



MEMORANDUM OF UNDERSTANDING

BETWEEN

FINANCIAL REGULATORY COMMISSION, MONGOLIA

AND

SECURITIES AND EXCHANGE BOARD OF INDIA

FOR

MUTUAL CO-OPERATION AND TECHNICAL ASSISTANCE

Table of Contents

| | |
|--|----|
| PREAMBLE | 2 |
| Article 1: Background | 3 |
| Article 2: Definitions..... | 3 |
| Article 3: Principles regarding Mutual Assistance and the Exchange of Information..... | 4 |
| Article 4: Scope of Assistance..... | 5 |
| Article 5: Requests for Assistance..... | 6 |
| Article 6: Execution of Requests for Assistance | 6 |
| Article 7: Permissible Uses of Information..... | 7 |
| Article 8: Confidentiality | 7 |
| Article 9: Consultations..... | 7 |
| Article 10: Unsolicited Assistance | 8 |
| Article 11: Technical Assistance..... | 8 |
| Article 12: Cost of Investigation or Assistance | 9 |
| Article 13: Effective Date..... | 9 |
| Article 14: Termination | 9 |
| Article 15: Contact Persons..... | 9 |
| Appendix A: Principal Contact Persons | 12 |

PREAMBLE

The Authorities, the Financial Regulatory Commission, Mongolia (**FRC**) and the Securities and Exchange Board of India (**SEBI**):

- Considering the increasing internationalisation and interdependence of financial markets due to the use of modern technology, and the corresponding need for mutual co-operation and consultation;

- Desiring to provide a formal basis for co-operation, including the exchange of information and providing investigative assistance, in order to improve the strength of the financial systems in both Mongolian as well as the Indian Securities Market in accordance with the standards established by the International Organization of Securities Commissions (IOSCO);

- Acknowledging that both Authorities will continue acting in furtherance of their commitments under the IOSCO's Multilateral Memorandum of Understanding (MMoU), if applicable, and that this bilateral Memorandum of Understanding is not intended to supersede the commitments regarding the MMoU, if any;

Have reached the following understanding:

Article 1: Background

- (i) Established in 2006 under the Law on the Legal Status of the Financial Regulatory Commission, the FRC is a parliamentary authority mandated to supervise and regulate the non-bank sector; including the insurance and securities markets, and participants of the microfinance sector. The FRC is responsible for providing for stable and sound financial markets. The Commission exercises power over non-bank financial institutions, insurance companies and intermediaries, securities firms, savings and credit cooperatives, real estate agents, and dealers of precious metals and stones. At the same time, ensuring the rights of individual financial market clients (securities holders, domestic and foreign investors, and insurance policyholders) and protecting against financial malpractices.
- (ii) SEBI was established under the Securities and Exchange Board of India Act, 1992 to regulate the securities markets in India. The objectives of SEBI are to protect the interests of investors in securities, to promote the development of, and to regulate the securities market in India. The main functions of SEBI include registration, regulation and supervision of intermediaries operating in the securities market, promoting and regulating self regulatory organizations, prohibiting fraudulent and unfair trade practices relating to securities markets, calling from or furnishing to other authorities, whether in India or abroad, such information as may be considered necessary by it for the efficient discharge of its functions.

Article 2: Definitions

For the purposes of this Memorandum of Understanding (Memorandum):

- (i) "**Authority**" means the FRC or the SEBI, together referred to as "the Authorities" and individually "Authority".
- (ii) "**Requested Authority**" means the Authority to whom a request for assistance is made under this Memorandum of Understanding.
- (iii) "**Requesting Authority**" means the Authority making a request for assistance under this Memorandum of Understanding.
- (iv) "**Laws and Regulations**" mean the provisions of the laws of the jurisdictions of the Authorities, the regulations promulgated thereunder, and other regulatory requirements that fall within the competence of the Authorities, concerning the following:
 - a. insider dealing, market manipulation, misrepresentation of material information and other fraudulent or manipulative practices relating to

- securities and derivatives, including solicitation practices, handling of investor funds and customer orders;
- b. the registration, issuance, offer, or sale of securities and derivatives, and reporting requirements related thereto;
- c. market intermediaries, including investment and trading advisers who are required to be licensed or registered, collective investment schemes, brokers, dealers, and transfer agents; and
- d. markets, exchanges, and clearing and settlement entities.

(v) "**Information**" includes information and documents;

(vi) "**Person**" means a natural or legal person, an (incorporated or unincorporated) association, partnership, trust, investment company, corporation or other legal entity.

Article 3: Principles regarding Mutual Assistance and the Exchange of Information

1. This Memorandum sets forth the Authorities' intent with regard to mutual assistance and the exchange of information for the purpose of enforcing and securing compliance with the respective Laws and Regulations of the jurisdictions of the Authorities. The provisions of this Memorandum are not intended to create any legally binding obligations or supersede the applicable Laws and Regulations of the Requested Authority.
2. This Memorandum does not authorise or prohibit an Authority from taking measures other than those identified herein to obtain information necessary to ensure enforcement of, or compliance with, the Laws and Regulations applicable in its jurisdiction.
3. This Memorandum does not confer upon any Person not an Authority, the right or ability, directly or indirectly to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Memorandum.
4. The Authorities recognise the importance and desirability of providing mutual assistance and exchanging information for the purposes of enforcing, and securing compliance with, the Laws and Regulations applicable in their respective jurisdictions. A request for assistance may be denied by the Requested Authority:
 - a) where the request would require the Requested Authority to act in a manner that would violate the Laws and Regulations applicable in its jurisdiction ;
 - b) where a criminal proceeding has already been initiated in the jurisdiction of the Requested Authority based upon the same facts and against the same

Persons, or the same Persons have already been the subject of final punitive sanctions on the same charges by the competent authorities of the jurisdiction of the Requested Authority, unless the Requesting Authority can demonstrate that the relief or sanctions sought in any proceedings initiated by the Requesting Authority would not be of the same nature or duplicative of any relief or sanctions obtained in the jurisdiction of the Requested Authority;

- c) where the request is not made in accordance with the provisions of this Memorandum; or
 - d) on grounds of public interest or essential national interest.
5. Where a request for assistance is denied, or where assistance is not available under applicable Laws and Regulations in the jurisdiction of the Requested Authority, the Requested Authority will provide the reasons for not granting the assistance and consult pursuant to Article 9.

Article 4: Scope of Assistance

1. The Authorities will, within the framework of this Memorandum, provide each other with the fullest assistance permissible to secure compliance with the respective Laws and Regulations of the Authorities.
2. The assistance available under this Memorandum includes, without limitation:
 - a) providing Information and documents held in the files of the Requested Authority regarding the matters set forth in the request for assistance;
 - b) obtaining information and documents regarding the matters set forth in the request for assistance, including:
 - (i) contemporaneous records sufficient to reconstruct all securities and derivatives transactions, including records of all funds and assets transferred into and out of bank and brokerage accounts relating to these transactions;
 - (ii) records that identify: the beneficial owner and controller, and for each transaction, the account holder; the amount purchased or sold; the time of the transaction; the price of the transaction; and the individual and the bank or broker and brokerage house that handled the transaction; and
 - (iii) information identifying persons who beneficially own or control non-natural Persons organized in the jurisdiction of the Requested Authority.

3. Assistance will not be denied based on the fact that the type of conduct under investigation would not be a violation of the Laws and Regulations of the Requested Authority.
4. Exchange of views on global regulatory reforms and cooperation in international fora.

Article 5: Requests for Assistance

1. Requests for assistance will be made in writing, in such form as may be agreed by the Authorities from time to time and will be addressed to the Requested Authority's contact persons as prescribed in Article 15.
2. Requests for assistance will include the following:
 - a) a description of the facts underlying the investigation that are the subject of the request, and the purpose for which the assistance is sought;
 - b) a description of the assistance sought by the Requesting Authority and why the information sought will be of assistance;
 - c) any information known to, or in the possession of, the Requesting Authority that might assist the Requested Authority in identifying either the Persons believed to possess the Information sought or the places where such information may be obtained;
 - d) an indication of any special precautions that should be taken in collecting the information due to investigatory considerations, including the sensitivity of the information;
 - e) the Laws and Regulations that may have been violated and that relate to the subject matter of the request.
3. In urgent circumstances, requests for assistance may be effected by e-mail or facsimile, provided such communication is confirmed through an original, signed document.

Article 6: Execution of Requests for Assistance

1. Information and documents held in the files of the Requested Authority will be provided to the Requesting Authority upon request. The Requested Authority will inform the Requesting Authority the time-line within which it will respond to the request.

2. Upon request, the Requested Authority will require the production of documents identified in Article 4(2)(b) from (i) any Person designated by the Requesting Authority, or (ii) any other Person who may possess the requested information or documents. Upon request, the Requested Authority will obtain other information relevant to the request.
3. In urgent circumstances, the response to requests for assistance may be effected by e-mail or facsimile, provided such communication is confirmed through an original, signed document.

Article 7: Permissible Uses of Information

1. The Requesting Authority may use non-public information and non-public documents furnished in response to a request for assistance under this Memorandum solely for the purposes set forth in the request for assistance, including ensuring compliance with the Laws and Regulations related to the request;
2. If a Requesting Authority intends to use information furnished under this Memorandum for any purpose other than those stated in Article 7(1), it must obtain the prior consent of the Requested Authority.

Article 8: Confidentiality

1. Each Authority will keep confidential requests made under this Memorandum, the contents of such requests, and any matters arising under this Memorandum, including consultations between or among the Authorities, and unsolicited assistance. After consultation with the Requesting Authority, the Requested Authority may disclose the fact that the Requesting Authority has made the request if such disclosure is required to carry out the request.
2. The Requesting Authority will not disclose non-public documents and information received under this Memorandum, except as contemplated by Articles 7(1) or 7(2) or in response to a legally enforceable demand. In the event of a legally enforceable demand, the Requesting Authority will notify the Requested Authority prior to complying with the demand, and will assert such appropriate legal exemptions or privileges with respect to such information as may be available. The Requesting Authority will protect the confidentiality of non-public documents and information received under this Memorandum.

