



9 REASONS WHY NSEL IS FIGHTING AGAINST BIAS AND INJUSTICE

NSEL

Abbreviations

APMC	Agricultural Produce Market Committee
BHC	Bombay High Court
C&F	Clearing and Forwarding agents
CBI	Central Bureau of Investigation
CLB	Company Law Board
DCA	Department of Consumer Affairs
DEA	Department of Economic Affairs
ED	Enforcement Directorate
EOW	Economic Offences Wing
ET	The Economic Times
FCRA	Forward Contracts (Regulation) Act, 1952
FD	Fixed Deposit
FIA	Futures Industry Association
FIR	First Information Report
FMC*	Forward Markets Commission
FTIL	Financial Technologies (India) Ltd.
Gol	Government of India
IPO	Initial Public Offering
KYC	Know Your Customer
LIC	Life Insurance Corporation of India
MAC	Monitoring and Auction Committee
MCA	Ministry of Corporate Affairs
MCX	Multi Commodity Exchange of India Ltd.
MPID	Maharashtra Protection of Interest of Depositors (MPID) Act
MoF	Ministry of Finance
NABARD	National Bank for Agriculture and Rural Development
NCDEX	National Commodity and Derivatives Exchange Ltd.
NSDL	National Securities Depository Ltd
NSE	National Stock Exchange of India Ltd.
NSEL	National Spot Exchange Ltd.
NSPOT	NCDEX Spot Exchange
NTSD	Non-Transferable Specific Delivery Contracts
PIL	Public Interest Litigation
PSS Act	Payment and Settlement Systems Act, 2007
RBI	Reserve Bank of India
RTI	Right to Information
SEBI	Securities and Exchange Board of India
SME	Small and Medium Enterprises
TDS	Tax Deducted at Source
TISS	Tata Institute of Social Sciences
UPA	The United Progressive Alliance
VAT	Value-added tax

**Wherever FMC is mentioned in this Note it refers to erstwhile FMC, as FMC has merged with SEBI with effect from September 28, 2015*

Disclaimer:

The purpose of this note is to explain the NSEL | FTIL side of the story and views on the whole episode of the NSEL crisis. It is not intended either to undermine or disparage the work of various authorities involved in resolution of the crisis or to comment upon sub-judice matters. It is also not an attempt to cover or camouflage the real reasons behind the crisis or to escape from the obligations. It is just to explain the whole incident from the way NSEL | FTIL looks at it. FTIL and its Group companies, the previous and the present Boards and the management of the Group and its companies disclaim any responsibility arising from this note.

The note is a collective feeling of the constituents, shareholders and beneficiaries productively engaged with the vast ecosystem of the group who are keen that the world be told the company side of the story, which the Note would, hopefully do.

The Financial Technologies Group holds no grudge against any authority, government or others who were involved in various aspects of investigation and finding resolution to the crisis. While seeking application of fairness and lawful measures, NSEL | Financial Technologies has extended complete cooperation to all the authorities.

The actions of the erstwhile Forward Markets Commission* (FMC) against the National Spot Exchange Ltd (NSEL) could remain in financial history of India as a major aberration and deviation to sound and responsible regulation. Not seen or found anywhere in recent memory, the FMC in the case of NSEL seems to have done little of regulation and more of vindictiveness. NSEL and FTIL both victims of the FMC's abrupt and abrasive actions did not even know on whose behest and to serve whose interests it was taking a series of detrimental actions which were beyond its brief and bereft of the principles of sound regulatory governance. FMC prejudged many issues, did not await findings of other agencies and took decisions devoid of full information. FMC led and focussed all of the attention on NSEL, FTIL and its directors and avoided paying attention to defaulters and brokers.

A series of missteps that among others include: (a) relying on hurriedly done audit reports that had several shocking disclaimers, (b) arm twisting the group companies to force FTIL to exit within short notice, (c) declaring FTIL 'not fit and proper' even before the law of the land found either NSEL or FTIL guilty, (d) finding fault with NSEL for certain contracts and allowing the same type of contracts to be freely traded on the competitor exchange, (e) brazenly siding with brokers by not investigating their numerous market abuses, and (f) not choosing to pursue even a small number of defaulters (even if a mere 7 of the 22 defaulters were taken to task, 85 percent of the claim would have been settled) stand out as severe shortcomings of the regulatory functions of the Forward Markets Commission.

The actions of the FMC not only stopped a going and growing concern such as NSEL, but its vindictiveness was extended to destroying FTIL and its group of exchanges. The NSEL was just one of several subsidiaries of FTIL with a separate Board and Management. The FMC has forced FTIL to sell its stakes in pedigree exchanges that it operated in India and abroad and even went ahead to breach its brief by recommending a merger of NSEL with FTIL which is against the very foundations of the well-established principle of limited liability. This drastic measure was recommended without NSEL or FTIL found to have been liable by any Court of Law in the country. With the FMC actions, India lost the benefit of a progressing electronic spot market in commodities, pre-eminence in global commodities exchanges and above all loss of scores of jobs, self-employment opportunities and vital means of sustainable livelihoods.

This brief captures how wrong regulation can wreck progress of business and growth of the country.

And why it is important and imperative to resist and fight against such blatant bias and injustice.

** now merged with SEBI*

1

To begin with NSEL did not fail on its own

FMC made it fail by forced closure

CHECKLIST

- 1 NSEL was receiving deposits.** **NO**
Clients on NSEL trading platform did not invest in FD, equity or debentures of NSEL. They traded commodities on NSEL platform. If the amount is considered deposits then why was VAT, APMC cess, etc paid for it? If it was a deposit then why is there an absence of deposit form, agreement papers that state the tenure, rate of interest, TDS and 33% income tax levied on interest income?
- 2 NSEL only offered trader's contracts.** **NO**
These contracts contributed only 17% of total trading at NSEL.
- 3 Did FMC trigger the default at NSEL?** **YES**
The sudden stoppage of the market, as directed by DCA | FMC, was bound to lead to payment and liquidity problems for those trading in the market, disrupting the smooth settlement cycle. Thus, the forced majeure accident at NSEL was a FMC engineered plan to create a default at NSEL.

NSEL was an outcome of a policy to create a common nationwide market for commodities. NSEL was carrying out a perfectly legal and legitimate business.

NSEL was a growing concern with no history of a delayed settlement or any payment problem any time during its existence. In fact, in 2010 it received an award from FOW, an international industry publication, for best innovation in product design.

NSEL in accordance with the FMC guidelines was providing it with fortnightly information on exchange operations.

On the recommendation of the FMC, the DCA issued a show cause on certain issues (short selling and contracts beyond 11 days), to which NSEL promptly submitted a detailed explanation. There was no response from the FMC | DCA to this for more than a year.

All of a sudden in July 2013, the DCA asked NSEL to stop issuing fresh contracts, without conducting a proper assessment of outstanding positions, risk management measures and market stability.

The payment problem arose at NSEL following this rash and forced closure of the exchange operations. Incidentally, soon after, the FMC communicated to the DCA that exemptions given were silent whether they were applicable to all or specific provisions of FCRA.

This sudden and drastic measure by the FMC | DCA left huge outstanding in payments that adversely affected numerous clients.

Its like a situation where a bank with running operations is suddenly asked to stop all operations with immediate effect and settle all the dues immediately, which is not a possible outcome.

NSEL KEY FACTS

The NSEL exchange was a demutualized national electronic spot exchange that commenced operations in 2008. In 5 years of functioning it had developed a wide and extensive range of product and services. A snapshot:

TOTAL TURNOVER (2008-2013) More than Rs 7,67,000 crore	TOTAL CONTRACTS (number) About 500
TOTAL VOLUME (number) More than 1,000 crore lots	TOTAL TRADING CLIENTS (number) About 2.27 lakh*
TOTAL PAY-IN & PAY-OUT Rs 2,80,156 crore	NUMBER OF TERMINALS About 46,000
NUMBER OF DELIVERY LOCATIONS 147	NUMBER OF COMMODITIES TRADED 52 (of them about 34 are agri)
SERVICE TAX PAID (2008-2013) More than Rs 28 crore	NUMBER OF MEMBERS About 800
SETTLEMENT CYCLES COMPLETED 1000+	

**Data is based on information given by brokers which however needs validation*

FMC'S FREQUENTLY CHANGING STANCE

July 15, 2011	FMC seeks power from DCA to better regulate spot exchanges
August 5, 2011	FMC gets power and becomes designated agency
August 5, 2011	FMC, while suggesting to DCA that RBI may consider to exempt spot exchanges regulated by FMC from purview of PSS Act, 2007 mentioned that spot exchanges would be substantially regulated by FMC
November 9, 2011	FMC seeks gazette notification for better regulation of spot market
November 23, 2011	FMC gave a particular format to the spot exchanges, including NSEL, for submitting fortnightly data
February 22, 2012	FMC initiates move to question compliance by NSEL
February 29, 2012	NSEL gives all clarification
April 10, 2012	FMC writes to DCA that it can initiate action against NSEL
July 12, 2013	DCA instructs NSEL to stop launching fresh contracts and settle existing contracts which ultimately led to closure of the exchange
July 19, 2013	FMC states that they are not a regulator of spot exchanges
July 19, 2013	FMC says exemption given is silent whether it is applicable to all or specific provisions of FCRA
August 18, 2014	FMC recommends merger of NSEL with FTIL to MCA

2

NSEL and FTIL took all the burden of forced closure

FMC has not helped in resolving the crisis

CHECKLIST

- 1 There were stocks in the warehouses and frequent inspections were done.** YES
Brokers independently inspected stock positions over 50 times and were satisfied. No red flags were raised by any of the players about any possible discrepancy in stocks. It was only after the problem broke out that emboldened defaulters to migrate the stocks.
- 2 FTIL has benefited from the NSEL crisis.** NO
For FTIL, NSEL is just a subsidiary exploring the opportunities in the spot market segment. Investigative agencies have found that all the money trail leads to the defaulters and not even one paisa to NSEL, FTIL or to its promoters.
- 3 NSEL defaulted on the payments.** NO
NSEL has neither borrowed or lent money to any trading client or broker. In the aftermath of sudden stoppage of the contracts, some of the trading clients were caught in a liquidity trap that ultimately led to the payment problem.

For a crisis triggered by it, FMC did not have any sort of back up plan on how to contain the damage it had done nor how to manage the impact of the forced closure. It never allowed the exchange to discuss operational aspects of sudden stopping of trading and its implications on the markets in general and clients in particular.

It held a one-to-one meeting on August 4, 2013 with the defaulting members, where it seemed to be satisfied with the assurance it had obtained from them about the stocks in the warehouses and payment schedule agreed by them.

It was NSEL, which swung into action with a string of interim relief measures. First was to compensate the small traders (with exposures below Rs 10 lakh) for which FTIL extended an immediate without prejudice loan of Rs 179.25 crore. Later, FTIL supported NSEL with resources in terms of manpower and finance.

NSEL began measures to settle all the outstandings in the e-Series contracts. Despite some traders trying to scuttle it, NSEL settled the payments pertaining to all the 33,000 trading clients in e-Series contracts.

It has made public the background of the problem (The Truth About NSEL) with documentary evidence of all aspects relating to the exchange along with details of operations.

It has extended complete co-operation to various investigating authorities among which included, Economic Offences Wing, Enforcement Directorate, Central Bureau of Investigation, etc.

NSEL: PUTTING IN SERIOUS EFFORTS

✓	NSEL took on the responsibility, in all earnestness and seriousness, to pursue defaulters, file cases against them, seek decrees and injunctions and extend support to all government agencies
✓	NSEL puts great trust and confidence in the judiciary and has persistently followed all legal recourse, which is the only available option against the defaulters, under the law of the land
✓	The intervention and efforts of NSEL led the Hon'able High Court to appoint a three member fact finding Committee to assist the Court in settlement and recovery

NSEL EFFORTS TO RESOLVE

✓	NSEL had in August 2013 announced a settlement schedule which the defaulters, although agreeing to, did not adhere to
✓	The NSEL has been relentlessly working at recovering the amounts due from the defaulters. Full recovery has been done from 2 defaulters
✓	NSEL has been providing periodic briefing to the government and other regulatory authorities. It has also extended complete cooperation to the investigating agencies
✓	FTIL, NSEL's holding company, had voluntarily proposed, as a goodwill gesture, a 'without prejudice' solution. It appealed to the brokers to come forward and contribute by participating in the solution proposed, wherein immediate relief was possible to 11,574 claimants representing 94.58% of the total number of clients

3

NSEL made good progress in recovery

All on its own, with no support from the FMC

CHECKLIST

- 1 Post the crisis, NSEL did not initiate any step for resolution.** **NO**
NSEL is currently only involved in recovery operations. Its sole focus and aim is in ensuring that the genuine clients receive their claims. It is ready to work with all parties to ensure complete resolution. It has reconstituted the Board and made changes in the management, provided immediate relief to small trading clients, etc.
- 2 Could the FMC authorize liquidating defaulters frozen assets?** **YES**
FMC had all the regulatory power to ensure, recommend and co-ordinate that frozen assets of all the defaulters be liquidated and the amount be made available for distribution.

It is on the intervention of the NSEL that the Bombay High Court by its order dated September 2, 2014 appointed a three member fact finding committee to assist it in settlement and recovery.

NSEL has made strenuous efforts to affect recovery from the defaulters. It has filed recovery suits against all the defaulters

From time to time, it has been distributing, among clients, recoveries made from the borrowers. This stellar commitment to ensure that clients receive the money from the defaulters is much more than can be said in case of any other defaults.

It has aggressively followed up with various legal measures to affect recovery.

It has extended all assistance required, to the Economic Offences Wing, to identify and freeze assets of the defaulters.

It has extended all assistance required for the Enforcement Directorate to attach assets pertaining to the defaulters.

From time to time it has been informing the government, regulators, and general public on the progress made in recovery.

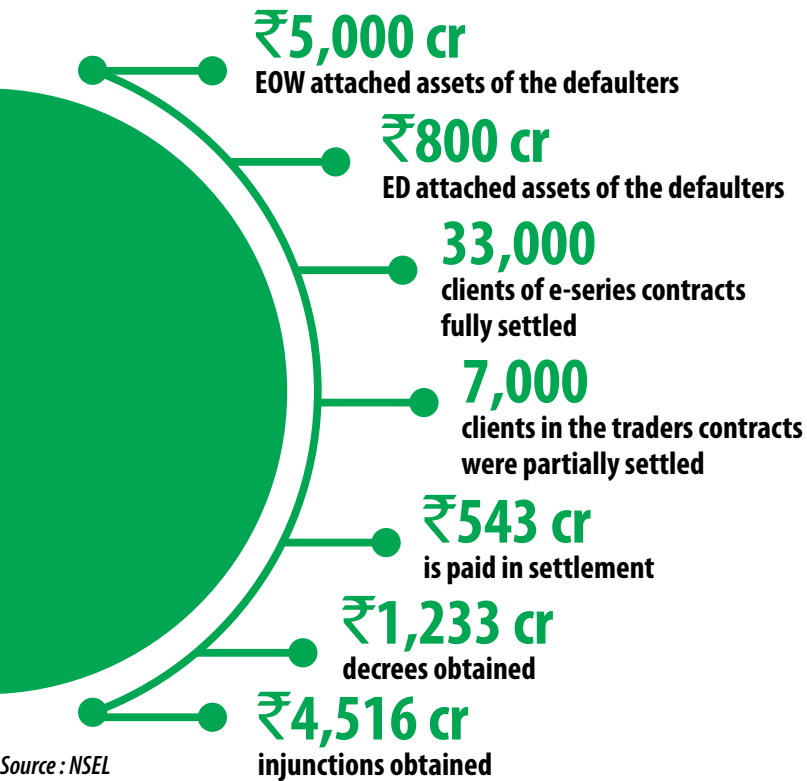
It has been clearing misconceptions and rumours spread by certain vested interests to disrupt process of smooth recovery and resolution.

