

MAYER | BROWN

Mongolia





Mongolia

This Mayer Brown publication provides information and comments on legal issues and developments of interest to our clients and friends. The foregoing is intended to provide a general guide to the subject matter and is not intended to provide legal advice or be a substitute for specific advice concerning individual situations. Readers should seek legal advice before taking any action with respect to the matters discussed herein.



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"Very responsive firm that gets stellar results."

— *Legal 500 Asia Pacific 2017*

"They did a great job and really helped me identify the issues I needed to address to make effective decisions."

— *Chambers Asia Pacific 2015*

"The capital markets team has benefited from 'the good connection with the corporates'."

— *IFLR1000 2014*

"They are excellent in every respect: quick response times, broad knowledge of international bond markets, carefully considered advice."

— *Chambers Asia Pacific 2013*



Our Experience in Mongolia

Mayer Brown is one of the few law firms with solid experience in executing a wide range of transactions in Mongolia and in-depth knowledge of the evolving government policies, business landscape and other aspects of cross-border deals in this jurisdiction. Our dedicated team represents Mongolian entities as well as international banks, lenders and counterparties, and has proven experience in addressing and resolving issues as they arise.

We have a comprehensive track record representing Mongolian banks, international banks and development finance institutions in global capital markets and financing transactions, including “first-in-market” transactions. We have expanded our long-standing transactional base in Mongolia to offer a diverse portfolio of services reflecting both our expanding client base, our good relationships with local counsel, and the motivation of our clients’ legal needs in Mongolia.

Our lawyers are used to working against tight deadlines and they take a proactive approach to ensuring that issues are fully anticipated and resolved. In practice, this means proper analysis of the work at its outset, the early identification of potentially problematic areas, and rigorous planning and timelines. We also ensure that our approach remains sufficiently flexible to accommodate last minute issues.

Our calibre of clients, product diversity and quality and reputation of our service place us as one of the top law firms working in Mongolia. We have a long-standing, substantial track record advising clients on a variety of transactions in Mongolia, offering a depth of knowledge and breadth of product experience in areas such as capital markets, project finance and real estate development. Our client portfolio has continued to expand, with international investment banks as well as state-owned and privately owned enterprises engaging us on their most important and ground-breaking transactions.

Capital Markets

Our Capital Markets Group is a leading international adviser to issuers, underwriters and other market participants in domestic and cross-border financing transactions, combining the knowledge and experience of more than 100 capital markets lawyers in offices throughout the Americas, Europe and Asia. With significant involvement in many leading capital markets transactions in Mongolia, our team is a market leader in the representation of Mongolian institutions seeking to access the international capital markets.

Our insight into local regulations in Mongolia and Government-guarantee structures, combined with world-class international capital markets expertise, enhances our ability to structure creative solutions to corporate finance transactions generally and to anticipate potential issuers to ensure timely execution. We possess in-depth knowledge of how to conduct international capital markets transactions from Mongolia – and none of our competitors has more experience in this area. From working with local counsel to the practical workings of the Government, our execution experience decreases execution risk.

Mining

Our Mining Group works throughout the world on a wide variety of transactions. From Europe and the Americas to Africa, the Middle East and Asia, we are able to assemble project teams with extensive practical experience at short notice. Years of advising clients operating in this sector have given us an in-depth understanding of the industry's unique characteristics. The lawyers in our global mining practice have extensive experience with the day-to-day legal, financial and operational issues faced by mineral producers, finance providers, contractors and others in the industry. The efficiency and cost-effectiveness that comes with this knowledge have made us a global leader in the mining industry.

The many services we offer to the industry include advising on:

- Mergers, joint ventures and strategic investments.
- Accessing international debt and equity capital markets and stock exchange listings.

“They have a deep and long-term understanding of developments in the mining finance world.”

— *Chambers Asia Pacific 2015*

“The team is very knowledgeable, personable and armed with excellent communication skills.”

— *Chambers Asia Pacific 2014*

“The firm provides ‘truly commercial’ opinions that are ‘instrumental’ in ‘mitigating potential risks’.”

— *Legal 500 Asia Pacific 2014*



- Project finance (both traditional bank debt and finance sourced in the capital markets), capital raising and production financing issues.
- Resource fund formation and related investments.
- EPC and EPCM construction contracts and feasibility studies.
- Acquisitions and disposals of producing and undeveloped properties.
- Hedging, both as to structuring and documentation and in connection with regulatory aspects.
- Negotiating, reviewing and drafting leases, assignments, operating and exploration agreements.
- Mining transactions experiencing difficulty, including workouts and projects in 'difficult' territories.

