

# LAW OF MONGOLIA

Date: October 20, 2011

State Palace, Ulaanbaatar city

## CREDIT INFORMATION

### CHAPTER ONE GENERAL PROVISIONS

#### **Article 1. Purpose of the Law**

1.1. The purpose of this law is to regulate the relations concerning of build-up credit information database, processing, safety, protection and usage of the credit information, render credit information service, licensing of the legal entity which renders credit information service, the revocation of licenses and obtaining the control.

#### **Article 2. Legislation on Credit Information**

2.1. Legislation on credit information comprises Constitution of Mongolia<sup>1</sup>, Civil code<sup>2</sup>, Criminal code<sup>3</sup>, Law on Central Bank /the Bank of Mongolia/<sup>4</sup>, the Banking Law<sup>5</sup>, Personal Privacy Law<sup>6</sup>, Law on Organizational Secret<sup>7</sup>, this law and other relevant legislation, which is consistent with them.

2.2. If an international treaty to which Mongolia is a party is inconsistent with this law, then the provisions of the international treaty shall prevail.

#### **Article 3. Scope of the Law**

3.1. This law shall apply to bank, non-bank financial institutions, savings and credit cooperative, individual who stated in this law and contract in terms of building-up information database concerning on cash payment obligation arising from credit and settlement within state and private legal entities and its exploitation and monitoring.

#### **Article 4. Terms and definitions**

4.1. The terms used in this law shall have the following meaning:

4.1.1. "credit information" refers to information and data about credit and payment status which borrower undertakes under duly legislation and contract within lender;

4.1.2. "credit information database" refers to credit information of borrowers which possessed by BOM and other credit information provider-legal entity;

4.1.3. "borrower's permission" refers to document provided by borrower that permits to give the information stated in article 6 of this law to the credit information provider-legal entity;

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<sup>1</sup> The Constitution of Mongolia – Published in Issue No.1 of 'State information' magazine in 1992.

<sup>2</sup> The Civil Code – Published in Issue No.7 of 'State information' magazine in 1992.

<sup>3</sup> The Criminal Code - Published in Issue No.6 of 'State information' magazine in 1992.

<sup>4</sup> Law on Central Bank /The Bank of Mongolia/ - Published in Issue No.11 of 'State information' magazine in 1996.

<sup>5</sup> The Banking Law - Published in Issue No.7 of 'State information' magazine in 2010.

<sup>6</sup> Personal Privacy Law - Published in Issue No.7 of 'State information' magazine in 1995.

<sup>7</sup> Law on Organizational Secret - Published in Issue No.7 of 'State information' magazine in 1995.

- 4.1.4. “build-up credit information database” refers to processing of credit information by collecting, revising, updating and amending the database information on the basis of the law and contract;
- 4.1.5. “credit information provider legal entity” refers to for-profit legal entity that granted special permission by BOM to conduct credit information operation;
- 4.1.6. “borrower” refers to an individual or legal entity that has credit and payment obligation to state, entity, organization, individual and legal body according to law and effective contract;
- 4.1.7. “lender” refers to bank, non-bank financial institutions and savings& credit cooperatives. Furthermore, an individual or legal entity that entitled to require fulfillment of credit and payment obligation from borrower according to law and effective contract;
- 4.1.8. “information supplier” refers to particular lenders and state organizations that supply borrower’s information about credit and payment obligation to credit information database according to contract made with credit information provider legal entity;
- 4.1.9. “user” refers to an information supplier, an individual, a legal body and borrowers who intends to receive the information in terms of contract made with credit information service provider-legal entity;
- 4.1.10. “contract to receive or provide information” refers to any contract made between information supplier, user and credit information provider concerning on (1) to supply information about credit and payment of the borrower to credit information database and/or (2) to receive information from this database;
- 4.1.11. “state organization” refers to BOM, Financial Regulation Committee, State Administration Organization which responsible for registration matter of individual, legal body and property, Taxation Department, Social Insurance Authority, Customs Administration, Power Authority, Court Judgment Execution Authority;
- 4.1.12. “credit inquiry” refers to credit information and credit history information that provided to users from credit information database in forms of electronic and writing;
- 4.1.13. “credit history” refers to systematic information about borrower concerning on obligation of any outstanding credit & payment and its fulfillment according to law and contract.

#### **Article 5. Principle adhered for providing credit information service**

- 5.1. Following principle shall be adopted/adhered for providing credit information service:
- 5.1.1. to be independent;
- 5.1.2. it’s mandatory to obtain permission from borrowers;
- 5.1.3. to exchange information on basis of law and contract;
- 5.1.4. information shall be fair and on balance;
- 5.1.5. to provide confidentiality.

## **CHAPTER TWO CREDIT INFORMATION DATABASE, TO BUILD-UP DATABASE AND ITS USE**

#### **Article 6. Credit information**

- 6.1. Following information is included into Individual credit information:
- 6.1.1. surname, name of the father /mother/, given name, national ID and registration number;
- 6.1.2. residence address;

- 6.1.3. if taxpayer, the personal taxation number;
- 6.1.4. Employment situation, official address of the his/her workplace, telephone and e-mail address;
- 6.1.5. marital status;
- 6.1.6. date in when credit and payment contract, contract No, type, currency name of the payment;
- 6.1.7. term of the credit and payment, schedule, interest rate, outstanding amount of performing credit and payment;
- 6.1.8. outstanding amount of the credit and payment which has repaid overdue or defaulted at all;
- 6.1.9. amount of credit and payment that can be secured or will secure by pledge, collateral and guarantee;
- 6.1.10. Number of State registration and Certification of the property, date, holder, surname and father's /mother's/ name of the owner, given name, number of National ID and Registration, residence address, telephone number, e-mail address and other necessary information;
- 6.1.11. If ever rejected any obligation of credit and payment, reason for rejecting;
- 6.1.12. if credit & payment obligation and its entitlement to require has transferred into 3<sup>rd</sup> party, number and date of the document that perform transfer;
- 6.1.13. Information about classification of the credit and payment;
- 6.1.14. Conclusion on particular borrower's borrowing ability;
- 6.1.15. other information which BOM considers necessary to include into credit information related to obligation of the loan and payment;
- 6.2. Credit information of legal entity comprised from following information:
  - 6.2.1. proper name, in Mongolian and English, its abbreviation;
  - 6.2.2. number of state ID and registration;
  - 6.2.3. domicile address, telephone number and e-mail address;
  - 6.2.4. registration number of taxpayer;
  - 6.2.5. surname, father's /mother's/ name, number of national ID and registration, address of residence, telephone number and e-mail address of the shareholder who owns more than 25 percent of the company stocks;
  - 6.2.6. parent, associate, subsidiary and their related party as stated in article 3.1.2 of the Banking Law of Mongolia. Name of the joint interest entity as stated in article 99.1 of the Company Law, number of state identity and registration, domicile address, telephone number and e-mail address;
  - 6.2.7. surname of the Executive Officer, given name, national ID number, registration number, residence address, telephone number and e-mail address;
  - 6.2.8. Major operation of the business, conducting activities;
  - 6.2.9. information stated in article 6.1.6-6.1.15 of this law;
- 6.3. Following information possessed by state organization shall be included in individual or legal entity credit information:
  - 6.3.1. overdue paid or unpaid amount of the social insurance, tax and customs duties;
  - 6.3.2. if credit and payment repaid under duress, amount of credit and payment which reimbursed under duress, execution date of the duress;
  - 6.3.3. number and date of the effective judgment by the court that charged because of the criminal offence of fraudulent and waive intentionally from court judgment execution;

6.3.4. information, that is not legally prohibited to provide to others, from State Administration Organization that responsible for state registration, power management organization and Court Decision Execution Authority;

6.4. Credit information provider entity shall register following information that exchanged with credit information database:

6.4.1. dates on which credit information submitted, updated or revised, information about supplier who has provided information or user who received credit enquiry.