NSEL: SEVERAL MEASURES TAKEN

Actions	Details
NSEL started contacting defaulters to settle their liability. No. of settlement agreements signed, which the defaulters are not complying with now	3
No. of assets of the defaulters traced and identified by NSEL and given to police	400
Balance sheet analysis of all defaulters and their related companies has been undertaken to do asset tracing for recovery	235
No. of meetings at NSEL with MAC, constituted by the FMC, to review recovery proceeding	23
No. of Arbitration petitions	3
No. of applications pending in MPID court in relation to defaulters	34
No. of complaints with the Magistrate court for bouncing of cheques of defaulters	63

Source : NSEL

NSEL: THE LONE FIGHTER



Source : NSEL

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Where did FMC fail ?

NSEL was made a target in the whole conspiracy

CHECKLIST

- 1** **Has the FMC been transparent in regulation?** **NO**
FMC has not disclosed what transpired in their one-on-one discussion with defaulting members on August 4, 2013. It has not attempted to trace the source of funds of the clients and has not complained to EOW, CBI or ED against any defaulter.
- 2** **Could FMC have dealt with the real defaulters?** **YES**
FMC enjoyed adequate power to deal with the defaulters. FMC did nothing against defaulters | brokers during operations of NSEL or post default despite it having oversight responsibilities. A pragmatic approach to coordinate with all investigative agencies pro-actively and target the defaulters instead of NSEL and its promoters will complement NSEL's recovery efforts.
- 3** **Has regulatory shortcoming been abound in this case?** **YES**
Virtually every aspect of regulation such as oversight, investor interest, fortnightly reporting of critical data were entrusted to the designated agency, FMC. However despite power of oversight for investor protection FMC did nothing either before or post-crisis except focusing on NSEL and FTIL, leaving the real culprits - defaulters and brokers free.

In August 2011, Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Government of India wrote to the Chairman, FMC stating as subject **“Regulation of National Spot Exchanges”** and as text that **“the competent authority has decided to nominate the FMC as a designated agency for providing ‘oversight over the spot exchanges’...”**

Further, on August 5, 2011, when FMC wrote to DCA for RBI to consider to write to the government to exempt spot exchanges regulated by FMC from purview of Payment & Settlement Systems Act, 2007 it had mentioned that spot exchanges would be substantially regulated by them.

In another letter, dated August 10, 2011, issued by the FMC to the MD, NSEL, it was communicated that FMC was nominated as a designated agency for providing oversight over the spot exchanges, further adding that exchanges would be required to forward a return on a fortnightly basis to the Commission.

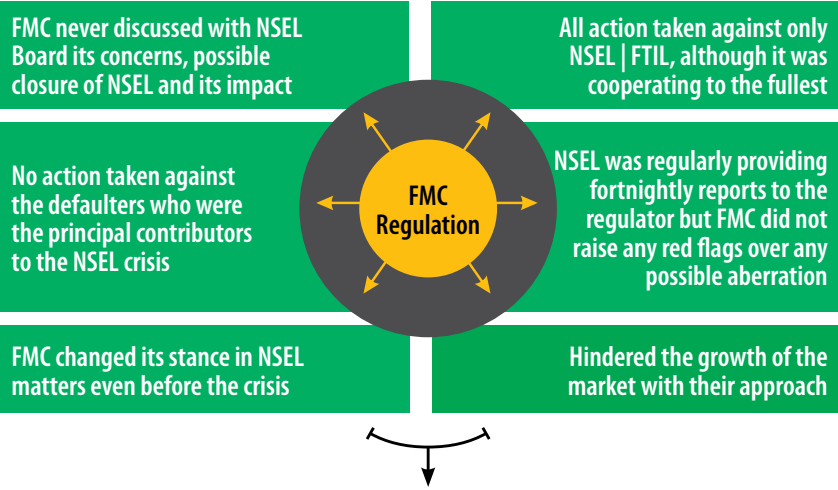
Despite all this, DCA issued a Show Cause Notice to NSEL on April 27, 2012 in regard to trading of certain contracts marketed by brokers. NSEL provided a detailed explanation soon after vide its letter dated May 23, 2012 and subsequently, on August 11, 2012, NSEL provided a further follow up reply.

Thereafter for more than a year, there was no response of any sort from FMC | DCA. In between, NSEL was regularly reporting to the FMC on various aspects of exchange operations including submission of detailed statements on fortnightly basis.

All of a sudden in July 2013, DCA asked NSEL to stop issuing fresh contracts.

All this shows how DCA | FMC had no material reason to stop trading of certain contracts. It jeopardized the smooth flow of trading and disrupted the settlement system.

FMC: A REGULATORY FAILURE



- Is this not a case of regulatory discrimination?
- Should there not be a question on the intent of the regulator?
- Are there any contours of a conspiracy?

FMC: NO ACTION ON MARKET ABUSES BY BROKERS



FMC COULD HAVE EASILY SOLVED:

As it is a small number that account for a large part of the claim

30 BROKERS	account for 68% claim
6% CLIENTS	account for 69% claim
7 DEFAULTERS	owe upto 85% claim

Source : NSEL

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How FMC showed bias against NSEL and FTIL

The real culprits were left free

CHECKLIST

- 1** Has FMC really acted as a regulator? **NO**
An irony is that FMC, in the first place, has not taken seriously the regulatory responsibilities of a spot market, a task it was entrusted to.
- 2** Has FMC, as a regulator, done anything to resolve the problem? **NO**
Except taking punitive actions on NSEL and FTIL, based on hurriedly done audits, FMC has not taken action on any other party and has not contributed, in any meaningful manner, towards recovery of the claims or extended support to the resolution process.
- 3** Has FMC turned a blind eye to the real culprits? **YES**
FMC has not once investigated the defaulters to whom the money trail leads, according to the investigative agencies. They have not initiated any action on brokers who funded | harboured benami transactions and clients or defaulters.

Immediately after forced closure of trading at NSEL that led to the payment problem, the Ministry of Consumer Affairs, Food and Public Distribution vide its letter dated August 6, 2013 instructed FMC to take all possible action against all the parties.

Instead, the FMC has focused all its action only against NSEL. Not satisfied with this it extended its punitive actions against even the parent company, FTIL which is in no way connected with the trading at NSEL.

This was reinforced by the investigating authorities, which confirmed that neither FTIL nor any of its promoters were recipient of any benefit from NSEL operations. To add to that, FTIL has never received any dividend | bonus or financial benefit from NSEL.

Further, the order on November 27, 2013 by the special court (MPID), while rejecting the bail of Shri Nilesh Patel, promoter | Director, N.K. Proteins, observed “it prima facie appears that the only persons responsible for the entire fiasco are these defaulters.” Every paisa of the Rs 5600 crore has been traced to the 22 defaulters. Yet FMC has not followed up with them. It has turned a blind eye to the defaulters. NSEL has been pleading the FMC and others to initiate immediate action against the defaulters. The NSEL Investor Forum has also written to the MoF stating that since the entire money has been traced to the defaulters action should be taken against them.

It is not just a question of the FMC stopping operations of NSEL in an arbitrary manner that led to the payment problem. Taking this as an excuse it declared FTIL “not fit and proper” to run various exchanges it had set up in several countries, compelling it to forcibly sell its stakes at distress values that led to severe loss to the investors of the FTIL Group.

It is strange that FMC never investigated any broking house, that traded the contracts and acquired clients, or the defaulters, who owe the money, leaving a big question mark on its intent.

THE MONEY TRAIL

Amount receivable from defaulting members as on August 31, 2013 from the period commencing August 1, 2013 as stated by Sharp & Tannan Associates

Member Name	Rs crore	Member Name	Rs crore
Aastha Minmet India Pvt Ltd	23.87	Namdhari Rice & General Mills	10.45
ARK Imports Pvt Ltd	719.42	NCS Sugars Limited	58.85
Brinda Commodity	14.01	P D Agroprocessors Pvt Ltd	637.55
Juggernaut Projects Ltd	219.2	Shree Radhey Trading Co	34.59
LOIL Continental Food Ltd	338.4	Spin Cot Textiles Pvt Ltd	38.26
LOIL Health Foods Ltd	287.48	Swastik Overseas Corporation	100.83
LOIL Overseas Foods Ltd	85.19	Tavishi Enterprises Pvt. Ltd.	333.01
Lotus Refineries Pvt Ltd	252.56	Vimladevi Agrotech Limited	14.02
Metkore Alloys & Industries Ltd	98.08	White Water Foods Pvt Ltd	84.87
Mohan India Pvt Ltd	575.08	Yathuri Associates	424.64
MSR Food Processing	9.05	Sankhya Investments**	6.29
N K Proteins Ltd	964.89	Topworth Steels & Power Pvt. Ltd.**	159.46
Namdhari Food International Pvt Ltd	51.07		
TOTAL			5541.12

** Topworth and Sankhya have settled almost all their dues

Source : NSEL

NSEL EFFORTS FOR RECOVERY

(A) Decrees obtained by NSEL against defaulters			
Name of Defaulter	Rs. Cr	Order of	Order Date
ARK Imports Pvt Ltd.	719.37	Bombay High Court	20/07/2015
Yathuri Associates	264.96	Bombay High Court	18/12/2014
Aastha Minmet India Pvt. Ltd	12.5	Bombay High Court	23/12/2014
Juggernaut Projects Ltd.	145	Bombay High Court	23/12/2014
Swastik Overseas Corporation	91.19	Bombay High Court	18/12/2014
Total value of Decrees (A)	1,233.02		
(B) Injunction obtained by NSEL against assets of defaulters			
Name of Defaulter	Rs Cr	Date of BHC Order	
ARK Imports Pvt Ltd	719.42	12/24/2014	
P D Agroprocessors Pvt Ltd	680.23	4/11/2014	
Yathuri Associates	405.60	10/1/2014	
Juggernaut Projects Ltd.	219.20	9/26/2014	
Aastha Minmet India Pvt Ltd	23.00	9/26/2014	
Metkore Alloys & Industries Ltd.	94.83	3/12/2015	
Swastik Overseas Corporation	93.44	9/25/2014	
White Water Foods Pvt Ltd	86.12	10/10/2014	
Namdhari Food Int. Pvt Ltd	53.07	12/23/2014	
Namdhari Rice & General Mills	10.75	12/23/2014	
Shree Radhey Trading Co	34.59	12/23/2014	
Vimladevi Agrotech Limited	14.02	12/23/2014	
MSR Food Processing	8.82	2/20/2015	
N K Proteins Ltd	937.89	3/2/2015	
Mohan India Pvt Ltd & Tavishi Enterprises Pvt. Ltd.	1,037.84	12/1/2014	
NCS Sugars Limited	58.85	10/24/2013	
Spin Cot Textiles Pvt Ltd	38.26	11/22/2013	
Total value of claim (B)	4,515.93		
(C) Amount paid to brokers till date	542.99		



FMC's recommendations detrimental to NSEL | FTIL

Going beyond regulatory brief and governance

CHECKLIST

- 1** Did FMC go beyond its brief? **YES**
How could FMC declare FTIL 'not Fit and Proper' solely on the basis of a hurriedly done audit report? Further, since this order is sub-judice, the draft order for proposed merger is premature.
- 2** Should FMC actions be investigated? **YES**
In the very first PIL filed in regard to the forced NSEL accident, FMC was also made a party to it. It however was not taken forward.
- 3** Did FMC execute its responsibility in all earnestness? **NO**
For two years FMC has not bothered to follow the government circular to carry out oversight, protect investor interests and collect fortnightly information. It and DCA suddenly acted in July 2013 by instructing NSEL to stop issuing contracts.

In all the cases earlier when some problems were found in the operations of financial institutions, the typical response of the regulatory authority was to focus on reaching a resolution and settlement.

When IPO deficiencies were found at NSDL, regulatory authorities initiated measures to disgorge money earned in an illegal manner and compensated the aggrieved investors to the extent of money recovered. Even then only 25 percent of investors were compensated. No action was proposed either on the board or the management of the NSDL and its promoters.

When in 2008, it was found that some banks sold, to companies, certain forex derivatives contracts that were not understood properly in terms of suitability and risk, the regulatory authority intervened to stop it escalating. Even in this case, no action was taken either on the boards of banks or the respective managements.

Similarly stock exchanges were faced with problems of various magnitude, that range from price manipulation to flash crashes to fat finger problem, but at no time any board of the institutions was held accountable and responsible.

Whereas in the NSEL case, FMC without investigating the real players who traded in the contracts has levied unjust and unfair punishments and penalties on the NSEL and by a bizarre assumption extended their action to the holding company, FTIL, by making recommendations that are beyond the realm of its regulatory brief or governance template.

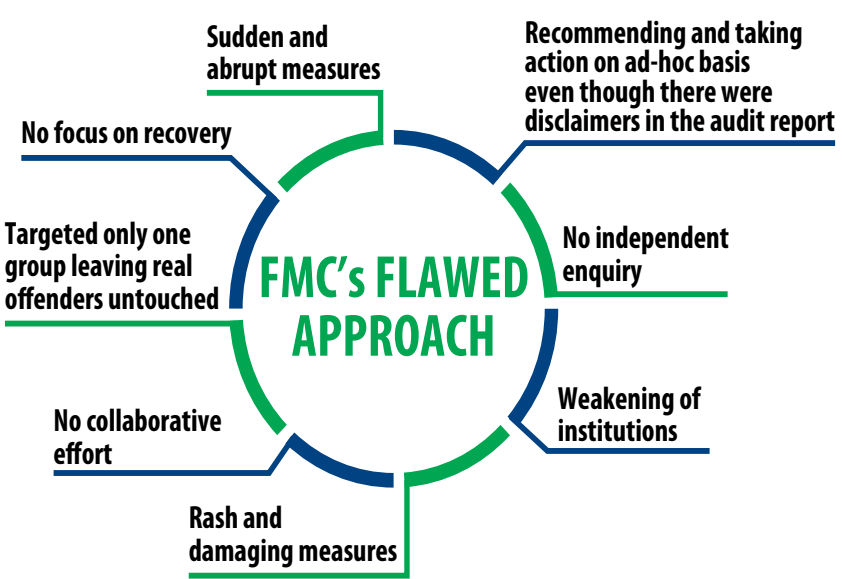
WHO IS A MATURE REGULATOR

A regulatory institution is expected to show maturity and restraint in not destroying the ecosystem and ensuring recovery of markets in an orderly manner. When other regulators have done so in other market lapses then why not the FMC?

ISSUE	
NSDL IPO Scam SEBI Action	<ul style="list-style-type: none">• No action taken against NSDL's Board or Management or Promoters• SEBI initiated proceedings against 103 key operators and financiers to disgorge illegal gains and take appropriate action• SEBI formed a committee under the Chairmanship of a former Judge of the Supreme Court of India, to advise on various course of actions that could be taken
NSEL Problem FMC Action	<ul style="list-style-type: none">• FMC took action only against FTIL and select directors of NSEL• FMC did not initiate action on even seven defaulters who owe upto 85% of the claim. Further, their money trail is fully established• FMC did not take any action against brokers• Rather, FMC ran away from responsibility confusing everyone
Ketan Parekh Scam	<ul style="list-style-type: none">• No action against NSE• Ketan Parekh suspended by SEBI• Madhavpura Mercantile Cooperative Bank's licence was cancelled by RBI in 2012
NSEL Problem FMC Action	<ul style="list-style-type: none">• FMC did not take any action against defaulters
Flash crash at NSE and Nifty crashed by 900 points SEBI Action	<ul style="list-style-type: none">• SEBI continues to look into the problem• SEBI reprimands NSE after 2 years to take corrective action

Even in cases where certain management problems were found, in instances of Tata Finance and UTI, there is no precedent of the Board or the promoters being punished.

FMC: ACCENTUATED THE CRISIS



7 The social cost of the FMC's biased actions

Loss of jobs, incomes and opportunities

CHECKLIST

- 1 **Has the FMC action helped the commodities markets?** **NO**
The abrupt action of the FMC has hindered the development of spot markets in India which is so vital for the real economy.
- 2 **Could the FMC have acted in a more responsible and mature manner?** **YES**
Instead of abrupt closure a plan for phased exit of contracts in question could have benefited Indian markets without destroying the potential for growth, which has been the case now.
- 3 **Was the FMC action vindictive?** **YES**
Instances such as allowing the same contracts banned on NSEL platform to trade on other competing exchanges and taking action against NSEL and recommending punitive measures on FTIL reflect unfair treatment.

NSEL is a part of the FTIL group that had extensive interests in the exchange industry and ecosystem ventures. The FTIL Group's exchanges were spread across India and other major international financial centres in South East Asia, Africa and the Middle East and were operating under as many as 10 regulatory jurisdictions, perhaps the first ever for any group in India.

Some of the premier exchanges that the Group was operating prior to the FMC actions included; MCX which was ranked second in the world in terms of number of contracts traded on commodities derivative exchanges, MCX Stock Exchange, that was top among the global exchanges for volume of currency derivatives, Indian Energy Exchange, the first ever and largest power exchange in India, etc.

The Group's international exchanges included, Dubai Gold and Commodities Exchange (UAE), Singapore Mercantile Exchange (Singapore), Global Board of Trade (Mauritius), Bourse Africa (Botswana), Bahrain Financial Exchange (Bahrain), etc.

According to a study done by MCX in association with TISS in April 2013, it was reported that MCX alone has potential to create about a million jobs in Indian commodity space in addition to the contribution of thousands of crores towards the State exchequer in the form of stamp duty, taxes, etc.

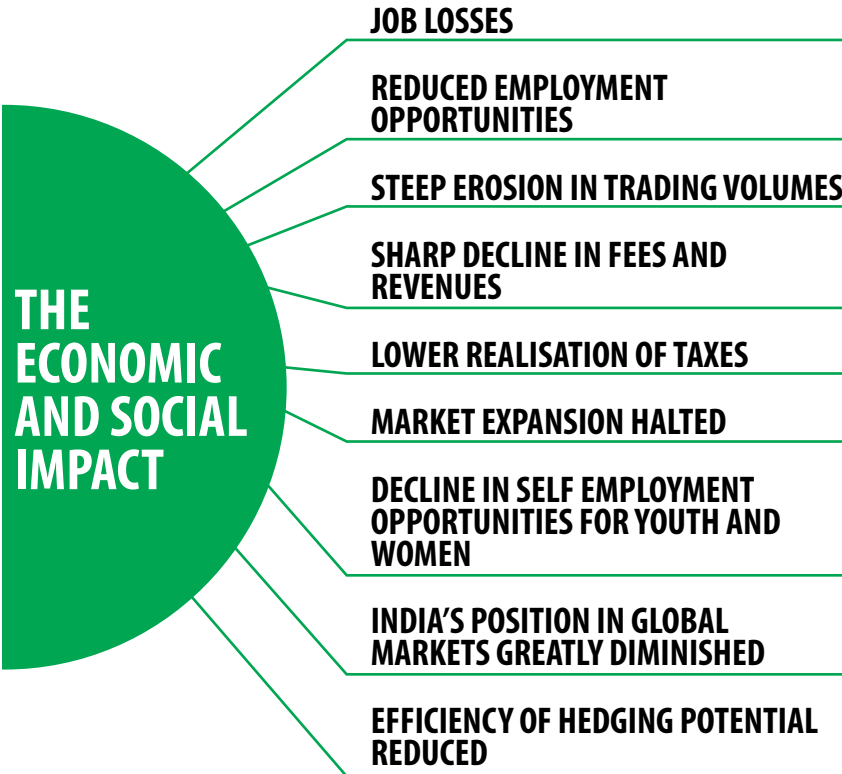
The uniqueness of the job creation at MCX was that most of the beneficiaries were indigenous entrepreneurs, both micro and small, as also women, youth and self employed.

THE FT GROUP OFFERING

THE EXTENSIVE UNIVERSE OF EXCHANGES AND ECOSYSTEM INSTITUTIONS CREATED BY FINANCIAL TECHNOLOGIES



THE IMPACT OF FMC ACTIONS





Proposed merger is being criticized and objected to

It is totally in contrast to the spirit of the law

CHECKLIST

- 1** **Is it ethical? Is it just?** **NO**
FTIL has extended all support to NSEL and yet it is being punished with merger action that will destroy its value and deprive benefits to its 63,000 shareholders, approximately 1,000 employees, creditors, vendors and other stakeholders.
- 2** **Is the forced merger a productive step?** **NO**
All the hard work done towards recovery and resolution will be wasted. Further, a parent company cannot be made to undergo a forced merger for a problem at one of its subsidiaries.
- 3** **Is it lawful?** **NO**
The proposed merger is by all means unlawful, that can never be found in democratic systems where companies are clearly defined to be operated on the principle of limited liability.

Section 396 : How its Application is Wrong in case of NSEL

How can the interest of 13,000 clients, whose identity is yet to be established, constitute 'public interest' against the interests of the 63,000 genuine shareholders of FTIL.

When the identity of the 13,000 clients is itself not established (brokers have yet not submitted full KYC details for them) then how can they be considered aggrieved party?

None of the clients have any privity of contract with even NSEL leave alone FTIL. Without knowing the identity and having the privity of contract how can the clients become claimants of any dispute.

The liability of NSEL is not yet established by any Court of Law in which case how can its parent be held liable?

The forced merger proposal resembles a forced measure to expropriate private property by dipping into the reserves and surplus of FTIL to serve the interests of a few whose identity is yet to be established.

There has been no legal adjudication against NSEL then how could the FMC propose its merger with FTIL?

Section 397 : Why it is Wrong to Apply in case of NSEL | FTIL

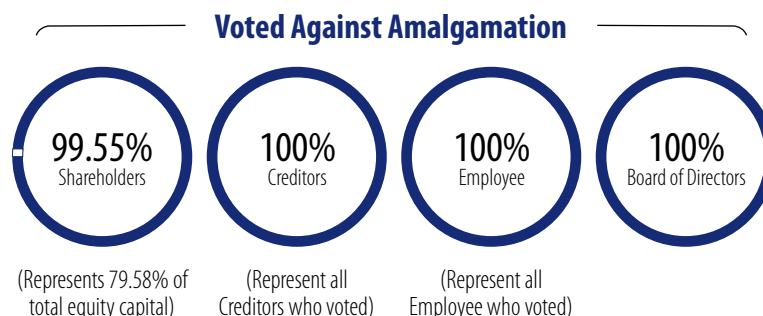
The Board of NSEL is reconstituted. The Board of FTIL is also entirely new after the reconstitution. Along with the Boards the management of both NSEL and FTIL is also changed.

It is the fiduciary duty of the Board to protect the interests of the shareholders. How can the Board be accused of siding with shareholders and opposing the merger when it is performing its functions and fulfilling obligations? What can be the pretext for change of the Board.

There is no provision in the Company Law to force a company to sell its shares or put it in escrow. How could MCX be arm twisted to act in such a manner against FTIL.

COMMENTS AGAINST THE PROPOSAL

FTIL stakeholders - be it the 63000+ shareholders, 1000 odd employees, creditors, vendors, etc., have all rejected the NSEL-FTIL merger proposal



The government owes the nation an explanation to who and on what ground the Forward Markets Commission (FMC) has been making the proposals to breach FTIL's limited liability when no wrongdoing or improper pecuniary gain has as yet been established against its management... So a forced takeover of FTIL would be a huge fraud on FTIL's shareholders.

- The Economic Times, October 28, 2014

Subsidiaries exist precisely to ensure that liabilities are properly managed. Parent corporations' liabilities in a limited company are, well, "limited" by how much it actually invests in the subsidiary firm. This is a basic principle of modern economic organisation that the government has chosen to arbitrarily dump, sending out a wrong signal to investors. Limited liability is a concept that has stood the test of the time, and is an essential spur to entrepreneurship and to investment. Is the government now declaring that limited liability can be suspended whenever a bureaucrat decides "the public interest" is at stake?

- Business Standard, October 22, 2014

The NSEL-FTIL merger, the Government contends, is essential in the "public interest". But there is a serious flaw to this reasoning. The concept of limited liability is fundamental to equity investing. Going by it, FTIL, as the parent company for NSEL, may deserve to lose its entire investment in its subsidiary because of the latter's mismanagement. But to saddle it with the liabilities of NSEL beyond this, is an injustice to the firm's public shareholders.

- The Hindu Business Line, October 27, 2014

Another great victory for the legal fraternity and a setback for the resolution of the NSEL debacle where Government is now messing the process up enormously.

- Patrick Young, Exchange Invest Newsletter, October 30, 2014, Edition 372



India lost its prominence in the financial markets

The negative outcome of penalising NSEL | FTIL

CHECKLIST

- 1 Does India now have a robust commodities market on its exchanges?** **NO**
India has lost its global leadership position in terms of number of contracts traded. It has fallen sharply in the world ranking released by the global industry association. Trading volumes are down significantly.
- 2 Could the problem have been contained?** **YES**
Various government committees, who have studied the problem have highlighted that NSEL crisis did not pose any systemic risk to the system.
- 3 Could FMC have extended assistance in recovery?** **YES**
Instead of focusing on NSEL | FTIL only, the real solution lies in the brokers, government agencies and NSEL joining forces to ensure full recovery.

India was the only country from the emerging markets including China to have footprints of exchanges across major international financial centres such as Singapore, Dubai, Bahrain, Mauritius and Botswana. India lost this position with FTIL gradually exiting all these exchanges.

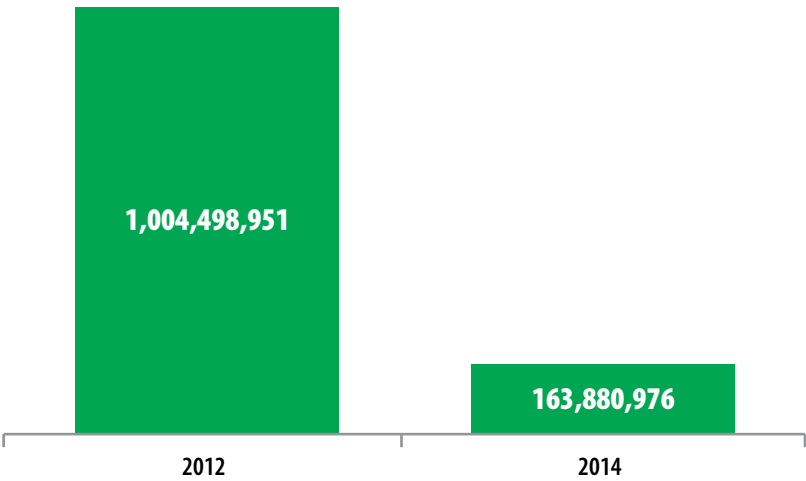
Financial Times described operations of NSEL as an ‘initiative to feed a need’. Sudden stopping of NSEL operations put a brake to growth and development of electronic spot markets for commodity trading in India. Since 1990, the idea of developing spot exchanges for commodities was in making and it took shape only in the later part of the 2000s with the setting up of the NSEL, which came into being as an outcome of the initiative of the government. To create a vibrant commodities spot exchange system takes lot of time and during this time the middlemen in mandi’s were having a free will depriving the small producers the benefit of a nationwide price discovery process, which NSEL was providing in an efficient and effective manner.

MCX, which FTIL used to operate, reached the distinction of being the 2nd largest commodities derivatives exchange in the world in terms of number of contracts traded in 2012. The position has now slipped to 24th in a matter of just a couple of years. While China has bought London Metal Exchange to become a global leader, MCX growth was doused and India lost its position in world commodities exchange industry. MCX Stock Exchange (MCX-SX), operated by FTIL, topped the league tables of global exchanges in terms of number of contracts traded in currency derivatives. The exchange now is gasping for life without any business and seeking continuous support from its shareholders for survival. Indian Energy Exchange revolutionized trading of electricity by bringing together producers with surplus power and customers with shortage of power thus benefiting millions of small and medium industries.

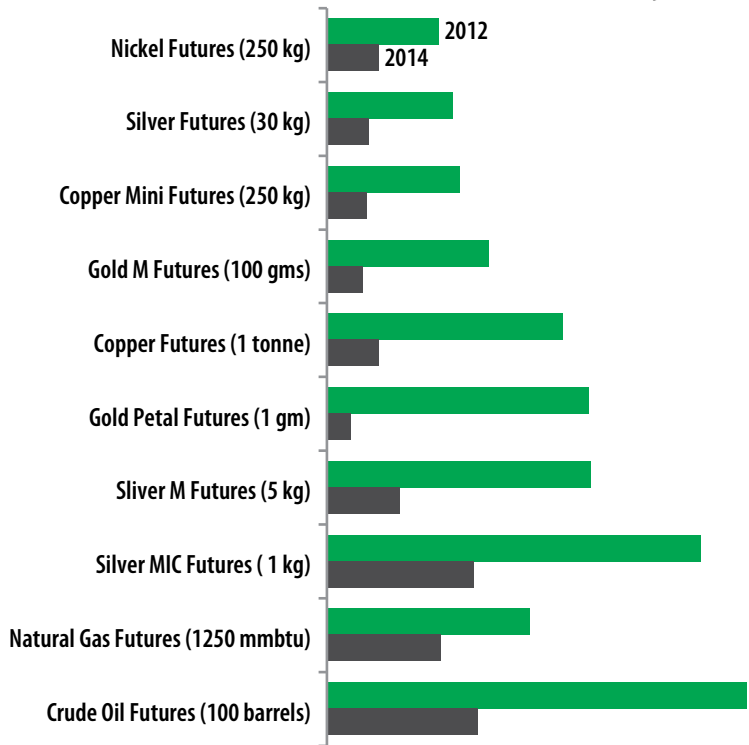
INDIAN COMMEX LOSE PROMINENCE

Rank of Indian Commexes Among Global Derivatives Exchanges		
	India's top commex	India's second largest commex
2012	10	32
2014	24	34

Number of Contracts Traded on Indian Commexes



No. of Contracts Traded on Indian Commexes in Major Contracts



Source: FIA, MCX

GAPS IN UNDERSTANDING AND FEW PERTINENT QUESTIONS

Accusations against NSEL have been flying thick and high. Huge gaps are found in understanding the problem that happened at NSEL. Wrong perceptions have been created due to the incessant flow of a motivated campaign against NSEL without giving it enough scope to defend itself. For instance:

1. Is it right to call those affected by the NSEL problem as investors?

NSEL was a platform for trading of commodities which is established by its Rules and Bye-laws as well. The KYC details of all the 13,000 so called investors along with their bank accounts are still not forthcoming. Honourable High Court, Mumbai, observed “the legalities of transaction were quite expected to be known to the brokers and traders... the brokers were quite experienced... It is difficult to accept that the brokers and their clients were deceived by NSEL”.

