

E-Newsletter

28th edition



News Brief

Event



INFORMATION OF GOVERNMENT
SECURITIES TRADING

RETURN OF GOVERNMENT
SECURITIES IS HIGHER THAN
INTEREST RATE OF SAVING
ACCOUNT OF COMMERCIAL BANK



OPENING DAY OF SECURITIES
MARKET ORGANIZED AT MSE

DECISIONS OF MONGOLIAN STOCK
EXCHANGE AND FINANCIAL
REGULATORY COMMISSION



JOINT STOCK COMPANIES THAT WILL
BE DISTRIBUTED DIVIDEND IN 2015

NEW MARKET MAKER STRUCTURE
WILL BE INTRODUCED IN CAPITAL
MARKET



NOTICE OF ANNUAL MEETINGS IN
MARCH

ANGAR.D: MONGOLIAN STOCK
EXCHANGE IN DEBT OF 8.5 MILLION
USD



- Government bonds worth MNT32.5 billion traded through 4 trading sessions in January.
- Return of Government securities with maturity 12weeks /3 months/ and 28 weeks /6 months/ is higher compared with interest rate of saving account of Commercial bank.
- On 6 and 7 of February 2015, "Opening day of securities market" event organized at Mongolian Stock Exchange and total of 6,300 people participated and received information and help from Single Window Service.
- Decisions of Mongolian Stock Exchange and Financial Regulatory Commission
- List of Joint Stock Companies that will be distributed dividend in 2015.
- New market maker structure will be introduced in capital market of Mongolia.
- Notice of annual meetings that will be held on March
- D.ANGAR: Mongolian Stock Exchange in debt of 8.5 million USD
- Mongolian Stock Exchange is preparing to introduce international capital market structure of "Market Makers" from 16 February 2015.

**STATISTICAL INFORMATION OF
SECURITIES MARKET**

Trading information of February 2015

TRAINING

Fundamental training of Capital market will commence on February 23.

For detailed information please contact to: 11-313747 /116

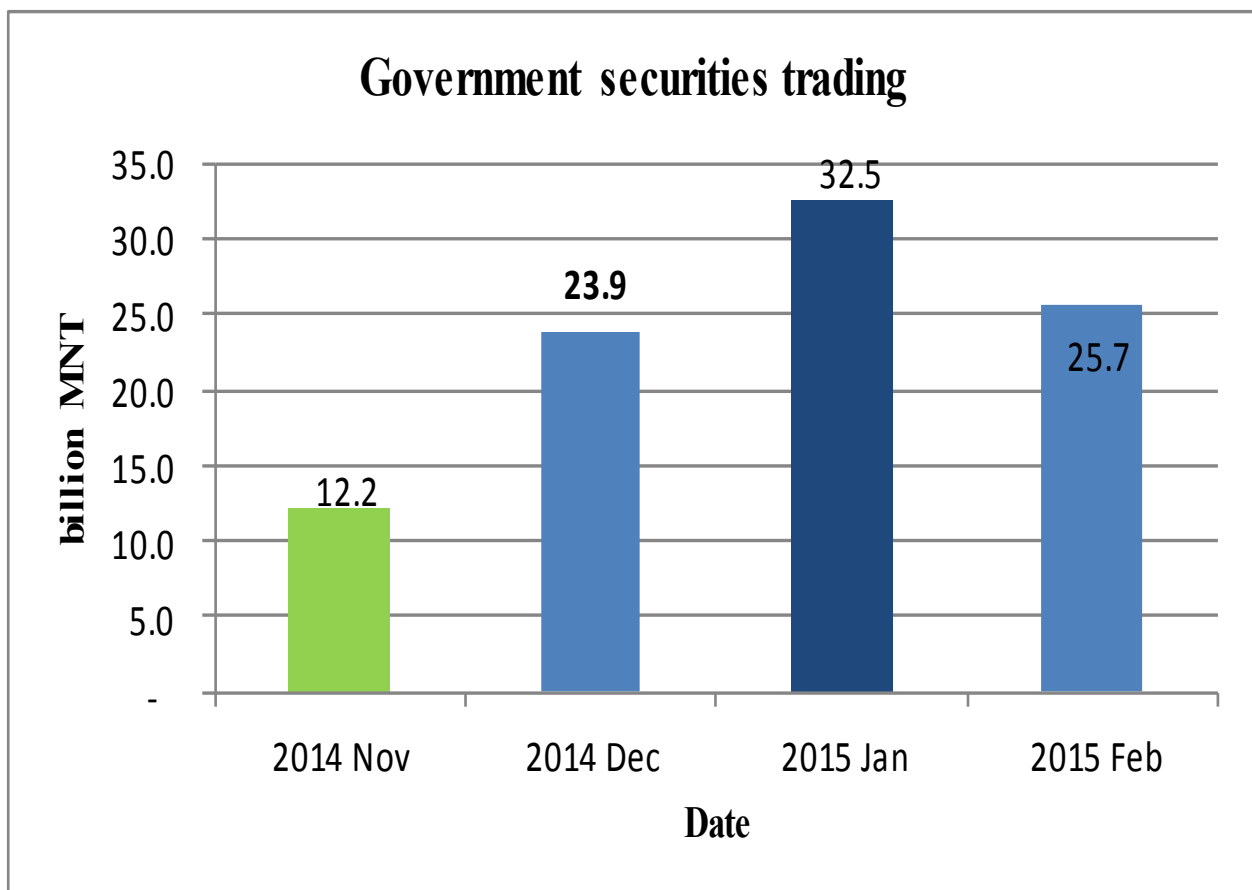


INFORMATION OF GOVERNMENT SECURITIES TRADING

According to the Financial Regulatory Commission Resolution No. 389 dated 21 October 2014 and Chief Executive Officer's Order No.169 of the MSE dated 23 October 2014, will be traded Mongolian Government Securities with the value of MNT100 billion through the Mongolian Stock Exchange.

Therefore, Government bonds worth MNT25.7 billion traded through 4 trading sessions in February 2015.

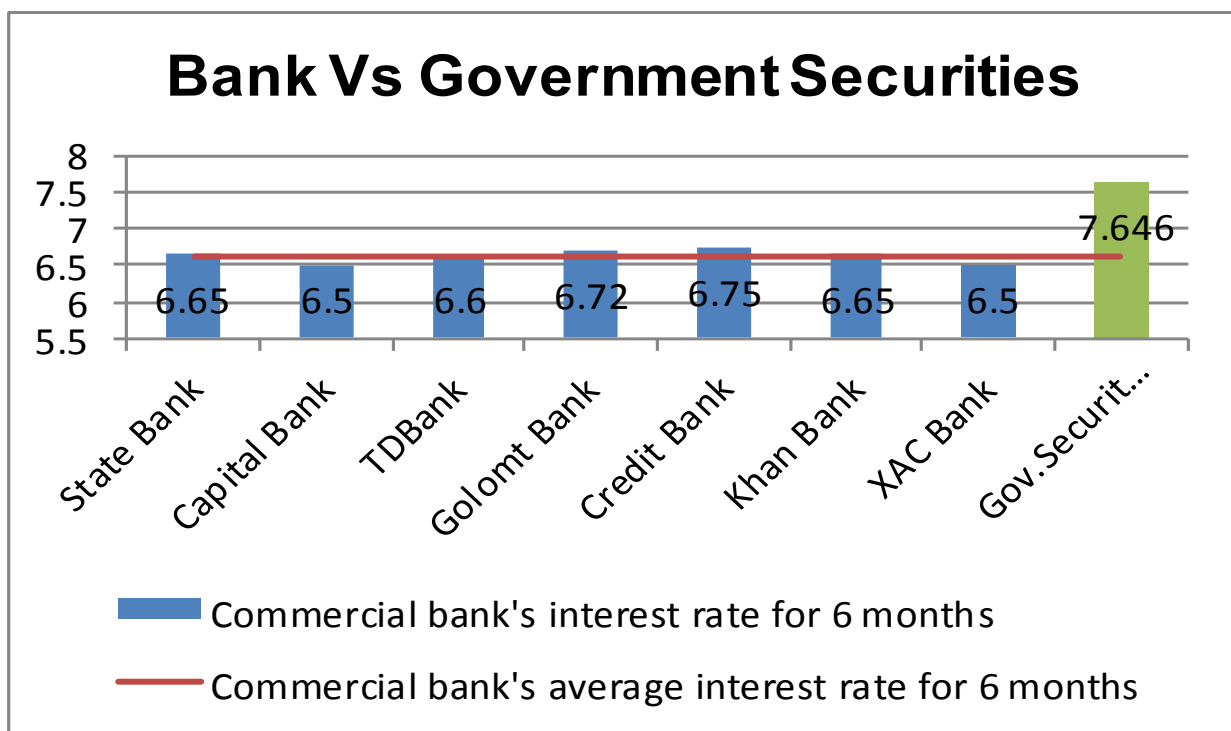
Date	Government Securities Name	Maturity /week	Purchased amount /unit/	Interest rate	Value /MNT/
2015.02.03	3ГЭБ-Б-52-287	52	1,652	16.125%	165,200,000.00
2015.02.10	3ГЭБ-Б-52-288	12	21,874	14.896%	2,114,909,564.00
2015.02.17	3ГЭБ-Б-12-289	28	8,987	15.745%	828,637,348.00
2015.02.24	3ГЭБ-Б-12-290	12	233,886	14.846%	22,607,186,874.00
Total purchased Government securities			266,399		25,715,933,786.00



