

SETTLEMENT ACCOUNT OPENING AGREEMENT

Date: Ref:.... Place:

ONE. GENERAL PROVISIONS

1.1 As Mongolian Stock Exchange is installing Millennium IT system, and in accordance with Civil Code of Mongolia, Securities Market Law, Banking Law, Temporary Regulation for settlement of securities trading by T+1 trading system, and the Temporary Agreement for Settlement of securities trading executed by and between “Securities Clearing House and Central Depository” LLC, Golomt Bank and “**BDSec JSC**”,

this Settlement Account Opening Agreement (“Agreement”) is entered into by and between:

Golomt Bank, a licensed legal entity to carry out clearing banking service;

“**BDSec JSC**”, a licensed legal entity to carry out broker and dealer activities; and

.....,an individual/legal entity established in accordance with the applicable laws in.....

TWO.DEFINITIONS

2.1 Terms used herein shall have following meanings:

2.1.1 “**Securities Clearing House and Central Depository**” means a licensed legal entity to register ownership of securities and securities safekeeping;

2.1.2 “**Clearing Bank**” means the **Golomt Bank**, an authorized legal entity to settle securities trading upon receiving the trade orders sent by the Securities Clearing House and Central Depository;

2.1.3 “**Customer**” means an individual or legal entity specified in Clause 1.1 of this Agreement, which may acquire or transfer ownership of certain securities on the basis of Mongolian Stock Exchange trading;

2.1.4 “**Broker and Dealer Company**” means **YIIK HӨП** a licensed legal entity to carry out broker and dealer activities specified in Securities Market Law;

2.1.5 “**Settlement Account of the Customer**” means an account particularly opened at the Clearing Bank for the purpose of settlement of securities trading;

2.1.6 “**Customer with no payment capacity**” means a customer who did not deposit the full amount of payment in the securities trading account of the customer, as stated in the Resolution#67, dated in 2015, of the Financial Regulatory Committee.

2.1.7 “**Decline of Trade**” means the invalidation of the trade order due to the non-execution of clause 2 of the Resolution#67, dated in 2015, of the Financial Regulatory Committee.

2.1.8 “**Block Trading**” means trading of shares with a predetermined set of specific volume and size by the authorized institution.

THREE.GENERAL TERMS

3.1 On the basis of this Agreement, the Clearing Bank shall open settlement account for the Customer.

3.2 The Clearing Bank shall, for the purpose of settlement of securities trading, make settlement in accordance with the Temporary Regulation for settlement of securities trading by T+1 trading system, the Temporary Agreement for Settlement of securities trading, and this Agreement upon trade order received from the Securities Clearing House and Central Depository.

3.3 Provisions and sections of the Temporary Regulation for settlement of securities trading by T+1 trading system, Temporary Agreement for Settlement of securities trading are stipulated in detail by this Agreement, and the Parties’ relations shall be regulated by this detailed Agreement. Any other relations not regulated by this Agreement shall be duly regulated by the Temporary Regulation for settlement of

securities trading by T+1 trading system and Temporary Regulation for Settlement of securities trading.

3.4 The Customer shall deposit the full payment amount, which must be used for the securities trading, in its Settlement Account and shall duly comply with general principle of executing the securities trading when the full payment is deposited.

3.5 In the case where the customer have not deposited the full payment amount or the deposit falls short of the full payment amount, the broker dealer company shall demand the customer to increase the deposit up to the full amount immediately.

3.6 If, due to extenuating circumstances, the customer is unable to pay the remaining amount of the full payment, the broker dealer company, upon reaching to an agreement with the customer, can place the shortage on behalf the customer in order to complete the transaction.

3.7 In case the situation stated in clause 3.6 arises, the customer shall transfer the shortage to the broker and dealer company according to the agreed terms.

3.8 When a trade is declined based upon the Resolution# 67, dated in 2015, of the Financial Regulatory Committee, the outstanding balance of the customer’s settlement account shall be sent to the MSE in electronic form.