6.4.2. purpose and reason of receiving credit inquiry and its registration number.

#### **Article 7. Source of the credit information**

7.1. Following people shall be responsible/confirm that whether the credit information is fair or not:

7.1.1. for information stated in article 6.1 and 6.2 of this law, borrower or information supplier;

7.1.2. for information stated in article 6.3 of this law, relevant state authorities;

7.1.3. for information stated in article 6.4 of this law, credit information provider.

7.2. It's prohibited for borrower, information supplier, state organization and credit information provider to supply, set up and inform unfair credit information intentionally.

7.3. If it considers source of the credit information unfair or incomplete, credit information service provider shall notify to the information supplier immediately and shall take actions to eliminate the offenses.

#### **Article 8. Information that prohibited to be included in credit information**

8.1. Following information are prohibited to be included in credit information, of which:

8.1.1. race, ascription, religion, political party, membership of the non-government organization and information concerning on health of the borrower;

8.1.2. information and research related to trade and business secret of borrowers.

#### **Article 9. Build-up credit information database**

9.1. Following rules shall be applied to building up credit information database:

9.1.1. only legal entity which has obtained special permission on conducting credit information operation as building-up and exploiting credit information database is allowed to collect credit information;

9.1.2. information supplier shall give any credit information to the credit information database on basis of borrower's approval;

9.1.3. when supply credit information to credit information database, contract to give and receive information shall be made within information supplier and credit information service provider whereas they can exchange information upon it;

9.1.4. only information stated in article 6 of this law can be collected as input to credit information database;

9.1.5. credit information shall be collected occupying methods and ways which permitted by this law;

9.1.6. credit information shall be enriched and updated timely;

9.1.7. bank, non-bank financial institutions and savings and credit cooperative shall make contract with credit information provider, which has special permission obtained by BOM, to receive or give necessary information and shall oblige to exchange information.

9.2. It's prohibited to neither acquire information from mass media and other person, other than information provider, nor insert them to the credit information.

9.3 It's forbidden to take out the information of credit information database or transfer it to foreign country without BOM permission.

#### **Article 10. Use of credit information**

10.1. User shall use credit information for following purposes:

10.1.1. state organization shall receive necessary information in order to execute its rights and duties in accordance with law and it shall used only for official use;

10.1.2. lender shall receive and use credit information in order to assess credit risk;

10.1.3. borrower shall receive and use credit information, which only concerned with borrower, in purpose of monitoring his/her/its credit and payment status and manage the finance effectively.

10.2. It's prohibited to use credit information for different purpose than as stated in article 10.1 of this law.

#### **Article 11. Provide credit reference**

11.1. Credit reference shall cover last 6 years of credit information for a particular borrower and it shall be provided only to user.

11.2. User shall apply to credit information provider according to approved application by expressing its request to receive credit reference.

11.3. Credit information provider shall give reference within the scope permitted by legislation and contract.

11.4. Credit information provider shall possess computer software that can provide the credit reference decently.

11.5. Rights to receive credit reference can be transferred only to registered user in accordance with proxy that can satisfy law requirement and otherwise it can't be transferred to the 3<sup>rd</sup> party.

11.6. Name of the information supplier who initially supplied the information to the credit information database, residence address, telephone, e-mail address, date on which give information and last updated date of the base shall be stated in the credit reference.

11.7. Whenever credit reference given to anybody from credit information database, name of the credit reference receiver and its purpose shall be added into database wherein it shall be enriched.

11.8. Regulation on providing credit reference from credit information service provider for its own authority person or shareholder, who stated in article 84.1 of the Company Law, shall be set by BOM.

#### **Article 12. Service fee**

12.1. Credit information service provider has right to receive service fee. When pricing service in compliance with operational cost, demand and supply, it shall base on stipulation stated in article 23.4 of this law.

