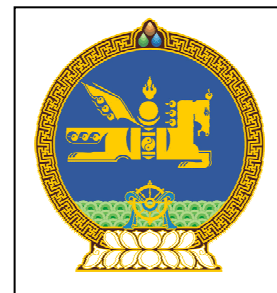


## The Mongolian Financial Markets 2009



A market snapshot by ACI MONGOLIA

Exchange rate policy:

*The Mongolian tugrik /MNT/ is subject to a floating exchange rate. Mongolbank, the central bank, focuses on stability of the MNT exchange rate against major currencies. Mongolbank intend to not affect the market rates other than an occasional intervention in major fluctuations.*

Exchange controls:

*There is no capital movement controls or exchange controls in Mongolia. Investors are free to exchange MNT to or against other currencies at market rates at any time.*

Mongolia: FX market conventions

Instrument	Spot	Fwd/NDF	Swaps
Daily turnover range	15-35M \$	5M \$	10m \$
Trade size range	0.5 – 5m \$	0.5 – 2.5\$	0.5 – 2.5\$
Bid/offer spread	MNT 0.5-2.0	MNT 0.5-2.0 400 – 500 bps	MNT 0.5-2.0 400 – 500 bps
Tenor range	-	Up to 2 years	Up to 2 years
Settlement	T+0		
Reuters Monitor	MNT=	NA	NA
Bloomberg Monitor	MNT<CRNCY> <GO>	NA	NA

Monetary policy:

*Inflation targeted monetary policy is maintained from central bank, in which central bank issues a bill to affect the M2 supply. Central bank adjusts its bill rate in order to affect the monetary supply.*

Debt management policy:

*Government bills are issued domestically in smaller tenors up to 2 years only. A eurobond issue is proposed later 2009.*

Controls/restrictions on foreign participation:

*No control, restriction or limits on foreign participation in money, capital and forex markets.*

Taxes on foreign investors:

*Foreign investors are taxed the same as local investors. Withholding tax of 10% applies for dividends and interests except for that of government bonds.*

Mongolia: rates market conventions

Instrument	Deposits	Treasury and Central Bank bills	Treasury bonds	Corporate
<b>Primary market</b>				
Monthly primary issuance		30m \$	10m \$	
Tenor range	1 – 18m	7 – 365 days	30 -270 days	
Auction schedule			Monthly	
Competitive or non-competitive auctions		Competitive	Competitive	
Auction participation		Banks	Open	Open
Bid size limit		Open	Open	Open
Allotment		Cut-off	Cut-off	
Debt stock outstanding		300m \$	Currently nil	
<b>Secondary market</b>				
Daily turnover range	35-50m \$	30-40m \$	Small	
Trade size range	1m \$- more	1m \$- more	0.5m \$ - more	
Bid/offer spread	200 bps	50 bps	50 bps	
Quotation	Act/365	Act/365	Act/365	Act/365
Settlement	T+0	T+0	T+0	