

**LAW OF MONGOLIA  
CONDUCTING SETTLEMENT IN NATIONAL CURRENCY**

July 9 2009  
Capital of Ulaanbaatar

**CHAPTER ONE  
GENERAL PROVISIONS**

**Article 1. Purpose of the law**

1.1 The purpose of this law is to regulate relations concerning conduct of settlement and expression of price of goods, work, service in national currency in territory of Mongolia.

**Article 2. Legislation on conduct of settlement in national currency**

2.1 The legislation on conduct of settlement in national currency comprises of the Constitution of Mongolia, Law on Central bank /Bank of Mongolia/, Currency coordination law, this law and other legislative acts issued in conformity with them.

2.2 If an international treaty to which Mongolia is a party to provides differently from this law, the former shall prevail.

**Article 3. Definitions of the Law**

3.1 The following terminology used in this Law shall have the following meaning:

3.1.1 "Territory of Mongolia" means whole territory of Mongolia, excluding economic free-zone, foreign diplomatic missions and consulates in Mongolia;

3.1.2 "National currency" means togrog, legitimate instrument of payment emitted by Bank of Mongolia into circulation, "togrog" in English, and abbreviated as "MNT";

3.1.3 "Official rate of Bank of Mongolia" means the rate announced by Bank of Mongolia calculated on the basis of amount and rate of non-cash foreign exchange trading between banks, and between banks and organizations as well as citizens;

3.1.4 "foreign currencies" means foreign currencies, foreign banknotes;

3.1.5 "foreign banknote" means currency of foreign countries emitted into circulation by authorized organizations of countries except for Mongolia as legitimate instrument of payment;

3.1.6 "foreign exchange" means securities, other instruments of payment expressed and paid by foreign currencies used in payment of international trade, economy and financial relations;

3.1.7 "unit of settlement" means price offer which expressed in relationship within price of good, work and service can be changed in compliance with togrog to foreign currency rate price.

**CHAPTER TWO  
SETTLEMENT TO BE CONDUCTED IN NATIONAL CURRENCY**

**Article 4. Usage of national currency**

4.1 Price of goods, work and service shall be expressed and settlement shall be conducted only in national currency within territory of Mongolia, and it is prohibited to set price, carry out settlement and run advertisement in foreign currencies or settlement units without official approval Bank of Mongolia, except for occasions specified in 4.4 of this law.

4.2 Any settlement to be paid into state and local budgets or financed by state shall be carried out only in national currency, and conduct of such settlement in foreign currencies is prohibited accordingly.

4.3 Process to determine the amount of fees, commissions and obligations in other legislation of Mongolia shall be expressed only in togrog.

4.4 Money deposits, loans, its equivalent services, financial derivatives agreements and obligations under such agreements of banks and non-bank financial institutions might be expressed in foreign currencies, herein execution maybe provided in foreign currencies.

### **CHAPTER THREE CONTROL ON ENFORCEMENT OF THE LAW**

#### **Article 5. Organization in charge of control on implementation of the law**

5.1 Supervisors of Bank of Mongolia shall supervise banks whereas supervisors of Financial Regulatory Committee shall supervise legal entities and individuals other than banks.

5.2 Bank of Mongolia and central state administrative body in charge of financial issues may conduct joint inspection on implementation of this law according to the decision of Financial Regulatory Committee.

#### **Article 6. Sanctions imposed on person violated the Law**

6.1 If a breach of those specified in article 4.1-4.3 of this law does not constitute a criminal offence, the following administrative penalties shall be imposed on:

6.1.1 To require them to eliminate the violation, to confiscate income earned from such activity and collect it into state revenues;

6.1.2 If the violation specified in 6.1.1 of this law is not eliminated, a fine of amount equal to 10-30 times of minimum labor rate shall be imposed upon citizens and a fine of amount equal to 50-100 times of minimum labor rate shall be imposed upon legal entities for the period of violation elimination or to submit claim to the court to annul right to run business activities;

6.1.3 If a legal entity with special permission does not fulfill requirement taken by the authorized body on elimination of violations, the special license shall be suspended, revoked as specified in articles 13, 14 of the Law on special permission of business activities.

6.2 The court shall receive the claim stated in 6.1.2 of this law and resolve henceforth.

#### **Article 7. Law come into force**

7.1. This law shall come into force from the day it is approved.

Speaker Mongolian State  
Parliament

D.Demberel