12.2. Borrower is entitled to address to credit information service provider and to receive its own reference from credit information database once in a year and it is free of charge. In other circumstances borrower is required to pay service charge.

#### **Article 13. Contract terms**

13.1. Credit information service provider is mandatorily required to include following terms in the contract for giving and receiving information, which made with information supplier and users:

13.1.1. name of the information supplier or user, address, current account number in a bank;

13.1.2. contract duration, terms of making amendments, termination and revocation to contract;

13.1.3. whether permission obtained by borrower or not;

13.1.4. type of the credit information, volume, timing, procedure concerning on supplying and using credit information;

13.1.5. process of updating and revising credit information;

13.1.6. confidentiality of credit information, not leaking the secret to person who hasn't right to do so, how to compensate the damage which arisen from not fulfilling the obligation;

13.1.7. regulation on giving and receiving credit reference;

13.1.8. duties and responsibilities of the contract parties;

13.1.9. provision concerning on complain and dispute settlement;

### **CHAPTER THREE**

#### **CREDIT INFORMATION SERVICE PROVIDER'S ACTIVITIES TO BE CONDUCTED, ITS RIGHTS AND RESPONSIBILITIES**

#### **Article 14. Contract terms**

14.1. Credit information service provider shall conduct following activities:

14.1.1. to collect information stated in article 6 of this law, which is related to borrower, and to build-up credit information database;

14.1.2. process and digest credit information which collected in credit information database, develop and sale credit reference and other products in compliance with the customer's demand and necessity;

14.1.3. set ratings for the borrower's borrowing ability;

14.1.4. perform economic analysis and market research based on credit information;

14.1.5. other service related to credit information which permitted by BOM;

14.2. Credit information service provider is not allowed to conduct any other activities than stated in article 14.1 of this law and/or permitted by BOM;

#### **Article 15. Forbidden activities for credit information service provider**

15.1. Credit information service provider is forbidden to conduct following activities:

15.1.1. Credit information service provider, its shareholder and competent authority person and employees are to distribute, reveal and misuse the accumulated information in credit information database, except laws required otherwise;

15.1.2. Blast unfair advertisement about own activities or inform wrong information.

#### **Article 16. Rights and duties of credit information service provider**

16.1. Credit information service provider has below mentioned rights:

16.1.1. to build-up credit information database and process, save, protect and exploit credit information as stated in credit information legislation;

16.1.2. to provide credit information with any charge unless stated in article 22.1.1 of this law;

16.1.3. to review the content of the information which supplied by information supplier, verify the information that might be doubtful, uncertain and unfair, if it can't satisfy the requirement, refuse to receive and require them to resend;

16.1.4. to require and examine the proof or proxy that can prove whether the applying person is information supplier and user or not;

16.1.5. to monitor the contract implementation by receiving and reviewing the explanation letter from information supplier or user, who concluded the contract on receiving or giving the information, on how they exploit the credit information;

16.2. Credit information service provider has following duties:

16.2.1. to save and secure the credit information of the borrower soundly, to update and to process according to legislation;

16.2.2. to provide certification to individual or legal entity, who made contract with itself, concerning on entitlement of rights to receive information from credit information database and register it as user;

16.2.3. to provide credit reference to user in accordance with statement of this law only;

16.2.4. to do whatever it takes to prevent the leakage of the information to un-authorized person by improving the security and provide the safety to the credit information;

#### **Article 17. To input credit information to credit information database**

17.1. Information supplier shall consider following principle when inputting credit information to credit information database:

17.1.1. credit information shall be fair, accurate, certain, complete and feasible to understand;

17.1.2. information shall be permitted by legislation;

17.1.3. always update the credit information timely every time any change occurs;

17.1.4. information shall be only used in purpose of statement of this law;

17.1.5. to use computer software and hardware that can protect the credit information confidentiality to be supplied;

17.1.6. information supplier shall insert/merge credit information into credit information database based on borrower's permission.

17.2. unless it's permitted otherwise by legislation, information supplier is prohibited to insert credit information to credit information database.

17.3. Information supplier shall supply, using approved computer software, credit information to credit information service supplier in forms of electronic or writing according to contract for receiving or giving information.

17.4. Whenever credit information is supplied, both information supplier and credit information service provider shall execute electronic or written document mutually that can prove the information delivery and shall keep documentation.

#### **Article 18. To revise, update and process the credit information**

18.1. If any amendment made for credit information which already supplied into credit information database, information supplier shall deliver the particular amendment and revision to credit information service provider within 3 working days.

18.2. When credit information service provider receives amendments and revisions stated in article 18.1 of this law, they are required to add the amendments and revisions immediately and to update the whole database.

18.3. Credit information service provider shall take continual and systematic actions to classify the processed credit information, to arrange in order to sell it to the users as a credit reference and other products as well as to review fairness of the credit information.

#### **Article 19. To save, secure and archive the credit information**

19.1. Credit information service provider shall retain the credit information, which accumulated in credit information database, in this database for 10 years period from the date of receipt.

19.2. Credit information service provider shall provide and insure the confidentiality, safety and security of the information which is being saved in its credit information database.

19.3. Any damage occurred because of not providing the decent security and protection for the credit information according to the standards set by BOM shall be fall under the obligation of the credit information service provider.

19.4. Once period stated in article 19.1 of this law finishes, credit information shall be transferred to the BOM.

### **CHAPTER FOUR**

#### **RIGHTS AND DUTIES OF THE INFORMATION SUPPLIERS, USER AND BORROWER**

#### **Article 20. Rights and duties of information supplier**

20.1. Information supplier has following rights:

20.1.1. to require from credit information service provider to ensure the safety and security of the credit information confidentiality;

20.1.2. to require from credit information service provider to reflect the amendments and revision made for particular credit information based on reference material whenever it occurs and to process and enrich the credit information timely;

20.1.3. to obtain control on not inserting any unfair and wrong additional information to the information already transferred into credit information database;

20.1.4. in case that it's required to clarify and examine certain information because of there is something doubtful exist in the information source for the supplied information, to enquiry to the borrower and other relevant authorities and to cooperate with;

20.2. Information supplier has following duties:

20.2.1. to verify the fairness of the credit information and to supply information, which is fair, certain and in compliance with the reference, to the credit information database;

20.2.2. when exchanging the credit information, fulfill the requirement set in this law;

20.2.3. in case of credit information supplied incomplete or omitted, to take immediate action to revise, finish and amend;



20.2.4. do not reveal any information, except for information stated in article 6 of this law, which involved to the borrower's secret.

#### **Article 21. Rights and duties of user**

21.1. User has following rights:

21.1.1. to require credit reference to include fair, accurate, certain and be in compliance with the particular source;

21.1.2. if the credit information is apparently wrong, to require from the borrower, information supplier or credit information service provider to revise and update immediately;

21.1.3. If any damage occurs because of providing wrong information intentionally, to require to compensate the damage;

21.2. User has following duties:

21.2.1. to exploit the credit reference just for the purpose that permitted by legislation and contract;

21.2.2. if it's known that information reflected in credit reference is wrong or incomplete, to inform to lender or credit information service provider immediately and to require from them to make necessary revision as soon as possible;

21.2.3. to preserve information privacy which reflected in credit reference and avoid to transfer information to third party;

21.2.4. If it's considered necessary to be examined because of information shown in credit reference is doubtful, it might be tampered or it's mandatorily required, to notify to the lender, information supplier, credit information service provider.