Project Finance and Corporate Finance

Our firm's award-winning Project Finance Group is regularly involved in some of the largest and most innovative projects across the globe. We represent developers, sponsors, investors, contractors, commercial and investment banks, International Financial Institutions, Export Credit Agencies, rating agencies, government and public agencies, and other clients in a wide variety of project financings, including power, mining, oil and gas, telecom, roads and motorways, petrochemicals, water and wastewater treatment, industrial, manufacturing, and other infrastructure facilities.

With our global platform and deep resources we have the team and experience to deliver project excellence to our clients around the world. Our extensive network of relationships with foreign lawyers in other jurisdictions allows us to work effectively with lawyers from many countries and under many legal systems.

Dispute Resolution

Our Litigation & Dispute Resolution Group has the intellectual depth, creativity and geographic scope to successfully resolve virtually any type of legal dispute in the Americas, Europe and Asia. In an era of globalisation, where major legal disputes often cross national borders, we offer access to more than 450 litigators worldwide. Chambers Global notes the firm's "skill



"A good understanding of project finance and documentation. Their turnaround times are very good and they're more than willing to help."

— *Chambers Asia Pacific 2015*

"Excellent advice and support."

— *Chambers Asia Pacific 2015*

"Very patient in guiding me through the legalese."

— *Chambers Asia Pacific 2015*

"They have depth in Asia."

— *Chambers Asia Pacific 2014*

"A team of highly respected litigators – everyone knows them."

— *Chambers Asia Pacific 2013*



at managing complex, multilayered proceedings,” and Chambers USA remarks that our Litigation practice is “used to handling bet-the-company litigation with a high degree of public exposure” and has a “broad-ranging, highly competent collection of unassuming and uniformly excellent lawyers.” By combining intellectual firepower with trial and appellate advocacy, we enjoy great success in handling complex, high-stakes litigation for a wide variety of clients around the world.

As one of the largest law practices in the world, our services cover a variety of litigation disciplines, and our litigators have been repeatedly recognised as leaders in their fields by publications such as the National Law Journal, Chambers USA, Legal Times and Legal 500.

In the early stages of litigation, it is critical to map out a comprehensive plan designed to achieve our client’s business and legal objectives. As soon as a lawsuit has been filed (or, when possible, before), we conduct a thorough pre-trial assessment to analyse the risks posed by actual or threatened litigation. Based on that risk assessment, we tailor a strategy that is appropriate both substantively and economically to develop defenses, secure critical evidence, identify and retain consultants and potential experts and work to balance public perceptions.

More frequently, disputes are being resolved outside of a courtroom setting. Our lawyers are experienced with arbitration, mediation, mini-trials and other forms of alternative dispute resolution (ADR) internationally. With this experience, we are able to identify the best forum for a dispute based on the case and our client’s goals. We are also familiar with arbitral procedures and the particular techniques required to succeed under such procedures.

Representative Experience

Capital Markets

- **The Ministry of Finance of the Government of Mongolia** in connection with its issuance of US\$500 million 10.875% Notes due 2021 pursuant to its existing US\$5 billion Global Medium Term Note Programme. The deal was recognised as “Best Mongolia Deal” for 2016 by the FinanceAsia Achievement Award.

- **Trade and Development Bank of Mongolia LLC** in connection with the update and the issuance of US\$500 million 9.375% notes due 2020 under its Global Medium Term Note Programme guaranteed by the Ministry of Finance on behalf of the Government of Mongolia. Deutsche Bank, ING and Bank of America Merrill Lynch acted as the joint bookrunners and lead managers for the issuance. The deal was recognised as “High Yield Debt of the Year” for 2015 by the FinanceAsia Achievement Awards and “High Yield Deal of the Year” by IFLR.
- **Trade Development Bank of Mongolia LLC** in connection with its RMB700 million 10.00% Notes due 2017 pursuant to its existing US\$700 million Euro Medium Term Note Programme. This transaction marks the first “dim sum” bond to be issued from Mongolia.
- **Trade Development Bank of Mongolia LLC** in connection with its US\$300 million 8.50% Senior Notes due 2015 issued pursuant to TDB’s US\$700 million Euro Medium Term Note Programme. This transaction marks another successful issuance by TDB in the international capital markets, the first issuer from Mongolia to issue international bonds.
- **ING Bank N.V., Singapore Branch (“ING”)** as arranger and book runner in connection with the issuance by MIAT Mongolian Airlines (“MIAT”) of US\$20 million floating rate guaranteed notes due in December 2018. The notes are guaranteed by the Ministry of Finance of the Government of Mongolia, and form an important part of MIAT’s acquisition financing of a Boeing 767-300ER aircraft. This important transaction for MIAT represents a substantial expansion for its fleet, and enhances its position as the national flag carrier of Mongolia.
- **Development Bank of Mongolia LLC (DBM)**, the policy bank in Mongolia, and the Ministry of Finance of the Government of Mongolia in connection with the establishment of DBM’s US\$600 million Euro Medium Term Note Programme, which is unconditionally and irrevocably guaranteed by the Ministry of Finance on behalf of the Government of Mongolia, as well as DBM’s inaugural issuance of US\$580 million guaranteed bonds.
- **XacBank LLC**, one of Mongolia’s leading commercial banks and the pre-eminent provider of microfinance and community lending services in Mongolia, in connection with the establishment of its US\$300 million

Euro Medium Term Note Programme.

