

Attachment to Resolution No.47
dated 04 October 2024
of the Board of Directors
of the Mongolian Stock Exchange

**“Disclosure and Transparency Rules”
of the Mongolian Stock Exchange**

/Revised edition/

Disclosure and Transparency Rules

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**“Disclosure and Transparency Rules”
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ONE. GENERAL PROVISIONS

- 1.1. The purpose of these rules is to regulate the relations between issuers, investors, and shareholders, ensuring that issuers provide timely and accurate disclosure of information essential for making informed investment decisions, as well as any other information that may influence the price of securities within a specified timeframe.
- 1.2. The issuer, the chairman and members of its Board of Directors (hereinafter referred to as the 'Board'), authorized company officials, and the Secretary of the Board of Directors are obligated to comply with these rules.
- 1.3. The principles of the rule of law, transparency, objectivity, accuracy, and timeliness shall be upheld in the implementation of these rules.
- 1.4. An entity listed on a foreign exchange and holding a dual or secondary listing on the Exchange shall comply with the provisions of these rules but may be eligible for the discounts and exemptions outlined in the “Listing Rules” of the Exchange.
- 1.5. General terms defined therein shall be understood as follows:
 - 1.5.1. “Listed Issuer” refers to any legal entity that has listed its securities on the Exchange;
 - 1.5.2. “Sustainable Development Management” refers to the establishment of a comprehensive management system, including governance structures, policies, procedures, staff responsibilities, training, and regulations, necessary to align the company’s business and internal operations with the principles of sustainable development, production, and services;

TWO. PUBLIC DISCLOSURE OF INFORMATION

Relations between the Exchange and the Issuer

- 2.1. The information submitted by the issuer shall be provided in Mongolian. Additional information may be submitted in a foreign language as specified in these rules or in other cases where necessary.
- 2.2. The issuer shall submit information in both electronic and printed form, and such information and documents shall be considered official company records. Documents and information submitted to the Exchange, whether in electronic or printed form, must be submitted by 3:00 PM on a business day. Documents and information submitted after 3:00 PM on that day shall be made available to the public on the following business day.
- 2.3. In the case of communication via telephone or email, the Exchange may, if deemed necessary, request the issuer to provide documents to verify or confirm the communication.
- 2.4. The issuer shall submit the documents specified in Section 2.3 of these rules to the Exchange in both electronic and printed form within the time frame prescribed by applicable laws, regulations, and instructions.
- 2.5. The Exchange may respond via telephone or arrange an in-person meeting, depending on the nature, significance, and scope of the request submitted by the issuer.
- 2.6. The Exchange may deliver any information, notices, demands, and warnings to the relevant parties through its website and email.
- 2.7. The Listing Division of the Exchange shall be responsible for reviewing the information submitted by the company in both hard copy and electronic form, storing it in files, maintaining records, processing it, and disclosing it to the public.
- 2.8. The Information Technology Division of the Exchange shall be responsible for the creation and maintenance of the database, as well as ensuring its security and reliability, and overseeing the operation of information reception and distribution.

Public Disclosure of Information

- 2.9. The responsibility for posting the issuer's information on both its own website and the Exchange's website shall be performed by the issuer's Board Secretary (or an employee appointed by the board and executive management). The issuer shall bear full responsibility for the accuracy of the information.
- 2.10. The decision regarding the appointment of the Board Secretary of the company, along with his/her resume, shall be submitted to the Exchange within three business days. The Board Secretary is responsible for ensuring the implementation of the issuer's ongoing obligations.
- 2.11. The Board Secretary of the company shall fulfill the requirements to take company governance training and achieve the certificate.

- 2.12. If the decision to appoint the Board Secretary or the Securities Officer is approved and the relevant requirements are met, the Exchange shall issue a login and password to the relevant person for access to the Exchange's internal website.
- 2.13. Unauthorized use, transfer, or intentional or unintentional disclosure of access to the Exchange's website is prohibited. The Board Secretary or the Securities Officer of the company shall bear any liability arising from such actions.
- 2.14. The Company may adopt and implement internal regulations governing the disclosure of information specified in this rules to the public.
- 2.15. Authorized officers of the issuer shall regularly monitor the accuracy and completeness of the information reported by the Board Secretary or the Securities Officer, ensuring compliance with the timeframes specified in applicable laws and these regulations.
- 2.16. The Exchange may request additional information and explanations from the issuer in response to substantiated complaints and requests submitted by shareholders and other issuers, as well as rumors circulating on social media and websites. If deemed necessary, the Exchange may disclose such information to the public.
- 2.17. In the event of any change in information submitted by the issuer, the reason for the change and explanation must be clearly stated and submitted officially within 2 business days from the date of the change.