#### **Article 22. Rights and duties of borrower**

22.1. Borrower has following rights:

22.1.1. to receive its own credit reference from credit information database whenever it deemed necessary and review it, receive that credit reference free of charge once in a year;

22.1.2. in case that information in credit information database is unfair or incomplete, to require from information supplier or credit information service provider to revise/update the information;

22.2. Borrower has following duties:

22.2.1. to present/report the information stated in article 6 of this law, which involved into credit information, to lender;

22.2.2. if any amendment made into credit information in illegal way, notify to the legal authority immediately;

### **CHAPTER FIVE**

#### **TO GRANT, SUSPEND AND REVOKE SPECIAL PERMISSION TO CONDUCT CREDIT INFORMATION OPERATION**

#### **Article 23. To grant special permission to conduct credit information operation**

23.1. Special permission to conduct credit information operation shall be granted by BOM.

23.2. Applicant, who applies for special permission to conduct credit information, shall submit the documents stated in article 11.1.1 and 11.1.2 of the 'Law of Mongolia on Licensing'<sup>8</sup>, outside than following documents:

23.2.1. name of the shareholder or key management personnel who is going to work in management of the credit information service provider, copy of the national identity, telephone and e-mail address;

23.2.2. for each shareholder who owns more than 5 percent of stocks of that legal body, percentage and volume of the their invested capital shall be disclosed;

23.2.3. for key personnel who is going to work in the upper management of the credit information service provider, their information concerning on major, education, working experience, document that can prove whether he/she ever engaged with any crime or not and he/she doesn't have any overdue credit or payment obligation shall be disclosed;

23.2.4. business plan;

23.2.5. document that can prove the applicant possesses is equipped with appropriate software and hardware that can satisfy all requirements to preserve the safety of the credit information database;

23.2.6. regulation on exchanging information with credit information database from user perspective, sample contract which stipulated their rights and duties precisely;

23.2.7. ethical code, including principle and responsibilities on internal and external activities of the organization;

23.2.8. document that can illustrate entity retains the minimum requirement on capital which set by BOM;

23.3. BOM is obliged to receive the application stated in article 23.2 of this law, along with relevant accompanying documents, whereas BOM shall do judgment on whether to grant special permission to conduct credit information operation or not and shall notify to applicant its decision in written form within 30 days from receipt date.

23.4. Regulations concerning on to grant special permission to conduct credit information operation, to build-up credit information database, to process/digest, retain, protect, transfer the credit information and pricing of the service shall be set by BOM.

23.5. Entity, which has not got special permission to conduct credit information operation, is forbidden to use the so-called name of 'credit information database'.

#### **Article 24. Basis for rejection to obtain special permission to conduct credit information operation**

24.1. On below mentioned basis, BOM shall reject to obtain special permission to conduct credit information operation:

24.1.1. submitted application and accompanying documents can't meet the requirements stated in article 23 of this law;

24.1.2. its contract to establish (code for incorporating) and charter are inconsistent with legislation;

24.1.3. it could not equipped with merit hardware and software that can provide information privacy and safety at maximum in accordance with stated in this law, and/or management personnel are not qualified enough.

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<sup>8</sup> Law of Mongolia on Licensing of Economic Entity - Published in Issue No.6 of 'State information' magazine in 2001.

**Article 25. To suspend the given special permission to conduct credit information operation**

25.1. BOM may suspend the special permission to conduct credit information operation in terms of following basis, outside than basis stated in article 13 of the Law of Mongolia on Licensing of Economic Entity:

25.1.1. in case that credit information service provider is being restructured in forms of merge, divide and separation under stockholder's meeting decision, it shall be suspended until such restructuring procedure ended.

25.1.2. if it didn't take any dutiful actions which required by BOM in order to satisfy the requirements stated in this law, it shall be suspended until action to eliminate the offenses be taken.