FOUR.MANAGEMENT OF SETTLEMENT ACCOUNT

4.1 The Clearing Bank shall make payment from the Customers monetary asset in their settlement accounts upon trade order received from the Securities Clearing House and Central Depository.

4.2 The Clearing Bank shall publicly announce interest on fixed balance and fee of bookkeeping of the Customer’s settlement account. Modified terms shall become valid after 1 month from the date of public announcement.

4.3 The Clearing Bank shall deduct a fee of bookkeeping from the Customer’s settlement account.

4.4 If order received from the Securities Clearing House and Central Depository is wrong, incorrect or untrue and the payment is executed upon such order, then the Clearing Bank shall not be liable for such payment execution before any Party of this Agreement or any other third party. In this event, the Customer shall be entitled to claim loss or damage caused to him/her from defaulting party, the Securities Clearing House and Central Depository.

FIVE.SETTLEMENT ACCOUNT TRANSACTION OF THE CUSTOMER

5.1 Settlement account of the Customer shall be an account in togrog currency. If the Customer makes withdrawal or deposits in its Settlement Account in foreign currency, the Clearing Bank shall calculate the amount with its most appropriate and beneficial rate to the Customer on that day’s rate.

5.2 The Customer may submit its request to the Broker and Dealer Company by filling and submitting the “Money withdrawal request form”, if it is willing to make withdrawal for the purpose other than securities trading. The Broker and Dealer Company shall review the request and if the Customer has no debt in stock exchange deal, it shall transfer the fund to the account stated in the “Money withdrawal request form” only in the form of remittance after it is approved with the signature of authorized person and stamp of the company.

5.3 If a customer has entered into a loan agreement with the broker dealer company, and in the case of withdrawal of a foreign currency, the customer can execute the transaction through the settlement account at the broker dealer company.

5.4 Broker and Dealer Company shall be responsible for accuracy of Customer’s request. The Clearing Bank shall not bear responsibility related to Customer’s request before the Customer, Broker and Dealer Company or any third party.

5.5 If a customer is unable to come to Mongolia and is residing in a foreign country and wants to engage in a Mongolian primary market trading /buying shares or bonds etc./ to purchase securities, the customer can send a copy of the “Money withdrawal request form” to the broker dealer company requesting a transfer of fund from his/her own settlement account to the account at the Central depository, and upon receiving of this copy, the broker dealer company can authenticate the form by the signature of its authorized person and stamp of the broker dealer company. With this authenticated form, the Clearing Bank can execute the settlement

transaction upon receipt of the authenticated copy of the form and transfer the funds from the securities trading account of the customer.

5.6 By this Agreement, the Customer agrees on the transfer of fund from the customer's trading account, and to assume that the copy of the "Money withdrawal request form" as a valid document.

5.7 In the cases of any withdrawal/transfer is made from the settlement account of the Customer, the Clearing Bank shall charge service fee in accordance with its general terms and deduct it from the Customer's account.

5.8 If any loss is incurred by the Clearing Bank while providing the services specified in Clause 4.1 of this Agreement, Clearing Bank shall be fully liable for such loss.

SIX.SETTLEMENT OF PAYMENT

6.1 If the Customer fails to make payment within specified time under Temporary Regulation for settlement of securities trading by T+1 trading system and Temporary Agreement for Settlement of securities trading, the Clearing Bank and the Broker and Dealer Company shall have a right to forfeit securities of the Customer and may refuse to trade them.

6.2 The Customer is liable for payment of stock exchange deal and if circumstance specified in Clause 6.1 arises, the Clearing Bank and the Broker and Dealer Company shall settle payment by sale of securities in the Customer's account.

SEVEN.TERM OF THE AGREEMENT

7.1 This Agreement shall become valid upon signature of authorized representatives of Parties and stamp/seal of the company.

7.2 This Agreement shall expire upon the expiration of the Clearing Banking Service Agreement that is executed between the Clearing Bank and the Broker and Dealer Company.

