

**DECREE OF THE GOVERNOR OF
THE BANK OF MONGOLIA**

May 6th, 2024

No. A-98

Ulaanbaatar

Regarding approval of the list of eligible collateral
for central bank lending and securities eligible
for repo operations with banks

In accordance with Article 13, Article 15, Article 20¹.3, Article 28.1.1, and 28.1.2 of the Law on Central Bank (Bank of Mongolia), it is hereby decreed:

1. The list of eligible collateral for central bank lending operations and securities eligible for repo operations with banks shall be renewed and approved as attached.
2. The Risk Management Unit (Bayanzul.D) shall develop and present a proposal to renew the list of eligible collaterals and securities eligible for repo operations of the central bank by taking particular circumstances and necessities into account.
3. The Reserve Management and Financial Markets Department (Enkhjin.A), the Risk Management Unit (Bayanzul.D), and the Finance and Accounting Department (Garid.Ts) shall obligate to carry out this decree.
4. Decree of the Governor of the Bank of Mongolia No. A-280 in 2021 shall be nullified with the approval of this decree.
5. The Internal Audit Department (Shijirmaa.A) shall supervise the fulfillment of this decree.

GOVERNOR

LKHAGVASUREN BYADRAN

Annex of decree No. A-98 of the Governor of the Bank of Mongolia
approved on 6 May 2024

**LIST OF ELIGIBLE COLLATERAL FOR CENTRAL BANK LENDING AND
SECURITIES ELIGIBLE FOR REPO OPERATIONS WITH BANKS**

1. The following assets are eligible collateral for the central bank's market operations. This includes:

Monetary operations	Collateral¹
1. Open market operations	
1.1 Repo auction	<ul style="list-style-type: none"> • Central bank bills • Government securities • Senior tranche of Mortgage-backed securities issued by the MIK Asset SPC LLC
2. Standing facilities	
2.1 Repo financing	<ul style="list-style-type: none"> • Central bank bills • Government securities • Senior tranche of Mortgage-backed securities issued by the MIK Asset SPC LLC
2.2 Intraday repo loan	<ul style="list-style-type: none"> • Central bank bills • Government securities
3. Collateralized loan	<ul style="list-style-type: none"> • Central bank bills • Government securities • Securities issued by the Development Bank of Mongolia² • Senior and junior tranches of Mortgage-backed securities issued by the MIK Asset SPC LLC • Senior tranche of asset-backed securities backed by performing loans • Performing loans

¹ All eligible securities for repo operations and collaterals shall be denominated in Mongolian tugrug, electronically recorded, and registered by the Mongolian Central Securities Depository.

² In the case of providing loans and financing to the Development Bank of Mongolia, securities issued by the bank is not eligible to be pledged as collateral and for repo operations.

2. Summary of haircuts for eligible collateral by percentage³

2.1 Haircuts for securities with fixed coupons:

Collateral	Haircuts (by remaining maturity)									
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	6-7 years	7-8 years	8-9 years	9-10 years
Government bonds	0.5	3.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0
Development Bank of Mongolia bonds ⁴	11.0	14.0	16.0	18.0	19.0	-				
Senior tranche of MBS ⁵	20.0									
Junior tranche of MBS ⁶	40.0									
Senior tranche of asset-backed securities backed by performing loans ⁷	30.0									

2.2 Haircuts for zero-coupon securities:

Collateral	Haircuts (by remaining maturity)				
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years
Central bank bills	0.5	-			
Government bills	0.5	-			
Development Bank of Mongolia bills	11.0	16.0	20.0	24.0	28.0

2.3 Haircuts for performing loans issued by banks:

Loan maturity	Haircuts
Up to 3 years	30
More than 3 years	50

³ The amount for central bank financing will be determined by the following formula, up to 2 decimals:

$$F = C * \frac{100 - H}{100}$$

- F – Financing amount
- C – Market value of collateral
- H – Haircut rate

⁴ The haircut for the securities of the Development Bank of Mongolia guaranteed by the Government shall be the same as the haircut for Government securities

⁵ Mortgage-backed securities issued by the MIK Asset SPC LLC

⁶ Mortgage-backed securities issued by the MIK Asset SPC LLC

⁷ Asset-backed securities backed by performing loans issued by the SPC established by the Securities Finance Corporation LLC