Issuer's Website

- 2.18. The issuer shall have an official website, and the website shall have a section for shareholders.
- 2.19. The website of the issuer shall be actively and constantly maintained.
- 2.20. The issuer shall disclose the information required by the applicable laws and regulations of the securities market simultaneously on both its own website and the Exchange's website.
- 2.21. The Exchange shall report the information specified in Clause 2.17 of this Regulation to the Commission.

THREE. INFORMATION TRANSPARENCY

Periodic Disclosure Obligations of the Issuer

- 3.1. The issuer shall submit periodic reports in the form of annual and semi-annual operational reports. The annual operational report must be submitted to the Exchange by April 30th of the year following the reporting period, and the semi-annual report must be submitted by the 20th of the month following the end of the reporting period.
- 3.2. The issuer shall prepare the annual financial statements in compliance with International Financial Reporting Standards (IFRS) by February 10th of the year following the reporting period, and submit the semi-annual financial statements to the Exchange by the 20th of the month following the end of the reporting period.

- 3.3. The issuer shall publish the audited financial statements, verified by an audit firm approved by the Commission, on the Exchange's website no later than April 10th following the end of the reporting period.
- 3.4. The issuer listed under Classification I of the Exchange's listings shall submit the operational report specified in Section 3.1, the financial report specified in Section 3.2, and the audited financial report specified in Section 3.3 of these Rules, in both Mongolian and English.
- 3.5. The issuer shall submit its financial and operational reports in accordance with Form 1 and Form 2 from Appendix 4 of the 'Listing Rules' approved by the Commission. Furthermore, the following information shall be included in the annual and semi-annual operational reports:
 - 3.5.1. Information on the organization structure of the issuer (parent, subsidiary, affiliated companies, shareholdings), and financial transactions of the related parties;
 - 3.5.2. The issuer (bank, insurance company, non-banking financial institution, and brokerage firms) shall submit a report on solvency and prudential ratios along with the financial statements, within the timeframe specified;
 - 3.5.3. Information on the measures implemented to prevent situations where the issuer reduces its issued capital through the repurchase and cancellation of its own shares, where the company's losses exceed 30 percent of its equity at the end of the reporting period, or where the company's liabilities exceed its equity for two consecutive years, resulting in negative equity, as well as the corrective actions to be taken in such circumstances;
 - 3.5.4. Information on the number of treasury shares repurchased during the reporting period, the implementation of employee stock ownership programs, and stock-based incentives shall be reported.
- 3.6. The issuer shall adopt and implement appropriate policies and procedures in compliance with the corporate governance code approved by the Committee and shall report their implementation.
 - 3.6.1. The issuer shall report on the implementation of the code at least once a year in the form of a corporate governance report, and the report shall be incorporated into the company's annual report and the company's website, and shall be updated whenever changes occur;
 - 3.6.2. When reporting on the implementation of corporate governance code, the issuer is obliged to explain whether the principles mentioned in the code have been implemented, if not, an explanation, its substitute, and the implementation period must be attached in accordance with Form 1 from the Appendix of the Code.
 - 3.6.3. The issuer shall submit an evaluation, approved by the Exchange, of the corporate governance code implementation report;
- 3.7. The issuer listed under Classification I of the Exchange's registry shall submit information on the measures and activities undertaken in the areas of Environment, Social, and Governance (hereinafter referred to as ESG) during the reporting period, in accordance with

Annex Form 1, by April 30th of the following year. Issuers listed in Categories II and III of the Exchange's listings may, on a voluntary basis, submit an ESG report within the aforementioned period. The ESG report shall include the following items:

- 3.7.1. The sustainable development management system performance pertains to sustainable development policy, management structure, reporting, and membership;
 - 3.7.2. Environmental indicators include aspects such as energy, greenhouse gases, carbon dioxide emissions, water usage, waste management, and biodiversity;
 - 3.7.3. Social indicators include issues such as labor relations, labor safety, gender equality, accessibility, public relations, and procurement policies;
 - 3.7.4. Governance indicators include issues such as corruption, bribery, corporate governance, compliance and stakeholder cooperation;
 - 3.7.5. Industry indicators include issues specific to issuers operating in the banking, finance, agriculture, manufacturing, construction, and mining sectors.
- 3.8. If the issuer is unable to submit or present any information specified on the ESG report, the issuer shall submit an explanation of measures taken to further disclose the information.
- 3.9. The ESG report specified in clause 3.7 of this regulation can be reviewed and confirmed by an external professional organization.

