

# SECURITIES MARKER IN MONGOLIA

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Financial Regulatory Commission of Mongolia

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This material is prepared under the responsibility of the presenters, all remarks represent the presenters' own views, and not those of the FRC.

# Table of Content

- Introduction of FRC
- Securities market profile;
- Challenges and issues
- Area of interest

# Financial Regulatory Commission of Mongolia

Financial Regulatory Commission is a parliamentary authority mandated to regulate and supervise Mongolia's non-bank financial market.

- Insurance market
- Securities market
- Microfinance market
  - Non-bank financial institutions
  - Savings and credit cooperatives

# Financial Regulatory Commission of Mongolia

- FRC was established in 2006 in accordance with the ‘Law on Legal Status of Financial Regulatory Commission’.
- Based on statutory objectives and tasks, FRC aims to ensure stability and integrity of Mongolia’s financial markets by:
  - ❖ Regulating financial institutions;
  - ❖ Implementing and enforcing sector laws and regulations;
  - ❖ Protecting consumer and investor’s rights;
  - ❖ Promoting transparency and fair competition;

# Vision & Mission

**FRC's vision** is to create a diversified, sustainable and inclusive financial system where fair competition is promoted and consumer protection is secured towards fostering economic growth and development.

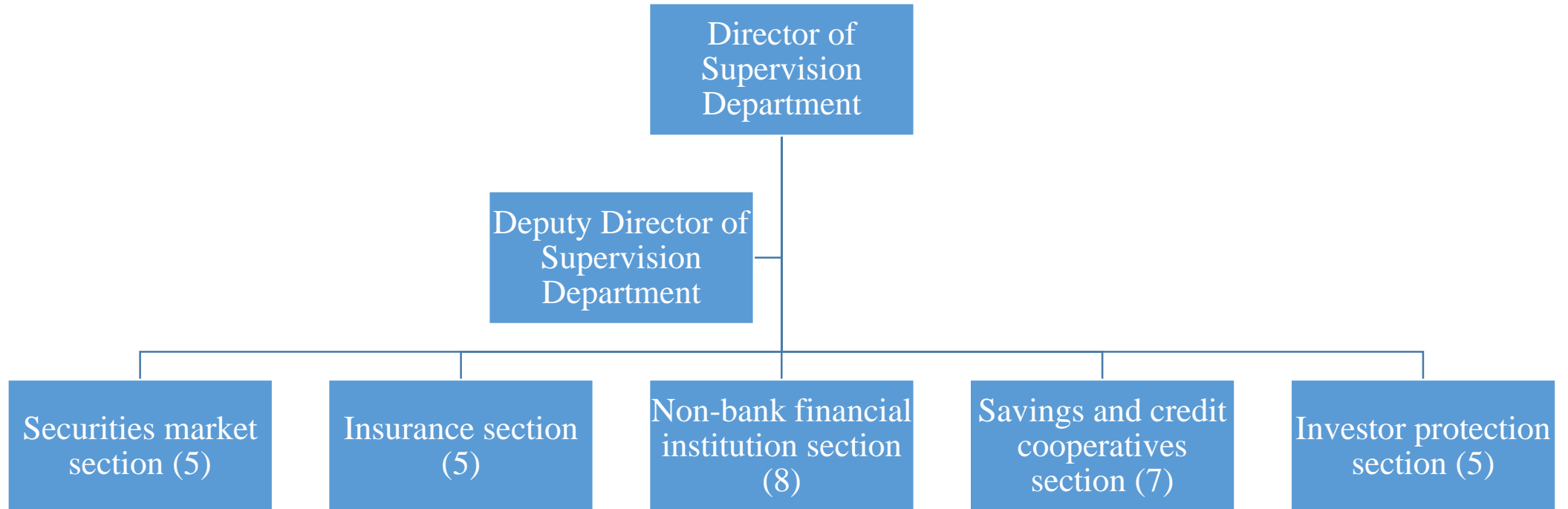
**FRC's mission** is to develop diversified and sustainable financial markets that ensure the rights of consumers and trust in marketplace by implementing sound financial policies and regulation, and establishing effective supervision system.

## Values

FRC's vital role in regulating and shaping the financial markets requires us to work lawfully and demonstrate high ethical and professional standards in exercising our power; and for that reason we value and strive to embed/institute:

- ❖ Integrity
- ❖ Accountability
- ❖ Professionalism
- ❖ Independence
- ❖ Initiative
- ❖ Teamwork

# Supervision Department Structure



# Financial institutions under FRC regulation

As of end 2017, FRC regulates **2,179** professional entities including:

- ❖ securities firms, brokers and dealers, underwriters, investment funds;
- ❖ insurance companies and intermediaries;
- ❖ non-bank financial institutions;
- ❖ savings and credit cooperatives;

Securities market  
**518**

NBFIs  
**534**

Insurance market  
**130**

SCCs  
**290**

Branches and  
representatives  
**707**

# Applying legislations

## **Laws of Mongolia**

- Law on the Securities Market
- Law on Investment Fund
- Law on Asset-Backed Securities
- Law on Agricultural Products and Commodity Exchange
- Law on the Legal Status of the Financial Regulatory Commission
- Company Law of Mongolia
- Banking Law of Mongolia
- Law on Conducting Settlement in National Currency
- Law on Licensing

## **Regulations, Rules, Guidelines, and Forms**

- 56 regulations
- 24 rules, guidelines, and forms

The supervision department is responsible for implementing, and enforcing laws and regulations as it shown above.

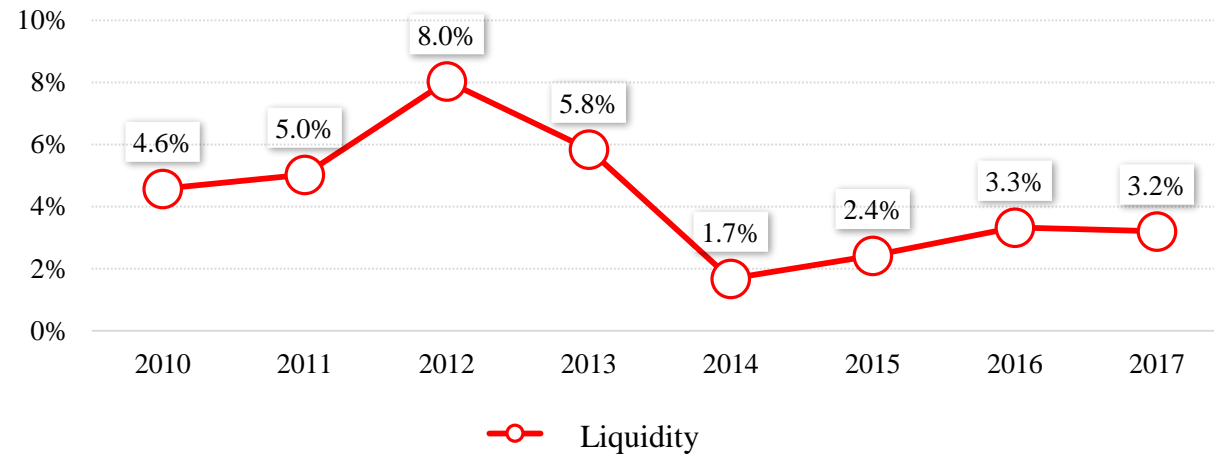
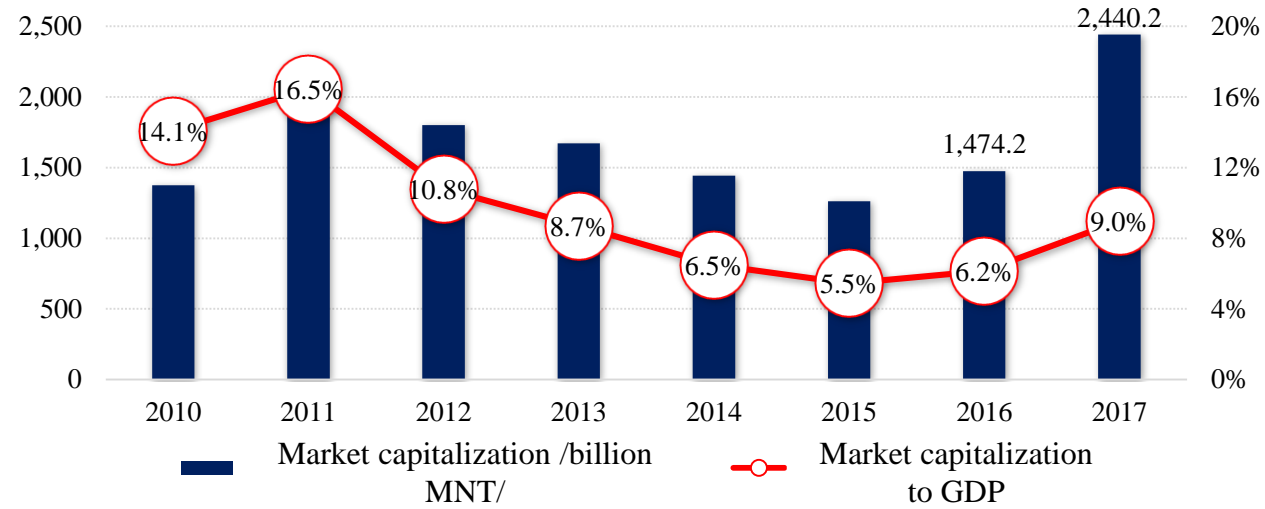


# Securities Market Profile Mongolia

## License holders of regulated activities of the securities market /double count/

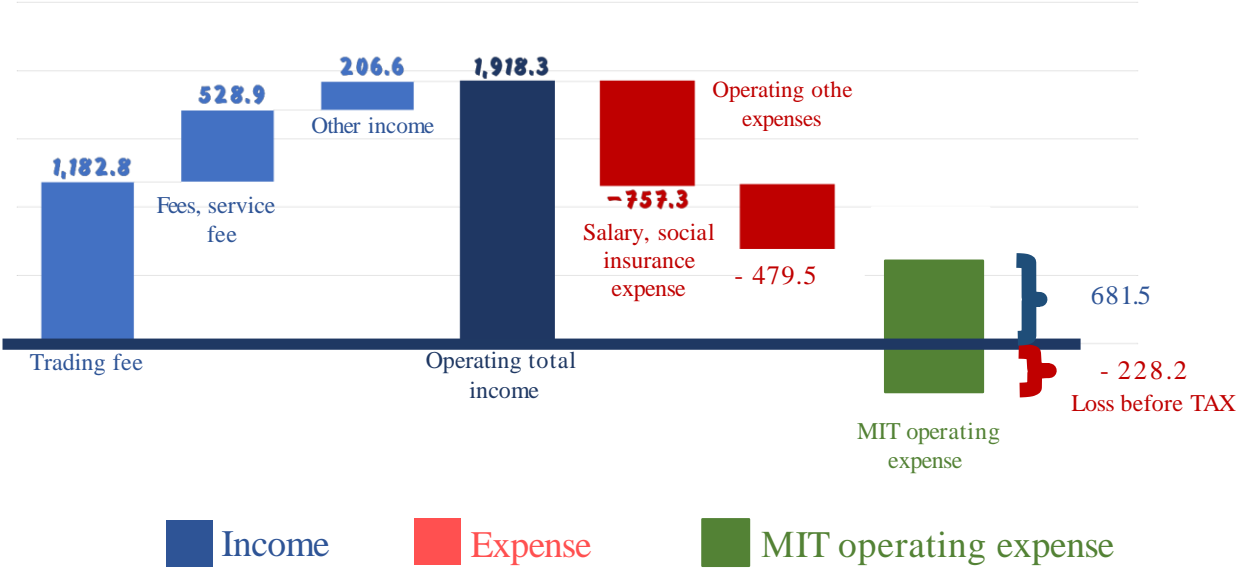
№	Regulated Operations	Number of Participants /2017.III/
1	Securities trading	2
2	Securities settlement	1
3	Securities central depository	1
4	Investment management	14
5	Custodian bank	3
6	Investment fund /Private/	8
<b>Professional Participants</b>		<b>52</b>
7	Broker	51
8	Dealer	48
9	Underwriter	22
10	Investment advisor	14
<b>Total</b>		<b>81</b>
11	Agricultural commodities trading	1
12	Agricultural commodity brokers	17
13	Audit firm	47
14	Appraisal company	21
15	Law firm	19
16	Joint stock company	<b>300</b>

# Securities Market Profile Mongolia



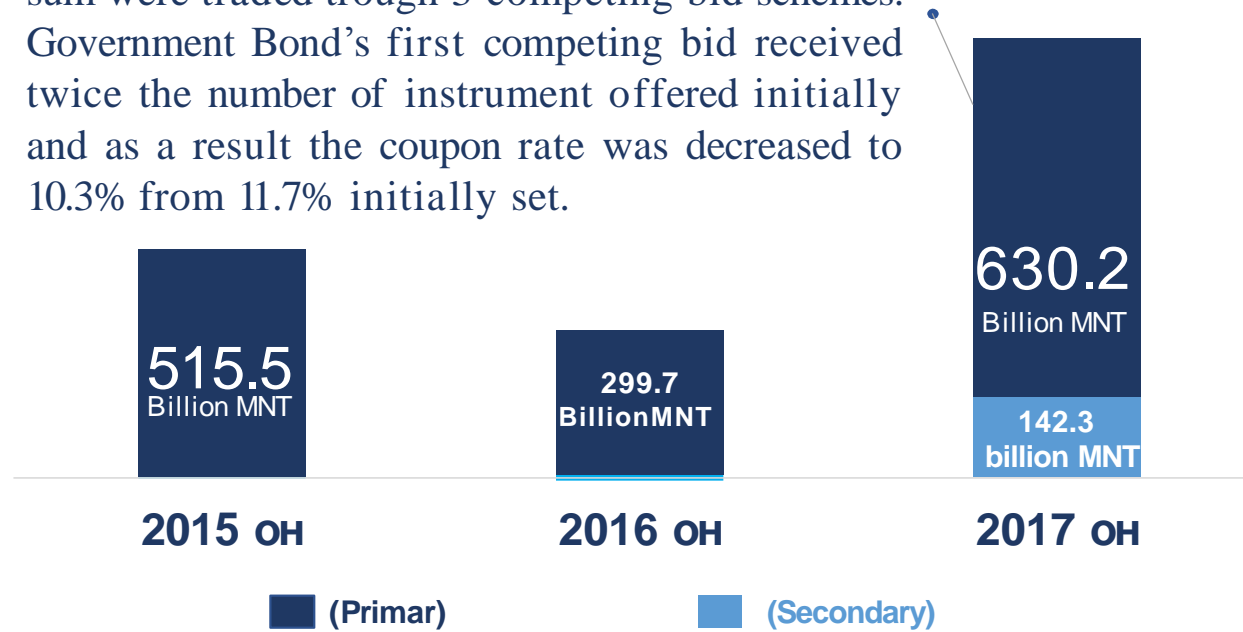
# Securities Market Profile Mongolia

In 2017, MSE’s total revenues from operating was MNT1.9 billion, and expense was MNT1.2 billion resulting MNT681.5 million net income. MIT system’s operating expense was MNT909.7 million accumulated and the total loss was MNT228.2 million.



## GOVERNMENT BOND

In 2017, Government Bond's trading value totaled MNT772.5 billion with MNT9.3 billion of the sum were traded through 3 competing bid schemes. Government Bond's first competing bid received twice the number of instrument offered initially and as a result the coupon rate was decreased to 10.3% from 11.7% initially set.



# **Issues and challenges facing in the capital market**

**1. To make legal reform**

**2. To improve the capability of the FRC and collaborate on supporting the staff to participate in training, seminars, and get practical experiences.**

**3. Improve public knowledge and provide information about the capital market**

THANK YOU FOR YOUR ATTENTION