

## **INSTRUCTIONS FOR ORGANIZING PRIMARY MARKET TRADING OF DOMESTIC SECURITIES OF THE GOVERNMENT**

### **One. General Provisions**

- 1.1. These instructions shall be followed when organizing trading in the primary market of domestic securities of the government (hereinafter referred to as "ISG") in accordance with the "Rules for the primary and secondary market of domestic securities of the government" (hereinafter referred to as "rules") approved by the annex to Resolution No. 77 of 2019 of the Government of Mongolia.

### **Two. Listing of ISG**

- 2.1. The issuer shall enter into an agreement with the trading organization on the execution of the trading of securities in accordance with the rules.
- 2.2. The issuer shall submit the trading schedule and report of the ISG to the trading organization in accordance with the rules and the listing application.
- 2.3. Based on the listing application of securities submitted by the issuer and 2.1 and 2.2 of these instructions, the trading organization shall issue an order on the listing of the ISG and notify the Central Securities Depository.

### **Three. Preparation for trading**

- 3.1. The trading organization shall prepare the following preparations before the start of primary market trading of ISG:
  - 3.1.1. Review trade report within 1 business day after receipt;
  - 3.1.2. The trading organization shall publish the trading schedule and report of the ISG issued by the issuer through its website [www.mse.mn](http://www.mse.mn) and the primary market trading system of the ISG [www.bond.mse.mn](http://www.bond.mse.mn) /hereinafter referred to as the trading system/ at least 3 business days in advance;
  - 3.1.3. Before the start of trading or during the trading, the decision of the authorized body and other information that shall be reported to trading participants shall be disclosed through the [www.mse.mn](http://www.mse.mn) website and the trading system;
- 3.2. The trading organization may jointly organize training and consulting regarding the trading system and ISG, and provide manuals to the trading participants with the issuer.

### **Four. Organizing trade of ISG**

- 4.1. The trading organization shall ensure the reliability, speed, and security of the

trading system.

4.2. The primary market trading of ISG shall be organized in accordance with the following:

4.2.1. "Multiple price auction" means the trading form of the ISG in which the non-competitive bid is based on the arithmetically weighted average interest rate of the completed competitive bids and the competitive bid is based on the interest rate bid submitted by the direct participant;

4.2.2. "Single price auction" means the trading mode of ISG in which non-competitive offers and competitive offers are realized with a cut-off interest of the successful competitive offers of that trade;

4.3. A participant in the ISG trade shall enter competitive and non-competitive bids in the primary market trading system every Wednesday between 11:00 a.m. and 12:00 p.m.

4.4. The trading participant may change or cancel the interest rate and price of the securities purchase offer during the trading offer acceptance period.

4.5. The trading participant shall submit the competitive offer or interest/yield/ offer of the ISG with the specification determined by the issuer.

4.6. During the trading offer period, one investor may submit competitive or non-competitive offers at the same time.

4.7. In accordance with the terms and conditions submitted by the issuer, restrictions may be placed on the maximum and minimum orders for the purchase of securities by one investor.

4.8. The trading organization shall deliver all competitive and non-competitive bids submitted by the participants in the trading of the ISG to the issuer after the end of the trading bid acceptance period.

4.9. Transactions may be canceled due to power outages, hardware or software failures, or other force majeure events.

4.10. In case the issuer cancels the trading, the date and time of the next trading shall be notified through the trading organization.