Article 9: Consultations

1. The Authorities will consult periodically with each other regarding this Memorandum about matters of common concern with a view to improving its

operation and resolving any issues that may arise. In particular, the Authorities will consult in the event of:

- a) a significant change in market or business conditions or in legislation where such change is relevant to the operation of this Memorandum;
 - b) a demonstrated change in the willingness or ability of an Authority to meet the provisions of this Memorandum; and
 - c) any other circumstance that makes it necessary or appropriate to consult, amend or extend this Memorandum in order to achieve its purposes.
2. The Authorities will consult with one another in matters relating to specific requests made pursuant to this Memorandum (e.g., where a request may be denied, or if it appears that responding to a request will involve a substantial cost).
 3. The Authorities will define the terms herein in accordance with the relevant laws of the jurisdiction of the Requesting Authority unless such definition would require the Requested Authority to exceed its legal authority or otherwise be prohibited by the laws applicable in the jurisdiction of the Requested Authority. In such cases, the Authorities will consult each other.

Article 10: Unsolicited Assistance

Each Authority will make all reasonable efforts to provide, without prior request, the other Authority with any information that it considers is likely to be of assistance to the other Authority in securing compliance with Laws and Regulations applicable in their jurisdiction.

Article 11: Technical Assistance

1. In furtherance of the objective of promoting the development of sound securities regulatory mechanisms, the Authority may, upon a request by the other Authority, consult with and provide advice to the other Authority, with a view to establishing and implementing an ongoing technical assistance program. In this regard, the Authorities intend to work together to identify and address, subject to the availability of personnel and other resources, training and technical assistance needs to facilitate the development of a regulatory framework for the offer, purchase and sale of securities or securities derivatives, trading of commodity derivatives, in India or in Mongolia as well as the cross border offering of securities or securities derivatives, including:

- a. laws and regulations to protect investors;
- b. standards for offering securities, including disclosure standards, accounting and auditing principles and standards, and methods and standards to be used in valuing securities;
- c. market oversight and enforcement mechanisms; and
- d. systems of supervision and standards of conduct for market professionals, including brokers, dealers and investment advisers.

Article 12: Cost of Investigation or Assistance

The Requested Authority may as a condition of agreeing that assistance be given under this Memorandum, require the Requesting Authority to make a contribution to costs. Such a contribution may, in particular, be required where the cost of executing a request is substantial.

Article 13: Effective Date

This Memorandum shall come into force on the date of its signing by the duly authorised representatives of the Authorities.

Article 14: Termination

1. Either Authority may terminate this Memorandum at any time by giving at least 30 days prior written notice to other Authority.
2. In the event that an Authority decides to terminate this Memorandum, cooperation and assistance in accordance with this Memorandum will continue until the expiration of 30 days after that Authority gives written notice to the other Authority of its intention to discontinue cooperation and assistance hereunder.
3. In the event of the termination of the Memorandum, information obtained under this Memorandum will continue to be treated confidentially in the manner prescribed under Article 8.

Article 15: Contact Persons

All communications between the Authorities should be between the principal points

of contact as set out in **Appendix A** unless otherwise agreed. **Appendix A** may however be amended by written notice from either Authority without the need for revising this Memorandum.

IN WITNESS THEREOF the undersigned being duly authorized thereto have signed this Memorandum of Understanding:

Done in Mumbai
and
Ulaanbaatar on date April 29, 2022
and
29/04/22 in three originals each in Mongolian, Hindi and English languages, each being equally authentic. However, in case of discrepancy, the English version will prevail.

Executed by the Authorities:



For the FRC

For the SEBI

A handwritten signature in black ink, appearing to read "Bayarsaikhan Dembereldash", written over a horizontal line.

Chairman
Bayarsaikhan Dembereldash

A handwritten signature in blue ink, appearing to read "Madhabi Puri Buch", written over a horizontal line.

Chairperson
Madhabi Puri Buch

Dated 29/04/22

Dated 29/04/22

Appendix A: Principal Contact Persons

FRC

Mr. Enkhbaatar Vorshilov
Director
International Cooperation Department
Financial Regulatory Commission of Mongolia
Government Premises IV
Baga Toiruu 3, Chingeltei District
Ulaanbaatar 15160
Mongolia

Tel. No.: +976 51 261276
enkhbaatar@frc.mn

SEBI

Mr. S. V. Muralidhar Rao
Executive Director,
Office of International Affairs
Securities and Exchange Board of India
'SEBI Bhavan', Plot C4-A, 'G' Block,
Bandra Kurla Complex,
Bandra (East)
Mumbai 400 051
India

Tel. No.: + 91 22 26449992
Fax No.: + 91 22 26449015
ويا@sebi.gov.in