

**Appendix number four of
Resolution No. 19 dated June 26,
2023, of the Board of Directors**

TRADE AND SETTLEMENT RULES OF MINING PRODUCTS

ONE. GENERAL PROVISIONS

- 1.1. These Rules shall regulate the trading of spot and forward contracts of mining products within the framework of laws and regulations, settlement, and the trading of market participants of the Mongolian Stock Exchange JSC (hereinafter referred to as the "Exchange").
- 1.2. Mining product's derivatives, such as futures and options, shall be regulated by "Trading Rules" of the Exchange, and the settlement shall be regulated by the clearing rules of the derivatives of the "Mongolian Securities Clearing Center" LLC.
- 1.3. The Exchange's operations related to the electronic trading of mining products shall be implemented within the framework of the Law on Mining Products Exchange, the Law on Companies, the Law on the Securities Market, other relevant laws, rules, and regulations approved by the Financial Regulatory Commission (hereinafter referred to as "Commission") and the Exchange.
- 1.4. The Exchange, member brokers, their clients, accredited warehouses, terminals, and other regulated market participants of mining products shall adhere to these rules.

TWO. TERMS

- 2.1. Terms used in these rules shall have the following meanings:
 - 2.1.1. "Spot contract" means a contract that meets the conditions and requirements stated in Section 2.1 of the "Rules for Trading and Settlement of Mining Products" of the Commission;
 - 2.1.2. "Forward contract" means settlement and trading of the parties with a certain quantity of products for a certain price and delivery for a certain period in the future;
 - 2.1.3. "Contract" means spot and forward contracts;
 - 2.1.4. "The expiration date of the forward contract" means the delivery date specified in the forward contract;
 - 2.1.5. "Collateral" means Section 4.1.5 of Law on Mining Products Exchange;
 - 2.1.6. "Customer" means a legal entity that has entered into an agreement with an exchange or a member broker to sell or buy mining products;
 - 2.1.7. "Warehouse receipt" means the attached document to the Rules for setting standards and enforcing mining products contracts approved by the Exchange.

THREE. ORGANIZING TRADE

Receiving sell order

- 3.1 The seller of mining products shall be a legal entity of Mongolia with a valid special license for the mining of minerals or engaged in the processing of minerals and shall register as a seller on the Exchange and submit the following documents when entering into a contract:

- 3.1.1. Audited financial report of the seller for the last 1 year;
 - 3.1.2. The company's operational and business plan;
 - 3.1.3. Mining plan of the current year and mining report of the previous year /note: contract signed with mineral license holder in case of refinery/;
 - 3.1.4. Other documents deemed necessary by the Exchange.
- 3.2 The Exchange shall review the documents of the entity to be registered as a seller within 5 business days.
- 3.3 The responsibility of the commercial contract shall be borne by the broker who brokered the trade, and in the case of non-brokered trade, the responsibility of the contract shall be borne by the seller and the buyer.
- 3.4 The seller or the broker who has entered into an intermediary agreement with the seller shall submit the order for the products to be sold through the Exchange along with the following documents to the Exchange at least 7 business days before the trading:
 - 3.4.1. "Mining Products Trade Order" in Attachment 1 of these rules;
 - 3.4.2. In the case of spot contracts, the opinion of an accredited laboratory of analysis of products placed in warehouses and terminals;
 - 3.4.3. Receipt of payment for the registration service specified in Attachment 2 of these rules.
- 3.5 In orders traded by spot contracts, the number and size of products to be traded, lots to be traded, minimum call price, currency, minimum change in price, trading time, delivery time, conditions, quality of products to be delivered under the contract, amount of deposit, product delivery point and type of transportation shall be included.
- 3.6 In forward contracts, the products to be traded, the quantity and size of traded lots, the minimum call price, the currency, the tick size, the contract expiration date, trading hours, delivery time, terms and conditions, in case of partial delivery schedule, quality of products to be delivered under the contract, collateral, product delivery point, type of transportation, and if there is price adjustment, the conditions of that adjustment and the method of calculation shall be included.
- 3.7 The seller or broker shall submit the information stated in the sales order and its form.
- 3.8 The Exchange shall receive the sell order and review the submitted information within 2 days.
- 3.9 If the sales order submitted by the seller or broker meets the requirements, it will be registered by order of the Executive Director of the Exchange, and a registration code will be assigned to each order.
- 3.10 The Exchange may clarify and collect necessary additional information related to the order from the seller, if it has a broker, from the broker, during the period specified in section 3.9 of these rules.
- 3.11 In the following cases, the Exchange shall refuse to register a sell order:
 - 3.11.1. incomplete order information and form;
 - 3.11.2. information contained in the order or its form is not accurate;
 - 3.11.3. and others stipulated by the relevant laws and regulations.
- 3.12 If the Exchange refuses to register an order in accordance with Section 3.11 of these rules, it shall notify the seller or broker electronically.
- 3.13 In case of a decrease in the market price of mining products, based on a request signed by an authorized official of the seller, the Exchange shall change the minimum call price of the order at least 1 business day before the trading is organized by order of the Executive Director.

- 3.14 The Exchange shall inform the public through its website that the minimum call price has been changed at the request of the seller in accordance with Section 3.13 of these rules.
- 3.15 The date, month, and day of trading included in the sales order can be re-registered in consultation with the Seller in accordance with the trading plan.
- 3.16 Once the trade is organized according to the order for the product to be traded, and the export contract is expired, the product in the trading system shall be removed from the register.

Registering buy order

- 3.17 The bidder shall register with the Exchange in order to participate in trading, and the Exchange member shall register through a broker or by signing a contract with the Exchange.
- 3.18 When registering on the Exchange, the bidder shall submit the following documents in Mongolia or together with a certified translation in English:
 - 3.18.1. A copy of the state registration certificate;
 - 3.18.2. Bank account statement;
 - 3.18.3. Information if you have a registered representative office in Mongolia;
 - 3.18.4. Other documents deemed necessary.
- 3.19 The bidder or broker registers customer information in the trading system of the Exchange and obtains a customer code, which is a unique code that identifies the bidder.
- 3.20 Bidders or brokers undertake the following obligations when participating in trades:
 - 3.20.1. Participate in trading by the trading system access granted by the Exchange;
 - 3.20.2. Ensure availability of hardware and software to participate in trading;
 - 3.20.3. Not to transmit or transfer the right to access the trading system to others, preserve confidentiality, and to be fully responsible for the resulting damages;
 - 3.20.4. If any error related to the trading system is detected, immediately notify the Exchange and take necessary measures.
- 3.21 The buyer or its broker is fully responsible for the accuracy of the bids and their consequences during trading.
- 3.22 The incorrect entry of the price offer into the order fund due to the wrongful act or omission of the buyer or its broker shall not be grounds for canceling the deal concluded at that price.

Organizing trade

- 3.23 Exchange trading shall be held on weekdays from 10:00 to 17:00.
- 3.24 The exchange shall openly trade the mining product contract online by auction starting from the lowest price submitted by the seller.
- 3.25 One buyer shall purchase one order announced by the Exchange for sale.
- 3.26 Trading is carried out in the following 3 stages:
 - 3.26.1. order register stage;
 - 3.26.2. call stage;
 - 3.26.3. settlement stage.
- 3.27 The Exchange's trading system sorts buy orders by price and time.

- 3.28 The purchase order registration period lasts for **60** minutes, during which the purchase order can be changed or canceled.
- 3.29 After the purchase order registration period, the call period lasts for 1 minute, during which time it is not possible to enter a new order or change the order by lowering the price.
- 3.30 During the call, the buyer or the broker can raise the price offer and enter a new price, and each time the price is updated, the call period is counted from 1 minute.
- 3.31 If the price is not updated within 1 minute of the call, the deal shall be made with the highest bid.
- 3.32 The transaction shall be terminated upon completion of the transaction in accordance with Section 3.31 of these rules.
- 3.33 If the Exchange considers the trading to be suspicious, it shall conduct an inspection in accordance with the relevant regulations and submit the inspection report to the Commission.
- 3.34 The responsibility of the commercial contract shall be fully borne by the broker. In case of trading without a broker, it shall be borne by the buyer or seller.
- 3.35 If the bidder or its broker is found to be guilty, the right to participate in trading shall be suspended in accordance with the "Rules for surveillance of mining products trade".

FOUR. RISK MANAGEMENT

- 4.1 The Exchange may be required to set a limit on the trading of forward contracts and increase the margin in accordance with the market conditions.
- 4.2 In the event that the bidder or broker does not transfer the additional deposit in accordance with section 4.1 of these rules, or commits other violations, the Exchange shall take measures to restrict the right of the offeror or broker to participate in trading.