**Article 26. Basis for revocation of special permission to conduct credit information operation**

26.1. BOM may revoke the special permission to conduct credit information operation in terms of following basis, outside than basis stated in article 14.1.1-14.1.5 of the Law of Mongolia on Licensing:

26.1.1. could not meet the requirement set by this law for preceding 3 months;

26.1.2. it's identified that its establishment and other documents, which serve as major basis to grant special permission, are fake or inconsistent with reality;

26.1.3. distributed wrong and incomplete information intentionally and make revision or amendments to credit information database in wrong way;

26.1.4. did not start or conduct any business for a year after special permission receipt;

26.1.5. violated this law and other relevant legislation severely by using the credit information illegally, and cause considerable damage to others;

26.2. Reason for revoking the special permission to conduct credit information operation shall be stated in the relevant resolution clearly.

26.3. In circumstance that BOM has revoked the special permission of the credit information service provider or has rejected to grant special permission once, BOM shall not accept any re-application to request special permission from that particular provider for succeeding 6 months.

**Article 27. Restructure or liquidate the credit information service provider**

27.1. Credit information service provider might be restructured or liquidated under stockholders' meeting decision, and in such case it shall be permitted by BOM;

27.2. To obtain permission to restructure or liquidate the credit information service provider, following documents shall be submitted to the BOM:

27.2.1. stockholders' meeting decision concerning on restructuring or liquidating;

27.2.2. document covering actions to be taken on how to settle credit information database in order to cease its operation properly, its implementation phases, initiative, form and timing to restructure or liquidate;

27.2.3. prediction on implication which arisen from restructuring, and if there is any entity to which rights and duties are transferring opening balance of the entity.

27.3. If BOM allows the restructuring process of the particular credit information service provider, BOM shall transfer the credit information to preceding credit information service provider which created as a result of restructuring.

27.4. In case of credit information service provider is liquidated, credit information database shall be transferred to the BOM.

## **CHAPTER SIX CREDIT INFORMATION DATABASE OF THE BOM**

### **Article 28. Exchange information with BOM database**

28.1. BOM shall possess credit information database which comprised/collected from bank, non-bank financial institutions, other financial institutions which legally permitted to conduct credit operation, state organizations and other entities, in purpose of retain the stability of the financial sector.

28.2. Bank, non-bank financial institutions, savings and credit cooperative, financial leasing company and state organization shall detach the credit information to the BOM information database regularly regardless of individual or entity permission obtained or not.

28.3. Information of the BOM credit information database shall be exchanged with other credit information service provider on basis of its written and electronic inquiry, under law and effective contract.

28.4. Regulation on exchanging information from the BOM credit information database with credit information service provider shall be defined by BOM.

28.5. It's prohibited for BOM to use credit information database in purpose of generating profit.

## **CHAPTER SEVEN RESPONSIBILITIES**

### **Article 29. Responsibilities to be imposed on those who breach the credit information legislation**

29.1. If the violation of the Credit Information Law does not constitute a criminal offense, then BOM supervisors shall impose following administrative sanctions against the violator:

29.1.1. Employee, who violates this law by inserting information forbidden by this law to the credit information as input, shall be imposed a fine of 10-20 times the monthly minimum wage;

29.1.2. If information supplier and credit information service provider violates the requirement stated in this law in process of collecting and supplying information, violator shall be imposed by a fine of 50-100 times the monthly minimum wage rate;

29.1.3. Violation of Article 7.2 of this Law shall result in a fine of 10-30 times the monthly minimum wage rate for an individual, a fine of 30-50 times the monthly minimum wage rate for the official and a fine of 50-70 times the monthly minimum wage rate for the business entity and organization;

29.1.4. If somebody violated the regulation to use credit information or exploited it for illegal purpose, violator shall be imposed by a fine of 50-100 times the monthly minimum wage rate;

29.1.5. If any damage occurred to others because of not providing the appropriate security and safety conditions for the information privacy; violator shall be imposed by a fine of 50-100 times the monthly minimum wage rate;

29.2. Credit information service provider and its staffs doesn't take any responsibilities for fairness of the information which initially supplied by the information supplier.

