

Mongolian Strategic Foreign Investment Law November 2012

We wish to alert our clients to the 13 November 2012 deadline for the completion of registration formalities for all foreign invested Mongolian companies where foreign capital constitutes five per cent or more of the company's equity.

To recap recent events, the Parliament of Mongolia enacted the Law of Mongolia on the Regulation of Foreign Investment in Business Entities in Sectors of Strategic Importance (the "**SFI Law**") on 17 May 2012, which came into effect on the same day. On 17 August 2012, Parliament passed several minor amendments to the SFI Law to reflect changes in the structure of central government, specifically the integration of the former Foreign Investment Agency into the Ministry of Economic Development.

As described in our newsflashes on 19 May 2012 and 18 June 2012, the SFI Law sets out the general framework under which certain transactions involving foreign investment in so-called business entities operating in sectors of strategic importance ("**BESIs**") are subject to the approval of Parliament or the Cabinet.

Specifically, Article 8.2 of the SFI Law imposes obligations on BESIs to submit a notification in respect of any foreign investors that held an equity interest of 5 per cent or more in a BESI at the time of adoption of the SFI Law within 180 days of the entry into force of the Law. The statutory deadline for such notification expires on Tuesday, 13 November 2012.

The state authority responsible for the implementation of the SFI Law and the receipt of notifications is now the Foreign Investment Regulation and Registration Department ("**FIRRD**") of the Ministry of Economic Development.

Draft implementing regulations are in the process of being prepared. While these are expected to be approved in the near future, there is no official timetable for adoption and publication. We recommend that our clients continue closely to monitor developments to ensure compliance with the SFI Law.

Please do not hesitate to contact us if you would like further information and/or assistance in submitting a notice to FIRRD.

We will provide a further update following the adoption and publication of the implementing regulations.

If you would like further information on any aspect of this note please contact a person mentioned below or the person with whom you usually deal:

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