

**LAW OF MONGOLIA**  
**CONDUCTING SETTLEMENT IN NATIONAL CURRENCY**

July 9<sup>th</sup>, 2009

State palace

Ulaanbaatar

**CHAPTER ONE**  
**GENERAL PROVISION**

**Article 1. Purpose of the law**

1.1 The purpose of this law is to regulate relations concerning conduct of settlement and expression of price of goods, work, service in national currency in territory of Mongolia.

**Article 2. Legislation on conduct of settlement in national currency**

2.1 The legislation on conduct of settlement in national currency comprises of the Constitution of Mongolia, Law on Central bank /Mongolbank/, Currency settlement law, this law and other legislative acts issued in conformity with them.

2.2 If an international treaty to which Mongolia is a party to provides differently from this law, the former shall prevail.

**Article 3. Definitions of the Law**

3.1 The following terminology used in this Law shall have the following meaning:

3.1.1 “Territory of Mongolia” means territory of Mongolia excluding economic free-zone, foreign diplomatic missions and consulates in Mongolia;

3.1.2 “National currency” means togrog, lawful means of payment emitted by Mongolbank into circulation, “Togrog” in English, and abbreviated as “MNT”;

3.1.3 “Official rate of Mongolbank” means the rate announced by Mongolbank calculated on the basis of amount and rate of cashless foreign exchange commerce between banks, and between banks and organizations, citizens;

3.1.4 “foreign currencies” means foreign currencies, foreign banknotes;

3.1.5 “foreign banknote” means currency of foreign countries emitted into circulation by authorized organizations of countries except for Mongolia as lawful means of payment;

3.1.6 “foreign exchange” means securities, other means of payment expressed and paid by foreign currencies used in payment of interstate trade, economic, financial relations;

3.1.7 “unit of settlement” means price offer expressed in change of price of goods, work, service connection with togrog currency ratio versus foreign currencies.

## CHAPTER TWO

### SETTLEMENT TO BE CONDUCTED IN NATIONAL CURRENCY

#### **Article 4. Consumption of national currency**

4.1 Price of goods, work, service shall be expressed and settlement shall be conducted only in national currency in territory of Mongolia, and it is prohibited to set price, carry out settlement, run advertisement in foreign currencies, settlement units without official approval of Mongolbank except for occasions specified in 4.4 of this law.

4.2 Any settlement to be paid into state and local budgets, financed by state shall be carried out only in national currency, and conduct of such settlement in foreign currencies is prohibited.

4.3 Determining amount of fees, deductions, liabilities in legislation of Mongolia shall be expressed only in togrog.

4.4 Monetary savings, loans, any services equal to those, agreements concluded in relation with financial derived means, obligations assumed under such treaties of banks, non-banking financial organizations may be expressed in foreign currencies, and execution maybe provided in foreign currencies.

## CHAPTER THREE

### CONTROL ON IMPLEMENTATION OF THE LAW

#### **Article 5. Organization in charge of control on implementation of the law**

5.1 Auditors of Mongolbank shall take control on banks, and auditors of Financial Regulatory Committee shall take control on legal entities, individuals other than banks.

5.2 Mongolbank and central state administrative body in charge of financial issues may conduct joint inspection on implementation of this law according to the decision of Financial Regulatory Committee.

#### **Article 6. Sanctions imposed on person violated the Law**

6.1 If a breach of those specified in 4.1-4.3 of this law does not constitute a criminal offence, the following administrative penalties shall be imposed:

6.1.1 To take demand to eliminate the violation, to confiscate income earned from such activity and take it into state revenues;

6.1.2 If the violation specified in 6.1.1 of this law is not eliminated, a fine of amount equal to 10-30 times of minimum labor rate shall be imposed upon citizens and a fine of amount equal to 50-100 times of minimum labor rate shall be imposed upon legal entities for the period of violation elimination or to submit claim to the court to annul right to run business activities;

6.1.3 If a legal entity with special permit does not fulfill demands taken by the authorized body on elimination of violations, the special license shall be suspended, revoked as specified in articles 13,14 of the Law on special permits of business activities.

6.2 The court shall receive the claim stated in 6.1.2 of this law and resolve.

### **Article 7. Entry into force of the law**

This law shall enter into force from the day it is passed.

Chairman of Parliament of Mongolia D.Demberel