FIVE. SETTLEMENT

Collateral, commission

- 5.1 The bidder or its broker shall place the trading deposit in the designated account of the Exchange at least 30 minutes before the start of trading.
- 5.2 In the case of trading without an intermediary, the amount of the collateral is equal to at least 5 percent of the total value of the order at the minimum price of mining products for spot trading, and at least 10 percent for forward trading.
- 5.3 In the case of trading with an intermediary, the amount of the deposit is equal to at least 5 percent of the total value of the order at the minimum price of mining products for spot trading, and at least 5 percent for forward trading.
- 5.4 The Exchange determines the amount of the collateral taking into account the market risk.
- 5.5 When transferring collateral, the name of the company, the customer code registered in the trading system, and the purpose of the collateral shall be reflected in the transaction.
- 5.6 The customer who is selected as the buyer for the trade shall pay the commission specified in Attachment 2 of these rules within 3 business days after receiving the invoice.

- 5.7 In the event that the trade does not take place, the bidder does not participate in the trade, or participates but is not selected, the Exchange shall return the collateral to the bidder within 5 business days after the end of the trading day, minus the bank commission.
- 5.8 The collateral of the buyer shall be transferred back to the bidder's account in the original currency.
- 5.9 With the official request (signed and stamped by the authorized representative of the legal entity) submitted electronically by the bidder, the collateral can be retained in the Exchange account for participation in the next trade.
- 5.10 If the customer selected to buy does not transfer the transaction payment on time, in full, or refuses to conclude a contract with the seller without valid reasons after the successful settlement, the Exchange shall transfer the amount minus the commission from the collateral to the seller.

Settlement of spot contracts

- 5.11 In accordance with the settlement made in the system, the seller shall conclude an export contract with the buyer in accordance with the relevant laws, the standard setting and enforcement procedures of mining products contracts of the Exchange, and other relevant regulations and instructions, and submit it to the Exchange within 7 business days after the successful completion of the settlement.
- 5.12 Within 5 business days after the agreement specified in Section 5.11 of these rules, the buyer shall deposit 100% of the contract payment (minus the deposit) to the seller's account.
- 5.13 In accordance with Section 5.12 of these rules, within 10 business days after the payment of the contract, the seller shall deliver the traded product to the buyer and submit the deed to the Exchange electronically.
- 5.14 The Exchange shall transfer the collateral to the seller's account within 5 business days based on the contract payment receipt (minus the collateral) and the payment of the commission.
- 5.15 The Exchange may deposit the contract payment into an escrow account, taking into account the seller's solvency, inventory, sales plan, and other factors. In this case, the contract payment shall be transferred when the seller has delivered the products, and the relations shall be regulated by the contract between the Exchange and the seller.

Settlement of forward contracts

- 5.16 In accordance with the settlement made in the system, the seller shall prepare and conclude the export contract with the buyer in accordance with the rules for setting and enforcing the mining products contract standard of the Exchange, these rules, and other rules approved by the authorized person.
- 5.17 The contract stated in Section 5.16 of these rules shall be concluded with the buyer within 5 business days from the date of settlement in the system and submitted to the Exchange.
- 5.18 According to the forward contract, 5 business days before the delivery, the buyer shall transfer the payment for the delivery to the seller's account, and the relations regarding the delivery shall be conducted in accordance with the export contract.

- 5.19 The seller or broker shall submit to the Exchange a deed that the traded product has been delivered to the buyer.
- 5.20 When the forward contract expires, the Exchange shall transfer the collateral to the seller's account within 5 business days, based on the fulfillment of the contractual obligations.
- 5.21 The Exchange may deposit the contract payment into an escrow account, taking into account the seller's solvency, inventory, sales plan, and other factors. In this case, the contract payment shall be transferred when the seller has delivered the products, and the relations shall be regulated by the contract between the Exchange and the seller.

SIX. TRANSPARENCY

- 6.1 The Exchange shall maintain a database of trading and exchange rates and disclose it to the public through the trading system and website.
- 6.2 The following information shall be included in the commercial news:
 - 6.2.1. Date of the trade;
 - 6.2.2. Total number of bidders participated in the trade;
 - 6.2.3. Name and address of the seller;
 - 6.2.4. Order registration number;
 - 6.2.5. Minimum price;
 - 6.2.6. Settlement price;
 - 6.2.7. Total cost of the contract;
 - 6.2.8. Contract code;
 - 6.2.9. Price increase percentage;
 - 6.2.10. Types, categories, and quality of traded mining products;
 - 6.2.11. Other information required by applicable laws and regulations.
- 6.3 The Exchange shall regularly report daily, weekly, monthly, and yearly information on trading price, volume, product type, and category, buyer's country of residence, and date of trading.
- 6.4 The following information on forward contracts listed on the Exchange shall be disclosed to the public through the website:
 - 6.4.1. Contract name, and code;
 - 6.4.2. Contract expiration date;
 - 6.4.3. Minimum price from the seller;
 - 6.4.4. Settlement price;
 - 6.4.5. Trade amount;
 - 6.4.6. Other information required to be disclosed to the public.
- 6.5 The Exchange, brokers, accredited warehouses, and other market participants are prohibited from disclosing information except for public announcements and strictly maintain the confidentiality of customer information in accordance with applicable laws.