- **Trade & Development Bank of Mongolia LLC** in connection with the update of TDB's existing US\$300 million Euro Medium Term Note Programme and issuance of US\$150 million senior notes and US\$25 million subordinated notes. This transaction involved the first and only subordinated debt transaction for a Mongolia-based financial institution.
- **Khan Bank LLC**, the leading commercial bank in Mongolia, in the establishment of a Global Medium Term Note Programme of US\$300 million senior and subordinated notes.
- **Trade & Development Bank of Mongolia LLC** in connection with an update to its Euro Medium Term Note Programme designed to enable the issuance of up to US\$300 million senior and subordinated notes. TDB was the country's first corporate entity to access the international capital markets with the establishment of its Euro Medium Term Note Programme and initial US\$75 million senior note issuance.

Project Finance

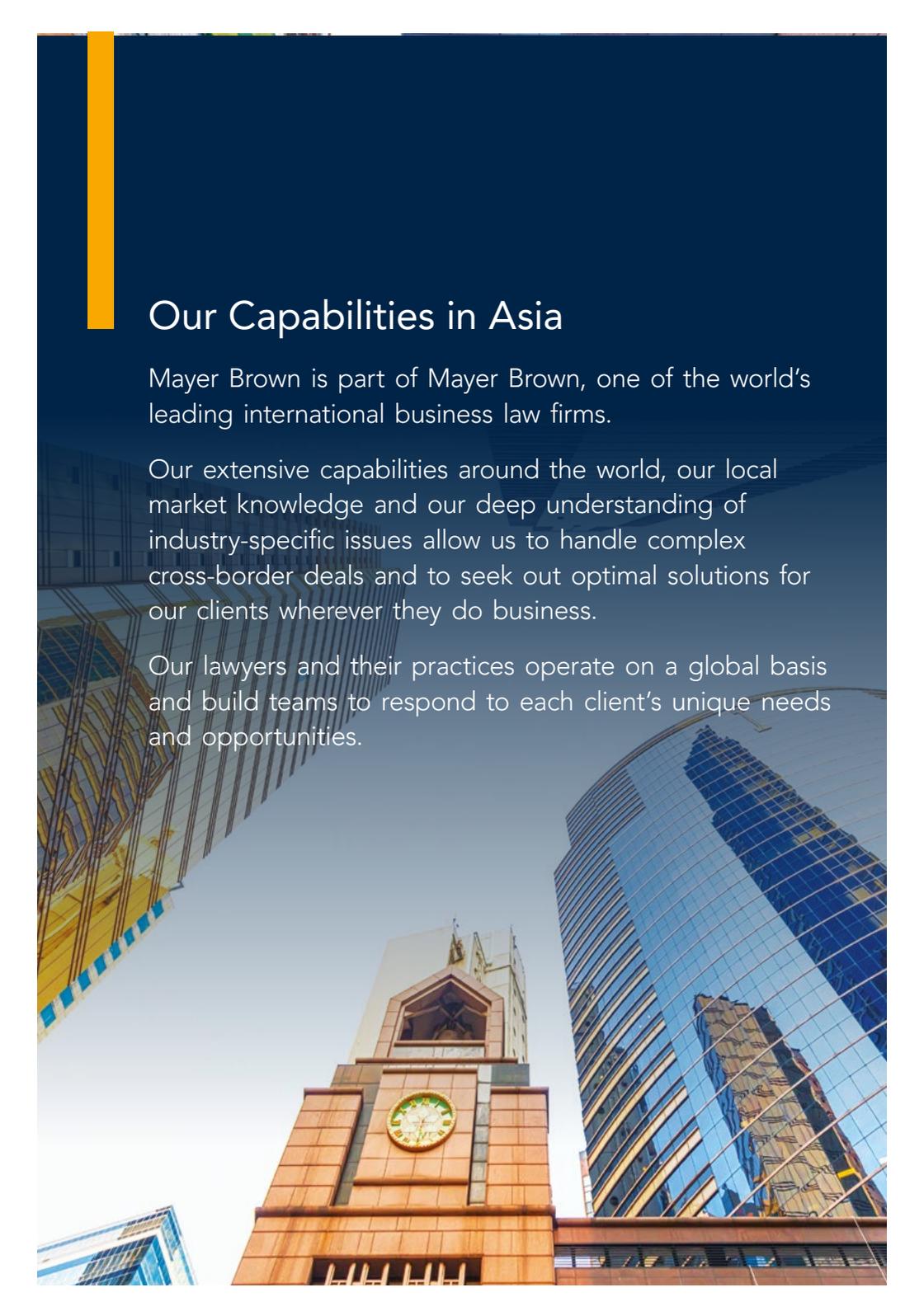
- Advising on the development of the **Oyu Tolgoi mine**, including all aspects of a project financing to be provided by a group of investment banks to fund the development of the project as well as on various issues arising in connection with a state-owner's shareholding in the project company.
- **Honiton Energy Limited** in connection with the formation and the reorganisation of a wholly foreign owned enterprise (WFOE) of a wind power project in Mongolia
- Advice in connection with the first privately owned **thermal power project** in Mongolia, including drafting the PPA from scratch and advising one of the two short listed bidders on the first publicly tendered power project, the combined heat and power CHP5.
- **Phophesy Coal** in connection with its proposed mine-mouth coal-fired power project including drafting the PPA which was submitted to the Government of Mongolia.
- **A Japanese trading house** in connection with the coal trade financing of, and procurement of coal from, the expansion of an operating mine in Mongolia, and the transportation logistics for the export from Mongolia.

