

RULES ON ACCREDITATION OF CERTAIN EXCHANGE MARKET PARTICIPANTS AND REGULATION OF THEIR ACTIVITIES

ONE. GENERAL PROVISIONS

- 1.1 The purpose of these rules is to regulate matters concerning verifying the origin and quality of the products to be traded on the "Mongolian Stock Exchange" /hereinafter referred to as the "Exchange"/, registering and accrediting warehouses, terminals, transport logistics centers, and analysis laboratories as market participants, and regulating relations concerning accreditation.
- 1.2 These rules shall be implemented within the scope of the Law on Mining Products Exchange, the Law on Companies, the Law on Securities Markets, other relevant laws, the rules and procedures adopted by the Financial Regulatory Commission /hereinafter referred to as the "Committee"/ and the Exchange, and other decisions issued in accordance therewith.
- 1.3 Storing in warehouses, terminals, transport by logistics companies, and analysis of the mining products traded, both impending and completed, on the Exchange shall be only conducted by the accredited entity of the Exchange.
- 1.4 The terms used in these rules shall have the meanings defined in the Law on Mining Products Exchange and be used as such.
- 1.5 Amendments to these rules shall be approved by the Board of Directors of the Exchange /hereinafter referred to as "the Board"/ and be authorized by the Commission.

Two. Registering and accrediting as an Exchange market participant

- 2.1. The Exchange shall register and accredit legal entities that meet the terms and conditions stipulated in these rules for the following operations:
 - 2.1.1 Warehouse;
 - 2.1.2 Terminal;
 - 2.1.3 Transportation Logistics;
 - 2.1.4 Analysis laboratory.
- 2.2 The accreditation of the Exchange shall only indicate that the entity is an Exchange market participant.
- 2.3 The person carrying out operations stipulated in section 2.1 of these rules can be dual accredited for other operations.
- 2.4 A legal entity applying for accreditation shall submit the official letter to the Exchange in electronic form along with the following documents:

- 2.4.1 Application for accreditation (attachment one of these rules);
- 2.4.2 State registration certificate;
- 2.4.3 Special license if the requested operation requires a license;
- 2.4.4 Legal Entity Charter;
- 2.4.5 Documents proving that the terms and conditions defined in Chapter 3 of these rules have been met;
- 2.4.6 Other documents deemed necessary by the Exchange.
- 2.5 The Exchange may require additional clarifications and documents, if necessary.
- 2.6 The decision on whether or not to accredit the applicant shall be made by order of the Executive Director of the Exchange within 5 business days from the date of complete submission of documents.
- 2.7 Unless otherwise stated in these rules, the registration of the accredited entity is valid for up to 3 years.
- 2.8 When determining the period stipulated in section 2.7 of these rules, if the entity operates under a special license or other equivalent authorization, the duration of the special license shall be the basis for determining the accreditation term of the Exchange, and if the person operates under an agreement, the duration of the agreement shall be the basis for determining the accreditation term of the Exchange.
- 2.9 The Exchange shall deliver a decision on the accreditation of the entity, either electronically or in writing, within 3 business days after the decision.
- 2.10 The Exchange will refuse to accredit in the following cases:
 - 2.10.1. Application and documents for accreditation were not made in accordance with these rules;
 - 2.10.2. The applicant, its application, and the attached documents did not meet the terms and conditions set by these rules;
 - 2.10.3. There is an inconsistency in the information provided in the application form and the documents stated in clause 2.4 of these rules;
 - 2.10.4. It has been determined by the regulatory authority that the applicant has violated Article 20 of the Law on Mining Products Exchange;
 - 2.10.5. The additional information and documents required under clause 2.5 of these rules have not been provided in full within the specified period, or a reasonable explanation has not been submitted for the inability to provide such information.
- 2.11 The applicant is entitled to make a complaint to the regulatory authority in case of a dispute over the refusal of accreditation by the Exchange.
- 2.12 The Exchange shall maintain registration of accredited entities and shall post the list of accredited entities on its website.
- 2.13 In the case of registration of the state's relevant authority as an accredited entity, certain documents stated in clause 2.4 of these rules can be waived.
- 2.14 Registration of an accredited entity shall not serve as grounds for the Exchange to take responsibility on that entity's behalf or for that entity to enter into any agreement on behalf of the Exchange.

Three. Conditions and requirements for accrediting

- 3.1. Applicants for warehouse and terminal accreditation shall meet the following requirements:
 - 3.1.1. Shall be registered in Mongolia;
 - 3.1.2. Shall be a legal entity authorized by the state administrative organization in charge of customs affairs of Mongolia to operate an accredited customs warehouse and establish a customs control zone.
- 3.2. Applicants for transportation logistics accreditation shall meet the following requirements:
 - 3.2.1. Vehicles crossing the state border shall have a valid permit to transport that type of product across the border;
 - 3.2.2. Shall be registered in the list of transporters specified by the seller of mining products.
- 3.3. In the case of transporting mining products by railway, the conditions and requirements stipulated in clause 3.2 of these rules may be fully or partially exempted upon request.
- 3.4. The seller or the applicant for accreditation shall be liable for the accuracy of the documents of the applicant for transportation logistics accreditation.
- 3.5. The documents stated in clause 2.4 of these rules may not be required when accrediting the entity entered into the general contract stipulated in the Law on the procurement of goods, works, and services with state and local funds, upon the seller's request.
- 3.6. Applicants for analysis laboratory accreditation shall meet the following conditions and requirements:
 - 3.6.1. Accreditation to carry out relevant tests and analysis issued by the Mongolian National Authority for Accreditation shall be valid;
 - 3.6.2. The analysis laboratory shall meet the requirements of the international and local ISO/IEC 17025:2017 (MNS ISO/IEC 17025:2018) standards.
- 3.7. The entity stated in clauses 3.1, 3.2, and 3.6 of these rules shall meet the following requirements during the period accredited by the Exchange:
 - 3.7.1. Comply with the conditions and requirements stated in these rules, and submit a report along with evidence to the Exchange by March 1st of each year;
 - 3.7.2. Comply with the obligations stipulated in the Law on mining products exchange, rules, and regulations issued in connection therewith;
 - 3.7.3. Disclose information to the public through the exchange's website as required by relevant legislation, and Rules of the Financial Regulatory Commission (hereinafter referred to as the "Commission"), and the Exchange;
 - 3.7.4. In the case of a new contract or extension of contract term regarding product storage, transportation, and analysis concluded with the Seller during the accredited period of the

Exchange, relevant documents must be submitted to the Exchange within 3 business days;

3.7.5. Other requirements stipulated by law and legislation;

Fourth. Certifying the origin and quality of products, storing, and transporting products, and organizing quality control

- 4.1. In case of storage of mining products traded on the Exchange, it must be stored only in warehouses accredited by the Exchange.
- 4.2. According to Clause 2.1.2 of the "General Procedures for Trading, and Payment Settlement of Mining Products Exchange" approved by the Commission's Resolution No. 187 of 2023, the products to be traded with spot contracts must be located and registered in the accredited warehouse and terminal of the Exchange.
- 4.3. When transporting the product, it must be transported by an authorized transport and logistics operator.
- 4.4. Unless otherwise stated in the contract with the buyer, the seller bears the risk of transportation during the delivery of the product to the place stated in the commercial contract.
- 4.5. The seller and the transport logistics operator shall manage the risks during the transportation period by contract.
- 4.6. The seller shall certify the origin and quality of the traded products by analyzing them in the laboratory accredited by the Exchange.
- 4.7. The seller is responsible for product quality control.
- 4.8. The accredited operator shall work in coordination with the Exchange, brokers, and other participants.

Five. The main duties of the accredited entity

A. The main duties of the accredited warehouse and terminal

- 5.1. The operator of the accredited warehouse and terminal shall adhere to the following rules when engaging in the trading of mining products on the Exchange:
 - 5.1.1. Register and receive products shipped by the seller and ship to the buyer.
 - 5.1.2. A warehouse receipt shall be issued upon receipt and shipment of the product. Warehouse receipt shall include the name and code of the product, seller, and carrier information, the buyer's information if available, weight, date of receipt and unloading, product, accredited warehouse number, responsible employee, and other necessary information.
 - 5.1.3. Accredited laboratory analysis on product quality and standard requirements shall be reported to the Exchange and the appropriate entity.
 - 5.1.4. The warehouse register information shall be regularly maintained and submitted to the Exchange and appropriate entity.

- 5.1.5. Conditions that preserve the properties of the product must be created and the requirements of relevant Mongolian standards shall be met.
- 5.1.6. Must implement other procedures stated in the rules established by the laws and regulatory bodies.
- 5.2. The Exchange and its member broker may regulate the activities, duties, and responsibilities of the accredited entity on the basis of the contract.
- 5.3. The operator of the accredited warehouse shall coordinate with the member broker of the Exchange, the relevant inspection organization, transport logistics, analysis laboratories and other participating parties accredited by the Exchange.

B. The main duties of accredited transport logistics

- 5.4. The accredited transport and logistics operator shall adhere to following rules when engaging in the trading of mining products on the Exchange:
 - 5.4.1. Take responsibility for shipping delivery of products to and from the accredited warehouse to the buyer.
 - 5.4.2. Delivery must be carried out based on the contract made with the seller.
 - 5.4.3. The transport logistics operator shall be responsible to the seller for safe and secure delivery as well as quality, quantity, and integrity of products sent from warehouses and terminals.
 - 5.4.4. Must implement other procedures stated in the rules established by the laws and regulatory bodies.
- 5.5. The period of delivery must be stated in the contract of products traded on the Exchange.
- 5.6. In the event that the Seller conducts transportation and logistics operations, the Seller shall be fully responsible for the liability that may occur from the transportation.
- 5.7. The functions and standards of the accredited carrier for the rail freight shall be governed by the relevant laws and regulations of the sector.

B. Main duties of accredited analysis laboratories

- 5.8. The accredited laboratory shall adhere to the following rules when engaging in the trading of mining products on the Exchange:
 - 5.8.1. The accredited laboratory is responsible for ensuring the quality and standards of products traded on the exchange.
 - 5.8.2. After delivering to the warehouse, the product must be sampled by a person selected by the seller and the laboratory and analyzed by an accredited laboratory of the exchange.
 - 5.8.3. The analysis must be made independently and delivered to the appropriate entity.
- 5.9. The results of the laboratory analysis must include information such as the name of the laboratory, logo, sample information, the standard of the

- analysis, the parameters of the analysis, the permissible amount of the product or raw material, the unit of measurement, and the results.
- 5.10. The accredited laboratory is responsible for the accuracy of the analysis result.
 - 5.11. In case the buyer does not accept the analysis of the accredited laboratory, it can be re-tested and confirmed by an accredited third-party laboratory of the exchange selected by the seller and the buyer.
 - 5.12. The accredited laboratory shall keep a record of taking samples for analysis, conducting analysis, providing test results, storing and destroying samples, and, upon request by the Exchange, must submit comprehensive information and reports of the products and raw materials included in the analysis.

Six. Monitoring, audit, violation liability

- 6.1. The Exchange may monitor and inspect the accredited entity for the fulfillment of the obligations under these rules. The inspection may be conducted individually or jointly with other entities, and the matter shall be resolved by referring to the Commission and other bodies authorized to impose liability.
- 6.2. In the event that the authorized person or their authorized official violates or fails to comply with these rules or other relevant rules and regulations, the authorized person shall choose which of the following liability measures is appropriate for the accredited entity:
 - 6.2.1. Cautionary notice;
 - 6.2.2. Remove from registration of accredited entity.
- 6.3. When choosing the form of liability to be imposed on the accredited entity, the Exchange shall take into account the nature of the violation committed by the accredited entity.

Seven. Deregistration of an accredited entity or extension of term

- 7.1. When extending the accreditation, the accredited entity shall submit an electronic request to the Exchange at least 10 business days before the end of the accreditation period.
- 7.2. When applying for an extension of accreditation, it is necessary to submit documents that provide evidence of meeting the conditions and requirements for accreditation as stated in section 3 of these rules.
- 7.3. The accreditation period of the entity that meets the conditions and requirements stated in section 3 of these rules shall be extended by up to 3 years, taking into account the provisions of section 2.8 of these rules.
- 7.4. The failure of the accredited entity to request an extension shall be grounds for removal from the registration of the accredited entity.
- 7.5. Accredited entity shall be removed from the register in the following cases:
 - 7.5.1. Upon the accredited entity's request;

- 7.5.2. The accredited entity is liquidated, bankrupt, or has changed the type of authorized operation;
- 7.5.3. The accreditation period has expired and no request to extend the accreditation has been made within the period stated in section 7.1 of these rules;
- 7.5.4. A regulatory authority has determined that the accredited entity has falsified documents of storage, transportation, and laboratory analysis;
- 7.5.5. For an operator based on a license, the license is no longer valid;
- 7.6. The Executive Director of the Exchange shall decide whether to extend accreditation period or deregistration within 5 business days from the date of submission of documents.
- 7.7. The decision stated in section 7.6 of these rules shall be notified electronically or in writing to the accredited entity within three business days after the decision is made.

Eight. Miscellaneous

- 8.1. If the applicant for accreditation and the accredited entity does not agree with any decision of the Exchange on registration, they may file a complaint to the Commission within 10 business days from the date the decision is made.
- 8.2. The attachment of these rules is an integral part of these rules.

~oOo~

Attachment one.

FORM OF APPLICATION FOR ACCREDITATION

We are applying for accreditation for:

- New accreditation Accreditation extension Remove

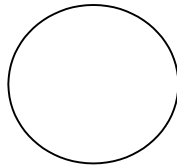
1				<i>General information</i>			
1.1	Company name						
1.2	State registration certificate number						
1.3	Register						
1.4	Company jurisdiction						
1.5	Amount of share capital						
1.6	Special permit information (Accreditation Type)		Special permit date		Resolution No		
	Warehouse						
	Terminal						
	Transportation logistic						
	Analysis laboratory						
2 <i>Address</i>							
2.1	Office		<input type="checkbox"/> Owned <input type="checkbox"/> Rental				
2.2	Address		<ul style="list-style-type: none"> Name, official and identification address of warehouse/terminal/transportation/analysis laboratory <p>.....</p>				
2.3	Website						
2.4	E-mail						
2.5	Work phone, fax						

3 <i>Founder and shareholders of more than 5 percent</i>					
№	Fullname	Invested capital		Employment status	
		Amount	Percent		

4 The Board of Directors					
№	Fullname	Position		Employment status	
1					
2					
3					
4					
5					
6					
5 Balance sheet /As of year..... month date (on an annual basis)/					
№	Items	Active		Passive	
1	Total asset				
	Current asset				
	Non-current asset				
2	Liability and Owner's equity				
	Liability				
	Owner's equity				
3	Total income				
	Main operation income				
	Other income				
4	Total cost				
5	Net profit(loss)				
6	Audit company	Name:		Address:	
6 Movable property and real estate information /vehicle storage facility, list of vehicles and equipment, etc/					
№	List of assets	Quantity	Total amount	State registration certificate number	Owned real estate /or Rental
1					
2					
3					
4					
5					
7 Executive officer and employee information /with sector/					
№	Employee's Fullname	Position	Date of employment	Qualification certificate or diploma number	
1					
2					
3					
4					
5					
6					

The applicant company "....." for accreditation shall be responsible for the accuracy of the submitted materials to the "Mongolian Stock Exchange". In case the submitted information is found to be false, the applicant company will be held responsible according to the relevant laws and regulations and GUARANTEE to fully fulfill the obligations under the relevant regulations, instructions, and agreements of the Financial Regulatory Commission and the "Mongolian Stock Exchange" in the market of mining products exchange.

Stamp



Director

/ Signature/

Year 20... month ... date ...