

**REGULATION OF THE BOARD OF DIRECTOR
OF BANK OF MONGOLIA**

ONE. GENERAL PROVISION

TWO. STRUCTURE OF THE BOARD

THREE. TASK OF DISCUSSION OF THE BOARD MEETING

ONE. GENERAL PROVISION

1. In terms of article 27 of the Law on Central Bank (Bank of Mongolia) the Board of Director (further the board) will consult to the President of the Bank's privileges related his performance.
2. The Board shall implement its operation within the scope of Central Bank Law, Banking Law and the related laws and regulations.

TWO. STRUCTURE OF THE BOARD

3. The operation and structure of the board implements by Board meeting.
4. The Board's member shall be appointed by the Governor of Central Bank (Bank of Mongolia).
5. Board's meeting leads by President of the Mongol bank, if unavailable First Deputy Governor, if both unavailable Deputy Governor.
6. An only board member has voting rights in discussion.
7. Advisor to the Governor-Chief Economist, deputy employee of the Legal Department Director, and the Director of Communication Division at the General Management Department will consult at the meeting.
 - 7.1. Nonvoting member of the Board of Director will represent within no right to vote.
8. In the case of the board's member absence, other employee will represent within right to vote.
9. Monitoring team leader /if required other team member-supervisor/ will attend in the meeting. Possibilities to attend employee of Mongol bank and other related organizations / government, bank etc/ are acceptable.
10. The board has secretary, who is responsible to prepare meeting and to protocol. The secretary should be the employee who is appointed from General Management Department.
11. The meeting protocol will have two types concise /protocol/ and comprehensive /conversational note/ and in the concise protocol task of discussion, the name and title of employee that introduced the task, decision and assignment, permit from discussion.
12. ...
13. Recorder of the meeting protocol records the protocol fully and true including all discussed tasks, and member's speech.
14. It is prohibited to change the plot of the decision within the protocol, and discussion tasks.

15. Concise protocol recorder prepares protocol within three days, and has to be reviewed and signed by the director of General Management Department and the leader of the meeting.
16. Comprehensive protocol recorder prepares protocol within five days, and has to be reviewed and signed by the director of General Management Department.
17. In the case of the General Management Department Director absence, the Legal Department Director, if unavailable, Internal Control Department Director has to sign in concise and comprehensive protocol.
18. Members are able to see protocol and revise related his/him suggestion.
19. Within the date of article 15 of this regulation, the General Management Department will announce necessary decision from the meeting to the related department (division) through control card. Performance of the decision from the Board of Director meeting will be evaluated quarterly, and must be introduced on the second week of first month of following quarter's Bank of Mongolia's strategic meeting.
20. In concise and comprehensive protocol list of discussion and other related materials must be attached.
21. Secretary of board meeting transfers both concise and comprehensive protocol, appendix, and audio report to the Security administrator within following quarters 25th day of the first month.\
22. Regular meetings will be held on every Thursday at 2:30pm and if necessary, the head of the meeting or at least the half of members can call for an extraordinary meeting.
23. Related leaders /Governor, First Deputy Governor, Deputy Governor/ permits task to discussion pass the following requirements. Including:
 1. Members must have enough time to look over and gave their suggestion to the task, and their votes must be reported in written introduction;
 2. If required, draft decision be attached;
 3. Project signed by Director of Department /Division/;
24. After the brief introduction of policy related issues discussed in the meeting, its department must give written report on how the issue can bring the effect on national economy, banking and financial sector.
25. The director of the department will be liable for accuracy of grounds, presentation and calculation of the task of discussion.
26. Outline of the task of discussion must be introduce to the General Management Department 2 days before the meeting and the General Management Department must approve outline and order with the head of the meeting, make copies and deliver to members before 10 am on the day of the meeting.
27. Board meeting's bylaw is below. Including:
 1. The task of discussion will be held on according to its order.
 2. Only planned task of discussion will be held during the meeting. If not included and it is urgent case regarding making decision in board meeting, must introduce to the head of the meeting and he/she will decide whether it will be discussed or not.
 3. Task of discussions are introduced beforehand; therefore, procedure of the meeting will be: short introduction, query, voting and decision making.
 4. Questions, answers and votes should be related to the monitoring report and concise, and asks only members.
 5. After query goes suggestion from the approval from the head of the Board's meeting.
 6. Head of the Board's meeting makes summary from member's suggestions, makes the final decision, and introduces.

7. During the Board meeting, members can't withdraw from meeting more than 5 minutes without head of Board's permission and member is allowed to get absence from the Board's head, and protocol recorder must record it on both concise and comprehensive protocol. Also recorder must record on both concise and comprehensive protocol members with substantial reasons. /sick, on business trip, on vacation, custom work, absence/ Department (Division) should give the list of employees from other company to attend the Board of Director meeting to the General Management Department within one day in written notice. Without the approval from General Management Department, employee from other company cannot attend the Board of Director meeting.
8. Both concise and comprehensive protocols record when other participant of the meeting gives their suggestion and before their speech they introduce themselves.
28. Board member should look over the legislation materials, draft of legislation and the result of supervision within 3 days, and other issues within 1 day and give proposals immediately.
29. Members have to look over the materials beforehand and without any proposal, he/she will be considered with no vote.
30. A statement of Governor can be made from meeting decision and its department will get approval within 3 days, and shall deliver to the related department (division) within one day. Without the specified timeline decision can be performed within 3 months.
31. Urgent case regarding making decision in board meeting, its department must introduce the issue to board members, get votes and evaluate, and the head /Governor, First Deputy Governor, Deputy Governor/ can make the final decision.
32. Director of any department (division) who is violated this regulation will have reduced performance of following quarter according to its percentage.
33. General Management Department can only report to the public from concise protocol with an approval from head director.
34. Members are allowed to give necessary information from the decision in Board of Director meeting to other employees.
35. By the permits of Division for Secret allowed copyright of boards meeting protocol. Board's secretary signs "Copyright is true."
 1. Task regarding Government's secret discussed by closed meeting. Prohibited any type of record, technique and cellular phone other than protocol recorder.
 2. Reports regarding closed meetings dismissed with marking during the meeting, and employee from related department (division) should collect after discussing.

THREE. BOARD MEETING TASK OF DISCUSSION

36. According to the objective and activities of the Bank of Mongolia, following issues will be discussed relating to the authority of the Governor of the Bank of Mongolia during the Board meeting. Including:
 1. The Bank of Mongolia shall report to the State Ikh Khural on the State monetary Policy, relevant legislation on banking activities from Bank of Mongolia, and ensure the implementation of the decision of Governor of Mongol Bank, evaluate and take enforcement action if needed;
 2. All issues in implementation of monetary policy;

3. Establish new bank and financial institution, seeking a banking license, foreign investment banking, seeking financial institution license in Mongolia, and other legislations on banking and financial institution's activities;
4. Issues on holding and management of the State's reserves of foreign currencies work together with the Government;
5. Related issues of currency;
6. Issues in organization of inter-bank payments and settlements;
7. Issues on partake an intermediary role in Government and lending;
8. Discuss the result of Bank and financial institution's supervision, and identify the enforcement;
9. Taking enforcement measures against banks that are violated the law, its process and performance;
10. The organizational structure, salary of employee, wage incentive, training, employment relation, social welfare and other related documents in legislation;
11. Bank of Mongolia's certificate of internal auditing, determine the actions to be taken and oversee their enforcement;
12. Give approval on central Instrument, annual budget and financial report, and Mongol bank's property use, custody, and the count of year and a half year property;
13. Any other rights found necessary and specified in legislations;

BANK OF MONGOLIA