

Unofficial translation

RESOLUTION OF THE STATE GREAT KHURAL (PARLIAMENT) Approval of the Work procedures of the Bank of Mongolia's Supervisory Board 09 October 2003 Ulaanbaatar №39 On the bases of the section 1, article 27¹ of the Law on Central bank (Bank of Mongolia), it is RESOLVED:

1 To approve the "Work procedures of the Bank of Mongolia's Supervisory Board" as provided in the Annex.

2 To comply with this resolution starting from the 1st of November 2003.

S TUMUR-OCHIR

SPEAKER OF THE STATE GREAT KHURAL (PARLIAMENT)

WORK REGULATION OF THE BANK OF MONGOLIA'S SUPERVISORY BOARD

One. General provisions

1.1. This procedures shall be complied with then regulating the activities of the Bank of Mongolia's Supervisory Board (herein further referred to as "Supervisory Board") in accordance with the section 1, article 27¹ of the Law on Central Bank (Bank of Mongolia).

1.2. The Supervisory Board shall conduct its activities in accordance with the Law on Central bank (Bank of Mongolia), other relevant laws and legislations, and this regulation.

1.3. The Supervisory Board is a non-standing body with a power to control the internal auditing activities of the Bank of Mongolia, implementation of the independent auditing advice and recommendation, reporting and notification status of the investment package and Financial statement of the Bank of Mongolia to the State Great Khural and public, and the activities of the Bank of Mongolia Board.

1.4. The Supervisory Board shall use stamp and letter head published in accordance with prescribed form.

Two. Responsibilities of the Supervisory Board

2.1. The Supervisory Board shall have the following responsibilities:

2.1.1. to put control over the selection process of the independent auditing organization, whose activities meet the international accounting principles, for auditing on the annual financial statement of the Bank of Mongolia;

2.1.2. to get introduced to the works being conducted by the Mongol Bank on the implementation of the opinion and recommendation issued by the independent auditing;

2.1.3. to supervise whether the independent auditing meets the international accounting principles;

2.1.4. to oversee the results of the Council activities of the Bank of Mongolia;

2.1.5. to get introduced to the financial statement of the Bank of Mongolia that was reported to State Great Khural and Public, and provide opinion on it;

2.1.6. to get introduced to the regulation adopted on the internal auditing, program and plan of the internal auditing activities, and their implementation, and propose the management of the Bank of Mongolia to take relevant measures;

2.1.7. to oversee the investment package;

2.1.8. to get introduced to the transactions of the deposit fund of the Bank of Mongolia from which dividends have been distributed; and

2.1.9. other responsibilities prescribed in law.

Three. Powers of the Supervisory Board

3.1. The Supervisory Board shall have the following powers:

3.1.1. to get the activity report of the internal auditing, financial statement, and other related information of the Bank of Mongolia;

3.1.2. to discuss the report of the relevant official on the implementation of the opinion and recommendation, provided by it to the Bank of Mongolia within its power, through the meeting of the Supervisory Board;

3.1.3. to hear the explanation and proposal of the independent auditing on the opinion and recommendation about the activities of the Bank of Mongolia;

3.1.4. to interact with the inspector of the Internal Audit Department of the Bank of Mongolia, and to exchange views on issues related to the internal auditing;

3.1.5. if deems required, to make proposal to have inspection or audit to be conducted on the activities of the Bank of Mongolia, or any management issues or specific transaction;

3.1.6. to discuss the activity results of the Bank of Mongolia's council, and issue opinion;

3.1.7. to report to the State Great Khural on the issues under its powers;

3.1.8. to advise the management of the Bank of Mongolia to ensure the implementation of the any issues discussed by the meeting of the Supervisory Board;

3.1.9. to make proposal on the issues to improve the legal environment of the Bank of Mongolia's internal auditing and financial statement; and

3.1.10. other powers specified in laws.

3.2. The Chairman of the Supervisory Board, in addition to his powers of the members of the Supervisory Board, shall have the following powers:

3.2.1. to lead the Supervisory Board, announce the date, and chair the meeting;

3.2.2. to appoint the member to chair the meeting in his absence; and

3.2.3. to assign the members of the Supervisory Board to oversee the implementation of the decision of the Supervisory Board;

3.3. The member of the Supervisory Board shall have the following rights:

3.3.1. to submit and have discussed issues for the meeting of the Supervisory Board;

3.3.2. to work taking the responsibility of the specific issue which falls under the responsibilities of the Supervisory Board, and inform the Supervisory Board of its implementation and result;

3.3.3. to get introduced to the activities of the Bank of Mongolia and its internal auditing in accordance with the decision issued by the Supervisory Board;

3.3.4. to oversee the implementation of the Supervisory Board decision and inform the result to the meeting of the Supervisory Board; and

3.3.5. to get documents and materials provided by the Bank of Mongolia on issues related to the responsibilities of the Supervisory Board.

Four. Meeting of the Supervisory Board

4.1. The main form of the operation of the Supervisory Boards shall be the meeting of the Supervisory Board (herein further referred to as "Board meeting").

4.2. The Board meeting shall be chaired by the chairman of the Supervisory Board, and in his absence, the member appointed by him shall chair the meeting.

4.3. The Supervisory Board shall congregate not less than once a quarter. Special meeting may be held by the initiative of the chairman of the Board, or by the proposal of the majority of the members.

4.4. The meeting of the Supervisory Board shall be valid by the participation of the majority of the members.

4.5. Agendas of the Supervisory Board meeting shall be distributed to the members by the office in written five days before the meeting.

4.6. The Supervisory Board shall resolve its agenda under discussion by the majority votes of the members present in the meeting, and if case, votes equal, the issue shall be resolved by the vote of the Chair of the meeting.

4.7. The Supervisory Board shall provide State Great Khural with information on the agendas of the meeting, as well as, issue decision that recommends the management of the Bank of Mongolia to ensure the implementation of the specific issue. The form of the decision by the Supervisory Board shall be resolution and it will be signed by the Chairman of the Supervisory Board.

4.8. Implementation and explanation of the decision of the Supervisory Board shall be submitted by the management of the Bank of Mongolia in meeting of the Supervisory Board.

4.9. Minutes of the Board meeting shall be made by the officer of the office of Supervisory Board and it shall have two forms: brief and detailed.

4.10. The Minutes of the Board meeting shall be signed by Chair of the meeting and the protocol officer who made the minutes.

4.11. Protocol officer of the Board meeting shall make note of the speeches and proposals of the members on the agenda issues accurately and completely.

4.12. It is prohibited to make any changes or amendments in the content of the decision which was noted in the brief minutes of the Board meeting following the resolution of the agenda by the Board meeting.

4.13. List of the agendas and relevant materials shall be attached to the brief minutes of the Board meeting.

Five. Office of the Supervisory Board

5.1. The Supervisory Board shall have an Office with a responsibility to conduct the preparation of the meeting, make the minutes of the meeting, provide the chairman and members with urgent information, provide assistance to the Supervisory Board to conduct its activities and ensure the implementation of the decision issued.

5.2. The structure, positions and salary fund of the office of Supervisory Board shall be established by the Supervisory Board in negotiation with the President of the Bank of Mongolia.

Six. Wages and expenses of the Chairman and members of the Supervisory Board

6.1. Chairman and members of the Supervisory Board shall be provided with salary on the bases of their participation in the activities of the Supervisory Board, and its amount and procedure shall be approved by the President of the Bank of Mongolia in negotiation with the Standing Committee for Economy, State Great Khural.

6.2. Funding required for the activities of the Supervisory Board, and its office shall be provided by the Bank of Mongolia in accordance with the established rules.

Seven. Appointment and replacement of the Chairman and members of the Supervisory Board

7.1. Chairman and members of the Supervisory Board shall be appointed in accordance with the sections 3 and 4, article 271 of the Law on Central Bank (Bank of Mongolia).

7.2. In the event, the chairman and members of the Supervisory Board has been released from its position, new chairman and members shall be shall be appointed.

7.3. Members of the Supervisory Board may be reappointed once.

Eight. Interaction of the Supervisory Board with State Great Khural

8.1. The Supervisory Board shall submit its activity report to State Great Khural in accordance with the section 9.4, article 271 of the Law on Central Bank (Bank of Mongolia).

8.2. The Supervisory Board shall submit information under its responsibilities to the Standing Committee for Economy, State Great Khural.