 10
- Issuance of a special permit for the issuance of asset-backed securities – 7
- Permits and Registration:
  - Registration of securities proposed for public offering – 3
  - Registration of additional securities proposed for public offering – 1
- Registration of debt instruments proposed for public offering – 6
- De-registration of debt instruments proposed for public offering – 2
- Registration of preferred shares issued within a closed framework – 1
- Registration of common shares issued within a closed framework – 4
- Registration of closed-end debt instruments – 4
- Modification of the registration of debt instruments proposed for public offering – 1
- Modification of securities registration – 2 /
- Issuance of a simple permit for activities related to securities transactions in foreign markets – 1

- Issuance of special permits for investment management activities – 4
- Registration of asset-backed securities – 7
- Registration of legal entities providing legal advisory services to participants in the securities market – 1
- Registration of legal entities providing auditing services to participants in the securities market – 5
- Registration of legal entities providing valuation services to participants in the securities market – 2
- Removal of registered valuation service providers from the securities market – 2
- Registration of documents for establishing a private equity fund – 6
- Removal of non-traded, secured securities from centralized depository records – 4
- Approval of amendments to the investment policy, fund rules, unit share descriptions, and management procedures – 15
- Issuance of approval for changes in shareholder structure, composition, and the amount of capital invested – 12
- Issuance of approval for changes in the amount of capital invested – 14
- Issuance of approval for the appointment of an executive director – 23
- Registration of certified accountants – 5
- Modification of securities registration – 10
- Issuance of permits for holding nominal accounts for monetary income and expenses – 2
- Issuance of approval for starting secondary market trading – 20
- Identification of suitable entities – 67
- Registration of address changes – 12

## INSURANCE MARKET:

A total of 372 requests for special permits, permits, and registrations were received through 211 official letters. These requests were reviewed and processed in accordance with the relevant laws and regulations. Specifically:



### **Special Permits:**

- Issuing special permits for insurance activities: 2
- Issuing special permits for insurance brokerage activities: 1
- Suspension of insurance broker's special permit: 5
- Reinstating the insurance broker's special permit: 1
- Revocation of insurance broker's special permit: 4
- Issuing special permits for insurance loss adjuster activities: 5
- Issuing special permits for insurance representative activities: 102
- Revoking the special permit for insurance representative activities: 7

### **Granting Rights:**

Granting rights for conducting audits at insurance companies: 2

### **Authorization and Registration:**

- Changes to the amount of contributed capital, shareholder structure, and composition: 4

- Opening of branches (13 branches, 10 insurance companies): 13
- Deregistration of branches (4 branches of 2 companies): 4
- Registration of changes in assigned names: 5
- Authorization for the appointment of qualified officials (191 for 83 companies): 191
- Authorization to conduct reinsurance brokerage activities: 1
- Registration of insurance products: 46
- Registration of authorized officials for insurance market participants, such as brokers and loss adjusters: 26
- Registration of changes in shareholder structure: 14
- Registration of changes in the address of insurance companies and their branches: 26

**NBFI SECTOR:**

In the area of registration and authorization, 706 requests related to the operations of non-banking financial institutions were received, reviewed, and processed in accordance with the relevant laws and regulations.

**Special Permits:**

- Issuance of special permits to conduct non-bank financial activities: 60
- Issuance of additional special permits to conduct non-bank financial activities: 41
- Suspension of special permits to conduct non-bank financial activities: 6
- Restoration of special permits to conduct non-bank financial activities: 13
- Cancellation of special permits to conduct non-bank financial activities: 16
- Partial suspension of special permits to conduct non-bank financial activities: 17

- Partial cancellation of special permits to conduct non-bank financial activities: 22
- Partial restoration of special permits to conduct non-bank financial activities: 9
- Merger and cancellation of special permits to conduct non-bank financial activities: 1

**Permissions and Registration**

- Changes in the amount of contributed capital and the structure of shareholders: 170
- Establishment of branches: 84
- Establishment of representative offices: 2
- Registration of name change: 11
- Cancellation of branch: 1

**SCC SECTOR:**

A total of 61 requests related to savings and loan association activities were received and reviewed in accordance with the relevant laws and regulations.