2. Are these ‘deposits’ in true sense?

Though a view was held that these may fall under the domain of deposits, a few grey areas still persist such as: why payments were made for VAT, APMC cess, etc? Why were there visits of brokers’ C&F agents to warehouses, based on which accountants certified the stocks in the respective balance sheets? If it was a deposit, then why the absence of a deposit form, agreement, tenure, rate of interest, TDS and income tax of 33% subjected on interest income?

3. What has the government investigation found?

The money trail has been traced to the last paise to the defaulters. No money trail was found leading to NSEL, FTIL or to its promoters.

4. Whether any liability has been established so far on NSEL?

No liability of any sort has been established as yet on NSEL. Thus the question of liability of FTIL, its holding company, does not arise.

5. Why has there been no investigation on the source of funds of brokers?

Whose interests are being served when no investigation was done to trace the source of funds, believed to have flowed in from the NBFCs of the respective brokers (which is against regulation), that created excessive leverage and subsequent default?

6. A few questions that remain unanswered

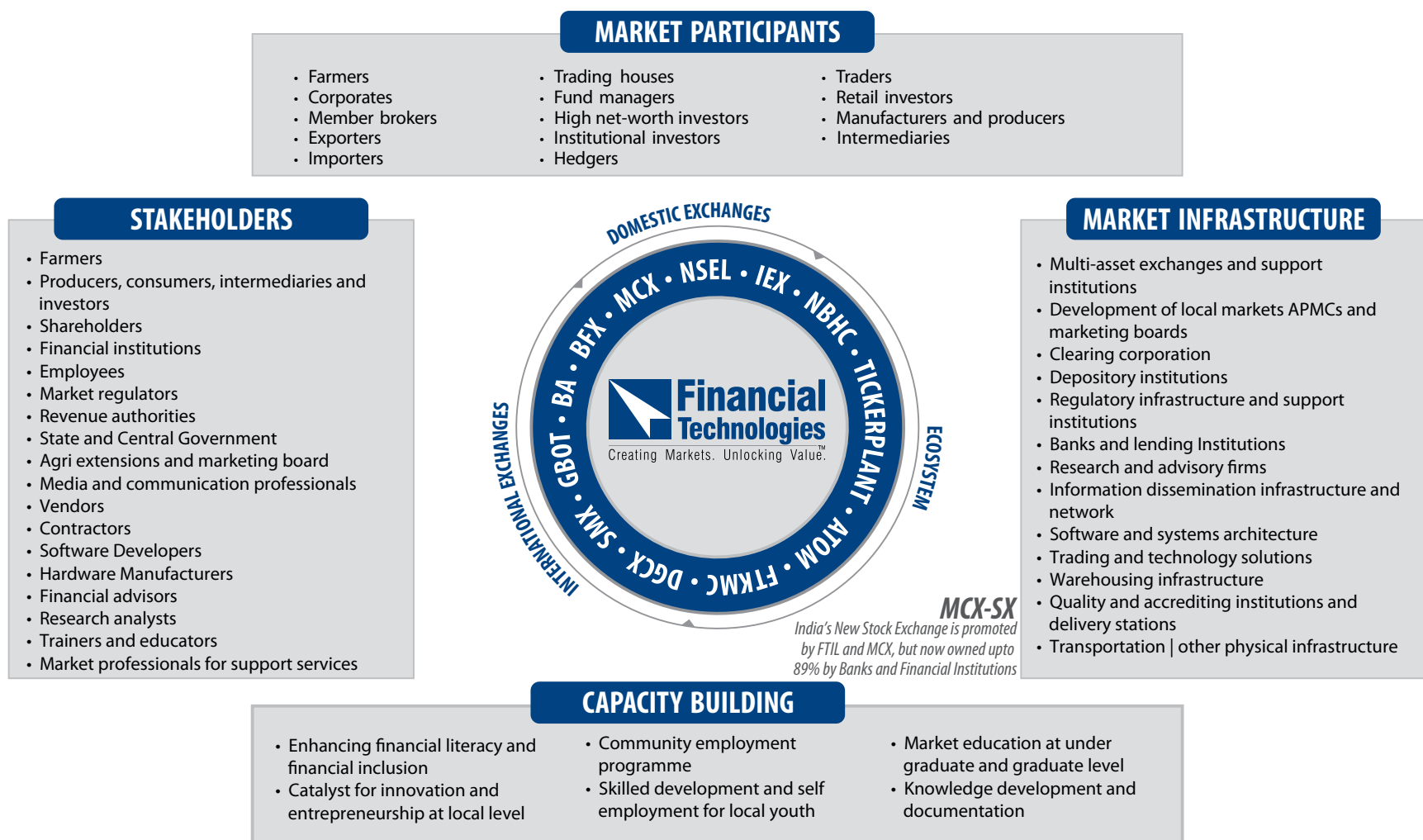
How could FMC declare FTIL 'Not Fit and Proper' solely on the basis of a hurriedly done audit report? How a merger can be possible when the proposal is rejected by the Board and shareholders? How can a merger of a holding company and a subsidiary be imposed, violating the legal principle of limited liability?

Extensive Financial Market Infrastructure of the Financial Technologies Group

Destroyed by Vested Interests (by Making Promoters of NSEL a Target of Investigation and Declaring Them 'Not Fit and Proper')

Undermining the Importance of India in Global Financial Markets

FINANCIAL TECHNOLOGIES GROUP: The Ecosystem of Markets and Economic Empowerment



THE SPIN-OFF EFFECTS OF THE FINANCIAL TECHNOLOGIES GROUP

ECONOMIC BENEFITS	TECHNOLOGY BENEFITS	SOCIAL BENEFITS
<ul style="list-style-type: none">▶ Efficient price discovery process▶ Diverse hedging products▶ Extensive market infrastructure▶ Market penetration across towns and cities▶ Collateral and risk management products▶ Infrastructure spread across the country with capability of distributing financial services leading to financial inclusion	<ul style="list-style-type: none">▶ Indigenously developed cost effective technologies▶ Low-cost real-time information dissemination▶ Innovative payment solutions	<p>A nationwide study (A Million Jobs & A Million More Opportunities) conducted by MCX and Tata Institute of Social Sciences (TISS) brought out numerous social benefits contributed by MCX, then operated by the FT Group, that include:</p> <ul style="list-style-type: none">▶ Employment opportunities across the country▶ Increased scope for self-employment opportunities▶ Financial access to local communities▶ Increased participation of the local talent and expertise▶ Growth of local entrepreneurship



ANNEXURE 1

THE TRUTH ABOUT NSEL

How Financial Technologies, which created an extensive ecosystem of exchange institutions across Asia and Africa, is demonised and systematically demolished for payment defaults at one of its subsidiaries owing to abrupt action by the Ministry of Consumer Affairs on the ill-advice of the Forward Markets Commission

NSEL published a white paper “The Truth About NSEL” giving a comprehensive perspective on the operations of the NSEL and the context in which the FMC stopped its operations, presenting an extensive database of official documentation

to download the full report
www.nationalspotexchange.com/Truth_About_NSEL.htm

NSEL

THE TRUTH ABOUT NSEL

How Financial Technologies, which created an extensive ecosystem of exchange institutions across Asia and Africa, is demonised and systematically demolished for payment defaults at one of its subsidiaries owing to abrupt action by the Ministry of Consumer Affairs on the ill-advice of the Forward Markets Commission

Issued in the Interest of Public Information by
National Spot Exchange Limited (NSEL)
FEBRUARY 2015

PART-1

to download Part 1 of the report
www.nationalspotexchange.com/SitePages/IncrementDownloadCnt.aspx?type=PDFPart1

THE **TRUTH**
ABOUT **NSEL**

ANNEXURES

Issued in the Interest of Public Information by
National Spot Exchange Limited (NSEL)
FEBRUARY 2015

PART-2

to download Part 2 of the report
www.nationalspotexchange.com/The_Truth_About_NSEL_Part_2.pdf



ANNEXURE 2

PUBLIC INFORMATION

NSEL as part of providing continuous information on the progress of recovery efforts and resolution of the problem to the Government, regulatory authority, investigative agencies, clients and various other stakeholders has been issuing public notices and advertisements in the popular financial media from time to time.

Copies of such advertisements and notices are reproduced in this annexure.

The logo for NSEL (National Securities Exchange of India Limited) is displayed in a stylized, outlined font. The letters are blue and have a modern, geometric design. The 'N' and 'S' are particularly prominent, with the 'S' having a large, open loop. The 'E' and 'L' are also stylized, with the 'L' having a long horizontal base. The logo is centered at the bottom of the page, below a solid green horizontal bar.

WHEN TRUTH IS SPOKEN, THIS IS HOW 'ONLINE VANDALS' REACT

While we all continue to stand united in pursuing recovery from DEFAULTERS, the vested interest groups continue **targeting the judiciary, investigating agencies, government officials, reputed editors and journalists** on social media, with obvious ulterior motives of diverting attention from the recovery efforts. The EoW and ED have already established the money trail to the 24 DEFAULTERS.

These acts of vandalism are led by highly qualified and educated traders, who actually traded in greed through leading broking firms with best legal and compliance departments, under a client-broker agreement. Now they are blaming everyone else except their own greed.

Such acts of vandalism cause procedural hurdles like in the case of settlement of e-series contracts, where more than 40,000 investors suffered a seven month delay because of a writ petition filed in the Bombay High Court by these vandals. The same vested interest groups are now obstructing investigation agencies such as ED, EOW and CBI from taking action on defaulters from whom the legitimate recovery is due.

**Every independent, neutral, and credible mind penning the truth is being hounded
Judge for yourself the character and credibility of greedy 'Online Vandals'**

Doubting credibility of MEDIA

Against **ZEE BUSINESS** for report aired on 21.10.2015

NSEL Investors @nseinvestor - Oct 22
A Kangaroo court of Zee where accused, lawyer, jury and judge all from FTIL
@pranjalsharma @ZeeBusiness @SubhashChandra #NSEL

Against **BLOOMBERG TV** for report aired on 21.10.2015

NSEL Investors @nseinvestor - Oct 22
Dear @BloombergTV Your @BloombergTVind sell their news- shows to
advertisers, Zero journalism. NSEL fraud perpetrators given one sided slot

Against **THE ECONOMIC TIMES** for editorial dated 16.10.2015

NAARA @naara_nselrg - Oct 26
@NSEL_official @financialtec Today's AD in ET was quid-pro-quo;
for the favourable editorial that it wrote few days back, paid back through AD

Against **HINDU BUSINESS LINE** for editorial dated 17.04.2015

Dheeraj Mohan @Dheeraj410Mohan - Apr 18
The tangled web of NSEL bit.ly/1GVZsR surprised the article concludes that
brokers need to help to chip in!! #presstitute @NSELscamTruth

Against **THE FINANCIAL EXPRESS** for editorial dated 02.04.2015

Arun Singh @arun000001 - April 2
@thesuniljain Are you not ashamed of your intelligence by
promoting press release of FTIL as editorial?

Against **BUSINESS STANDARD** for editorial dated 19.11.2014

Agarwal (FB post)
"This is obviously a paid article by FTIL. The author cannot be so stupid
to actually believe the crap he has written. Dear Mr. Majumdar,
how much do you charge to write such articles?..."

Questioning integrity of INVESTIGATING AGENCIES (EOW, ED, CBI)

Ketan @rationalketan - Sep 6
Rakesh Maria allowed NSEL - FTIL's email server data to be erased/tampered...

Ketan @rationalketan - Aug 31
@vijupally @rkandol1 Yes, EMC and Min of Consumer Affairs fathered NSEL
scam #Pawar and @KV_Thomas

NSEL Investors @nseinvestor - Jul 25
As long as Rakesh Maria heads Mumbai police zero chance of recovery in
NSEL shame! @Dev_Fadnavis @AmitShahOffice @nsitharaman @jayantsinha

Ketan @rationalketan - Jul 13
Mumbai CP Rakesh Maria has time to meet Lalit Modi in London but
hasn't met NSEL investors since a year even after requests @minihazmerchant

Disrespecting JUDICIARY

NSEL Investors @nseinvestor - Aug 14
Isn't HCC an NSEL show? @12bharatsolanki @ETNOWlive @SEBI_India
@Manisha3005 @narendramodi @arunjalitley

BOMBAY HIGH COURT order dated 22.12.2014 against
NIF and other 'so called trader groups' for obstructing judicial work

"...hence, issue the contempt notice to the contemnors as to
why action should not be taken against them for committing
criminal/civil contempt for obstructing judicial work..."

Against **BOMBAY HIGH COURT JUDGE ORDER** dated 22.08.2014

NSEL Fraud @yviren - Aug 31
@TIME_Journalist @nseinvestor pl put black ink on his face

ECONOMIC TIMES report dated 12.09.2015 on vandals' action

ET FIR registered for smearing judge's face on Facebook post
... BKC Cyber police station registers FIR against the handler of a
Facebook account and few members of 'NIF NSEL Investors
FORUM' account for allegedly posting a photograph of a Bombay
High Court judge and smearing his face with black ink and
making offensive remarks against him...

Criticizing GOVERNMENT OFFICIALS and TRADE ASSOCIATIONS

NSEL Investors @nseinvestor - Aug 22
Big promise, five months and zero action in NSEL by @Dev_Fadnavis,
BJP asp to aise na the? @nsitharaman @PMOIndia

Arun Singh @arun000001 - Apr 20
@arunjalitley India's oldest, leading, largest & apex body ASSOCHAM congratulates
FTIL for successfully pulling off billion dollar NSEL scam!

Ketan @rationalketan - Aug 17
Hello @Dev_Fadnavis it's been about 5 months since your NSEL promise.
No progress. Please deliver what you promised

Ketan @rationalketan - 11h
@jayantsinha I represent NSEL Investors and will contact your office tomorrow
morning, thanks indeed. My other handle is @nseinvestor

The above comments are a snippet of a malicious campaign led by individuals who are self proclaimed leaders of trading groups such as NAARA, NIF and NIAG who think they are above law. They are not disclosing the source of their funding and concealing KYC details. Such non-transparency screams for an investigation on whether these individuals and associations are funded by DEFAULTERS / BROKERS with mala fide intentions.

**It is time to question the credibility and character of greedy 'Online Vandals' who are misusing
social media to obstruct and derail the path to justice for their selfish end.**

NATIONAL SPOT EXCHANGE: FT Tower, CTS No. 256 & 257, 4th Floor,
Suren Road, Chakala, Andheri (East), Mumbai - 400 093.
www.nationalspotexchange.com



**Financial Express
October 31, 2015**

NSEL: FACTS BEHIND THE FICTION

So much is written and talked about NSEL in the last two years. Ironically much of it is without a basis and of little substance. The real picture as it could be borne out by certain facts given below will show how FTIL was made a victim to a combination of collusion and conspiracy. While brokers and defaulters who form both ends of the trading at NSEL and who were the root causes of the problem were left out completely without any investigation and penal actions, the entire burden was laid on NSEL and its parent company FTIL with severe punishments meted out on both of them and pushing them out from their legitimate exchange industry business.

It is important to know how callous approach of regulation and conspiracies of competitors can undermine not just the growth of enterprise in India but also the purpose of national interest. NSEL is a victim to such a conspiracy.

FMC TRIGGERED A DELIBERATE CRISIS

It all commenced with a plan engineered to create a default at NSEL.

- ▶ For two years, FMC did not follow the government directive which nominated it as a designated agency to carry out 'oversight', and collect 'fortnightly information' on all commodity spot exchanges. NSEL was just one of the exchanges functioning at that time
- ▶ For about a year, FMC did not respond to a detailed explanation given by NSEL on the legality of the business
- ▶ All of a sudden in July 2013, NSEL was instructed to stop issuing certain type of contracts, while remaining silent on its competitor exchange which continued to issue similar contracts
- ▶ Sudden stoppage of business is bound to lead to payment problems for those trading in the market which is exactly what happened

ROLE OF FMC: BIASED AND PREJUDICED

FMC instead of creating an effective plan and procedure to contain the problem and to put in place a strategy for a quick resolution, fueled it and not solved when solvable.

FMC never bothered to investigate brokers who are the principal party to the problem. Brokers have blatantly overlooked several market abuses indulged by them such as:

- ▶ False assurances and misrepresentations to clients
- ▶ Trading without clients authority
- ▶ Misuse | modification of Unique Client Code
- ▶ Funding with | without consent of the trading clients
- ▶ Trades not matching with the records of applicant
- ▶ Non-receipt of the pay-outs
- ▶ Manipulation of ledger accounts
- ▶ Fabrication and forgery of documents
- ▶ Some clients privately settling undermining the recovery mechanism

FMC never followed up with the defaulters

FMC only focused on penalising and punishing NSEL despite the liability not being established in the Court of Law and the entire money trail traced to the defaulters.

NSEL: LEGITIMATE AND LEGAL BUSINESS

- ▶ NSEL was an outcome of a policy to create a common nationwide market
- ▶ NSEL was carrying out a perfectly legal and legitimate business
- ▶ The contracts in dispute constituted a mere 17% of the total business of NSEL
- ▶ Brokers, Clearing banks, 2 depository with their legal and compliance departments traded, settled & demated on NSEL for 3 years and completed 1000+ settlement
- ▶ It is the brokers who are today disowning their own privity of contract with their clients
- ▶ Brokers independently inspected stock positions over 50 times. It was only after the problem broke out and FMC only penalised NSEL that emboldened defaulters migrated stocks

NSEL: A LONE FIGHTER FOR RECOVERY

In the last two years, NSEL have, entirely on their own, made several endeavours towards recovery and resolution.

- ▶ **33,000** | clients of e-series contracts fully settled
- ▶ **7,000** | clients in the traders contracts were partially settled
- ▶ **₹5,000 cr** | assisted EOW to attach assets of the defaulters
- ▶ **₹1200 cr** | assisted ED to attach assets
- ▶ **₹1233 cr** | obtained decrees
- ▶ **₹3052 cr** | claimed against which injunction has been obtained
- ▶ **₹577 cr** | is paid in settlement

NSEL payment problem is quite solvable yet FMC made no effort to solve it

- ▶ **7** defaulters owe upto **85%** of the amount
- ▶ **30** brokers account for **68%** of the claim
- ▶ **6%** of clients (781 UU-HNI) account for **69%** of the claim. Ultimate beneficiaries - NBFCs is yet to be known

GAPS IN UNDERSTANDING AND FEW PERTINENT QUESTIONS

Accusations against NSEL have been flying thick and high. Huge gaps are found in understanding, in the right perspective, the problem that happened at NSEL. Wrong perceptions have been created due to the incessant flow of a motivated campaign against NSEL without giving it enough scope to defend itself. For instance:

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NSEL was a platform for trading of commodities which is established by its rules and bylaws as well. The KYC details of all the 13,000 so called investors along with their bank accounts are still not forthcoming. Honourable High Court, Mumbai, observed "the legalities of transaction were quite expected to be known to the brokers and traders... the brokers were quite experienced... It is difficult to accept that the brokers and their clients were deceived by NSEL".

2. Is it right to call the amount traded by clients as 'deposits'?

If the amount is considered as deposit, why payments were made for VAT, APMC cess, etc? Why were there visits of brokers' C&F agents to warehouses, based on which accountants certified the stocks in the respective balance sheets? If it is a deposit, then why the absence of a deposit form, agreement, tenure, rate of interest, TDS and income tax of 33% subjected on interest income?

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The money trail has been traced to the last paise to the defaulters. No money trail was found leading to NSEL, FTIL or to its promoters.

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6. A few questions that remain unanswered

How could FMC declare 'Not Fit and Proper' solely on the basis of a hurriedly done audit report? How a merger can be possible when the proposal is rejected by the Board and shareholders? How a merger of a holding company and a subsidiary can be imposed, violating the legal principle of limited liability?

NSEL is committed to extend all support and cooperation, to each and every authority, in resolving the problem through discussion and within the judicial framework.



NATIONAL SPOT EXCHANGE LTD.
FT Tower, CTS No. 256 & 257, 4 Floor, Suren Road, Chakala, Andheri (East), Mumbai 400 093.
Toll free no: 1800 2661 201
www.nselrecoverygroup.com | www.nationalspotexchange.com



Economic Times
October 26, 2015

NSEL RECOVERY UPDATE

Two Years Of Our Singlehanded Struggle To Recover And Resolve The Problem

NSEL made committed progress towards resolution of a problem which was deliberately created, fueled and kept unsolved while solvable by vested interests to malign and destroy the fastest growing global financial infrastructure institution from India. This has been achieved without any support from the Forward Markets Commission, Brokers and Traders.

It is two years since a deliberate *forced majeure* accident was caused at NSEL by the sectorial regulatory authority (FMC) by enforcing sudden stoppage of NSEL operations. Despite FMC having been given the complete authority by the Government of India vide Gazette dated 6th August 2013 to investigate and take appropriate actions against any and all parties related to this, it chose to only single out NSEL for taking a series of rash actions and in the process also crippling the business of its parent company.

NSEL has been making untiring efforts towards resolution of the crises by strongly pursuing with the defaulters to recover monies from where they are legitimately due. The following table shows the progress made by NSEL towards recovery.

(A) DECREES OBTAINED BY NSEL AGAINST DEFAULTERS				
No.	Name of Defaulter	Amount (Rs Crs.)	Order of	Order Date
1	ARK Imports Pvt Ltd.	719.37	Bombay High Court	20/07/2015
2	Yathuri Associates	264.96	Bombay High Court	18/12/2014
3	Aastha Minmet India Pvt. Ltd.	12.50	Bombay High Court	23/12/2014
4	Juggernaut Projects Ltd.	145.00	Bombay High Court	23/12/2014
5	Swastik Overseas Corporation	91.19	Bombay High Court	18/12/2014
Total value of Decrees (A)		Rs.1,233.02 Crs.		
(B) INJUNCTION OBTAINED BY NSEL AGAINST ASSETS OF DEFAULTERS				
No.	Name of Defaulter	Amount (Rs Crs.) Claimed in TPN / Suit / Section 9 on settlement obligation	Date of BHC Order for Injunction	
1	Vimladevi Agrotech Ltd.	14.02	23/12/2014	
2	Namdhari Rice & General Mills	10.75	23/12/2014	
3	Namdhari Food International Pvt. Ltd.	53.07	23/12/2014	
4	P.D. Agro Processors Pvt. Ltd.	680.23	11/4/2014	
5	White Water Foods Pvt. Ltd.	86.12	10/10/2014	
6	Mohan India Pvt. Ltd. & Tavishi Enterprises Pvt. Ltd.	1,037.84	1/12/2014	
7	N.K. Proteins Ltd.	937.89	3/2/2015	
8	NCS Sugars Ltd.	58.85	10/24/2013	
9	Spin-Cot Textiles Pvt. Ltd.	38.26	22/11/2013	
10	MSR Food Processing	8.82	20/2/2015	
11	Metkore Alloys & Industries Ltd.	94.83	12/3/2015	
12	Shree Radhey Trading Co.	34.59	23/12/2014	
Total value of claim (B)		Rs. 3,055.27 Crs.		
NSEL has obtained an injunction on the properties of the all the above mentioned Defaulters.				
(C) AMOUNT PAID TO BROKERS TILL DATE			Rs. 542.99 Crs	
TOTAL AMOUNT: A + B + C			Rs. 4831.28 Crs	

ALL THE POSSIBLE ACTIONS TAKEN UNDER THE LAW OF LAND

- NSEL has persistently followed all legal recourse which is the only available option under law of land against the defaulters and filed a large number of cases for recovery. NSEL puts great trust and confidence in the judiciary and resolution of the crisis.
- NSEL completed settlement of 33,000 traders in e-Series contract despite obstructions and hindrances created by traders and other self-proclaimed leaders of trader groups who except for blaming ED, CBI and EOW for inaction have contributed nothing to solve the problem.
- It is due to the intervention and efforts of the NSEL, that the Bombay High Court by its order dated 2/8/2014 has appointed a three member fact finding Committee (HCC) to assist the High Court in settlement and recovery as set out in the said Order and the proceedings before the HCC are also going on. The Committee, in terms of clause 10 of the Minuets of Order dated 27/2015, shall also recommend the distribution of amounts to the non-defaulting members and parties entitled to the same, after making a Report to the Hon'ble High Court. The Committee has, with the consent of the High Court, called for information from trading clients, to consider genuineness, entitlement and correctness of their claims.
- A committed all round team effort solely by the NSEL and the NSEL Recovery Group without any support from FMC, Brokers and the so called Traders' Forums / Action Groups has made significant breakthrough in making the progress.
- It is a record and a sort of history to get decrees worth Rs.1,233.02 crore and injunctions against the assets of defaulters have been obtained within such as short time. Also a payout of Rs.500 crores has been recovered and paid.
- The EOW has declared that assets of defaulters worth over Rs.5,000 crores have been attached. ED has also attached assets of defaulters worth Rs.1,200 crores on the basis of money trail.
- Despite the best efforts for an early resolution by NSEL, brokers are creating hurdles by not providing KYC related details of their clients. Major discrepancies such as client code modification, benami trading, PAN lending and unauthorized lending have come to light during investigation which raises doubts on the brokers.
- Despite having enormous power and authority, FMC has left all other players and singled out NSEL with a series of stringent actions and crippled the business of its parent company. In spite of having specific authority given to it, FMC has not taken any action against defaulters and brokers.

WAY FORWARD

" The NSEL has been relentlessly working at recovering the amounts due from these defaulters. Let this also be appreciated by those are running a calumny campaign against all in NSEL and muffling the voice of the genuine trading clients. We want stakeholders to join the sustained battle against the real culprits. With their cooperation, NSEL will be able to further expedite the recovery process. We still believe that the only solution is that all victims should get together on a common mission of recovery rather than running vested interest agenda. "

- Prakash Chaturvedi, Joint Managing Director, NSEL



NSEL RECOVERY GROUP
c/o National Spot Exchange, FT Tower, CTS No. 256 & 257, 4th Floor, Suren Road, Chakala, Andheri (East), Mumbai - 400 093.
Toll Free No.: 1800 2661 201
www.nselrecoverygroup.com | www.nationalspotexchange.com



Hindu Business Line
August 4, 2015

JOIN HANDS FOR A SOLUTION WRITE TO YOUR BROKER

We believe almost 90% brokers are ready for resolution.
Let not certain 'self-proclaimed leaders' of traders misguide and block the path to a solution.
Hence this appeal to all genuine traders.

We have voluntarily proposed, as a goodwill gesture, a 'without prejudice' solution to solve the 'engineered *force majeure* accident' at NSEL which led to payment default by defaulters. We strongly feel that brokers should also rise to the occasion so that traders who desire nothing more than a speedy resolution, can receive their genuine and legitimate entitlements.

In the larger interests of the industry, brokers should come forward and contribute in resolving the crisis by participating in the proposed solution. This settles claims of 11,954 traders representing almost 94% of total traders in just three to four weeks as indicated in the table below:

PROPOSED SOLUTION FRAMEWORK

	AMOUNT DUE TO EACH TRADER	NO. OF TRADERS*	% OF AMOUNT THE TRADER WILL RECEIVE ON SETTLEMENT	TIME FRAME POST-COMPLETION OF ALL FORMALITIES
A	Up to Rs. 2 lakh	608	100%	Completed
B	Rs. 2 - 10 lakh	6445	100%	3-4 weeks
C	Rs. 10 lakh - 1 Crore	4901	50%	3-4 weeks
TOTAL		11954	(=> represents 94% of traders)	
D	More than Rs. 1 Crore	781		3-4 months*
	- Ultra HNI Traders	779	50%	
	- PSUs	2	100%	
TOTAL		12735		

**Detailed proposed settlement available at www.nationalspotexchange.com. Ongoing recovery process to continue with active Government support. *As reported by brokers; authenticity yet to be established.*

The privity of contract of traders is with the brokers. Therefore, it is essential that traders write to their brokers requesting them to support and accept this effective and amicable solution (open for limited time). While writing to your broker, please ensure the following:

✓	In the email subject, please mention: "I want to opt for an amicable solution"
✓	In the email text, please mention (i) your broker's name (ii) the name of your relationship manager (iii) your client ID (iv) amount invested (self-funded/other sources) and (v) your email id/mobile number/twitter handle.
✓	Send your preference to your broker, marking an email copy to solution@nationalspotexchange.com . You also have the option of calling up our helpline at 1800 2661 201.

By doing this, you are indicating a preference for a conflict-free settlement process which will enable us to have a constructive dialogue with brokers. This communication is not legally binding and will not be constituted as a legal commitment / acceptance. We strongly believe that rather than taking a time-consuming approach filled with conflict and allegation, it is better all traders and the recovery group join hands to act against defaulters.

THE WAY FORWARD

The money trail to the last paisa is clearly established into the accounts of 24 defaulters. Assets worth around Rs 5,000 crore belonging to these defaulters has already been attached by the EOW and ED.

Together, we can and we will pursue the recovery efforts from defaulters and request the government to support expeditious recovery from defaulters.

It is the time for our industry to come together and demonstrate our collective, sincere and honest intentions and efforts in resolving this 'engineered *force majeure* accident'.

GENUINE TRADER'S OPINION

“It is a good proposal and brokers must participate. They are the ones who made us invest in NSEL... I belong to the salaried class. It was brokers who prompted us to invest for higher returns.... brokers must come forward to settle our dues.”

Mr. Abbey Rodrigues, an Ahmedabad based trader quoted in Business Standard dated April 6, 2015 reflecting the unanimous views of a dozen traders interviewed.



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Business Standard
April 13, 2015

ANMI - BROKERS FORUM - CPAI

NOW, LIVE UP TO YOUR PROMISE OF "IMMEDIATE DISCIPLINARY ACTION"

Brokers need to come clean on Genuineness, Entitlement and Correctness of complete KYC for 13,000 Trading Clients, both funded and non funded.

Brokers are not intending to operate for sharing complete KYC details of their Trading Clients despite a circular by NSD, including one circular under the instructions from Justice High Court (Complaint No. 1402). NSD has received details from nearly 1,000 Trading Clients, representing just 1% of the total Trading Clients to respond to the complete KYC request. The request from the Association to submit their members to comply with NSD's complete KYC.

NSD, based on prior instances where complete KYC details were demanded for Rs. 178 crs delivered as a part of the special deposit. Several Brokers have failed to submit KYC details of even one Trading Client, which includes brokers like Global Capital Commodities Broking Pvt Ltd, Global Bang Commodities Pvt Ltd, Global Commodities Ltd, amongst others.

WHY ARE BROKER ASSOCIATIONS TURNING A BLIND EYE TO SUCH COMPLAINTS?

Sample complaint of one Trading Client against brokers alleging creation of false ledger account, using time lag for client code modification



IN THE NATIONAL COURT OF APPEALS

COMPTROLLER GENERAL

Case No. 177/2015

RECEIVED DATE

17/07/2015

Complaint No. 177/2015

17/07/2015

17/07/2015

17/07/2015

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The document is a sample complaint of one Trading Client against brokers alleging creation of false ledger account, using time lag for client code modification. The complaint is dated 17/07/2015 and is addressed to the National Securities Depository Limited (NSD). The complaint states that the client has been misled by the brokers and has suffered financial losses. The client has provided details of the brokers and the losses suffered. The complaint is signed by the client and is dated 17/07/2015.

NSD, based on prior instances where complete KYC details were demanded for Rs. 178 crs delivered as a part of the special deposit. Several Brokers have failed to submit KYC details of even one Trading Client, which includes brokers like Global Capital Commodities Broking Pvt Ltd, Global Bang Commodities Pvt Ltd, Global Commodities Ltd, amongst others.

Time lag for client code modification. The client has provided details of the brokers and the losses suffered. The complaint is signed by the client and is dated 17/07/2015.

Snapshot of social media where Broker Associations are misleading Trading Clients with respect to submitting KYC for circular under the Instructions from NSD

13,000 Trading Clients

Why are they not submitting this message?

Are they protecting identity of members (Clients)?

Why are they not submitting this message?

Are they protecting identity of members (Clients)?

NAME & ADDRESS	CLIENT ID	TRADING FUND	STATUS	NAME & ADDRESS	CLIENT ID	TRADING FUND	STATUS
13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000

ASSOCIATIONS ARE REQUESTED NOT TO MISLEAD THE GOVERNMENT AND JOIN THE EFFORTS FOR RECOVERY FROM DEFAULTERS BECAUSE WE BELIEVE, TOGETHER WE CAN...

Economic Times
March 30, 2015

THE REAL MONEY TRAIL

Extensive investigation by investigating agencies have not found any money trail to FTIL or its promoters.

THE MONEY TRAIL TO LAST PAID IS CLEARLY ESTABLISHED INTO THE ACCOUNTS OF DEFENDERS

Account number and amount of money received by the defendants from the investors

Sl. No.	Investor Name	Amount (INR)	Received Date	Defendant Name	Defendant Address
1	Mr. A. K. Singh	1000000	10/10/2014	Mr. A. K. Singh	10/10/2014
2	Mr. B. K. Singh	2000000	11/10/2014	Mr. B. K. Singh	11/10/2014
3	Mr. C. K. Singh	3000000	12/10/2014	Mr. C. K. Singh	12/10/2014
4	Mr. D. K. Singh	4000000	13/10/2014	Mr. D. K. Singh	13/10/2014
5	Mr. E. K. Singh	5000000	14/10/2014	Mr. E. K. Singh	14/10/2014
6	Mr. F. K. Singh	6000000	15/10/2014	Mr. F. K. Singh	15/10/2014
7	Mr. G. K. Singh	7000000	16/10/2014	Mr. G. K. Singh	16/10/2014
8	Mr. H. K. Singh	8000000	17/10/2014	Mr. H. K. Singh	17/10/2014
9	Mr. I. K. Singh	9000000	18/10/2014	Mr. I. K. Singh	18/10/2014
10	Mr. J. K. Singh	10000000	19/10/2014	Mr. J. K. Singh	19/10/2014
11	Mr. K. K. Singh	11000000	20/10/2014	Mr. K. K. Singh	20/10/2014
12	Mr. L. K. Singh	12000000	21/10/2014	Mr. L. K. Singh	21/10/2014
13	Mr. M. K. Singh	13000000	22/10/2014	Mr. M. K. Singh	22/10/2014
14	Mr. N. K. Singh	14000000	23/10/2014	Mr. N. K. Singh	23/10/2014
15	Mr. O. K. Singh	15000000	24/10/2014	Mr. O. K. Singh	24/10/2014
16	Mr. P. K. Singh	16000000	25/10/2014	Mr. P. K. Singh	25/10/2014
17	Mr. Q. K. Singh	17000000	26/10/2014	Mr. Q. K. Singh	26/10/2014
18	Mr. R. K. Singh	18000000	27/10/2014	Mr. R. K. Singh	27/10/2014
19	Mr. S. K. Singh	19000000	28/10/2014	Mr. S. K. Singh	28/10/2014
20	Mr. T. K. Singh	20000000	29/10/2014	Mr. T. K. Singh	29/10/2014
21	Mr. U. K. Singh	21000000	30/10/2014	Mr. U. K. Singh	30/10/2014
22	Mr. V. K. Singh	22000000	31/10/2014	Mr. V. K. Singh	31/10/2014
23	Mr. W. K. Singh	23000000	01/11/2014	Mr. W. K. Singh	01/11/2014
24	Mr. X. K. Singh	24000000	02/11/2014	Mr. X. K. Singh	02/11/2014
25	Mr. Y. K. Singh	25000000	03/11/2014	Mr. Y. K. Singh	03/11/2014
26	Mr. Z. K. Singh	26000000	04/11/2014	Mr. Z. K. Singh	04/11/2014
27	Mr. A. K. Singh	27000000	05/11/2014	Mr. A. K. Singh	05/11/2014
28	Mr. B. K. Singh	28000000	06/11/2014	Mr. B. K. Singh	06/11/2014
29	Mr. C. K. Singh	29000000	07/11/2014	Mr. C. K. Singh	07/11/2014
30	Mr. D. K. Singh	30000000	08/11/2014	Mr. D. K. Singh	08/11/2014
31	Mr. E. K. Singh	31000000	09/11/2014	Mr. E. K. Singh	09/11/2014
32	Mr. F. K. Singh	32000000	10/11/2014	Mr. F. K. Singh	10/11/2014
33	Mr. G. K. Singh	33000000	11/11/2014	Mr. G. K. Singh	11/11/2014
34	Mr. H. K. Singh	34000000	12/11/2014	Mr. H. K. Singh	12/11/2014
35	Mr. I. K. Singh	35000000	13/11/2014	Mr. I. K. Singh	13/11/2014
36	Mr. J. K. Singh	36000000	14/11/2014	Mr. J. K. Singh	14/11/2014
37	Mr. K. K. Singh	37000000	15/11/2014	Mr. K. K. Singh	15/11/2014
38	Mr. L. K. Singh	38000000	16/11/2014	Mr. L. K. Singh	16/11/2014
39	Mr. M. K. Singh	39000000	17/11/2014	Mr. M. K. Singh	17/11/2014
40	Mr. N. K. Singh	40000000	18/11/2014	Mr. N. K. Singh	18/11/2014
41	Mr. O. K. Singh	41000000	19/11/2014	Mr. O. K. Singh	19/11/2014
42	Mr. P. K. Singh	42000000	20/11/2014	Mr. P. K. Singh	20/11/2014
43	Mr. Q. K. Singh	43000000	21/11/2014	Mr. Q. K. Singh	21/11/2014
44	Mr. R. K. Singh	44000000	22/11/2014	Mr. R. K. Singh	22/11/2014
45	Mr. S. K. Singh	45000000	23/11/2014	Mr. S. K. Singh	23/11/2014
46	Mr. T. K. Singh	46000000	24/11/2014	Mr. T. K. Singh	24/11/2014
47	Mr. U. K. Singh	47000000	25/11/2014	Mr. U. K. Singh	25/11/2014
48	Mr. V. K. Singh	48000000	26/11/2014	Mr. V. K. Singh	26/11/2014
49	Mr. W. K. Singh	49000000	27/11/2014	Mr. W. K. Singh	27/11/2014
50	Mr. X. K. Singh	50000000	28/11/2014	Mr. X. K. Singh	28/11/2014
51	Mr. Y. K. Singh	51000000	29/11/2014	Mr. Y. K. Singh	29/11/2014
52	Mr. Z. K. Singh	52000000	30/11/2014	Mr. Z. K. Singh	30/11/2014
53	Mr. A. K. Singh	53000000	01/12/2014	Mr. A. K. Singh	01/12/2014
54	Mr. B. K. Singh	54000000	02/12/2014	Mr. B. K. Singh	02/12/2014
55	Mr. C. K. Singh	55000000	03/12/2014	Mr. C. K. Singh	03/12/2014
56	Mr. D. K. Singh	56000000	04/12/2014	Mr. D. K. Singh	04/12/2014
57	Mr. E. K. Singh	57000000	05/12/2014	Mr. E. K. Singh	05/12/2014
58	Mr. F. K. Singh	58000000	06/12/2014	Mr. F. K. Singh	06/12/2014
59	Mr. G. K. Singh	59000000	07/12/2014	Mr. G. K. Singh	07/12/2014
60	Mr. H. K. Singh	60000000	08/12/2014	Mr. H. K. Singh	08/12/2014
61	Mr. I. K. Singh	61000000	09/12/2014	Mr. I. K. Singh	09/12/2014
62	Mr. J. K. Singh	62000000	10/12/2014	Mr. J. K. Singh	10/12/2014
63	Mr. K. K. Singh	63000000	11/12/2014	Mr. K. K. Singh	11/12/2014
64	Mr. L. K. Singh	64000000	12/12/2014	Mr. L. K. Singh	12/12/2014
65	Mr. M. K. Singh	65000000	13/12/2014	Mr. M. K. Singh	13/12/2014
66	Mr. N. K. Singh	66000000	14/12/2014	Mr. N. K. Singh	14/12/2014
67	Mr. O. K. Singh	67000000	15/12/2014	Mr. O. K. Singh	15/12/2014
68	Mr. P. K. Singh	68000000	16/12/2014	Mr. P. K. Singh	16/12/2014
69	Mr. Q. K. Singh	69000000	17/12/2014	Mr. Q. K. Singh	17/12/2014
70	Mr. R. K. Singh	70000000	18/12/2014	Mr. R. K. Singh	18/12/2014
71	Mr. S. K. Singh	71000000	19/12/2014	Mr. S. K. Singh	19/12/2014
72	Mr. T. K. Singh	72000000	20/12/2014	Mr. T. K. Singh	20/12/2014
73	Mr. U. K. Singh	73000000	21/12/2014	Mr. U. K. Singh	21/12/2014
74	Mr. V. K. Singh	74000000	22/12/2014	Mr. V. K. Singh	22/12/2014
75	Mr. W. K. Singh	75000000	23/12/2014	Mr. W. K. Singh	23/12/2014
76	Mr. X. K. Singh	76000000	24/12/2014	Mr. X. K. Singh	24/12/2014
77	Mr. Y. K. Singh	77000000	25/12/2014	Mr. Y. K. Singh	25/12/2014
78	Mr. Z. K. Singh	78000000	26/12/2014	Mr. Z. K. Singh	26/12/2014
79	Mr. A. K. Singh	79000000	27/12/2014	Mr. A. K. Singh	27/12/2014
80	Mr. B. K. Singh	80000000	28/12/2014	Mr. B. K. Singh	28/12/2014
81	Mr. C. K. Singh	81000000	29/12/2014	Mr. C. K. Singh	29/12/2014
82	Mr. D. K. Singh	82000000	30/12/2014	Mr. D. K. Singh	30/12/2014
83	Mr. E. K. Singh	83000000	31/12/2014	Mr. E. K. Singh	31/12/2014
84	Mr. F. K. Singh	84000000	01/01/2015	Mr. F. K. Singh	01/01/2015
85	Mr. G. K. Singh	85000000	02/01/2015	Mr. G. K. Singh	02/01/2015
86	Mr. H. K. Singh	86000000	03/01/2015	Mr. H. K. Singh	03/01/2015
87	Mr. I. K. Singh	87000000	04/01/2015	Mr. I. K. Singh	04/01/2015
88	Mr. J. K. Singh	88000000	05/01/2015	Mr. J. K. Singh	05/01/2015
89	Mr. K. K. Singh	89000000	06/01/2015	Mr. K. K. Singh	06/01/2015
90	Mr. L. K. Singh	90000000	07/01/2015	Mr. L. K. Singh	07/01/2015
91	Mr. M. K. Singh	91000000	08/01/2015	Mr. M. K. Singh	08/01/2015
92	Mr. N. K. Singh	92000000	09/01/2015	Mr. N. K. Singh	09/01/2015
93	Mr. O. K. Singh	93000000	10/01/2015	Mr. O. K. Singh	10/01/2015
94	Mr. P. K. Singh	94000000	11/01/2015	Mr. P. K. Singh	11/01/2015
95	Mr. Q. K. Singh	95000000	12/01/2015	Mr. Q. K. Singh	12/01/2015
96	Mr. R. K. Singh	96000000	13/01/2015	Mr. R. K. Singh	13/01/2015
97	Mr. S. K. Singh	97000000	14/01/2015	Mr. S. K. Singh	14/01/2015
98	Mr. T. K. Singh	98000000	15/01/2015	Mr. T. K. Singh	15/01/2015
99	Mr. U. K. Singh	99000000	16/01/2015	Mr. U. K. Singh	16/01/2015
100	Mr. V. K. Singh	100000000	17/01/2015	Mr. V. K. Singh	17/01/2015



NONBLE HIGH COURT ORDER DATED AUG 22, 2014

...the money has not come to NSEL but has gone to investors as per the order. It is the investors who have been benefited by the transactions and many of investors have gone to court. Thus the projected loss of Rs. 1,000 crore, if not recovered, has not gone to the investors or to that matter to NSEL. ...

NONBLE HIGH COURT ORDER DATED NOV 26, 2014

...if the statement of all the defendants is compared it comes to around Rs. 1,000 crore, and that is a very large amount that the only persons responsible for the loss are these Defendants. ...