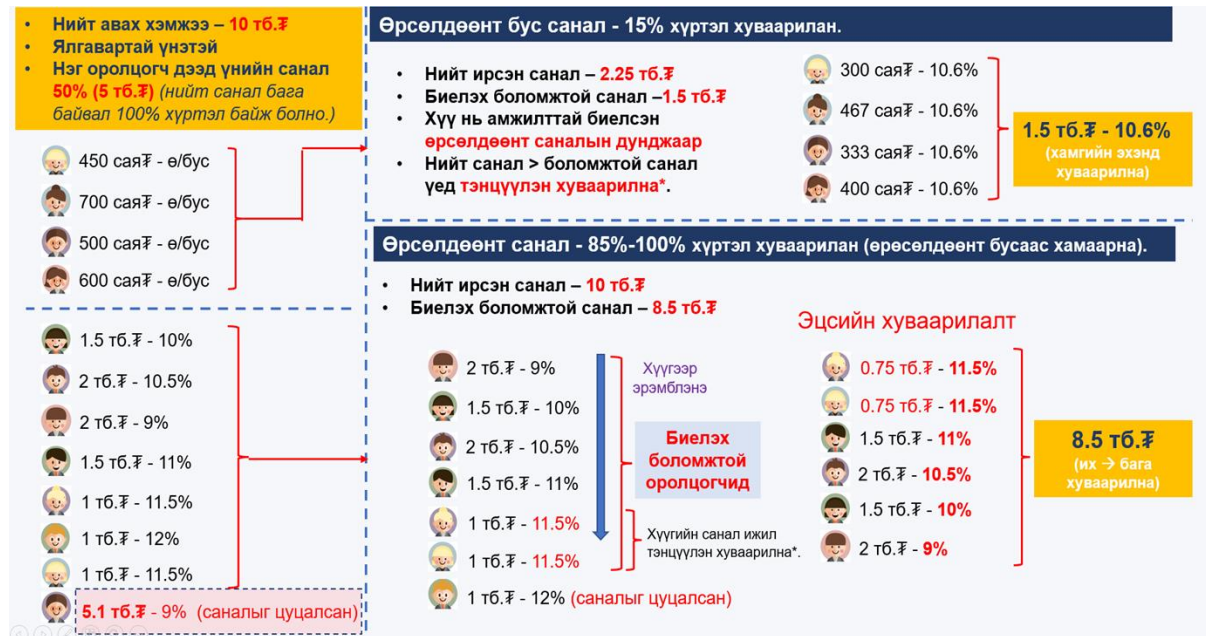
#### Five. Trade allocation

5.1. The issuer shall confirm the trade allocation within the same day of the trading of the securities.

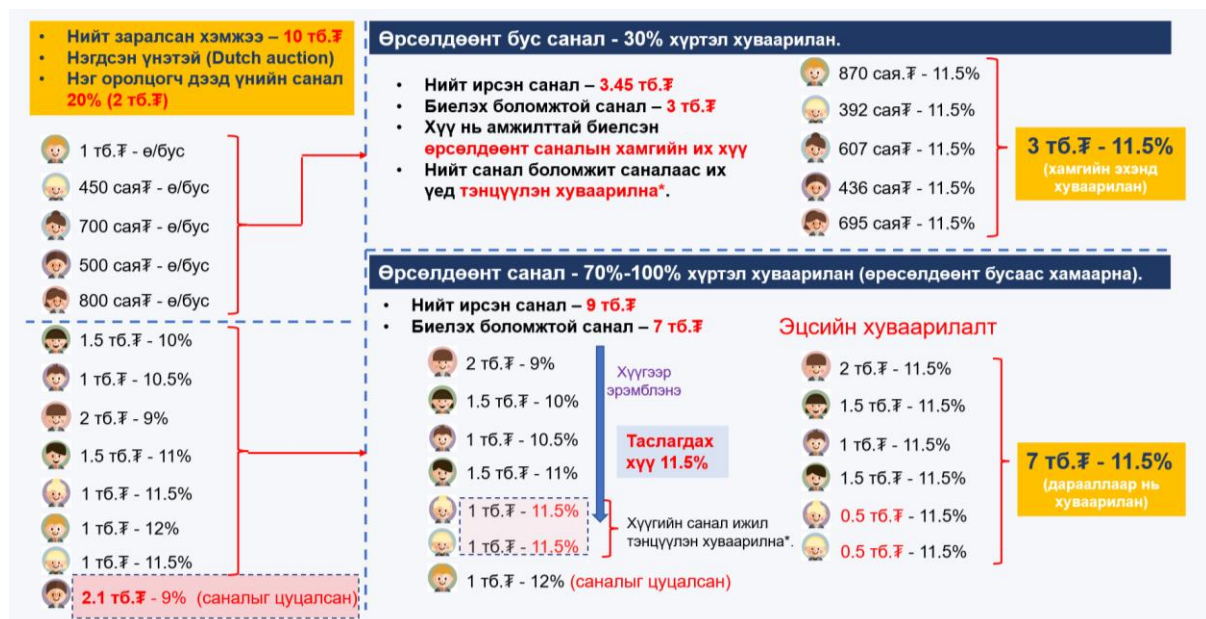
5.2. The issuer shall make a trade allocation of ISG in accordance with the "Methodology for calculating the primary and secondary market prices, returns,

and interest rates of domestic government securities, as well as making trade allocation and purchasing back domestic government securities from the secondary market".

### Example 1- Multiple price auction



### Example 2- Single price auction



## Six. Settlement

- 6.1. The investor participates in trading by pre-depositing the payment of ISG together with the trading fee to the account in their name registered with the central securities depository.
- 6.2. The trading fee from the investor shall be calculated in accordance with the first appendix of the "Trading Rules" of the "Mongolian Stock Exchange" JSC.

## Seven. Miscellaneous

- 7.1. The results of the primary market trading of ISG shall be consistently disclosed to the public on each trading day via the website of "Mongolian Stock Exchange" JSC at [www.mse.mn](http://www.mse.mn).
- 7.2. Any complaints regarding the primary market trading of ISG shall be resolved in accordance with this instruction and the "Mongolian Stock Exchange" JSC's "Surveillance rule".