

Appendix of resolution number 15
by the Board of Directors of
the "Mongolian Stock Exchange"
dated October 26, 2018

"Primary Market Trading Rules" of
the "Mongolian Stock Exchange"

/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

TITLE	
CHAPTER ONE. GENERAL PROVISIONS	3
Article 1. Purpose of the rules	3
Article 2. Scope of the rules	3
Article 3. Primary market trading method	3
Article 4. Trading commissions and fees	4
CHAPTER TWO. REGULAR ORDER BOOK TRADING	4
Article 5. Conditions for using the regular order book trading	4
Article 6. Order booking process	5
Article 7. Pricing	5
Article 8. Distribution	6
CHAPTER THREE. AUCTION	7
Article 9. Auction methods and conditions	7
CHAPTER FOUR. FIXED PRICE TRADING METHOD	7
Article 10. Fixed price trading method	7
CHAPTER FIVE. MISCELLANEOUS	8
Article 11. Miscellaneous	8
ATTACHMENT 1. Agreement to organize primary market trading	9

CHAPTER ONE. GENERAL PROVISIONS

Article 1. Purpose of the rules

- 1.1. The purpose of this rule is to regulate the placement, allocation, and trading of new and additional shares, debt instruments, and other financial instruments of issuers listed on the Mongolian Stock Exchange (hereinafter referred to as MSE) in the primary market fairly, transparently, and promptly under the Law on Securities Market.

/Amended by Resolution No. 2020/06 of The Board of Directors, Dated February 07, 2020/

Article 2. Scope of the rules

- 2.1. General activities regarding securities trading shall be regulated by the "Trading rules" of the MSE, and activities regarding the primary market trading of securities shall be regulated by these rules.
- 2.2. In case of ambiguity in the rule, the MSE reserves the right to interpret the rule.

Article 3. Primary market trading method

- 3.1. Trading in the primary market of securities shall be organized by the following methods:
 - 3.1.1. Regular order book trading - trading activity at the price (yield) set by the issuer based on the order proposals submitted by customers in a certain period;
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
 - 3.1.2. Auction (competitive yield) - The activity of trading a securities block at auction (competitively) starting from a set price (yield);
 - 3.1.3. Fixed price (yield) trading - Trading as an offer at a certain price (yield) set by the issuer.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
 - 3.1.4. The methods stipulated in 3.1.1-3.1.3 of these rules can be used in combination.
- 3.2. Trading in the primary market shall be conducted in accordance with the decision of the Financial Regulatory Commission (hereinafter referred to as the Commission) to conduct trading in the primary market by one of the methods stipulated in clauses 3.1.1-3.1.4 of this rule, and the prospectus submitted to the Commission.
- 3.3. The issuer and underwriter shall clearly state the trading method, strategy and principles, percentages, and limitations of allocating securities to professional, and retail investors in the securities prospectus.
- 3.4. An investor responsible for creating an advantage for the issuer and segregating its securities for a period of at least 6 months is considered a strategic investor, and unless otherwise stated in the prospectus, the underwriter, upon consultation with the issuer, may allocate up to 50% of the shares offered to the public to the strategic investor. The reason for an investor to be considered as a strategic investor shall be disclosed to the Exchange and the public.
- 3.5. The execution of primary market trading transactions shall be carried out by the MSE in accordance with the request submitted by the underwriter and the principle of distribution stipulated in the securities prospectus under the conditions stated in section 3.4 of these rules.
- 3.6. The Underwriter shall enter into an "Agreement to organize primary market trading" with the MSE before receiving orders for primary market trading.

Article 4. Trading commissions and fees

- 4.1. The trading fee shall be calculated and settled according to the methodology stated in Attachment 1 of the "Trading rule" of the MSE.

CHAPTER TWO. REGULAR ORDER BOOK TRADING

Article 5. Conditions for using the regular order book trading

- 5.1. The securities prospectus must be presented to the public no less than 7 days and no more than 30 days before the start of the order booking period.
- 5.2. In addition to Article 4 of the "Listing rules" of the MSE, the underwriter shall inform the public of the following information at least 7 days before booking orders through a website of its own, that of the issuer and MSE.
 - 5.2.1. Order type and stage;
 - 5.2.2. Maximum and minimum price (yield);
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
 - 5.2.3. Duties and Responsibilities of Underwriters and Assistant Underwriters;
 - 5.2.4. Method used for determining trading price (yield);
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
 - 5.2.5. Commission's decision that the distribution conditions, including the rates and conditions for offering and distributing to professional investors, are different from the rates and conditions for offering and distributing to the public;
 - 5.2.6. Limiting conditions.
- 5.3. In the case of debt instruments, the securities prospectus must be presented to the public no less than 3 and no more than 30 days before the start of the order booking period.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

Article 6. Order booking process

- 6.1. Order booking shall be organized through the trading system of the primary market of the MSE, and the MSE shall ensure that the price (yield) entered in the trading system during the order booking period is not visible to the trading participants.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
- 6.2. The booking process lasts for no less than 3 and no more than 10 business days. If there is a condition to re-evaluate the limits of the minimum and maximum price (yield) offered in accordance with clause 8.2 of this rule, the period can be extended by up to 3 business days.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
- 6.3. During the order booking period, under the conditions stipulated in Article 7 of this rule, the customer may place an order within the limit of the maximum and minimum price (yield) set by the issuer or the total purchase price without stating the price (yield) or quantity.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
- 6.4. Orders from customers who have deposited sufficient funds in their accounts to verify the order are recorded in the primary market order pool.