Corporate Finance

- **Development Bank of Mongolia** on a US\$300 million syndicated facility arranged by Credit Suisse that is guaranteed by the Ministry of Finance on behalf of the Government of Mongolia.
- **IIB (International Investment Bank)** with respect to a Euro 20 million term loan facility extended to Development Bank of Mongolia.
- **FMO (The Netherlands Development Finance Company)** with respect to syndicated A/B Senior and Subordinated term facilities extended to Khan Bank LLC, Mongolia's leading commercial bank, in an aggregate amount of US\$60 million, including a greenshoe option.
- **FMO** on a bilateral Tier 2 Capital Facility extended to XacBank LLC in Mongolia.
- **FMO** in connection with a bilateral Tier 2 Capital financing to Trade Development Bank of Mongolia LLC.
- **FMO** and a syndicate of lenders on a senior and Tier 2 Capital Facility extended to Khan Bank, including negotiating an intercreditor agreement with the European Bank for Reconstruction and Development (EBRD).
- **FMO** on a mezzanine and equity investment in Hera Finance, a Mongolian mining equipment rental company.

Others

- **Caterpillar** in the sale of the mining equipment distribution and support business operated by its subsidiary, Bucyrus International, in Mongolia, to Wagner Asia Equipment LLC and Wagner International, LLC.
- **Development Bank of Mongolia** on economic sanctions compliance advice in the European Union and United States.



Our Capabilities in Asia

Mayer Brown is part of Mayer Brown, one of the world's leading international business law firms.

Our extensive capabilities around the world, our local market knowledge and our deep understanding of industry-specific issues allow us to handle complex cross-border deals and to seek out optimal solutions for our clients wherever they do business.

Our lawyers and their practices operate on a global basis and build teams to respond to each client's unique needs and opportunities.

The Firm at a Glance

- One of the largest law firms in Asia.
- Significant geographic presence across the Americas, Asia, Europe and Middle East.
- Clients include many of the world's industry and financial services leaders, including a significant portion of the world's largest banks and investment banks plus Fortune 100, FTSE 100, Hang Seng Index and DAX-listed companies.

Key Practices and Industries

Practices

- Antitrust & Competition
- Banking & Finance
- Corporate & Securities
- Employment & Benefits
- Financial Services Regulatory & Enforcement
- Government & Global Trade Intellectual Property
- Litigation & Dispute Resolution Real Estate
- Restructuring
- Wealth Management

Industries

- Aviation
- Chemicals
- Construction & Engineering
- Energy
- Health Care
- Hospitality & Leisure
- Insurance
- Mining
- Privacy & Security
- Private Investment Funds
- Shipping
- Technology, Media & Telecommunications

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Mayer Brown is a distinctively global law firm, uniquely positioned to advise the world's leading companies and financial institutions on their most complex deals and disputes. With extensive reach across four continents, we are the only integrated law firm in the world with approximately 200 lawyers in each of the world's three largest financial centers—New York, London and Hong Kong—the backbone of the global economy. We have deep experience in high-stakes litigation and complex transactions across industry sectors, including our signature strength, the global financial services industry. Our diverse teams of lawyers are recognized by our clients as strategic partners with deep commercial instincts and a commitment to creatively anticipating their needs and delivering excellence in everything we do. Our “one-firm” culture—seamless and integrated across all practices and regions—ensures that our clients receive the best of our knowledge and experience.

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