

## **Declaration of the Securities settlement and capital cash**

### **One. General Validity**

- 1.1 This regulation is to settle the relations that arising from the execution of the cash transactions on the settlement and settlement organization arising from the trading value of the securities trading organization.
- 1.2 In this relation Civil code of Mongolia, Company Law, Securities market law, Organization Secret law, The Law of Personal Secrets, The FRC "Procedure for Preventing Financing Terrorist Money Laundering, Recognizing the Customer, Reporting Suspicious and Cash flow", Mongol Bank's "High Payment Settlement Regulation Between Participant Payment Systems", "Payment Systems Regulation between Low Payments System ", International Accounting Standard and "Securities Clearing House" LLC's/(hereinafter referred to as the "Settlement Organization") relevant rules and will be guided.
- 1.3 The Securities Settlement's services (hereinafter referred to as the Office) of Settlement institution shall execute settlement transactions arising from securities trading transactions and cash settlement transactions.

### **Two. Terms of Reference**

- 2.1 The following terms used in this regulation shall be interpreted as follows:

2.1.1 "Securities" shall mean understanding as defined in Article 4.1.8 of the Securities Markets Law;

2.1.2 "Cash balance" means the balance of the cash in the balance is on the account as the balance of the previous day plus the income of the day, equilibrium to equal of deducted loss of expenditure;

2.1.3 "Transaction commission" is the amount of the certain percentage of the total amount of trading value;

2.1.4 "Primary accounting document" means a petition for cash withdrawals from account, receipts of cash documents the cashier's invoice if necessary/;

2.1.5 "T + 0" means trading day;

2.1.6 "T + 1" means the first day of trading after the trading;

2.1.7 "Term of transaction" means the period of cash drawing and withdrawal transaction into the account;

2.1.8 "High-value transaction" means inter-bank transaction with the amount equal to or more than the value approved by the President of the Bank of Mongolia;

2.1.9 "Low-value transaction" means inter-bank transaction that is equal to or less than the limit set by the President of the Bank of Mongolia;

2.1.10 "Revenue Transfers" means transactions that made from the Commercial Bank to clearing office account;

2.1.11 "Expenditure transaction" means transactions made to the Commercial Bank from the clearing office account;

2.1.12 "securities settlement account" means the account for the settlement of trading transactions of the customers in the settlement institution;

2.1.13 "Securities Company (YIJK)" means a securities company licensed by the Financial Regulatory Commission to undertake regulated activities;

### **Three. Payment form**

3.1 Cash settlement that draw in an account through the Clearing will be a non-cash form of cash.

3.2 The Settlement of the government securities transacted by Trading Authority and the Mongol Bank is based on the agreement with the Ministry of Finance on the basis of the "Recording, Storage and Payment of Government Securities" by the Ministry of Finance.

3.3 Settlement of bonds / bonds of the company shall be made in accordance with the agreement with the company and in accordance with this regulation.

### **Four. Requirements for settlement**

4.1 Requirements for the clearing of the receipts shall be established by the Clearing House.

4.2 The Office receives primary accounting documents from the SCC and reviews the scope of the application with program information and conducts the transactions.

4.3 Indicator details of the primary payment method are clear and legible completed not repaired, stamped / stamped and attached copies of electronic copy of account holder. In the event of the representing the transaction of the account holder, the representative shall sign the representative's primary document on the basis of the credentials that meet the requirements specified in Article 64.2 of Civil Law and transfer of the withdrawal transaction to the bank account of the account holder. If these indicators are incomplete, the counterparty will refuse the receipt.

4.4 The person responsible for checking the primary accounting documents shall be included with the signature and signature explanation.

### **Five. Cash transactions**

5.1 In Clearing house's cash flow, cash flow income (transactions from commercial banks to accounts of the Clearing House), and withdrawal transaction (Transactions from Clearing house accounts to commercial banks) will both include.

5.2 The Clearing house's cash flow in the accounting department begin with the opening day of the transaction. The new transaction day starts at 09.00 am on every business day and the cash transaction is set at 09.10 am.

5.3 The large cash outflow transactions will be made between 09: 10 and 16:20 pm, and the low-cost withdrawal will be made between 09.10 am and 5:00 pm.

5.4 Revenue transfers shall be deposited in the securities settlement account by the program senior accountant to the account based on the relevant procedures.

5.5 For revenue transactions, the information on the type of transaction number, the name of the account, the name of the CCCM should be clearly written and the information will be recorded in the "account name unknown" account if the information is not recorded in the bank's description of the bank or the account is inaccurate and the account is not open.

5.6 The revenue that is recorded in the unspecified account will be transacted by customer's request for withdrawal.

5.7 Based on the receipt of the central bank's online account, chief accountant shall keep the balance sheet every day in accordance with International Accounting Standard and monitor the account by the Chief of Staff.

5.8 In order to make outflow cash transfers, the Transaction Accountant receives primary documentation (Form 1) from the SCCs and checks the company's information database, removes the client's securities settlement account and disbursements.

These include:

5.8.1 In the event of a foreign participant's transaction by the settlement entity, the foreign exchange entity shall submit to the MCC the brokerage of the "Electronic Signature" of Mongolia and the relevant documents that meet the requirements of the relevant templates.

5.8.2 The primary document submitted in accordance with paragraph 5.8.1 of the Guidelines shall be certified by the relevant authorities of the respective SCC by signature, stamp and sign.

5.8.3 Based on the baseline documents that meet the requirements of paragraph 5.8.1 and 5.8.2 of the rules, the accountant of the officious transaction shall transfer the participant's cash flow to the account of the client's commercial bank account only.

5.9 The expenditure transaction shall be certified by the chief executive. The senior chief accountant will certify the transaction when chief executive is absent.

5.10 Cash flow will be transacted between the customer's accounts at the settlement organization in the following cases.

These include:

5.10.1 Based on the recordation of FRC's State Inspector;

5.10.2 Based on official letter from internal employees of companies;

5.10.3 Transferring cash withdrawal transactions from the customer's account to the court decision enforcement agency based on court decision and letter from the court decision enforcement agency according to court decision.

5.11 The Chief Executive Officer reserves the right to veto the transaction within one day for the transaction as a cash flow transaction receivable, in case of suspect or isolation, and the relevant SCCs notify the customers within that day of the transaction.

5.12 In case of a high-value transaction between the BOM's interbank payment settlement in accordance procedure, the transaction shall not be refunded.

5.13 Information on the suspicious transaction The Chief Executive Officer shall give the information to the Internal Inspector before the transaction is made in every occasion.

5.14 When there is any delay in the system during the process of making cash transaction The Information Technology Department and the Internal Control Officer are obliged to notify immediately.

5.15 In order to ensure continued settlement, The Bank of Mongolia's "High-value Settlement Regulation between Participants in the Payment System" will be pursued in Chapter 13.

## **Six. Prohibited in payments**

6.1 The following things prohibited for the Civil servants.  
These include:

6.1.1 Incomplete dataset, divergent information database, unauthorized transactions, falsification and concealment of documents;

6.1.2 Transactions that are noncertified by Securities Company, unqualified, non-signed documents, return transactions of an unreasonable reason;

6.1.3 Perform transactions by fax and e-mail and scanned documents; (This provision does not apply to foreign clients)

6.1.4 To transact the outflow cash to other's bank account than owner's account / does not apply to minors/;

6.1.5 Transfer the withdrawal transaction into the bank account of the authorized representative;

6.1.6 To make withdrawals to personal account and transfers between personal securities settlement accounts from the entity's account.

## **Seven. Transaction settlement time and system**

7.1 Trading settlements shall be executed within the timeframe of "Settlement procedure of Operational Securities".

7.2 The service shall follow the coherence of received receipt, complete the settlement by electronic calculator.

7.3 Scouting staff shall transmit the transaction data of the SCC on a daily basis to the SCCs by e-mail.

## **Eight. Payment service fees**

8.1 Charges and fees for settlement service shall be calculated according to the annex 05 of Resolution No. 06 of Board of Commissioners of "MSCC" LLC on August 09, 2016.

8.2 The contract of securities transaction made by Clearing Houses, in case of a FRC resolution or court decision, designated entity does not assume the obligation to deduct previously calculated contributions from participating market participants.

8.3 Interbank payment settlement service fee shall be calculated from the customer's account in accordance with the relevant Bank of Mongolia regulations.

