

REGULATION ON ISSUING  
INTRADAY CREDIT BY CENTRAL BANK

**One. General provision**

- 1.1 The purpose of this regulation is to regulate the relations that may arise out of or in connection with issuing intraday credit by the Bank of Mongolia to commercial banks in order to ensure normal operation of the interbank payment and settlement system.
- 1.2 “Intraday credit” means an intraday repo agreement under which a bank sells its holdings of securities to the Bank of Mongolia on a condition to repurchase securities at an agreed price on the same working day.
- 1.3 The list of securities eligible as specified in provision 1.2 of this regulation shall be defined by the Risk Management Unit (hereinafter referred to as RMU) and approved by resolution issued by the Governor of the Bank of Mongolia.
- 1.4 Intraday repo agreement shall be governed by this regulation as well as applicable provisions of the “General Agreement on Selling Securities with Terms of Repurchase” approved by the Governor of the Bank of Mongolia and bound by the Bank of Mongolia and commercial banks.

**Two. General principles of credit issued under intraday repo agreement**

- 2.1 The intraday credit shall be issued by the Bank of Mongolia upon request of the commercial bank if the particular bank involved in the “Banknet” system through intraday repo agreement is short of liquidity to transact the payment and settlement.
- 2.2 The Bank of Mongolia shall not compute an interest on the outstanding balance of the intraday credit issued under repo agreement.
- 2.3 Commercial banks shall repay the intraday credit obtained through repo agreement to the Bank of Mongolia before the “Banknet” system closes on the same working day.
- 2.4 Commercial banks may use its required reserves set by the Bank of Mongolia during the day for payment and settlement, though required reserves shall be met at the end of the day.
- 2.5 The Bank of Mongolia shall not issue intraday credit for the purposes of repaying overnight repo financing.

- 2.6 The Bank of Mongolia reserves the right to reject intraday credit to be issued to a particular bank.

### **Three. Concluding an intraday repo agreement**

- 3.1 Commercial banks shall make its request to conclude an intraday repo agreement via “Interbank Electronic Trading System” (hereinafter referred to as IETS) to International Department (hereinafter referred to as ID) of the Bank of Mongolia during the operating hours of the “Banknet” system. In the case whereby commercial banks are unable to make their request via IETS, the request can be delivered by fax or in an official document.
- 3.2 Commercial banks shall prepare its request to conclude an intraday repo agreement in accordance with Annex 1 of this regulation and should include the following information:
- 3.2.1 Amount of intraday repo transaction (in togrogs);
  - 3.2.2 Type, number and maturity of the security;
  - 3.2.3 Face value of the security;
  - 3.2.4 Number of days holding the security.
- 3.3 ID shall resolve the request to conclude an intraday repo agreement from commercial banks within half an hour upon the receipt of the request and pass the resolution of the transaction to Payment and Accounting Department (hereinafter referred to as PAD) of the Bank of Mongolia via IETS.
- 3.4 ID shall initiate an intraday repo agreement with commercial banks in accordance to the Annex of “General Agreement on Selling Securities with Terms of Repurchase” that is approved by the Governor of the Bank of Mongolia and bound by the Bank of Mongolia and commercial banks and deliver a copy of the agreement to PAD.
- 3.5 An intraday repo agreement is concluded when the Bank of Mongolia ensures the intraday credit issued under repo agreement is repaid as soon as the first credit transaction is made into the account of a particular commercial bank and the securities are sent back to the commercial bank.
- 3.6 If the bank fails to repay the intraday credit issued under repo agreement before the “Banknet” system closes, it may submit an application for converting the intraday credit under repo agreement into an overnight repo financing by central bank.
- 3.7 If the bank submitted an application as specified in provision 3.6 of this regulation, the relations that may arise out of or in connection with the repo agreement shall be regulated by the effective “Regulation on overnight repo financing by central bank” which is approved by the resolution issued by the Governor of the Bank of Mongolia.
- 3.8 If the bank fails to repay the intraday credit issued under repo agreement and fails to submit the application for converting it into overnight repo financing by central bank,

*Unofficial translation*

*(In any event of discrepancies between the Mongolian and English version, the Mongolian version shall prevail)*

then the Bank of Mongolia shall take measures to collect the intraday credit and all claims arising thereof by full foreclosure of the collateral instruments.

3.9 As specified in provision 3.6 of this regulation, the amount of intraday credit to be converted into overnight repo financing shall be equal to the balance of intraday credit that is not repaid by the particular bank.

3.10 If the Bank of Mongolia permits the conversion of intraday repo agreement to overnight repo financing, the particular commercial bank shall be notified via IETS or by fax in accordance to the Annex 2 of this regulation.

### **Six. Miscellaneous**

4.1 The accounting of Central bank intraday credit shall be done in accordance with the effective “Regulation on accounting procedures of the Bank of Mongolia” approved by the Resolution issued by the Governor of the Bank of Mongolia.

4.2 PAD shall consolidate and produce intraday credit report from the “Banknet” system.

4.3 Any person who violates the terms stated in this regulation shall be subject to ... in accordance to laws and regulations of Mongolia.

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the Mongolian version shall prevail)*

*Annex 1 to the “Regulation on  
issuing intraday credit by Central bank”*

**APPLICATION FORM TO CONCLUDE INTRADAY REPURCHASE AGREEMENT**

Date .....  
Bank to be issued credit .....  
Amount of intraday repurchase agreement (in togrog) .....  
Type and number of security .....  
Maturity date of security .....  
Face value of security .....  
Number of days of security ownership .....

**SIGNATURE OF THE COMMERCIAL BANK OFFICIAL** .....

**STAMP**

**RECEIVED BY THE BANK OF MONGOLIA OFFICIAL:** ..... (signature)

**SUBMISSION TIME:**

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*Annex 2 to the “Regulation on  
issuing intraday credit by Central bank”*

NOTIFICATION

Date: .....

To ..... bank

It is hereby to notify that your bank has not settled the payment of intraday credit amounting to ... togrog and thus such credit has been transferred to overnight repo financing by the Central bank at ... percent rate.

The relations arising out of the issuance of overnight repo financing shall be regulated by the “Regulation on overnight repo financing by the Central bank”.

DIRECTOR OF.....  
DEPARTMENT

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