

REGULATION ON BANKNOTE SALE AND PURCHASE FOR SPECIAL PURPOSE

One. General Provisions

1.1 The purpose of this regulation is that the activities of purchase and sale of currency which had been in circulation until 1993, uncut banknotes, their specimen (hereinafter “denomination” and commemorative banknotes to individuals and legal body (hereinafter ‘collector”) should be regulated by this regulation.

1.2 The following names should be described in this regulation as follows:

1.2.1. “Currency” is used as banknotes and coins which has been in circulation until 1993 and are in reserve fund of the Bank of Mongolia.

1.2.2. “Uncut banknote” is banknotes which are printed on uncut and not ready to issue into circulation for the purpose of selling collector.

1.3 Banknote and Precious Metal Department (hereinafter BPMD) and Payment and Settlement Department (hereinafter PSD) of the Bank of Mongolia comply with this regulation in their activities.

Two. Classification of currency reserve

2.1 Classification of currency reserve which has been in circulation until 1993 should be divided into the following two parts:

2.1.1. Selling ceiling of currency which withdraw from circulation, uncut banknotes and banknote specimen and reserve requirement of currency which withdraw from circulation should be related to 5000 (five thousand) piece or less for each currency, reserve requirement of new printed uncut banknote should be related to 100 (one hundred) piece and less for each banknote.

2.1.2 For the purpose of selling currency which withdraw from circulation, uncut banknote and banknote specimen at limited framework, particularly reserve requirement of currency which withdraw from circulation should be related to 5001 (five thousand one) piece or more for each currency, reserve requirement of uncut banknote should be related to 101 (one hundred one) piece and more for each banknote.

2.2. In order to increase reserve fund of currency which withdraw from circulation, it is possible to buy currency which has not reserve at the Bank of Mongolia or reserve at 1000 piece or less.

Three Quantity of selling and buying quantity of currency and price

3.1 By the way of determining quantity of buying currency which are indicated in article 2.2 and selling currency which are described in article 2.1 of this regulation “Working team of buying and selling currency” (hereinafter working team) nominated by Governor’s order of the Bank of Mongolia should establish price offer on the basis of market price and in accordance with article 3.2 of regulation.

3.2. Working team should establish prices for 20000, 10000 and 5000 uncut banknotes 1.5-2 times and prices for 1000, 500 uncut banknotes 5-10 times, 100 uncut banknote 20-40 times, 50,20,10,5,1 uncut banknotes 30-50 times on the basis of nominal prices of these uncut banknotes.

3.3 Governor of the Bank of Mongolia should make decision on basis of articles 3.1, 3.2 of this regulation.

Four Selling of currency

4.1. In accordance with Governor’s decision of the Bank of Mongolia, Banknote and Precious Metal Department will carry out activities on selling of currency indicated in this regulation.

4.2. One set or no more of currency for each year should be sold to each employee of the Bank of Mongolia and each collector.

4.3. By the way of receiving application of permitted customer Banknote and Precious Metal Department should sell currency to customer on the basis of payment documentation.

4.4. Selling of banknote specimen is prohibited.

Five Buying and exchanging of currency

5.1. Banknote Division of Banknote and Precious Metal Department is responsible for activity on buying currency described in article 2.2 of this regulation in each year. According to regulation on accounting and settlement at the Bank of Mongolia, Payment and Settlement Department will check currency in account.

5.2. In order to recover reserve for scarce currency and exchange of currency with other customer at permission of Governor of the Bank of Mongolia by the way of taking into account quantity limit of buying currency in each year, in accordance with article 5.1 of this regulation Payment and Settlement Department will check exchanged currency in account.

5.3. According to appendix report on sold, bought and exchanged currency should be introduced into Director of Banknote and Precious Metal Department every occasion and into First Deputy Governor half yearly.

Six Deposit of currency

6.1 Currency which withdraw from circulation until 1993 such as banknotes and coins should be kept in special vault and safe box.

6.2 Banknotes and coins of currency should be kept separately.

Seven Supervision and responsibility

7.1. Banknote and Precious Metal Department should monitor activities on selling and buying of currency permanently.

7.2 If appellant infringes this regulation and is not responsible for criminal liability due to such violation, in accordance with Internal labor regulation of the Bank of Mongolia appellant should be charged with responsibility.