NONBLE HIGH COURT ORDER DATED AUG 22, 2014

...These investors are not middle class or lower class people but are wealthy businessmen. It is difficult to accept that anyone would take loans for which they were seeking were secured by NSEL, the daughter of the loan to them cannot be said to have been caused by the loss of NSEL. ...

THE NSEL INVESTOR FORUM (NIF) HAS WRITTEN TO MINISTRY OF FINANCE STATING THAT ENTIRE MONEY TRAIL HAS BEEN TRACED TO 24 DEFENDERS BY SOW AND SO.

NSEL Investor Forum
 A group of investors who have been affected by the NSEL scam. They have written to the Ministry of Finance stating that the entire money trail has been traced to 24 defendants by SOW and SO.

The 24 Defendants, who have taken the money from all investors, that they have taken and the money trail is all known to the Ministry of Finance and SO. They should all be arrested by SOW or SO and all their assets must be seized for paying off to the investors.

A SELF EXPLANATORY LETTER FROM NSEL INVESTOR FORUM (NIF) CLEARLY STATING FROM WHERE TO RECOVER THE MONEY.

NIF is working with the Ministry of Finance to recover the money from the 24 Defendants, who have taken the money from the investors. NSEL is involved in NSEL, NSEL has mentioned that they have lost it in the past or have given the money back to them. According to us, almost all the money has to come from 24 Defendants.

Unfortunately, our simultaneous legal and criminal action against NSEL and NSEL is taking away most of their time and money and the NSEL is not able to pay back a back view.

THE WAY FORWARD.

Despite the above, our parent company FTIL has proposed, without prejudice a solution to the industry and we strongly feel that brokers should rise to the occasion and participate in solving the force majeure accident by joining the solution, wherein immediate relief is possible to 11,579 claimants representing 94.58% of the total number of Trading Clients and balance 5.42% (261 claimants) in a finite timeline with support from the Government. In our view, only vested interest groups will find the solution unacceptable.

WE HAVE FULL FAITH IN THE GOVERNMENT'S VISION AND THE JUDICIARY



NSEL RECOVERY GROUP

101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 67

WHERE ARE THE 13000 TRADING CLIENTS?

**Barring Few Genuine Trading Clients,
Have The Brokers Created Proxy, Benami and Untraceable Participants?**

**We request the Ministry of Corporate Affairs (MCA), Government of India
to verify the Genuineness, Entitlement and Correctness of 13000 Trading Clients**

National Spot Exchange Ltd. (NSEL) has been seeking information from its Trading Members to provide KYC details of their Trading Clients and has issued multiple circulars over the last few months for seeking these details.

Certain vested interest groups have been trying to create a perception that there are 13,000 Trading Clients who have been affected. The following points raise a huge question mark on genuineness and authenticity of this claim and the actual end beneficiary:

✕ 13,000 TRADING CLIENTS

✓ Despite repeated reminders by NSEL, only few brokers have responded and given the complete KYC details of their Trading Clients. This raises question about why brokers are reluctant about sharing the complete KYC details of their Trading Clients.

NSEL has issued the following circulars seeking information related to KYC details of Trading Clients:

- 1) Circular No. 45 & 45A on December 16, 2014
- 2) Circular No. 01 on January 6, 2015
- 3) Circular No. 02 on February 9, 2015

✓ Subsequent to the National Spot Exchange Ltd's (NSEL) advice of seeking from its members details / documentation on the proof of disbursement and KYC forms of their respective Trading Clients to whom Rs. 179 crore special payout was made, the Exchange has till date received details for Rs. 92 crore only.

Hence, it is necessary to investigate whether benami trading was undertaken using KYC lending and PAN lending.

✕ TRADING CLIENTS ARE INVESTORS

✓ The Hon'ble High Court of Bombay, in its order dated August 22, 2014, has questioned whether these Trading Clients are "genuine investors".

Refer to Page # 14 & 17; Observation # 15 of Original Order of Bombay High Court)

"...the persons who are raising the grievance about such fictitious tradings were themselves not genuine traders... there is every reason to believe that a sizable number of so-called 'investors' whose transactions were being entered into through brokers, actually did not bother about the fictitious trades, and knowingly participated in such illegal activities, without raising any issue of illegality thereof."

✓ Trading Clients have traded in commodities on NSEL's e-platform through their broker under a client-broker agreement and have paid VAT. This is in contrast to paying TDS on interest received or short term/long term capital gains on investment income. This fact can be verified from their account statement, contract note, bills & interest/investment income filed in their income tax returns.

The fact is that the Trading Clients are "Traders" and not "Investors". Ironically, they are being projected as "Investors" only to gain sympathy.

? BROKERS' ASSOCIATIONS TURN BLIND EYE TO WRONGDOING

Why brokers' associations are supporting brokers who allegedly have committed irregularities and why there has been complete inaction against these brokers? The following questions remain unanswered while these associations are turning a blind eye to the misdeeds of brokers:

? WHY ARE GRAVE WRONGDOINGS OF BROKERS IGNORED?

From the investigations carried out by relevant authorities, it is clear that few brokers committed acts of misrepresentation, inducement, rampant client code modification, thereby indulging into manipulative and unfair trade practices, leading to breach of trust.

? WHY ARE COMPLAINTS OF TRADING CLIENTS IGNORED?

Trading Clients have observed and complained about their brokers for PAN lending, KYC lending and benami deals. Trading clients have filed affidavits accusing brokers of manipulating their ledger after NSEL's Circular of 31st July, 2013 suspending trading. They accuse brokers of evading liability and placing the entire burden of repayment of dues owed to Trading Clients upon NSEL.

? RAMPANT CLIENT CODE MODIFICATION

Some brokers were allegedly involved in large scale and rampant client code modifications, using some client accounts as conduit accounts for financing. Some client accounts were allegedly used by the brokers as front end accounts to carry out their proprietary trading.

? SILENCE OF NAARA AND NIF

We respect the sentiment of genuine Trading Clients who have got together for their rightful cause. The NSEL Recovery Group has always strived to achieve faster recovery from defaulters and have been working with the Government agencies to help attach properties of defaulters. However, the silence of NAARA and NIF on key issues listed below raises a question on the intent and signals a proxy front for vested interest groups:

? ARE THEY REPRESENTING A CONSTITUENCY THAT DOES NOT EXIST?

There are serious doubts about the genuineness, correctness and authenticity of the claim of 13,000 Trading Clients. Hence, barring few genuine Trading Clients, are NAARA and NIF front for benami clients who have traded on NSEL using KYC lending and PAN lending?

? IS THE PROTEST AN ATTEMPT TO CONCEAL SOURCE OF FUNDS RATHER THAN ARRIVE AT A SOLUTION?

There is resistance from several Trading Clients to furnish KYC forms, which include source of funds. Several genuine Trading Clients have been advised by brokers to refrain from sharing this information with the NSEL. Silence of NAARA and NIF on such crucial issues signals attempts to divert attention of the concerned Government authorities from investigating source of funds.

? WHY NO SUPPORT TO NSEL FOR RECOVERY FROM DEFAULTERS?

The entire efforts of these groups are not towards recovery from the actual defaulters, where the money trail is found.

**WE REQUEST THE INCOME TAX AUTHORITIES AND ENFORCEMENT DIRECTORATE
TO INVESTIGATE THE SOURCE OF FUNDS OF
TRADING CLIENTS WHO ARE AVOIDING COMPLETE KYC SUBMISSION**

**NSEL
RECOVERY GROUP**
REAL WORK, NO NOISE

NSEL RECOVERY GROUP
c/o National Spot Exchange, FT Tower, CTS No. 256 & 257, 4th Flr, Suren Rd, Chakala, Andheri (E), Mumbai - 400 093.
Toll Free No. : 1800 2661 201
www.nselrecoverygroup.com | e-mail: nrg@nselrecoverygroup.com

**National Spot
Exchange**

**Business Standard
March 19, 2015**

TOGETHER WE CAN

Hon'ble Bombay HC passes injunction order against Mohan India Group in the suit for recovery of Rs. 922 crore

NSEL RECOVERY EFFORTS

Following are the results of relentless efforts by NSEL recovery team over past 18 months

- Hon'ble Bombay HC in its order 02 December 2014 has directed Mohan India to furnish its property details and also passed an injunction order against it for recovery of Rs. 922 crore. This has been achieved due to the relentless efforts of NSEL Recovery team against all odds, including lack of interest among so called Trading Clients' forums and Action groups to chase Defaulting Members and recover default money
- NSEL had earlier obtained injunction against PD Agro Group defendants, including their clients and such injunction is continuing. The PD Agro Group has been summoned by the Hon'ble Bombay HC Committee on 4th December 2014. The Group has a total outstanding of 674.07 crore as on December 2, 2014
- EOW has seized assets of 22 Defaulting Members worth around Rs. 5,000 crore, which needs to be liquidated & paid to trading clients
 - Defaulting members have admitted to liabilities of approximately Rs. 2,000 crore through settlement agreements or otherwise before the Bombay High Court, and Authorities & concerned Departments / forums and/or the EOW
- ED has attached multiple assets of Defaulting Members worth over Rs. 200 crore under PMLA. This act is expected be amended so that the proceeds of liquidation are paid directly to the trading clients instead of going to the Public Exchequer
- NSEL has filed multiple cases against Defaulting Members, including 38 cases for dishonouring of cheques by Defaulting Members, 17 applications in the MPID Court (Mumbai) and 5 arbitration petitions and recovery suits in the Hon'ble Bombay High Court to recover outstanding amounts
- NSEL filed Third Party notices against 15 Defaulting Members and their clients in a Representative Suit filed by Modern India. In the said suit, at NSEL's initiative, the Hon'ble Bombay High Court constituted a three-member High Court monitored Committee under the chairmanship of a retired High Court Judge
- NSEL has 57 staffers dedicated directly or indirectly for recovery, in addition to external consultants and advisors
- NSEL has recovered and paid Rs. 545.29 crore to trading clients, including a without-prejudice loan worth Rs. 179 crore from FTIL to clear up to 50% settlement liability of 7,000 trading clients
- NSEL has utilized its own funds amounting to Rs. 158 crore in making payouts to affected member brokers
- Out of the original 24 Defaulting Members, two owing a total of Rs. 196 crore have almost cleared their dues
- 33,000 clients of e-Series have redeemed up to 99% of their holdings through a transparent mechanism. NSEL has completed financial closure of e-Gold, e-Silver and e-Copper with total payments of Rs. 297.44 crore. Financial closure for Platinum, Lead and Nickel are expected soon

All efforts permissible under the law of the land have been made by NSEL to recover dues of the Trading Clients from the Defaulting Members

NSEL RECOVERY GROUP

NSEL is committed to expedite recovery from the 22 Defaulting Members. The Exchange firmly believes that a combined effort by NSEL along with its Member Brokers and Trading Clients would expedite recovery.

NSEL Recovery Group has been setup to unite all interest groups, to emphasize its collective attention and resources, on recovery through peaceful and legal means. NSEL Member Brokers and their Trading Clients can join the NSEL Recovery Group and it does not constraint their right to be associated with any other forum/s or to pursue legal course.

The NSEL Recovery Group being formed post FMC's revoking its MAC Committee

- To oversee the recovery efforts being made by NSEL
- To suggest additional measures for expediting recovery
- To ensure transparent dissemination of most authenticated information related to NSEL recovery to Members and Trading Clients

Broker Members and Trading Clients of NSEL are invited to join the "NSEL Recovery Group" as "Members of the Advisory Board" or as "Volunteers", please register by mailing your Broker Code and Client Code (with broker) and Amount Due, to Recovery Team at recovery@nationalspotexchange.com

Participation of Advisory Board Members will be on a professional assignment basis. The Board of NSEL will select the members of Advisory Board from amongst those who apply in response to this advertisement.

Participation of Volunteers in NSEL Recovery Group will be on an all India basis and they will be assigned responsibility on need basis and will be compensated suitably for the assigned task.

NSEL Recovery Group meeting will be convened shortly in Mumbai. Registered Members (Advisory Board Members and Volunteers) will be invited to attend the meeting and will be given updates

NSEL: PROPOSED SOLUTION

- The focus needs to be on the recovery from Defaulting Members as NIF has confirmed in its letter dated March 11, 2014 and MPID Courts have also observed that all Trading Clients money has gone to the 22 Defaulting Members of NSEL and also Hon'ble Bombay High Court in its order dated 22.08.2014 has observed that no money has gone to NSEL or its promoters
- The settlement defaults at NSEL are a 'commercial dispute' wherein 781 Trading Clients (6% of total trading clients with dues payable) represented by about 79 brokers, are claiming about 69% of the total outstanding dues and top 7 Defaulting Members account for around 85% of the total outstanding dues of the Trading Clients. Courts are more than capable of adjudicating such commercial disputes
- The Prevention of Money Laundering Act should be amended to enable the proceeds, of the liquidation of the Defaulting Member's assets attached by the ED, to go to the Trading Clients instead of the public exchequer
- Government agencies should support the High Court appointed Committee for expediting liquidation of the Top 7 Defaulting Members and other Defaulting Members' assets. The proceeds thereof should be used to pay the Trading Clients
- Government of India (GOI) should declare the Defaulting Members at NSEL as 'Wilful De-faulters' and bar them from availing credit from banks and financial institutions
- SARFAESI Act should be amended to enable Exchanges such as NSEL to take control of the assets of Defaulting Members, liquidate them and distribute the sale proceeds among the Trading Clients
- GOI can have FMC Act in similar fashion as other Regulators have in previous financial crisis for arriving at settlement for E.g. The IPO scam case of 2007 at a depository and the currency derivative dispute of 2012 involving 22 banks
- GOI can appoint a committee of 3 to 5 members from SEBI, MCA and MOF to work jointly with all stakeholders of NSEL including Brokers/Members, concerned Ministries and Regulator, on expeditious basis to reach an amicable solution for NSEL crisis within the legal and corporate framework, that is fair, equitable and just to all its stakeholders



NATIONAL SPOT EXCHANGE LIMITED

Regd Off.: FT Tower, CTS No. 256 & 257, 4th Floor, Suren Road, Chakala, Andheri (East), Mumbai - 93. | www.nationalspotexchange.com | e-mail: recovery@nationalspotexchange.com

Economic Times
December 4, 2014



ANNEXURE 3

DOCUMENTATION

NSEL has put in the public domain extensive documentation on various official communications and correspondence that reinforce the legality and compliance aspects of NSEL business

The logo for NSEL, consisting of the letters 'NSEL' in a stylized, outlined font. The letters are blue and have a modern, geometric design. The 'N' and 'S' are connected, and the 'E' and 'L' are also connected. The logo is positioned on a white background, which is separated from the dark background above by a green horizontal line.

