

Introduction to Project for Capacity Building of Capital Market in Mongolia

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Current status of Mongolia's Capital Market

Cyclical issues:

- 1) Economic downturn – Slower growth due largely to weak commodity prices

Structural issues:

- 1) Lack of blue chips - Market wants IPOs for blue chips with high growth potential, good corporate governance, reliable accounting and excellent disclosure
- 2) High interest rates
- 3) Relatively expensive trading cost
- 4) Others

A “pilot IPO” for a quality state-owned company or a major private sector unlisted company will be a key for revitalization of the market, in our view.

Project overview: IPO and dual-listing is our overall goal

Project description	
Duration	Nov14 to Jul17 (1 st Project Year: Nov14-Jul15, 2 nd PY: Aug15-Jul16, 3 rd PY: Aug16-Jul17)
Overall goal	Developing active primary market at MSE by increasing IPO for unlisted Mongolian companies with sound fundamentals, as well as promoting dual-listing, as a result of improving market confidence.
Project purpose	Capacity building for stakeholders in regulation and supervision of the Mongolian capital market.
Mongolian counterpart	FRC, MSE
Japanese counterpart	Japan International Cooperation Agency, Financial Services Agency, Japan Exchange Group, Consultants

Project overview: Expected outputs

- 1) Effective Policy Committee for vitalization of the capital markets
- 2) Implementing risk-based supervision for securities companies
- 3) Supporting self-regulatory function for the relevant stakeholders
- 4) Increasing IPOs and promoting dual-listing of Mongolian companies
- 5) Enhancing financial literacy for general public

Project overview: Schedule

- 1) Consultants provide technical cooperation, together with Financial Services Agency (FSA) and Japan Exchange Group (JPX).
- 2) FSA, JPX and Consultants plan to conduct training programs and seminars for capacity building.
- 3) Consultants are planning to visit UB 4-6 times a year.

Our proposals for major events

		2014	2015				2016				2017		
		10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9
Report for the current status of regulation and supervision		✓	✓	✓									
Training course in UB	Regulation and supervision			✓				✓				✓	
	SRO					✓							
	IPO/dual listing									✓			
Training course in Tokyo	Regulation and supervision					✓							
	SRO										✓		
	IPO/dual listing							✓			✓		
Seminar in UB	SRO											✓	
	IPO/dual listing			✓			✓			✓			
	Financial literacy			✓				✓				✓	

Note: Schedule will be subject to change, depending on discussions between the Japan and Mongolian parties.

Source: JICA Consulting Team