**Specifically:****Special Permits:**

- Issuance of special permits to conduct SCC activities: 4
- Suspension of special permits to conduct SCC activities: 4
- Restoration of special permits to conduct SCC activities: 2
- Cancellation of special permits to conduct SCC activities: 17

**Registration:**

- Registration of address change: 7

**REB AND DPMS SECTOR:**

A total of 56 requests for licenses and registrations were reviewed and resolved in accordance with relevant laws and regulations.

**Specifically:****Special Permit:**

- Issuance of a special permit for the operation of a business engaged in the trade of precious metals, precious stones, or products made from them – 3 /for legal entities/
- Issuance of a special permit for the operation of a business

engaged in the trade of precious metals, precious stones, or products made from them – 50 /for individuals/

**Registration:**

- Changes in the structure of shareholders or equity holders – 1
- Change of executive director – 1
- Registration of address change – 1

**REAL ESTATE AGENCY SECTOR**

A total of 149 requests for special permits and registrations have been submitted, and they are being reviewed and processed in accordance with the relevant laws and regulations. **Specifically:**

**Special Permits:**

- Issuance of a special permit for the operation of a real estate agency – 21

**Registration:**

- Issuance of a special permit for the operation of a real estate

agency – 21

- Registration: Changes in the amount of contributed capital, structure, and composition of shareholders – 18
- Registration of changes in authorized officials – 28
- Registration of agent changes – 72
- Other – 10

**VIRTUAL ASSET SERVICE PROVIDER SECTOR:**

A total of 5 requests have been submitted, and they have been reviewed and processed in accordance with the relevant laws and regulations. These include:

**Registration:**

Registration of changes in authorized officials – 5

**SANDBOX REGULATORY ENVIRONMENT**

A total of 10 requests have been submitted and reviewed. Of these, 3 did not meet the requirements for entry into the sandbox environment, 1 request did not meet the conditions and requirements, and the remaining 6 issues have been reviewed and resolved. **Specifically:**

**Product and Service Testing:**

- Extension of the testing period in the sandbox regulatory environment – 3
- Exit from the sandbox environment – 2
- Leaving the sandbox environment – 1

**MONEY LENDING SERVICE PROVIDER SECTOR:**

A total of 188 requests have been received, and 175 of these requests have been reviewed and processed in accordance with the relevant laws and regulations. **These include**

**Registration:**

- Registration of entities engaged in money lending – 63
- Registration of branches – 100

- Changes in the amount of contributed capital, structure, and composition of shareholders – 6
- Registration of address change – 2
- Registration of changes in executive director – 3
- Registration of changes in assigned name – 1





**SUPERVISION, ANTI-MONEY  
LAUNDERING, COMBATING THE  
FINANCING OF TERRORISM, AND  
PROTECTING THE RIGHTS OF  
INVESTORS AND CLIENT**

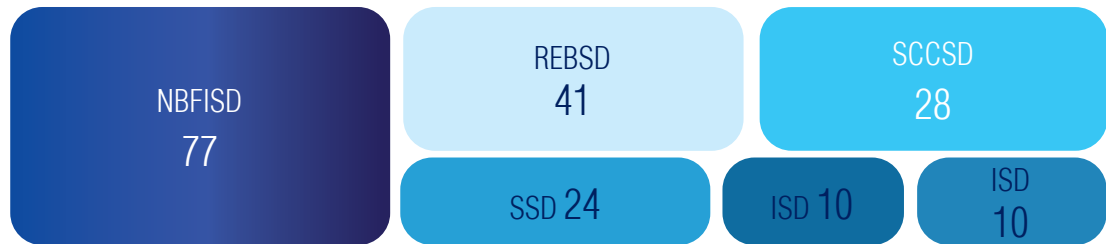


## OFF-SITE SUPERVISION

Securities, insurance, non-bank financial institutions, savings and credit cooperatives, real estate agencies, precious metals and stones, or articles made from them as well as anti-money laundering activities,

were discussed and resolved within the scope of the Financial Regulatory Commission's responsibilities for monitoring, supervision, and regulation. A total of 189 issues were addressed and resolved during the commission's meetings.

■ SSD ■ ISD ■ NBFISD ■ SCCSD ■ AMLSD ■ REBSD



## OFF-SITE INSPECTIONS ARE BEING CARRIED OUT REGULARLY

In the sectors of securities, insurance, non-bank financial institutions, and savings and credit cooperatives, a total of 565 regulated entities were sent responses related to financial reporting. Additionally, 9,855 entities were sent notifications regarding compliance with proper ratios, regulatory service fees, financial reports, updates, and other legal and regulatory requirements. These entities include:

Securities and Exchange Commission (SEC) – 675 (6.8%)

Insurance – 149 (1.5%)

Non-bank financial sector – 5,484 (55.6%)

Savings and Credit Cooperatives (SCCs) – 503 (5.1%)

AML – 3,044 (30.9%)

The notices were delivered both electronically and via official correspondence to ensure compliance. Furthermore, in line with the “Guidelines for off-site and On-Site Inspections for Entities Obligated to AML Regulations,” detailed reports were prepared regarding the risk assessment results for each entity that is required to report.

For those entities that did not submit the “Money laundering, terrorist financing, and proliferation of weapons of mass destruction Risk Assessment Questionnaire” repeatedly, official notices were sent to 45 entities. Additionally, 5 entities were issued suspension notices for failing to submit the questionnaire and the related reports.

In the regulatory direction of real estate agency operations, the trade of precious metals and stones, or articles made from them, the financial reports of 1,238 entities from 312 named real estate agencies and 845 brokerage data were reviewed. Additionally, 4 legal entities were issued notices regarding non-compliance with regulatory requirements, and 355 legal

entities received responses to their financial reports.

The Financial Regulatory Commission is effectively implementing the supervision and regulation of the AML in accordance with FATF recommendations and standards. To comply with the relevant laws and regulations, a blockchain analytics monitoring software platform that meets international standards and requirements is used for remote supervision of the operations of Virtual Asset Service Providers (VASPs).

Additionally, detailed trading information, user numbers, pricing data, and other relevant information from virtual asset service providers are received and monitored daily via an API system.

Furthermore, the Financial Regulatory Commission is effectively carrying out the supervision and regulation of the AML in line with FATF recommendations and standards. To ensure compliance with relevant laws and regulations, a blockchain analytics monitoring software platform that meets international standards and requirements is used to oversee the operations of Virtual Asset Service Providers (VASPs).

In addition, to improve the supervision and regulation of money lending activities, official letters were sent to the Governors of provinces, cities, and districts. These letters introduced the decisions made by the Money Lending Policy Council, outlined the process for registering money lending service providers in accordance with the law, and emphasized cooperation in exchanging information and providing public awareness.

## ON-SITE SUPERVISION

In the sectors of securities, insurance, non-bank financial institutions, and savings and credit cooperatives, inspections were conducted for a total of 215 entities. Additionally, in the regulation of real estate agencies and the trade of precious metals and stones, on-site inspections were carried out for 9 legal entities with special permits for real estate activities, 4 branches of legal entities, and 2 entities without special permits.

Moreover, inspections were conducted for 5 legal entities and 53 individuals engaged in the trade of precious

metals, precious stones, or products made from them, all of which had special permits. Both comprehensive and partial inspections were performed, and based on the inspection reports and conclusions, necessary actions were taken in accordance with relevant laws. Any identified violations or shortcomings were addressed through notices with deadlines for compliance and the submission of reports on corrective actions.



A total of 91 entities were fined a total of 671.9 million MNT, broken down as follows:

21 entities in the securities and exchange sector (147.0 million MNT),

17 entities in the insurance sector (63.7 million MNT),

51 entities in the non-bank financial sector (451.2 million MNT),

2 entities in the AML (10.0 million MNT).

Additionally, fines from the previous year (2023) totaling 25.0 million MNT remained unpaid. From the total fines of 696.9 million MNT to be collected from 93 entities, 511.7 million MNT was successfully collected from 88 entities, achieving a compliance rate of 73.4%. The breakdown of collections is as follows:

20 entities in the securities sector (63.3 million MNT, 37.9% compliance),

17 entities in the insurance sector (63.7 million MNT, 100% compliance),

48 entities in the non-bank financial sector (369.8 million MNT, 82.0% compliance),

3 entities in the AML (15.0 million MNT, 100% compliance).

In the regulation of Real estate brokerage broker's activities, official notices with deadlines were issued to 5 legal entities, and instructions were given to 8 individuals. Additionally, a total fine of 44 million MNT was imposed under the Administrative Offenses Law, and 208.4 million MNT of illegal income was confiscated and directed to the state budget. Specifically:

One legal entity in the precious metals sector was fined 40 million MNT, with 208,355,907 MNT of illegally obtained income confiscated and transferred to the state budget.

One individual in the AML sector was fined 4 million MNT, with 100% of the fine collected.

Regarding the supervision of virtual asset service providers (VASPs), in accordance with two directives issued by the Chairman of the Financial Regulatory Commission, on-site inspections were conducted for one VASP following a complaint from a company. The inspections focused on legal compliance, the secure storage of customer assets, virtual asset trading, exchange and storage activities, customer identification, transaction monitoring operations, and the reliability and continuity of system operations. Following the inspection, a report was presented to the relevant companies' executive management, with deadlines set to address any identified shortcomings. Compliance was subsequently achieved.

# ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT) OVERSIGHT AND EVALUATION

## WITHIN THE FRAMEWORK OF IMPROVING THE AML/CFT



Out of the total 40 FATF recommendations, 25 are directly and indirectly related to the FRC.



In September 2024, the FRC was selected to represent 42 countries of the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) group at the Virtual Asset Contact Group (VACG) under FATF.



ASIA-PACIFIC REGION: 1

WORLDWIDE: 5

## FATF'S 40 TECHNICAL RECOMMENDATIONS



"Mostly implemented"



"Fully implemented"



Participating in the 'INTERNATIONAL CRYPTO AML SUPERVISOR'S ROUNDTABLE'



## SUBMITTING REPORTS AND EXCHANGING EXPERIENCES

Submitted the 2024 Progress Report and shared Mongolia's experience.

A typology report related to detecting predicate crimes of money laundering and terrorism financing was submitted to the Euro-Asian Anti-Money Laundering Group (EAMLG).

Responded to inquiries related to the assessment conducted by the IMF in Mongolia.

In the framework of the 5th round of monitoring under the Anti-Corruption Action Plan of the Eastern Europe and Central Asia Anti-Corruption Network, explanations were submitted as needed, and both physical and electronic participation in the protection process was provided. The finalized cooperation plan, which involves four parties, has been approved and is being implemented.



Participation in Evaluation Training, Report Submission, and Experience Sharing three officials participated in a training session on the preliminary methodology for conducting the next round of mutual evaluations by FATF and successfully passed the course.

## PROTECTING THE RIGHTS AND INTERESTS OF INVESTORS AND CLIENTS

In accordance with Article 4.1 of Section 4 of the Law on the Legal Status of the Financial Regulatory Commission, the Commission oversees compliance with relevant legislation and works to protect the rights of investors and clients as stated in Article 3 of the same law.

### REVIEWED AND RESOLVED WITHIN THE LEGAL TIMEFRAME

A total of 13,433 documents were received and registered from individuals and legal entities. Of these, 775 applications and complaints were submitted by investors, clients, individuals, and legal entities. Out of these, 720, or 92.9%, were reviewed and resolved, while 55, or 7.1%, are still under review within the legal timeframe. Additionally, information and advice were provided in response to inquiries made in person, by phone, via the website (info@frc.mn), and through the advisory electronic system.



BY WRITING

511



BY ELECTRONIC SYSTEM

90



11-11

15



BY PHONE AND MET IN PERSON

308

Document classification:

137

Capital Market



472

Insurance Market



165

NBFI Market



25

AML/CFT, VAS, crypto currency and other



Related information and instructions  
on advice and other matters

96



29

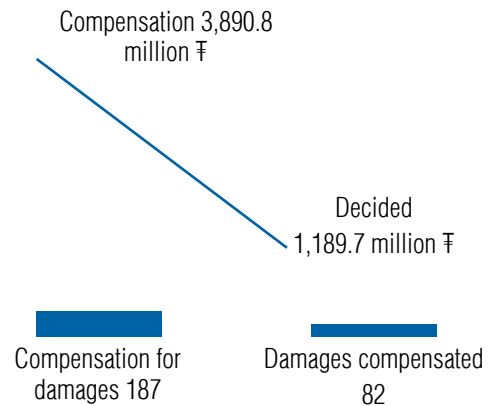
SCC Market



## RESOLUTION OF ISSUES

### DAMAGE COMPENSATION

A total of 55.40% of the submitted applications and complaints are related to insurance services. In 2024, following the directive to compensate customer damages, a pre-determined decision was made to reimburse 3,890,724,616 MNT to 187 individuals and legal entities. Out of this, insurance providers successfully compensated 1,189,680,196 MNT to 82 individuals and legal entities.



### PARTICIPATED IN JUDICIAL ACTIVITIES

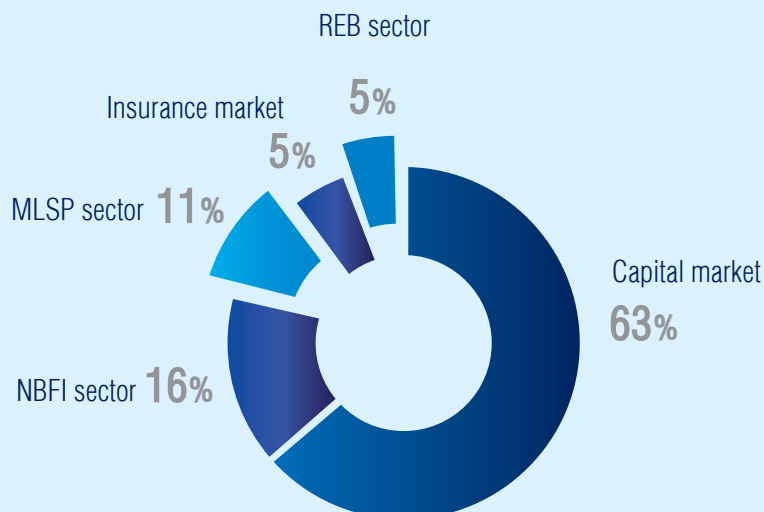
The Financial Regulatory Commission participates in judicial activities as a claimant or defendant in accordance with its legal responsibilities, protecting the rights and interests of investors and clients within its authority.

The total number of claims is 19, including 9 from the previous year's outstanding claims and 10 new claims received during the year. Of these:

10 cases have been concluded and resolved.

9 cases are currently in the process of being adjudicated.

Dispute resolution sector:





COLLABORATION, RESEARCH,  
COMPLIANCE, FINANCE



## INTERNATIONAL COOPERATION

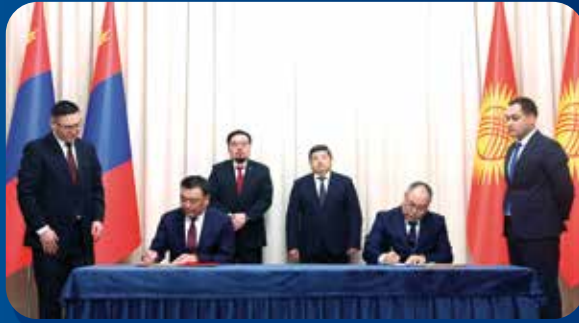


### IMPROVING THE RISK-BASED MONITORING AND INSPECTION SYSTEM IN COLLABORATION WITH ORGANIZATIONS FROM SOUTH KOREA

2024.01.24

A mutual agreement has been reached to enhance cooperation with the Financial Supervisory Service (FSS) of South Korea in order to strengthen the risk-based monitoring and inspection framework.

### THE FINANCIAL REGULATORY COMMISSION AND THE NATIONAL BANK OF KYRGYZSTAN HAVE SIGNED A MEMORANDUM OF UNDERSTANDING

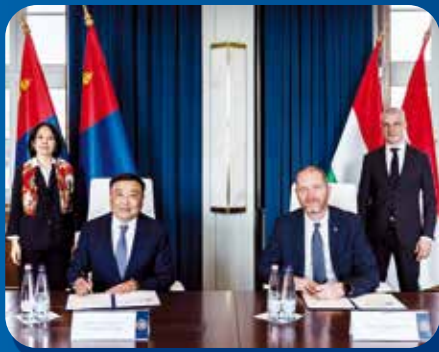


2024.02.28

The Financial Regulatory Commission (FRC) of Mongolia and the National Bank of the Kyrgyz Republic (Central Bank) have signed a Memorandum of Understanding (MoU) to collaborate.

Within the framework of this cooperation, the two countries will work together to support policy initiatives that benefit businesses operating in their financial markets, including fintech companies. They will also exchange information on cross-border financial activities, provide mutual assistance in on-site financial supervision and inspection, and collaborate in enhancing human resource capacity.

### THE FINANCIAL REGULATORY COMMISSION (FRC) OF MONGOLIA HAS ESTABLISHED A MEMORANDUM OF UNDERSTANDING (MOU) WITH THE CENTRAL BANK OF HUNGARY



2024.03.07

Through this agreement, both parties aim to enhance their cooperation in various areas, including policy development, information exchange, and financial supervision. This collaboration will focus on improving financial market operations, fostering the growth of fintech companies, and strengthening cross-border financial activities between the two countries.

## PROJECTS, PROGRAMS, AND SUBMITTED PROPOSALS

Project of Developing the Legal, Regulatory, and Supervisory Environment for Fintech



Meetings and discussions were held with the project team in March, June, October, and December of 2024.

The project for the Development of the Fintech Innovation Roadmap in Mongolia was developed.

The documentation for the Supervision Technology Discussion was prepared.

Project of the Accelerating Gender Equality in East Asia for Green and Inclusive Recovery



On June 6–7, 2024, a training on «Gender-Sensitive Green Finance Trainer Development» was organized. A total of 20 employees participated in the training.

The following project proposals have been submitted to the donor organizations for collaboration:

***Under the «Knowledge Sharing Program» implemented by the Government of the Republic of Korea (KSP), the following project proposals have been submitted::***

- «Implementation of IFRS 17 in Mongolia»
- Conducting research and providing technical assistance to expand the operations of investment funds in Mongolia and improve the regulatory environment»
- «Creating an online training platform to provide financial education to the public»
- «Improving the regulation and oversight of fintech products»
- «Mutual training exchange program: Strengthening cooperation in the fight against money laundering and the financing of terrorism»;

***For the 2026 group training project to be implemented by the Korea International Cooperation Agency (KOICA):***

- Strengthening the capacity of trainers providing financial knowledge under the Financial Regulatory Commission;

***Under the Government of the Republic of Korea's grant aid for new initiatives in 2026***

- «A unified system for market research, regulation, and oversight based on big data.»

## A MEMORANDUM OF UNDERSTANDING (MOU) HAS BEEN SIGNED TO ESTABLISH COOPERATION WITH DOMESTIC GOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS

April 11, 2024 – Financial Regulatory Commission & National Association of Professionals in the Precious Metals, Stones, and Jewelry Sector (NAP-PMSJ);

May 14, 2024 – Financial Regulatory Commission & Mongolian National Broadcaster (MNB);

November 28, 2024 – Financial Regulatory Commission & Mongolia Sustainable Finance Association;

December 4, 2024 – Financial Regulatory Commission & National Police Department.

## RESEARCH AND ANALYSIS



In 2024, the Financial Regulatory Commission compiled selected research studies into the publication "Research Bulletin No. 5", making them publicly accessible. The outcomes of these studies play a significant role in sector policy development and decision-making processes.

This bulletin includes research on

topics such as:

Key financial ratios of securities companies,

The money market, Tokenized securities, Climate bonds, Green loans, and Regulatory frameworks related to mandatory insurance in the

construction sector.

Additionally, for the first time in Mongolia, a sample survey measuring the financial well-being of Mongolian citizens and evaluating access to financial services has been published.

As part of the "Financial Access Improvement Program of Mongolia," efforts are being made to:

Enhance financial discipline among citizens, Improve financial decision-making skills, Promote savings and investment, Encourage protection from financial risks, and Expand financial inclusion.

To support these efforts, regular updates and information about the financial market are published and made available through the Commission's official website.

### FINANCIAL MARKET OVERVIEW



### MONTHLY FINANCIAL MARKET REVIEW



### «FINANCIAL INCLUSION» MAGAZINE



### "CITIZENS, YOUR FINANCIAL LITERACY" SERIES OF POSTERS



### CITIZEN, YOUR FINANCIAL KNOWLEDGE



### FINANCIAL MARKET NEWS FOR THE WEEK



### STATISTICAL BULLETIN



Market overviews, journals, statistics, and research are available on the FRC website ([www.frc.mn](http://www.frc.mn)), via e-mail ([rsa@frc.mn](mailto:rsa@frc.mn)), or by calling 51-261106.



## CORPORATE GOVERNANCE AND

The effective implementation of corporate governance and compliance frameworks is a fundamental prerequisite for the long-term sustainable development of any company and, more broadly, for ensuring the stability of the financial market.

In this regard, the Financial Regulatory Commission is actively working to: Enhance the regulatory environment for compliance within the financial sector, Effectively manage compliance-related risks, Foster a culture of compliance within organizations, and Institutionalize and embed that culture across the sector.

### APPROVED THE 'COMPLIANCE RISK ASSESSMENT METHODOLOGY'

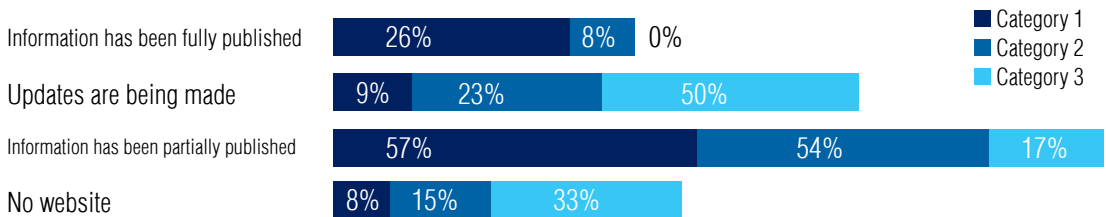
The 'Compliance Risk Assessment Methodology' was approved by the Chairman of the Financial Regulatory Commission under Order No. 52 of 2024. With the approval of this methodology, companies are now able to identify governance trends and assess their risks accordingly.



### IMPLEMENTATION OF THE 'CORPORATE GOVERNANCE CODE' IN REGULATED SECTORS

By the Financial Regulatory Commission's Resolution No. 145 of 2022, the revised «Corporate Governance Code» was adopted, requiring not only publicly listed companies but also insurers, trust service providers, non-bank financial institutions, and investment management companies to comply. A total of 108 publicly listed companies on the Mongolian Stock Exchange, along with 152 companies from insurance, non-bank financial institutions (NBFIs), and investment management companies (IMCs), were assessed for their implementation of the «Corporate Governance Code.» The overall compliance rate in regulated sectors was found to be 76.5%.

### IMPLEMENTATION OF DOCUMENTS, RULES, REGULATIONS, AND GUIDELINES DEFINED BY THE



### IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE, COMPLIANCE RISK ASSESSMENT TRAINING, AND DISCUSSION HELD

The 'Compliance Risk Assessment Methodology' was discussed in three sessions, involving over 130 representatives from authorized officials in the financial sector. As a result, each regulated entity now has a manual to assess its own compliance risks, enabling them to implement effective risk management practices.

To promote a strong corporate governance system and a culture of effective compliance oversight, an open discussion on 'Implementation of the Corporate Governance Code and Compliance Risks' was organized, involving more than 80 representatives from securities issuers, regulated entities, professional associations, and researchers.



## INFORMATION TECHNOLOGY



### AN INDEPENDENT AUDIT WAS CONDUCTED.

The procedures for information technology, cybersecurity, and information security operations were approved.

An independent audit was conducted on the vulnerabilities of information security and server systems.



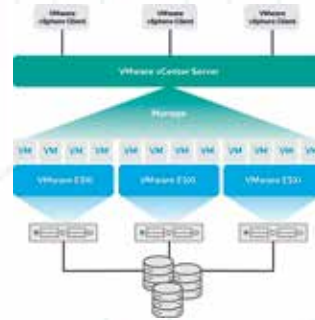
### THE FINA SYSTEM IS BEING UPGRADED TO VERSION 8.0.2

Financial reports are being received from regulated organizations, and the work to upgrade the Fina system to version 8.0.2 has begun.



### PROGRAMS ARE BEING USED

Programs necessary for official work and documentation, such as Office 365, Windows 10, and FortiClient, are being used with official licenses.



### ENSURING UNINTERRUPTED OPERATIONS

The Financial Regulatory Commission's server and virtual machines are connected to the unified management center, VCenter, ensuring uninterrupted operations.



### CONNECTED TO THE KHUR

The advisory electronic system has been connected to the KHUR system, eliminating the need for citizens to request certificates from government organizations.



### FINANCIAL STATEMENTS SYSTEM IMPLEMENTATION

Work has commenced on the implementation of a system to receive and process financial statements from entities engaged in microfinance activities.

# BUDGET, FINANCE

## RECEIVED A 'NO DISCREPANCIES' CONCLUSION



### AUDIT REPORT



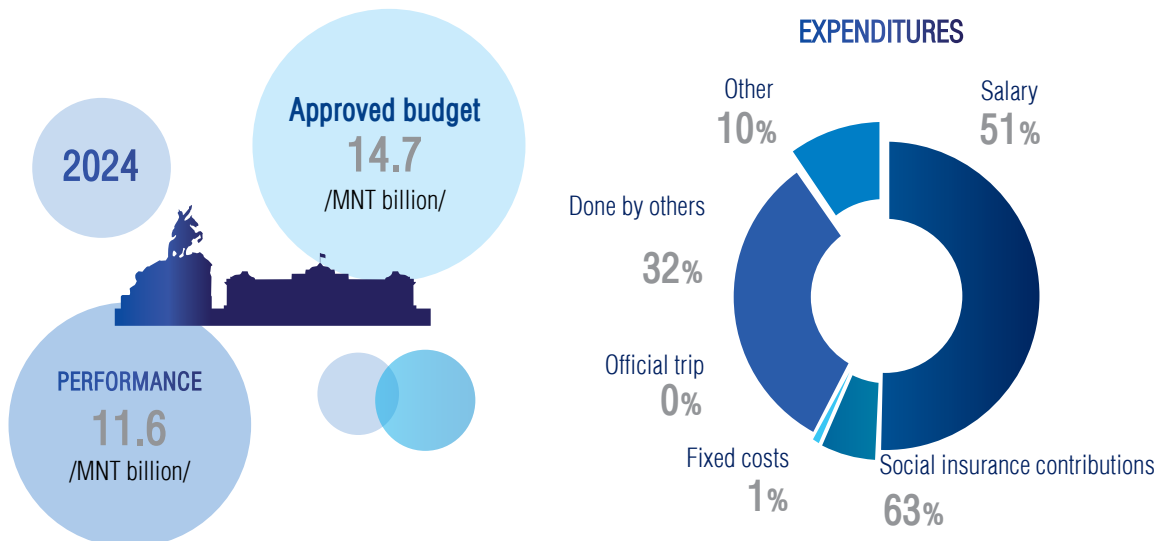
The Chairman of the Financial Regulatory Commission, D. Bayarsaikhan, received an audit conclusion of «No Violations» from D. Zagdjav, the Acting Auditor General of Mongolia, based on the financial consolidated report and budget performance audit for the previous year.

In accordance with the relevant provisions of the Law on State Audit and the Law on the Budget, the National Audit Office has conducted an audit within the scope of the powers of the budgetary general administrators, reviewing the financial condition, financial results, net assets, changes in equity, cash transactions, clarifications, and budget performance.



### BUDGET, PERFORMANCE

In 2024, the Financial Regulatory Commission operated with a budget of 14.7 billion MNT, of which 70.5% was financed through the national budget, and 118% was funded by operational revenues, specifically from fees for regulatory services. This financial arrangement ensured that the Commission's activities were supported by stable and continuous financial resources, enabling smooth and uninterrupted operations. During the reporting period, the revenue from regulatory services amounted to 3.2 billion MNT, achieving 118% of the target.



## GOALS FOR 2025