SEVEN. MISCELLANEOUS

- 7.1 In the event that the trading participant fails to fulfill its obligations under the contract, the Exchange shall take the following measures in accordance with the "Rules for Surveillance of Mining Products Trade":
 - 7.1.1. Warning;
 - 7.1.2. Temporarily restrict the right to participate in trade;
 - 7.1.3. Deduct funds deposited as collateral for contract payment;

- 7.1.4. Delist;
- 7.1.5. Other measures specified in the rules;
- 7.2 Disputes between the parties shall be resolved by referring to the Exchange's Dispute Resolution Board.
- 7.3 Unless otherwise specified in the contract, if the seller does not deliver the product to the delivery point within the time specified in the contract without explanation, the seller shall pay a penalty equal to 0.1% of the value of the product not delivered to the delivery point for each day of delay to the buyer.
- 7.4 Unless otherwise specified in the contract, if the buyer does not collect the purchased product from the delivery point within the period specified in the contract without explanation, the buyer shall pay a penalty equal to 0.1% of the value of the product not collected for each day of delay to the seller.
- 7.5 Reasons specified in Sections 7.3 and 7.4 of these rules include unexpected and force majeure situations.
- 7.6 Documents related to exchange trading and settlement shall be archived for at least 10 years.
- 7.7 The Exchange may adopt detailed rules and regulations in accordance with these rules.
- 7.8 In the event that the Exchange's trading system malfunctions due to other force majeure factors, the trade shall be canceled and re-arranged.
- 7.9 The Exchange Inspection Service and Internal Audit Unit shall supervise the implementation of these rules.
- 7.10 Other relations not regulated by these rules shall be regulated by other rules and regulations of the Exchange.
- 7.11 This procedure shall be followed until March 31, 2024.

/This section was amended by Resolution No. 49 of the Board of Directors dated December 25, 2023/

MINING PRODUCTS TRADING ORDER

Date:.....

No.....

Ulaanbaatar

..... [on behalf of, the seller of the mining products]

is responsible for the accuracy of this form and the documents attached to it, and the relevant information to be delivered to the bidder for purchase is accurately and completely reflected.

1. Seller information:

- 1.1 Name
- 1.2 Registered country and state registration number:
- 1.3 Register:
- 1.4 Operation:
- 1.5 Official address:
/If there is a representative office in Mongolia, its address/
- 1.6 Postal and mailing address and contact number
- 1.7 Name, position, address, and contact number of the person responsible for this form:
- 1.8 Information on the members of the current executive management or management team of the company (if not, the authorized officer):
- 1.9 Bank account information for payment and settlement:
- 1.10 Additional information for the buyer:

2. Product information

- 2.1. Quantity of the product lot to be traded (tons):
- 2.2. Delivery point:
- 2.3. Product type and classification:
- 2.4. Product quality indicators:
/Standards, quality indicators/
- 2.5. Trading period:
- 2.6. Product delivery date:
- 2.7. Product receipt date:

2.8. Minimum call price and currency type:

2.9. Tick size:

2.10. Collateral:

2.11. Account for collateral:

2.12. Information of the accredited laboratory that conducted the quality analysis: /name, address, contact number/

2.13. Accredited laboratory test summary and quality indicators:

**-Indicates the rate of fluctuation of quality indicators.*

/We agree to release this form and the documents and letters attached to it to government authorities and the public/

Product trading order is submitted by:

Full name:.....

Position: “.....” of the “.....” LLC

Signature:

(Stamp/seal)

SPECIAL MARK /only for the official use of the Exchange/

Full name of the employee who received the order:	Date of the order received:	Number of documents attached to the order /by page/:

General conditions for trading premiums for mining products

Commission	A contract without an intermediary	A contract with an intermediary
Seller	1 lot 100,000 MNT	
Buyer	0.1 percent of the total value of the transaction	0.08 percent of the total value of the transaction