Ad-Hoc Disclosure Obligations of the Issuer

- 3.10. The issuer shall promptly submit the required information in accordance with Form 3 of Appendix 4 of the "Listing Rules" approved by the Commission's Resolution No.225.
- 3.11. The Board Secretary of the issuer listed under Classification I of the Exchange's listings is required to publicly disclose information in both Mongolian and English. The issuer listed under Categories II and III are required to disclose such information in Mongolian and may voluntarily publish it in English. The information must be submitted to the Committee and the Exchange within one business day and made publicly available on the issuer's website.
- 3.12. The issuer is required to notify the Exchange and promptly disclose to the public any event or situation that may significantly affect the price or trading volume of its securities, within one business day.
- 3.13. Pursuant to Article 56 of the Securities Market Law, Chapter 2 of the Commission's "List of Internal Information in the Securities Market and Procedures for reporting it", and the periodic and ad-hoc information specified in these rules, the following events and transaction data are included in the information that may affect the rate, but not limited to:
- 3.13.1. Decisions made by the issuer's Executive Management and Board that may affect the price of securities and the operations of the company;
 - 3.13.2. Information regarding changes, layoffs, transfers, or new hires involving 15 percent or more of the total workforce;
 - 3.13.3. Changes in influential shareholders of the issuer, their related parties, and their shares' ownership;

- 3.13.4. Information on changes in the shares held by influential shareholders of the issuer and their holdings in other companies;
- 3.13.5. Changes in the possessor of internal information, its related parties, and their shareholdings;
- 3.13.6. Information about the issuer's position in its field and changes in it;
- 3.13.7. Information about the acquisition of any special license related to the activities of subsidiaries and affiliates of the issuer, or its cancellation, pledge, or transfer to others in any form;
- 3.13.8. Information on the cancellation or termination of any special license related to operations that affect 20 percent or more of the issuer's sales revenue, or the contract with a supplier or buyer;
- 3.13.9. The issuer shall submit a decision on repurchasing its securities, transferring the purchased shares to others, and putting them into circulation. The decision shall reflect the purpose of buying/selling securities, the number of shares to be acquired/put into circulation, the share of price in total shares, and the payment period;
- 3.13.10. The issuer should submit information on large-scale transactions and conflict of interest transactions;
- 3.13.11. Information regarding the issuer's operational goals, plans, and budget for the upcoming year;
- 3.13.12. Information regarding any changes to the implementation of the project outlined in the securities prospectus;
- 3.13.13. Any changes in the audit report on the issuer's financial statements and operational results;
- 3.13.14. Any financial capacity rating issued by a legal entity authorized to conduct financial capacity rating activities, along with any subsequent changes thereto;
- 3.13.15. Information on this, if an influential shareholder of the issuer has pledged its shares as collateral for the performance of the loan obligation, or issued a guarantee;
- 3.13.16. Other information specified in relevant laws and regulations of the Commission.

Required information to be submitted by companies that have issued new or addition securities

- 3.14. Until the project which funded by the proceeds from a public offering is fully implemented, a report on the expenditure of the proceeds and project performance shall be reported quarterly and submitted to the Exchange by the 15th of the following month.
- 3.15. If issued debt instrument, the information specified in Clause 8 of the Committee's "Listing agreement for debt securities" shall be submitted to the Exchange.

- 3.16. On-site inspections may be conducted in accordance with the guidelines of the Executive Director for issuers who have issued new or additional securities.

FOUR. SUPERVISION AND RESPONSIBILITY

- 4.1. The issuer shall be liable for the following consequences in the event of a violation or non-compliance with these rules and the Listing Agreement:
- 4.1.1. Issuance of a Warning;
 - 4.1.2. Imposition of Contractual Liability;
 - 4.1.3. Downgrading of Securities Listings classification;
 - 4.1.4. Limitation on the Right to List Additional Securities;
 - 4.1.5. Submission of a Proposal to Suspend Securities Trading to the Committee;
 - 4.1.6. Delisting of Securities.
- 4.2. The issuer who has received a warning for the violation outlined in Clause 4.1. of these rules is required to submit a corrective action plan to address the violation, along with a report detailing the resolution of the violation, within the prescribed timeframe.
- 4.3. Warning notices may be delivered on paper or electronically.
- 4.4. If the reports, explanations, and actions provided by the issuer are deemed inadequate, the Exchange may require further explanations and clarifications.
- 4.5. The Exchange shall disclose to the public the liability measures imposed on the issuer, along with the reasons for such measures and their implementation, through its website.
- 4.6. Considering the violations committed by the issuer, the aforementioned forms of liability may not necessarily be imposed in a sequential manner.
- 4.7. If the Exchange deems it necessary, an on-site inspection may be conducted at the issuer's workplace.
- 4.8. The Exchange shall inform the Commission from timely if the information specified in this regulation has not been submitted in the relevant form within the specified period, or if it is deemed to have been submitted in a false or misleading manner.

FIVE. DISPUTE RESOLUTION

- 5.1 The issuer may file a complaint to the relevant authorized personnel within 10 workdays of receiving the notice from the Exchange.