RETURN OF GOVERNMENT SECURITIES IS HIGHER THAN INTEREST RATE OF SAVING ACCOUNT OF COMMERCIAL BANK

Since Government bonds trading launched at Mongolian stock exchange, 17 Government bonds trading organized and total of MNT97.9 billion transaction has been made.

Return of Government securities with maturity 12weeks /3 months/ and 28 weeks /6 months/ is higher compared with interest rate of saving account of Commercial bank.



DETAILED INFORMATION OF GOVERNMENT SECURITIES

No	Date of Primary market trading	Name of Government Securities	Symbol of MIT system	Maturity /week/	interest rate	Face Value	Discounted price	Form of interest payment	Maturity date
1	2014.11.04	ЗГЭБ-Б-12-274	ZGEB-BL-27/01/15-A0001-0	12	15.795	100,000	96,493	хямдруулсан	2015.01.27
2	2014.11.11	ЗГЭБ-Б-52-275	ZGEB-BD-10/11/15-A0002-16.25	52	16.25	100,000	-	Сар бүр	2015.11.10
3	2014.11.18	ЗГЭБ-Б-12-276	ZGEB-BL-10/02/15-A0003-0	12	15.99	100,000	96,451	хямдруулсан	2015.02.10
4	2014.11.25	ЗГЭБ-Б-28-277	ZGEB-BL-09/06/15-A0004-0	28	16.3	100,000	91,952	хямдруулсан	2015.06.09
5	2014.12.02	ЗГЭБ-Б-12-278	ZGEB-BL-24/02/15-A0005-0	12	15.96	100,000	96,457	хямдруулсан	2015.02.24
6	2014.12.09	ЗГЭБ-Б-52-279	ZGEB-BD-08/12/15-A0006-16.625	52	16.625	100,000	-	Сар бүр	2015.12.08
7	2014.12.16	ЗГЭБ-Б-12-280	ZGEB-BL-10/03/15-A0007-0	12	15.731	100,000	96,506	хямдруулсан	2015.03.10
8	2014.12.23	ЗГЭБ-Б-28-281	ZGEB-BL-07/07/15-A0008-0	28	16.436	100,000	91,890	хямдруулсан	2015.07.07
9	2014.12.30	ЗГЭБ-Б-12-282	ZGEB-BL-24/03/15-A0009-0	12	15.653	100,000	96,523	хямдруулсан	2015.03.24
10	2015.01.13	ЗГЭБ-Б-12-284	ZGEB-BL-07/04/15-A0010-0	12	14.690	100,000	96,730	хямдруулсан	2015.04.07
11	2015.01.20	ЗГЭБ-Б-28-285	ZGEB-BL-04/08/15-A0011-0	28	15.292	100,000	92,411	хямдруулсан	2015.08.04

OPENING DAY OF SECURITIES MARKET ORGANIZED SUCCESSFULLY AT MONGOLIAN STOCK EXCHANGE

On 6 and 7 of February 2015, “OPENING DAY OF SECURITIES MARKET” event organized at Mongolian Stock Exchange and total of 6,300 people participated and received information and help from Single Window Service.

During the opening day of securities market event, Single window service provided answers of most common concerned questions, claims and complains such as “Erdenes Tavantolgoi” LLC ‘s 1072 shares which distributed to every citizens of Mongolia and pink and blue vouchers which distributed to citizens in 1990’s. In addition, citizens had chance to check the securities accounts on their name and received information of dividends which distributed by Joint Stock Companies.

Also, experts of Mongolian Stock Exchange and brokerage companies gave advises about how to make IPO on domestic securities market and other related issues to small and medium enterprises.



**DECISIONS OF FINANCIAL REGULATORY COMMISSION AND
MONGOLIAN STOCK EXCHANGE**



TRADING LICENSES OF SOME SECURITIES COMPANIES REINSTATED

Trading licenses of 10 securities companies that failed to pay membership fee of Mongolian Stock Exchange, temporary suspended from trading since 10 February 2015. However, list following companies were reinstated due to full payment of MSE's membership fee.

- | | |
|---------------------|---------------------------|
| 1 "Ard Capital" LLC | 2 "Monsec" LLC |
| 3 "MICC" LLC | 4 "GoodSec" LLC |
| 5 "Masdaq" LLC | 8 "Mongol Securities" LLC |

PRIMARY BUY OFFER FOR ADDITIONAL SHARES OF "BINSE" JSC

According to the resolution No.:70 of Financial Regulatory Commission, issuing additional 1,000,000 shares of "Binse" JSC has been approved. Accordance with the Article No.:38 of "Company Law of Mongolia", an additional shares of company should offer prior to the existing shareholders, and Board of Directors meeting of "Binse" JSC established MNT1,000.00 per shares.

Therefore, existing shareholders of "Binse" JSC who wants to buy more shares, contact with their brokerage companies and make a request for buy order before 18 March 2015.

**BUY OFFER FOR CONTROLLING PACKET OF SHARES OF
"JINST UVS" JSC AND "UNDURKHAAN" JSC HAS BEEN RELEASED**

In accordance with the Articles No 22.1.1, 22.4 of "Securities Law of Mongolia", the issuer who wants to buy controlling packet of shares, could organize a block trading on Mongolian Stock Exchange after he or she declares it to Financial Regulatory Commission and public, and send notification to the Mongolian Stock Exchange.

Therefore, MSE is informing that Tugsbayar Davaatseren, Tsengelmaa Buyan-Ulzii and Sojil Davaa who wants to buy 45,028 shares or 84.6 percent of "Jinst Uvs" JSC, made an offer to other shareholders with not lower than MNT100.00 per share.

And, MSE is informing that Narankhuu Oidovsuren who wants to buy 91,443 or 81.7 percent of "Undurkhaan" JSC, made an offer to other shareholders.

JOINT STOCK COMPANIES THAT WILL BE DISTRIBUTED DIVIDENDS IN 2015



“HERMES CENTRE” JSC

Board of Directors meeting of “Hermes Centre” JSC held on 12 February 2015, and made decision sum of MNT320.0 million or 95% of total net profit to their shareholders as a dividend with MNT4.07 per share.

“TAVAN TOLGOI” JSC

According to the resolution No.:02 of shareholders meeting dated on 30 April 2014, dividend of 2013 were approved with MNT766.00 per share. However, shareholders meeting which held on 23 January 2015, decided to distribute dividend MNT59.00 or 5 percent per share more than previous year.

“TAKHI CO” JSC

Board of Directors meeting of “Takhi Co” JSC held on 11 February 2015, and made decision to distribute MNT82.00 per share as a dividend from net profit of 2014.

“MONINJBAR” JSC

Board of Directors meeting of “Moninjbar” JSC held on 13 February 2015, and made decision to distribute MNT5.00 per share as a dividend from net profit of 2014.

“GOBI” JSC

Board of Directors meeting of “Gobi” JSC held on 12 February 2015, and made decision to distribute MNT140.00 per share as a dividend from net profit of 2014.

RENEWED ORGANIZATION STRUCTURE OF MSE APPROVED BY BOARD

Med-term strategic plan, business plan and renewed organization structure were approved by Board of Directors meeting of MSE which held on 21 January 2015.

In framework of renewed organization structure, according to the decree No.:36 of CEO of MSE dated on 04 February 2015, following heads of departments appointed. Enkhtuya.M- Trading, Surveillance department, Chinguunjav.B-Strategic Market Development department, Myagmarsuren.J- Marketing Public Relations department, Batgerel.Z- Information Technology department, Tseveendorj.G- Finance and Planning and Narantuya.J- Administration department.

Renewed organization structure of MSE will be consist of 45 employers in 2015 without positions of Senior deputy director and deputy director.

NOTICE OF ANNUAL MEETINGS IN MARCH

	Company Name	Date	Time	Issues that will discuss in shareholders meeting
1	“Mon-It Buligar” JSC	2015.03.05	10:00	To approve board’s decision for operational and financial report of 2014 and to amend company’s charter.
2	“Songlog Barmat” JSC	2015.03.09	10:00	To approve board’s decision for operational and financial report of 2014, to amend company’s charter and to replace board members.
3	“Mon-Nab” JSC	2015.03.12	14:00	To approve board’s decision for operational and financial report of 2014, Board’s work report and to discuss future business plan of the company.
4	“Technic Import” JSC	2015.03.16	09:00	To discuss audit conclusion of board’s decision for operational and financial report of 2014, it’s board decision, business plan, report of audit commission, organization structure and other related issues.
5	“Gazar Suljmel” JSC	2015.03.19	16:00	To discuss operational and financial report of 2014 and distributing dividend
	“Blue Sky Securities” JSC	2015.03.25	18:00	To approve operational and financial report of 2014 and business plan, to nominate member of board, make amendment on shareholder’s capital. Plus, to discuss about prospectus of issuing additional shares.
6	“BDSec” JSC	2015.03.26	10:00	To discuss operational report, conclusion of auditing report for financial report, board’s decision for distributing dividend, and to select board’s regular and independent members, budget of salary and bonus for board, make change on name of company, trading report of additional issued shares, business plan for new assets, introduce the budget amendment of new assets, introduce changes of prospectus to shareholders, to determine announced and issued shares, and amendment of company charter.
7	“Digital Katalist” JSC	2015.03.27	12:00	To discuss operational and financial report of 2014, to expanding business operation by procurement and related covenants, amendment of company charter, proposal to change debt to shares and other issues.
8	“Khungun Beton” JSC	2015.03.27	17:00	To discuss operational and financial report of 2014, to nominate board members, not to distributing dividend, to determine bonus budget of members, amendment of company charter and other Issues.
9	“Kharkhorin” JSC	2015.03.28	14:00	To approve operational and financial report of 2014 and business plan of 2015, to discuss the board’s decision about not to distributing dividend, approve board’s decision about making big amount of trading, to nominate board’s members.
10	“Gobi Financial” JSC	2015.03.30	12:00	To discuss board’s decision about operational and financial report of 2014, to approve plan for operation, to approve plan for issuing additional shares, expanding business operation by purchasing company, related reports and decisions, to change debt to shares, to buy share in priority and make large amount of trading.

THE NEW MARKET MAKER STRUCTURE WILL BE INTRODUCED IN CAPITAL MARKET

Performance of brokerage companies plays an important role in improving daily turnover and liquidity. Even though brokerage companies of Mongolian stock exchange have double duties for broker and dealer, activities of brokerage companies mainly limited by implementing buy and sell order of its clients.



Thereupon investors face problems with buying and selling their shares at any time they want, and it has a negative impact on market liquidity.

Therefore, Mongolian Stock Exchange has been preparing to introduce international capital market structure of “Market Makers” from 16 February 2015. Today, member companies of Mongolian Stock Exchange, such as “BDSec” JSC, “Standart Investment” LCC, “Capital Market Corporation” LLC and “Tenger Capital” LLC received the ratification as “Market maker” and signed the agreement with MSE.



Brokerage companies with “Market maker” ratification will participate in daily shares and government securities trading and hence, liquidity of securities in the primary and secondary market will increase as well. In near future, introduction of market makers structure will be available in stocks and derivatives market.

By the way, Government securities started trading through MSE from November 2014 and total of MNT74 billion worth

government securities were owned by bond investors. Secondary market of government securities commenced on 19 January 2015.



D.ANGAR: MSE IS IN DEBT OF 8.5 MILLION USD

-You have said that 11 billion MNT has been placed in Mongolian Securities Clearing House and Central Depositories' account. What this money is all about?

-Capital market activities should be open and transparent. Market existence depends on providing those factors. However, Mongolian Securities Clearing House and Central depository has been distorted from this and it became evident that SCHCD has kept 11 billion MNT over the long term, which is supposed to be distributed to shareholders. SCHCD has not made any effort to distribute dividends and shares money to shareholders. Therefore, people should seek to get their dividends.

-Is it correct that shareholder's money has been placed immobile and interest has not been accrued on that?

In general, yes. A major player in the stock market's money can not conceal people's money for a long time. Market can't be developed under those circumstances. If 11 billion MNT had been distributed to shareholders at the right time, they would have had a potential to become active investors. There was a belief that it would be possible to raise money and purchase stocks with accrued dividends. Those issues had a negative impact on the development of capital market. Therefore, people have suffered from a loss from the mentioned issues.

-Can MSE impose requirements on that?

-From the legal point of view, we cannot impose requirements on SCHCD, because SCHCD and MSE are two different entities.

-How often do you get a proposal of

companies, which want to issues stocks through MSE?

-Economic conditions are tough right now and major IPO's tend not to be made within the next 2 years. We need to expand domestic investors in order to attract investment. If we assume MSE as a kiosk, then it should have a variety of quality goods and products. However, the majority of public companies, which are listed in MSE don't meet the requirements. There is not a single company which conform good corporate governance.

-How does the trend of people participating in the market revived most lately?

-Peoples stock market awareness and financial education is still poor. People often ask about the residual of pink and blue tickets and "Erdenes Tavantolgoi" LLC's 1072 shares. People are rarely interested in making investment in a new product in the marketplace. In addition, MSE has a poor reputation. Therefore, MSE should develop as an institution. Foreign equity funds should not have interest in the market, which does not have the scope of investors. Therefore, issuing government securities has demonstrated that it's important to create domestic investors as a first priority.

-People don't know too much about the government bonds. Little work has been done in educating them. Are domestic investor's the people?

-Yes. People are the main force of the stock market. Bond is the simplest product. However, they are unable to purchase the simplest product and possess it. Government securities have advantages



over bank deposits. They are risk-free, have high yield and can be used in different ways. An individual can purchase it. If an individual is in need of money, he or she can sell government securities in the secondary market. If people possessed better financial education, they would have purchased them without any hesitation.

-How much of government securities are traded so far?

-Government securities worth of 74 billion MNT have been traded so far. Selling government securities with that amount is a success. Government securities had been purchased by four banks before. 150 individuals and entities have purchased them so far.

-What should be the main focus and policy of MSE in 2015?

-MSE will be focused on improving the quality of domestic investors, enhancing investor's education and getting investor's trust instead of introducing new products to the market. Capital market has its own set of rules. The main policy should be directed in changing public attitude and promoting the advantages of stock market.

-A portion of MSE's shares has been proposed as a bill and submitted to parliament. Is it right for MSE to be privatized in terms of the stage of development?

-There is not any exchange that has been state owned. The stock exchange should be transparent and should have good corporate governance, and operate with business principles. The stock exchange operates as a public company in foreign countries. Majority percent of shares has been owned by individuals and entities. To wit, London Stock Exchange, which has been cooperating closely with us is a

public company. Arabs own nearly 40 percent of shares of London Stock Exchange. Although, the exchange possesses controlling interest. It's necessary to privatize the exchange in order to develop the stock market.

-The agreement which has been made with London Stock Exchange extended last year. Is the full payment has been made for the previous service?

-MSE made a strategic agreement with London Stock Exchange for a total of 14 million USD. A portion of it has been paid from the state budget. The remaining portion has been paid by taking a loan from commercial banks and the development bank.

-How much in debt is MSE right now?

- Our total debt is 8.5 million USD. If we amount it in MNT, then it's approximately MNT15 billion. Besides, we have tax liabilities. The requirement has been submitted by tax department to close our account for the last two months. For example, we need to pay 1 billion MNT for tax. MSE is unable to pay 8.5 billion MNT by its own. It should be paid from the state budget.

-How much is the expenditure of MSE per one year?

-We spend 1 Billion MNT for total expenditure in a year. We spend 600 million MNT for wages, 200 million for depreciation. The remaining 200 million MNT goes for electricity and service cost. Mongolian Stock Exchange has operated with operating loss during the last three years and gained net income of 50 million last month. MSE gained a total of 130 million MNT in profit. We spent 80 million in expenditure and purchased government securities with the remaining 50 million. Operating with a profit is a clear positive sign to the market.



MSE'S BEGINNER COURSE CONDUCTED SUCCESSULLY



Mongolian stock exchange's "Capital market beginner course" for the residents has successfully conducted from 23 February 2015 to 27 February 2015. Total 14 students enrolled and successfully graduated with certificate.

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

Numbers of people who want to enroll this course have increased day by day. Therefore, we plan to set next course on 23 March 2015.



MONTHLY TRADING REPORT

Feb-15

Brief Statistics

Total Volume	7,163,540
Total Value /MNT/	26,993,733,810
Number of transactions	889
Number of traded securities	66
Market capitalization /MNT/	1,365,432,388,305

TOP-20 index

Close	13,907.69
Pre-close	14,290.63
Change /MNT/	-382.94
Change /%/	-2.68
52 weeks High	17,160.49
52 weeks Low	14,389.27



Most actively traded securities:

By volume:					By value:				
No	Symbol	Securities name	Volume	Price	No	Symbol	Securities name	Volume	Price
1	ETR	E-Trance Logistics	5,012,586	501,199,080	1	ETR	E-Trance Logistics	5,012,586	501,199,080
2	AHH	Khorin Khoyordugaar baaz	1,318,569	270,306,645	2	AHH	Khorin Khoyordugaar baaz	1,318,569	270,306,645
3	ONH	Undurkhaan	91,443	9,144,300	3	APU	APU	17,730	64,179,870
4	RMC	Remicon	74,700	6,710,175	4	MIE	Material Impex	1,529	43,430,500
5	HRM	Hermes Centre	69,819	9,898,342	5	BNB	Bayalag Nalaikh	60,917	40,918,970

Most Gainer Companies

No	Symbol	Securities name	Pre-close	Closing price	Change	
					MNT	%
1	SHV	Shvee ovoo	3,900.00	6,200.00	2,300.00	58.97
2	SUL	Gazar suljmel	46,200.00	58,650.00	12,450.00	26.95
3	HHS	Khuvsgul khuns	591.15	680.00	88.85	15.03
4	SOI	Euroasia Capital Holding	21.16	24.33	3.17	14.98
5	HGN	Khukh gan	97.00	110.07	13.07	13.47

Most Loser Companies

No	Symbol	Securities name	Pre-close	Closing price	Change	
					MNT	%
1	IBA	kh Barilga	11,000.00	8,000.00	-3,000	-27.27
2	HSX	Khisig Uul	945.00	800.00	-145	-15.34
3	BSKY	Bluesky Securities	2,975.00	2,529.00	-446	-14.99
4	MNS	Monnoos	4,700.00	4,000.00	-700	-14.89
5	MKT	Naco tulsh	309.00	264.00	-45	-14.56

Government securities: /Primary market/

No	Securities name	Volume	Price	Interest rate % /annual/	Face value	Discounted price
1	ZGEB-B-52-287	1,652	165,200,000	16.125	100,000	100,000
2	ZGEB-B-12-288	21,874	2,114,909,564	14.896	100,000	96,686
3	ZGEB-B-28-289	8,987	828,637,348	15.745	100,000	92,204
4	ZGEB-B-12-290	233,886	22,607,186,874	15.019	100,000	96,659

Government securities: /Secondary market/

No	Securities name	Volume	Price	Interest rate % /annual/	Face value	Discounted price
1	ZGEB-BD-10/11/15-A0002-16.25	50	5,000,000	16.25	100,000	-
2	ZGEB-BL-05/05/15-A0014-0	1,240	119,895,600	14.90	100,000	96,686