2002-2003	Extract taken from Economic Survey 2002-2003
April 10, 2005	Article in The Hindu (By Gargi Parsai) <i>UPA committed to reversing neglect of agriculture sector: Manmohan</i>
May 31, 2006	Letter to Shri Jignesh Shah, Managing Director, MCX from Smt Anandi Ravichandran, Secretary, FMC <i>Sub.: Minutes of the meeting on 'Monitoring & Forecasting of prices (Domestic and International) of Agriculture commodities' held under the Chairmanship of The Secretary (Consumer Affairs) on May24, 2006 at 10.30 am at Forward Markets Commission (FMC), Mumbai</i>
June 2, 2006	Letter to Shri Jignesh Shah, Managing Director, MCX from Smt Anandi Ravichandran, Secretary, FMC <i>Sub.: Reference to the letter dated May 31, 2006 para 6 of the minutes which indicates the action points to be undertaken by the exchange</i>
July 11, 2006	Letter to The Managing Director, MCX from Shri P K Singhal, Director – FMC <i>Sub.: E-platform for Spot trades</i>
July 18, 2006	Letter to Mr S. Sundareshan, Chairman, FMC from Jignesh Shah, MD and CEO, MCX <i>Sub.: Concept paper on setting-up of Spot Market</i>
Dec 18, 2006	Letter to FMC Chairman from Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Business model for launching of National Spot Exchange</i> <i>Ref.: Our presentation on 14th December 2006</i>
May 21, 2007	Letter to Shri G S Negi, Director (IT), Department of Consumer Affairs from Shri Prabhakar Patil, Director, FMC <i>Sub.: National Spot Exchange – Proposal of MCX</i>
June 5, 2007	The Gazette of India (Notification) Shri Paul Joseph, Senior Economic Adviser, Ministry of Consumer Affairs, Food and Public Distribution <i>Exemption to NSEL</i>
Dec 19, 2007	Note of Ministry of Finance, Department of Economic Affairs. File noting by Dr K P Krishnan, Joint Secretary (CM) <i>Sub: Stake sale in NCDEX by LIC and NABARD to NSE so that NSE becomes single largest shareholder in NCDEX</i>
July 23, 2008	The Gazette of India (Notification) Shri D S Kolamkar, Economic Adviser, Ministry of Consumer Affairs, Food and Public Distribution <i>Exemption to NSPOT</i>
June 17, 2009	Letter to Shri Yashwant Bhawe, Secretary, Department of Consumer Affairs from Shri Joseph Massey, MD and CEO, MCX <i>Sub.: Common Regulator for spot, futures and warehousing</i>
Oct 2, 2009	Article in Financial Times (by Joe Leahy) <i>NSEL - To feed a need</i>
Aug 11, 2010	The Gazette of India (Notification) Shri Kewal Ram, Senior Economic Adviser, Ministry of Consumer Affairs, Food and Public Distribution <i>Exemption to National APMC</i>
Aug 26, 2010	Letter to Shri Siraj Hussain, CMD, Food Corporation of India from Shri Anupam Mishra, Director FMC <i>Sub.: Disposal of Coarse grains by FCI through spot exchange of India.</i> <i>Ref.: (letter no. No.1-10/2010/coarse grains/s.IV dated Aug 24, 2010)</i>
Nov 9, 2010	Letter to Shri B. C. Khatua, Chairman, FMC from Shri Anjani Sinha, MD & CEO, NSEL <i>Sub.: Application for registration under section 14 A of FCRA for organizing trading in NTSD contracts</i>

Dec 2, 2010	FOW Awards for Innovation 2010 to NSEL
July 9, 2011	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 30th June, 2011</i>
July 15, 2011	Letter to Shri Brij Mohan, Director (IT), Department of Consumer Affairs from Shri Vishal Nair, Deputy Director, FMC <i>Sub.: Regulation of National Spot Exchanges (FMC seeks power to better regulate spot exchanges)</i>
Aug 5, 2011	Letter to FMC Chairman from Shri Brij Mohan, Director (IT), Department of Consumer Affairs <i>Sub.: Regulation of National Spot Exchanges</i>
Aug 5, 2011	Letter to Shri Brij Mohan, Director (IT), Ministry of Consumer Affairs, Food and Public Distribution from Smt Usha Suresh, Director, FMC <i>Sub.: Regulation of Spot Exchanges that facilitate delivery contracts in commodities Ref.: Letter no. 18/4/2011-FSDC dated 7th June, 2011 from Shri R Gopalan, Secretary, Department of Economic Affairs, Ministry of Finance to Secretary (CA)</i>
Aug 10, 2011	Letter to MD, NSEL from Shri Vishal Nair, Deputy Director, FMC <i>Sub.: Regulation of National Spot Exchanges</i>
Oct 9, 2011	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 30th September, 2011</i>
Nov 9, 2011	Letter to Shri Brij Mohan, Director (IT), Department of Consumer Affairs from Shri Vishal Nair, Deputy Director, FMC <i>Sub.: Regulation of National Spot Exchanges</i>
Nov 23, 2011	Letter to MD, NSEL from Shri K. M. Shivakumar, Director, FMC <i>Sub.: Regulation of National Spot Exchanges</i>
Jan 7, 2012	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 31st December, 2011</i>
Feb 22, 2012	Letter to CEO, NSEL from Shri K M Shivakumar, Director, FMC <i>Sub.: Fulfilment of conditions stipulated under Notification S.O. No. 906(E) dt 5.6.2007</i>
Feb 29, 2012	Email reply from Shri Anjani Sinha, CEO, NSEL to Ms Renu Yadav, Assistant Director, FMC <i>Sub.: Fulfilment of conditions stipulated under Notification S.O. No. 906(E) dt 5.6.2007</i>
April 9, 2012	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 31st March, 2012</i>
April 10, 2012	Letter to Shri Brij Mohan, Director (IT), Department of Consumer Affairs from Smt Nutan Raj, Economic Advisor, FMC <i>Sub: Exemption to National Spot Exchange Limited (NSEL) notice section 27 of the Forward Contracts (Regulation) Act. 1952 (FCRA) vide notification S.O. No.906(E) dated 5th June, 2007- Reg FMC writes to DCA that it can initiate action against NSEL</i>
April 27, 2012	Letter to Shri Anjani Sinha, MD & CEO, NSEL from Shri Brij Mohan, Director (IT), Department of Consumer Affairs <i>Sub.: Fulfilment of conditions stipulated under Notification S.O. No. 906(E) dt 5.6.2007</i>
May 23, 2012	Reply from Shri Sinha, MD & CEO, NSEL to Shri Brij Mohan, Director (IT), Department of Consumer Affairs <i>Sub.: Fulfilment of conditions stipulated under Notification S.O. No. 906(E) dt 5.6.2007</i>
July 9, 2012	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 30th June, 2012</i>

July 10, 2012	Letter to Shri Rajiv Aggarwal, Secretary, Department of Consumer Affairs from Shri Venkat Chary, Chairman, MCX on information procured by RTI on file noting by Dr K P Krishnan
Aug 11, 2012	Reply from Shri Sinha, MD & CEO, NSEL to Shri Rajiv Aggarwal, Secretary, DCA <i>Sub.: Fulfilment of conditions stipulated under Notification S.O. No. 906(E) dt 5.6.2007</i>
Oct 3, 2012	Communication to members, NSEL from Shri Anjani Sinha, MD & CEO, NSEL <i>Sub.: Clarification regarding Articles published in the Economic Times today edition</i>
Oct 9, 2012	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 30th September, 2012</i>
Nov 27, 2012	Email sent from Ms Renu Yadav, Assistant Director, FMC to Shri Anjani Sinha, MD & CEO, NSEL <i>Sub.: Presentation by NSEL before FMC</i>
Jan 7, 2013	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 31st Dec, 2012</i>
Jan 24, 2013	NCDEX Spot Exchange circular to all Trading and Clearing Members of NCDEX Spot Exchange Ltd <i>Sub: Contract specification & Special Terms and Conditions of refined sugar, Grade M30 (A+60 days Auction)</i>
April 9, 2013	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 31st March, 2013</i>
May 13, 2013	Letter to Shri D C Devgune, Under Secretary (IT), DCA from Shri D N Bagali, Assistant Director, FMC <i>Sub.: Specifying the penalties that can be imposed under FCRA for violation of provision of FCRA</i>
July 9, 2013	Letter issued to The Board of Directors of Financial Technologies by Shri Anjani Sinha, MD and CEO, NSEL <i>Sub.: Quarterly Compliance Certificate for the quarter ended 30th June, 2013</i>
July 12, 2013	Letter to Shri Anjani Sinha, MD & CEO NSEL, from Shri D C Devgune, Under Secretary (IT), DCA <i>Sub.: Fulfilment of conditions stipulated under Notification S.O. No. 906(E) dt 5th June, 2007 - Stop issuing fresh contracts</i>
July 12, 2013	Letter to Shri Pankaj Agrawala, Secretary, Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public distribution from Shri Anjani Sinha, MD & CEO NSEL <i>Sub.: Fulfilment of conditions stipulated under Notification S.O. No. 906(E) dt 5.6.2007 -Stating that any abrupt and sudden measures of stoppage of contracts would severely dislocate and disintegrate the market functioning that could adversely affect the payment obligations</i>
July 19, 2013	Letter to Shri D. C. Devgune, Under Secretary, DCA from Shri P. Chalapati Rao, Deputy Director, FMC <i>Sub.: Issues relating to exemption of spot exchanges under section 27 of FCRA and need for their regulation</i>
July 22, 2013	Letter to The Secretary, Department of Consumer Affairs, from Shri Anjani Sinha, MD and CEO NSEL <i>Sub.: Under taking pursuant to the directions contained in letter no. 12.3.2003 IT(Vol. II) dt. 12.7.2013</i>
July 30, 2013	Minutes of the meeting of the Board of Directors of National Spot Exchange Ltd held on 30th July, 2013 at 3 pm
July 31, 2013	Circular to Members, NSEL from Shri Santosh Mansingh, AVP, NSEL <i>Sub.: Suspension of trading and postponement of settlement of all one day forward contracts other than e-series contracts</i>
Aug 4, 2013	Article in Business Standard <i>National Spot Exchange Ltd- FMC to meet brokers today</i> <i>Sub.: Meeting to address payment crisis and aim at arriving at a consensus satisfactory solution for settlement of dues in accordance with rules</i>

Aug 4, 2013	Email sent from Shri Anjani Sinha to FMC <i>Sub.: Stock details- Confirming stocks in excess of outstanding settlement were available in the warehouses</i>
Aug 5, 2013	Article in ET Bureau <i>FMC and NSEL officials met 21 entities- brokers, millers and other participants. FMC Chairman also met planters who supply commodities for trading</i>
Aug 6, 2013	Gazette Notification of additional conditions upon the National Spot Exchange Ltd. Ganga Murthy, Principal Adviser, Government of India, Ministry of Consumer Affairs, Food and Public Distribution <i>DCA authorized FMC to take such measures as deemed fit against "any person, intermediary or warehouse connected with NSEL"</i>
Aug 12, 2013	Letter to Shri D C Devgun, Under Secretary (IT), Department of Consumer Affairs from Shri P Chalapati Rao, Deputy Director, FMC <i>Sub.: Imposition of additional conditions on NSEL through notification dt 6.8.2013 (matters relating thereto)- Urgent need to secure the warehouse stocks and verify their quantity and quality</i>
Aug 20, 2013	Letter to Shri Anjani Sinha, MD & CEO, Shri Amit Mukherjee, AVP-BD, Shri Jai Bahukhandi, AVP-Market Operations, Shri Maneesh Chandra Pandey, Manager, NSEL from NSEL Director <i>Sub.: Temporary discharge from the current responsibilities, Investigation into the matter and Interim actions pending investigations</i>
Aug 22, 2013	NSEL Circular <i>Declaration of Defaulters</i>
Aug 27, 2013	NSEL Circular <i>Payout to Small Investors</i>
Nov 29, 2013	Letter to MD & CEO, NSEL from Shri S. Arun Kumar, Deputy Director, FMC <i>Sub.: Appointment of MAC at NSEL</i> <i>Ref.: This office letter No. 7/3A/2010-MD-1(SETT) dated 03.10.2013</i>
Jan 1, 2014	Affidavit by Ministry of Consumer Affairs, Food and Public Distribution in Hon'ble HC, Mumbai in the writ pet No 2340 of 2013 <i>Indication that the DCA admitted to issuing the market stoppage instruction to NSEL in July 2013 although legal advice was pending</i>
Jan 2, 2014	Letter to The Chairman, FMC from Shri Saji Cherian, MD & CEO, NSEL <i>Sub.: Meeting Request</i> <i>Agenda: The New Board of NSEL; The conflict of interest with the Monitoring & Auction Committee; The Way Forward for speedy recovery</i>
Mar 7, 2014	Affidavit by Economic Offences Wing, Mumbai in MPID Case no. 1 of 2014 <i>EOW has recorded the assistance given by NSEL to EOW Mumbai</i>
April 2, 2014	Defaulter outstanding as on 31.8.2013 <i>Ref.: Sharp & Tannan Audit Report 2.4.2014</i>
June 26, 2014	NSEL Press Release <i>NSEL completes Financial Closure of e-Gold with total payment of Rs 154.77 crore</i>

July 22, 2014	Summary of discussions of the meeting of Members of Board of Directors of NSEL and Members of Monitoring & Auction Committee with the Commission <i>MAC opined that the recovery process had gained momentum since the start of joint meetings with NSEL Board and FMC</i>
July 22, 2014	Public Notice Advertisements released by NSEL against Defaulters
Aug 18, 2014	Letter to The Secretary to the Government of India, Ministry of Corporate Affairs from Shri Sanjay Punglia, Director, FMC <i>Sub: Merger/Amalgamation of the National Spot Exchange Ltd (NSEL) with Financial Technologies India Ltd (FTIL) in public interest</i>
Aug 22, 2014	Order of the High Court of Judicature at Mumbai <i>The Hon'ble High Court opined that the clients whose money is stuck with the defaulters, were trading clients in commodities who were fully aware of the nature of the product that they traded</i>
Aug 27, 2014	NSEL Press Release <i>NSEL Completes Financial Closure of e-Silver with total payment of Rs 141.23 Crore</i>
Sept 2, 2014	Order by the High Court Bombay, Notice of Motion <i>The Hon'ble HC states that a high powered Committee under the Chairmanship of a former Judge of the Bombay High Court has been constituted to ascertain the liability of each of the defaulting members</i>
Sept 19, 2014	Gazette Notification by Ministry of Finance <i>Withdrawing exemptions given under Section 27 of FCRA to NSEL and other spot exchanges</i>
Oct 23, 2014	Article in Business Standard <i>Forced mergers are wrong</i>
Oct 27, 2014	Article in Hindu Business Line <i>Apart from being totally one-sided the FTIL-NSEL merger sets a dangerous precedent</i> Article in Financial Express <i>FTIL and Satyam cases different, says experts</i>
Oct 28, 2014	Article in Economic Times <i>Who's targeting FTIL Breaching all Norms?</i>
Oct 29, 2014	Article in Business Standard <i>FTIL May move CLB against govt's Board Rejig Proposal</i>
Oct 31, 2014	Article in Business India <i>A bad precedent - The FT-NSEL merger could have a cascading effect on corporate India</i>
Dec 4, 2014	Advertisement - Together We Can

**NSEL is committed to extend all support and cooperation,
to each and every authority, in resolving the problem
through discussion and within the judicial framework**

NATIONAL SPOT EXCHANGE LTD.

FT Tower, CTS No. 256 & 257, Level 4, Suren Road, Chakala, Andheri (East), Mumbai 400 093.

Tel: +91-22-67619900

www.nationalspotexchange.com