### **Article 30. Law effectiveness**

30.1. This law shall come into force and be adopted starting from 1 January 2012.

SPEAKER OF PARLIAMENT

D. DEMBEREL



**LAW OF MONGOLIA**

Date: Oct 26, 2011

State Palace, Capital of Ulaanbaatar

**AMENDMENT TO LAW ON CENTRAL BANK /THE BANK OF MONGOLIA/**

**Article 1.** Following items with below mentioned underlying meaning are being added to the Law on Central Bank /The Bank of Mongolia/:

**1/ Article 19<sup>1</sup>**

**“Article 19<sup>1</sup>. To grant special permission to conduct credit information operation and do monitoring**

1. Activities related to grant, reject, suspend and revoke special permission to conduct credit information operation and maintain supervision on it shall be regulated under legislation in purpose of retain stability of the financial sector. “

**2/ Article 25<sup>3</sup>**

**“Article 25<sup>3</sup>. To obtain the supervision on legal entity who conduct credit information service**

1. BOM shall obtain supervision on legal entity who conducts credit information service according to stated in article 24 of this law.

2. BOM shall examine any complaint presented in relevance to operation of the credit information database and shall charge with obligation to relevant person to revise the information as well as make it reliable.

3. BOM shall receive and review the independent auditor’s report which conducted on operation of credit information service provider legal entity annually.

**Article 2.** This law shall come into force on same date as Credit Information Law effects.

SPEAKER OF PARLIAMENT

D. DEMBEREL



**LAW OF MONGOLIA**

Date: Oct 20, 2011

State Palace, Capital of Ulaanbaatar

**AMENDMENT TO BANKING LAW**

**Article 1.** Provision 7.2.6 with following specified meaning is being added to the article 7 of the Banking Law:

“7.2.6. give information to credit information database as stated in legislation”

**Article 2.** This law shall come into force on same date as Credit Information Law effects.

SPEAKER OF PARLIAMENT

D. DEMBEREL



**LAW OF MONGOLIA**

Date: Oct 20, 2011

State Palace, Capital of Ulaanbaatar

**AMENDMENT TO COOPERATIVE LAW**

**Article 1.** Article 48<sup>5</sup> with below mentioned meaning is being added to the Cooperative Law:

“ Article 48<sup>5</sup>. Credit information of the borrower

48<sup>5</sup>.1. Cooperative may give its borrowers’ credit information to credit information database or receive information from this database on basis of contract made in purpose of make lending responsible and minimize the risk inherent to its operation.”

**Article 2.** This law shall come into force on same date as Credit Information Law effects.

SPEAKER OF PARLIAMENT

D. DEMBEREL





**LAW OF MONGOLIA**

Date: Oct 20, 2011

State Palace, Capital of Ulaanbaatar

**AMENDMENT TO LAW ON STATE REGISTRY OF PROPERTY OWNERSHIP AND  
OTHER RELATED PROPERTY RIGHTS**

**Article 1.** Provision 6.8 with below mentioned meaning is being added to the article 6 of the Law on State Registry of Property Ownership and Other Related Property Rights:

“ 6.8. If it’s probable that there is a doubtful or unreliable information about borrower’s property ownership inside the credit information in the credit information database and credit information service providing legal entity requests in order to ensure this information, detailed information concerning on state registry of rights can be provided free of charge”

**Article 2.** This law shall come into force on same date as Credit Information Law effects.

SPEAKER OF PARLIAMENT

D. DEMBEREL



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Date: Oct 20, 2011

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**AMENDMENT TO LAW OF MONGOLIA ON LICENSING OF BUSINESS ENTITY**

**Article 1.** Provision 15.3.9 with below mentioned meaning/nature is being added to the article 15 of the Law of Mongolia on Licensing of Business Entity:

“15.3.9. Undertake/conduct credit information operation”

**Article 2.** This law shall come into force on same date as Credit Information Law effects.

SPEAKER OF PARLIAMENT

D. DEMBEREL