Article 7. Pricing

- 7.1. During the order booking method, the issuer and the underwriter shall determine the issuer's financial condition, results of operations, asset and business appraisal reports, demand for the securities, and other professional investment activities in order to establish the maximum and minimum price to be offered to the public in advance and the maximum price shall not exceed the 20 percent increase of the minimum price.
- 7.2. The issuer may change the maximum and minimum price by up to 20 percent during the order booking period, and shall (1) notify the Commission and the MSE, (2) disclose information about the change to the public through their own, MSEs and the underwriter's website.
- 7.3. In the case of debt instruments, the maximum and minimum yield to be offered to the public shall be determined by the underwriter and the issuer in advance, and in case of any changes in this limit, (1) notify the Commission and the MSE, (2) disclose information about the change to the public through their own, MSEs and the underwriter's website.

/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

- 7.4. Within 3 business days after closing the order, the underwriters and the issuers shall determine the trading price (yield) of the securities in the primary market, taking into account the risks that may affect the market price (yield) of the securities and the factors related to the demand for the securities. When determining the price (yield), the weighted average price (yield) of all orders, the potential price (yield) to fully generate proceeds from the sale of the securities, and the possible price to fulfill the orders of as many customers as possible must be taken into account.

/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

Article 8. Distribution

- 8.1 If the total number of orders for securities received from customers is greater than the number of securities issued as a public offering, a single price (yield) level shall be set for trading securities in order of seniority (descending in terms of returns).

/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

- 8.2 After the price (yield) is determined, the orders placed at the determined price (yield) and above (below) the price (yield) will be distributed proportionally to the number of securities ordered, regardless of the time order.

/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

- 8.3 The order of the total purchase price without stating the price (yield) shall be fulfilled at the level of the trading price (yield) of the securities, and distributed.

/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

- 8.4 The issuer and the underwriter shall submit information on the trading price (yield) determined in accordance with clause 8.3 of these rules, how it was set, and the distribution of securities stipulated in sections 8.1 and 8.2 to the Commission in writing within 3 business days. With the approval of the Commission, the MSE shall supply securities and organize primary market trading.

/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

CHAPTER THREE. AUCTION

Article 9. Auction methods and conditions

- 9.1. Auction will be done on a per-block basis.
- 9.2. The number of securities to be traded in block and the minimum call price (maximum yield) offer shall be clearly stated in the securities prospectus.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
- 9.3. The minimum call price (maximum yield) of the securities block is determined by the issuer, taking into account the valuation of the securities.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
- 9.4. During the auction, the remaining time until the deal is executed is displayed to the trader in seconds.
- 9.5. Auction has 3 stages: the order booking period, the call period, and the transaction period.
- 9.6. The customer's purchase order booking period lasts up to 60 minutes, during which the order can be changed or canceled.
- 9.7. The calling stage lasts for 40 seconds. It is prohibited to enter new orders, change the quantity, and reduce the price (increase the yield) during the call. It is only allowed to auction (compete with returns) when calling orders registered in the trading program.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
- 9.8. In case the price (yield) is changed during the call, the call period is reset to 40 seconds.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
- 9.9. A transaction is executed if there is no change in the buy order price (yield) within 40 seconds after the start of the call period, or if there is no further change in the buy order price (yield) within 40 seconds after the last change in the buy order price (yield).
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/

CHAPTER FOUR. FIXED PRICE TRADING METHOD

Article 10. Fixed price trading method

- 10.1. The customer will place a buy order only at the stated price (yield), and when using this method, price and time seniority do not apply.
/Amended by Resolution No. 05 of The Board of Directors, Dated March 26, 2021/
- 10.2. You can set a base amount of funds that will be distributed equally to all customers.
- 10.3. If the total number of purchase orders exceeds the total number of offered securities, the securities will be distributed using the proportion method. To find the proportionality factor:
$$K = C1/C2$$

K - Equalization factor

C1 - Total number of securities offered for trading

C2 - The total number of securities included in the buy order

- 10.4. Each purchase order is multiplied by the Equalization factor to obtain the number of securities allocated to each customer.
- 10.5. If the fractional digit of the number multiplied by the Equalization factor is above 0.5, it is transferred to 1 whole unit, and if it is below 0.5, it is transferred to 0.
- 10.6. If the total number of distributed shares exceeds the number of securities offered for trading after transferring the fractional digit to a whole number, it shall be equalized to the number offered for trading by deducting one share from the number of securities of the customers who ordered the most shares.
- 10.7. In accordance with the terms and conditions submitted by the issuer, restrictions may be set on the maximum amount of orders for the purchase of securities per customer.

CHAPTER FIVE. MISCELLANEOUS

Article 11. Miscellaneous

- 11.1. On each day of booking of primary market orders, information on primary market orders shall be regularly disclosed to the public through the MSE website www.mse.mn.
- 11.2. After the completion of the primary market trading, with the approval of the Commission, the secondary market trading of the securities shall start.
- 11.3. The entity who violates these rules shall be held responsible under the relevant laws, rules, and regulations.
- 11.4. Any complaints regarding primary market trading shall be resolved in accordance with this rule, the "Trading Rules" and "Surveillance Rules" of the MSE.

ATTACHMENT 1. Agreement to organize primary market trading

CEO of the "MSE"

CEO of the "....." JSC

.....

.....

AGREEMENT TO ORGANIZE PRIMARY MARKET TRADING

№:

20... year ... month ... date

Ulaanbaatar

ONE. GENERAL PROVISIONS

- 1.1. This agreement was made between the Mongolian Stock Exchange /hereinafter referred to as the MSE/ and the "....." Underwriting Company (hereinafter referred to as the Underwriter, collectively referred to as the Parties).
- 1.2. The parties shall cooperate to place the securities on the market, trade them as a public offering, determine and implement the rights and obligations of the securities trading organization and the issuing company in accordance with the rules and regulations.
- 1.3. In their cooperation, the parties shall comply with the regulations and instructions approved by the Financial Regulatory Commission /hereinafter referred to as the "FRC"/ and this agreement in accordance with the "Securities Market Law", "Company Law", and "Civil Law".
- 1.4. Changes to the agreement may be made by mutual agreement at the request of the parties, in case of changes in the legal norms governing the relevant relations.
- 1.5. The agreement is valid from the date both parties signed until the securities are traded in the public offering.

TWO. RIGHTS AND DUTIES OF THE PARTIES

- 2.1. The Exchange has the following rights:
 - 2.1.1. MSE will charge a commission from the total value of the primary market trade;
 - 2.1.2. Review the trading schedule proposed by the issuer and submit a proposal if a change must be made;
 - 2.1.3. Obtain additional information from the issuer regarding the trade;
 - 2.1.4. Monitor the commercial process and ensure the fulfillment of contractual obligations;
- 2.2. The Exchange has the following duties:
 - 2.2.1. Ensuring the reliability of hardware, integrated networks and software necessary for conducting primary market trading;
 - 2.2.2. Organize and conduct trading by the order submitted by the issuer;
 - 2.2.3. Submit consolidated information on primary market trading to the FRC;
 - 2.2.4. Maintain the confidentiality of non-public information related to primary market trading;
 - 2.2.5. Post the prospectus of the securities submitted by the issuer on the website of the MSE;
- 2.3. The Underwriter has the following rights:

- 2.3.1. Obtaining news and information to be distributed to the public that is important for securities trading;
- 2.3.2. Post the prospectus of securities, conditions for trading and distribution of securities on the website of the MSE;
- 2.3.3. Submit proposals in accordance with laws and regulations related to the successful organization of trade to the MSE, and cooperate with the MSE;
- 2.4. The Underwriter has the following duties:
 - 2.4.1. Strictly follow the "Law on Securities Market" and other related laws, regulations and instructions of the MSE;
 - 2.4.2. Submit the request for trading of securities in the primary market through the MSE along with the prospectus of the securities to the MSE;
 - 2.4.3. Set the date for the start of trading (or take orders) of the primary market and notify the MSE at least 5 business days before the start of trading;
 - 2.4.4. Submit other information regarding securities trading, not included in the prospectus, to the MSE;
 - 2.4.5. Pay the trading fee from the total value of primary market trading according to "Attachment 1" of "Trading rules" of the MSE;
 - 2.4.6. If the underwriting company has signed an agreement to purchase a certain part of the issued shares, the original copy of the Investment Agreement made between the issuer and the underwriting company shall be submitted to the MSE;

THREE. LIABILITY OF THE PARTIES

- 3.1. Disputes regarding the agreement shall be resolved by mutual agreement between the parties, and in case they cannot be resolved, they shall be referred to the law enforcement agency for resolution.
- 3.2. The wrongful party shall be responsible for damages caused by non-fulfillment of contractual obligations.

SIGNED:

CEO of the "MSE"

 /...../

CEO of the "....." JSC

 /...../