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Legal regulation of public offering and sales of securities

One of the alternative ways to attract investment and expand one's business is the public offering and sales of securities. As of 2021, there are 314 joint-stock companies (hereinafter the "JSC") registered in Mongolia, and securities worth MNT 1.4 trillion (app USD 452.09 million) were traded on the market which is 21.6 times higher from 2020 and increased results by 64.3 percent from 2017. Out of the total trade, 74.1% accounts for corporate bonds, 4.0% for units of investment funds, 0.3% for asset-backed securities, and 21.6% for shares, respectively. Further, in terms of the trade level of shares, it reached a total of MNT 304.9 billion (app USD 98.4 million) in 2021, an increase of 3.9 times compared to 2017, and 5.7 times compared to the previous year. Moreover, corporate bond trade increased 103.2 times compared to the same period in 2017 and 180.1 times compared to the same period in 2020, reaching MNT 1,048.2 billion (app USD 338.4 million) (Financial Regulatory Committee, 2021).

With the capital market growth, companies increasingly tend to use the issuance of securities to attract investment instead of high-interest loans from commercial banks. In this regard, regulations and requirements on issuing securities for the raising of capital are outlined in this legal alert.

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For more information or any queries, please feel free to contact Bolormaa.V, Partner by bvolodya@gratanet.com or +976 70155031.

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Locations





MONGOLIA

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