## **Nine. Payment report**

9.1 The clearing house shall issue a statement of cash on a daily basis and the service shall prepare a report on the settlement activities as follows:

These include:

9.1.1 Petition Application form request from account / Form-1 /

9.1.2 Statement of Cash Revenue Report / Form-2 /

9.1.3 A consolidated statement of cash expense / Form-3 /

9.1.4 Summary of Cash Flow Statements / Forms-4 /

9.1.5 Cash balance / Form-5 /

9.1.6 Cash Revenue and Expenditure Balance Sheet, Successful, Unsuccessful) Form-6-1 / Cash Revenue and Expense Transaction Balance of Securities Settlement Clearing (Not included Low-value transaction / Forms-6-2 /

9.1.7 List of Backed Assets / Forms-7 /

9.1.8 Balance of accounts of correspondent banks / Forms-8-1 /

9.1.9 Current account balances of correspondent banks (Not included Low-value transaction) / Forms-8-2 /

9.2. The Service shall conduct a survey on fees and fees for settlement services.

9.3 Information and reports from the service are reviewed by the Chief of Staff

## **Ten. Storage and confidentiality of the document**

10.1 All employees will be responsible for the maintenance and confidentiality of the data from the office and shall be governed by the "ACC Privacy Regulations" and "Information Security Regulations".

10.2 Officer responsible for payment transaction should keep the documents sorted and confidential covered, lock in their locks, sealed safes and archive the document when it reach the archive.

10.3 A copy of the trademark shall be filed and filed in accordance with the rules of procedure.

## **Eleven. Accountability**

11.1 The designated institution shall not be liable for the consequences of failure to submit the primary securities trading transaction by the Trading Authority to the period specified in the agreement entered into between the parties.

11.2 The person responsible for the violation of the provisions 4.2, 4.3, 4.4, 5.4, 5.5, 5.6, 5.8, 5.13.5.14, 5.15, 6, 7.2, 5.8, 5.13.5.14, 5.15, 6, 7.2 and 10 of the Rules shall be fully responsible and the disciplinary penalties provided by the "MSCC" LLC imposed.

11.3 The settlement institution shall not be liable for any damages resulting from the bank's misconduct in the cash flow proceeds.

11.4 Securities Company is fully responsible for the accuracy and completeness of the document.

11.5 The Securities Company shall be fully responsible for the accuracy of the primary accounting documents related to transactions of 5.8.1 and 5.8.2 of the Regulation.

11.6. If the violation of this regulation violates the Securities Market Law, the Financial Regulatory Commission shall address the law enforcement body if it is a criminal offense.

## **Twelve. Rest**

12.1 In this procedure, amendments shall be made by Board of Directors of "MSCC" LLC.

Commission fee of Securities Settlement

The commission shall receive a fee from the trading value of the trading entity as outlined below.  
These include:

Securities type	Service fee
All types of stock of companies traded on the securities market	0.24 per cent from each buy and sell
All types of stock of companies that are not traded under the underwriting company on the primary market.	From the seller 0.2% more
State equity stocks	0.3 percent from sellers, 0.24 percent from the buyer
Company Bond or Bond/Primary Market/	0.0075 percent from the seller, 0.0075 percent from the buyer
Company bonds or bonds / secondary market /	0.0075 percent from the seller, 0.0075 percent from the buyer
Government bonds, governors of aimags and capital city / bonds // primary market /	From the seller side, 0.00175 percent, 0.00375 percent from the purchase side
Government bonds, governors of aimags and capital city / bonds // secondary market /	From the seller side, 0.00175 percent, 0.00375 percent from the purchase side
Interbank transactions	500 tugrug from per transactions

**PETITION FORM OF REQUESTING MONEY FROM ACCOUNT**

1. \*Account number of Payments
2. \*Full name of customer
3. \*Registration number
4. Permanent address
5. Contact phone number

Money of share, Bond money /draw line below/ \_\_\_\_\_ MNT/by letter/  
to \_\_\_\_\_  
\_\_\_\_\_/organization and person name/ - \*in Bank \_\_\_\_\_  
\_\_\_\_\_ provide an account number\* \_\_\_\_\_ .

Submitted application by \_\_\_\_\_/...../  
Customer name Signature

Authorized representative of Customer: ☐ confidante ☐ yourself

Received: Officer of the Securities Company: \_\_\_\_\_/...../

Scanned by: Executive Principal of Securities Company: \_\_\_\_\_/...../

/Stamp/

.....Day.....month.....Year

Received an application,

Transaction made by: Accountant of the MSCC., Ltd \_\_\_\_\_/...../

Scanned by: Head of the MSCC., Ltd/Chief Accountant/ \_\_\_\_\_/...../

/Stamp/

.....Day.....month.....Year

Notifications:

\*Please fill out 1-3 items, please note that the transaction will not be processed if the address wrong.  
\*”ACA”LLC will not be responsible for if the customer misspelled the bank name, or the account number.



Form – 2

**STATEMENT OF CASH REVENUE**

date

S/N	Account	Quantity	Recipient Bank	Transaction Value

Total:

Reports issued: Officer of the MSCC., Ltd

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Report reviewed: Head of the MSCC., Ltd

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Form – 3

**A CONSOLIDATED STATEMENT OF CASH EXPENSE**

date

S/N	Full name	Securities Company code	A/N	By transfer	Explanation

Total:

Reports issued: Officer of the MSCC., Ltd

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Report reviewed: Head of the MSCC., Ltd

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Form – 4

**SUMMARY OF CASH TRANSACTIONS**

date

S/N	Name of Securities Company	Revenue		Expense	
		Number	Price	Number	Price

Total:

Reports issued: Officer of the MSCC., Ltd

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Report reviewed: Head of the MSCC., Ltd

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**BALANCE OF CAPITAL CASH**

date

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Bokerage Company code	Brokerage Company name	Revenue	Expense
		Total	Total /

Total settlement account balance

The first balance .....

Income .....

Expense .....

The Final Balance .....

Balance of the Settlement fund .....

Balance .....

MSE,ACA Balances .....

Transactions fee account .....

Total of .....

Customer’s cash balance .....

Total

Reports issued: Officer of the MSCC., Ltd / /  
Report reviewed: Head of the MSCC., Ltd / /

**Revenue and Expenditure of the ACA account  
Balance Sheet ( Successful, Unsuccessful )**

Report's date:

Printed date 0000/00/00 00:00:00

First balance: 00,000,000,000.00

## Successful

S/N	Date	Account Number	Revenue	Expense	Transaction Value	Explanation

## Unsuccessful

S/N	Date	Account Number	Revenue	Expense	Transaction Value	Explanation

Final balance: 00,000,000,000.00

Reports issued: Officer of the MSCC., Ltd

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Report reviewed: Head of the MSCC., Ltd

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**Revenue and Expenditure of the ACA account**  
**Balance Sheet ( Successful, Unsuccessful )**  
**(Not included Low-Value Transaction)**

Report's date:

Printed date 0000/00/00 00:00:00

First balance: 00,000,000,000.00

**Successful**

S/N	Date	Account Number	Revenue	Expense	Transaction Value	Explanation

**Unsuccessful**

S/N	Date	Account Number	Revenue	Expense	Transaction Value	Explanation

Final balance: 00,000,000,000.00

Reports issued: Officer of the MSCC., Ltd

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Report reviewed: Head of the MSCC., Ltd

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**LIST OF RETURNED REVENUE**

Date	Vehicle Insurance	Brokerage company account	Customer's Bank	Customers account	Transaction amount	Currency	Income Value	Explanation

Reports issued: Officer of the MSCC., Ltd / /

Report reviewed: Head of the MSCC., Ltd / /

**RELIGIOS BANKS BUDGET****Report date:****Printed date:**  
**Mongolian Tugrug ₮**

<b>№</b>	<b>Bank's Name</b>	<b>Account number</b>	<b>First Balance</b>	<b>Revenue</b>	<b>Expected earnings</b>	<b>Expense</b>	<b>Final Balance</b>

**Expected Expenditure**  
**Mongolian Tugrug ₮**

<b>№</b>	<b>Bank's Name</b>	<b>Account Number</b>	<b>Expected expenditure</b>
<b>Total</b>			

Not-Checked Expenditure  
Transaction between contacts  
Clearing Revenue  
Clearing Expense

**Report published by:** ...../

/

**Report reviewed by:**...../

/

**RELIGIOS BANKS BUDGET**  
**(Not included Low-Value Transaction)**

Report date:

Printed date:  
Mongolian Tugrug ₮

№	Bank's Name	Account number	First Balance	Revenue	Expected earnings	Expense	Final Balance

Expected Expenditure  
Mongolian Tugrug ₮

№	Bank's Name	Account Number	Expected expenditure
<b>Total</b>			

Not-Checked Expenditure  
Transaction between contacts  
Clearing Revenue  
Clearing Expense

Report published by: ...../

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Report reviewed by:...../

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