

**REGULATION ON FOREIGN CURRENCY DEPOSIT BETWEEN THE BANK OF
MONGOLIA AND DOMESTIC BANKS**

ONE. GENERAL PROVISIONS

1.1 The purpose of this regulation is to determine the guiding principles of foreign currency deposit between The Bank of Mongolia (The BoM) and domestic banks (hereinafter referred to as “banks”), and their rights and duties.

1.2 Only banks operating within borders of Mongolia that have special license from the BoM for conducting banking operation may establish contract for foreign currency deposit.

1.3 The conditions for foreign currency deposit contract shall be approved by the resolution of the Governor of the Bank of Mongolia.

1.4 The International Economic Department shall negotiate contract for foreign currency deposit on behalf of the BoM.

TWO. DESCRIPTION OF TERMS

2.1 The following are descriptions for the terms used in this regulation.

2.1.1 “Foreign currency deposit” freely convertible foreign currency deposited in the BoM;

2.1.2 “Bloomberg MGFX trading system” internationally approved interbank trading system provided by Bloomberg;

2.1.3 “Approved Bloomberg ID” Bloomberg MGFX trading system ID of an official who is in charge of negotiating foreign currency deposit contracts;

2.1.4 “Approved electronic mail address” electronic mail address of an official who is responsible for negotiating foreign currency deposit contracts;

2.1.5 “Deposit contract” mutually agreed contract according to the Attachment 1 that includes deposit rate, deposit amount, length of time and confirmed by the seal and authorized signature by both parties.

THREE. PRINCIPLES FOR DEPOSIT OPERATIONS WITH BANKS

3.1 In order to establish or extend foreign currency deposit the banks shall submit the documents according to the Attachment 1 of this regulation to the International Economic Department before 14:00 pm.

3.1.1 Through verified account on Bloomberg MGFX window;

3.2.2 Through verified electronic mail address;

3.3.3 According to the Attachment 1 of this regulation (3 copies).

3.2 The International Economic Department is responsible for determining deposit rate and deposit amount, and shall deliver the proposal to the banks according to the provision 3.1.1; 3.1.2 of this regulation. Mutually agreed contract should be confirmed by the authorized signature and seal.

3.3 In case of adjustment in deposit rate level offered by Bank of International Settlement during the time of contract negotiation, both parties shall redo the process assigned in the provision 3.3 of this regulation.

3.4 The International Economic Department shall deliver the approved contract to the Settlement Unit of the Accounting and Information Technology Department by 16:00 pm of that day.

3.5 The Settlement Unit of the Accounting and Information Technology Department shall conduct all necessary transactions through BoM account of that specific bank.

3.6 In order to deposit foreign currency the banks shall transfer sufficient monetary basis to their account at the BoM by 16:00 pm of that day.

FOUR. RIGHTS AND RESPONSIBILITIES OF THE BANK OF MONGOLIA

4.1 Rights of the BoM.

4.1.1 The BoM reserves all rights to request any information and documentation that will be necessary for executing the contract;

4.1.2 In case the BoM fully or partially denies the deposit offer, it reserves the rights to not provide explanation to their decision.

4.2 Responsibilities of the BoM.

4.2.1 The BoM shall provide the details of (name, current work position, Bloomberg ID and electronic mail) the official who is responsible for the foreign currency deposit and his or her replacement through electronic mail to the banks;

4.2.2 The BoM shall execute the contract without any unreasonable barriers;

4.2.3 The BoM shall keep the terms of any contract with banks confidential.

FIVE. RIGHTS AND RESPONSIBILITIES OF BANKS

5.1 Rights of a Bank.

5.1.1 Banks shall send the order to establish or extend the contact to the International Economic Department.

5.2 Responsibilities of Banks.

5.2.1 The banks shall provide the BoM with all necessary and legitimate information;

5.2.2 The banks shall provide the details of (name, Bloomberg ID, authorized signature and electronic mail) the official who is responsible for the foreign currency deposit and his/her replacement through by document to International Economic Department one day prior to the next contract.

5.2.3 Banks shall not recall nor cancel the previously confirmed deposit offer;

5.2.4 The banks shall have sufficient monetary basis and execute the terms of contract without any unreasonable barriers;

5.2.5 The banks shall keep the terms of contract with BoM confidential.

SIX. SANCTIONS

6.1 In case banks revoke the approved contract or fail to have sufficient monetary basis, the penalty shall be equivalent to 3 Month LIBOR rate of that specific day. If the penalty from Bank of International Settlement exceeds it, the difference shall be paid by the banks.

6.2 In case of information disclosure about contracts to other parties and violation of provision 4.2.3 and 5.2.5 of this regulation, the liable officer shall receive a penalty in accordance with relevant legislations.

6.3 In case of violation of provision 5.2.2 the BoM shall not be liable for any damages.

**Attachment 1 to REGULATION ON FOREIGN CURRENCY DEPOSIT
BETWEEN THE BANK OF MONGOLIA AND DOMESTIC BANKS**

FOREIGN CURRENCY DEPOSIT CONTRACT

Date:

Ulaanbaatar

ONE. Conditions for deposit

Depositing Bank:

Currency type

Amount /in letters/

Interest rate /annual//percentage/

Deposit period/days/

TWO. Other

1. On/date/..... the bank...../bank name/ shall transfer/amount/.....to their account at Bank of Mongolia.
2. The Bank of Mongolia on...../date/... shall repay/amount/..... including interest rate payment to the bank...../bank name/.....in their account at Bank of Mongolia.

NEGOTIATING PARTIES

ON BEHALF OF THE BANK OF MONGOLIA:

ON BEHALF OF BANK:

AUTHORIZED SIGNATURE:

AUTHORIZED SIGNATURE:

STAMP:

STAMP:

E-MAIL ADDRESS: