



Mergers & Acquisitions Laws and Regulations in Mongolia

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CONTENT



KEY LEGISLATION

LAW ON COMPETITION

Restrictions on dominant entities



LAW ON STATE REGISTRATION OF LEGAL ENTITIES

State registration requirements



2010

2011

2018

LAW ON COMPANY

Regulation on reorganization, shareholders' rights during the reorganization, etc.



LEGAL DEFINITIONS

REORGANIZATION: MERGER, ACQUISITION, SEPARATION, DIVISION,
TRANSFORMATION

MERGERS

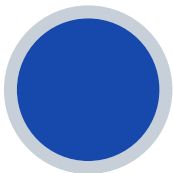
Termination of activities of two or more companies and the transfer of the rights, obligations, and liabilities of such companies to a newly established company



ACQUISITIONS

Termination of the activities of one company and transfer of the rights, obligations and liabilities of such company to another company

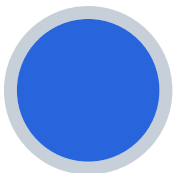
NEGOTIATION



1

Memorandum of understanding

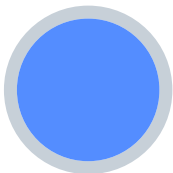
Setting out general terms and conditions after considering the offers of each company and exchanging information.



2

Due diligence

Investigating all information and facts about the parties to the contract, their legal status, activities, assets, finances, subject of the agreement, and factors affecting them and to determine the actual situation.



3

Final agreement

Setting out final terms and conditions

NEGOTIATION

Legal due diligence

Until the final contract for the acquisition of the company is concluded, the buyer must conduct a due diligence analysis to check the activity or the object of the transaction, as well as select the most favorable form of acquisition of the company, and determine the specific terms and conditions.



NEGOTIATION

Final agreement



01

The breakdown of economic conditions and structure of the purchase price



02

Primary conditions related to the purpose of the acquisition & Confidentiality clause



03

Conditions related to the DD analysis



04

Obligation to negotiate in good faith & Conditions related to the obligation to inform the public



05

Conditions related to the right to conclude monopoly or dominant transactions



STATE REGISTRATION

Shareholders' rights

- Demand for buyback of his shares from the company

AFCCP's opinion

- **Dominant entity:** Supply of 1/3 or higher percentages of the productions, sales, or purchases of certain kinds of goods and products in the market.
- **Obligation to obtain opinion:** In case a dominant entity restructure through M&A with other bodies, or purchase above 20% of common shares and/or above 15% of the preferred shares of competitor companies that sell the same type of goods and products, or merge or amalgamate with interdependent bodies

Application to the registration authority

- Application forms
- Name verification sheet
- Receipt of payment of state stamp duty and service fee
- Certificate of state registration
- Decision/Resolution/ & Minutes of the meeting Charter
- Passport copy & Lease Agreement
- Certified Financial Statements
- M&A Agreement;



Approve documents

Resolution/decision on M&A and the M&A agreement



Obtain opinion

Apply for approval from the AFCCP, in case of dominant entity



Draft documents

Draft resolution and the agreement for reorganization, charter of the reorganized company, and the proposal defining the procedure for converting the securities of each company



Audit

Audit financial statements for the last two years.



Apply to the registration authority

The team makes any last-minute changes to the process.



Thank you!

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