EIGHT.TERMINATION AND AMENDMENT OF THE AGREEMENT

8.1 This Agreement may be terminated by any Party in following cases:

8.1.1 If the Customer fails to pay service fees;

8.1.2 If this Agreement contradicts with the Securities Market Law, or if any loss is caused to the Broker and Dealer Company's business due to fulfillment of obligations under this Agreement;

8.1.3 If this Agreement contradicts with the Banking Law, or if any loss is caused to Clearing Bank's business due to fulfillment of obligations under this Agreement;

8.1.4 Constant breach of contractual obligations; or loss of credibility of Parties due to non-fulfillment of contractual obligations;

8.1.5 If the Broker and Dealer Company and the Clearing Bank are or become incapable/incompetent to meet requirements by any other authorized entities and laws, or license is suspended;

8.1.6 If the Customer is a legal entity and it becomes incapable to continue its business;

8.1.7 If the Customer's source of income is from unlawful activity; the Customer, its management and staff support or finance money laundering and terrorism, or it is determined that the monetary asset is for the purpose of financing terrorism and money laundering activity; and

8.1.8 If the Clearing Bank discloses confidential information of the Broker and Dealer Company and the Customer to third party.

8.2 Defaulting party shall be fully liable for loss or damage caused to other Party due to breach of contractual obligations.

8.3 This Agreement is executed as Mongolian Stock Exchange is installing Millennium IT system for the purpose of broadening Mongolian stock market and to meet international standards. T+3 system is being installed in Mongolia for the first time and therefore Parties may negotiate and make amendments in order to regulate any relations, conditions and risk which may arise during continuance of this Agreement.

8.4 Any amendment shall be made by Amendment Agreement which must be executed between the Parties and it shall be attached to this Agreement. Such attachment shall be integral part of this Agreement.

NINE.REPRESENTATIONS AND WARRANTIES

9.1 The Customer **MAKES REPRESENTATIONS AND WARRANTIES** that the monetary asset in the Settlement Account is from lawful activity, such monetary assets will be used only for the purpose of participating in securities market, the Customer/management and staff do not support or finance money laundering and terrorism and therefore such monetary asset will not be used for financing money laundering and terrorism.

9.1 The Customer hereby **PLEDGES** that it shall give trade orders upon depositing the full amount of the securities payment.

9.2 The Customer /if legal entity/ hereby **REPRESENTS AND WARRANTIES** that it is a legal entity with appropriate corporate governance which is compatible with Company Law of Mongolia. Further, a legal entity will have a risk management policy, and is expected to operate steadily and meet all requirements enforced by authorized entities.

9.3 The Customer hereby **REPRESENTS AND WARRANTIES** that all documents furnished to the Clearing Bank are true and correct, and it meets all requirements of laws.

9.4 The Customer hereby **MAKES REPRESENTATIONS AND WARRANTIES** that it shall be fully liable to the Broker and Dealer Company and the Clearing Bank for the payment of securities trading.

9.5 The Clearing Bank **REPRESENTS AND WARRANTIES** that it will execute transaction of the Customer speedily, accurately and correctly; keep information confidential and will not disclose and misuse it for any other purposes.

TEN.MISCELLANEOUS

10.1 If any provision hereof is or becomes illegal or void, the validity and effectiveness of the remaining provisions hereof shall not in any way be affected.

10.2 This agreement shall be governed by the laws of Mongolia.

10.3 This Agreement is executed in 3 copies and each copy has same legal effect. This Agreement may be translated in other languages and in the event of any dispute, Mongolian version shall prevail.

10.4 Any dispute which may arise in future shall be settled amicably. If not settled amicably, the same shall be submitted to the exclusive jurisdiction of the Court.

EXECUTED AND SIGNED BY:

Representing and on behalf of the Clearing Bank:

Representing and on behalf of the Broker and Dealer Company:

Representing and on behalf of the Customer:

Phone number:

Filed by БДК ХЭП and Golomt Bank.

CDS Account number:.....

Bank account number: