

The Danger from Discrimination

Conspiracies that undermine the importance of institutions might sub serve the vested interests of a few, but will compromise the value that could belong to the majority including the nation as a whole. Discrimination against institutions by way of bias, unfair treatment, undue harassment and punishment could only dent and adversely affect the prospects for sustained growth that could otherwise add strength to the nation's value. What could be solved through a collective approach, if distorted and subjected to undue pressures and penalties could undermine the nation's interests in more than one way. Financial Technologies Group, despite its stellar contributions to the growth of Indian financial markets, has been subjected to a series of stringent actions in the last one and half years depriving it the due share for its utmost commitment in creating the state of the art financial market infrastructure that India can take pride in.

FTIL had the distinction of perhaps the fastest growing financial infrastructure group with exchanges spread across multiple geographies. It stood the scrutiny of stringent regulation of major international financial centers in which the group established exchanges. In a short time of less than a decade, it made Indian exchanges stand among the top league of global exchanges. The innovations in exchange development made by the FTIL group have become case studies for authorities planning similar development endeavors and strategies in several other emerging markets.

All this was wasted by certain people working for narrow interests, waiting for a minor accident to happen that they could turn into a major crisis and take this as an alibi to launch a massive assault against the Financial Technologies Group. An accident that happened at NSEL, arising from sudden stoppage of further issuance of certain commodity trading contracts by the regulatory authorities, that were made popular by brokers for their sophisticated and well informed traders and clients. In a similar situation anywhere in the world, regulatory institutions extend support including temporary liquidity provision as may be required to overcome the crisis. India too witnessed such support to institutions in the aftermath of the global financial crisis. Whereas in the case of NSEL/FTIL, it was like vengeance unleashed by certain officials with rash actions and harsh punishments, when the investigations were still going on and certain key issues were under consideration of the courts. Launch of investigations by multiple agencies, prescription of a series of punitive actions, subjecting the group executives to punishments and vilification campaigns in the public platforms to sully and destroy the image of the Group which through hard work, dedication and commitment created huge market infrastructure and ecosystem in India.

Who benefited from all this? Only the egos of a couple of officials, who were keen to destroy the group. But the claims of traders and clients remained unsettled. The recovery efforts which could have been given a big push as a collaborative endeavor are solely left to NSEL to deal with. Thousands of people who were depending on the group directly or indirectly lost jobs and incomes. The punitive actions and punishments directed against the promoters and key officials of the group have further eroded its ability to quickly respond and recover. The market activity greatly diminished. The opportunities for growth greatly marginalized. Ultimately, it is the nation that lost a great deal at the cost of keeping a couple of officials happy.

Can India afford such officials who could undermine national interest? How history will consider their actions is yet to be decided, but destroying value in pursuit of protecting the limited interests of a few competitors and in this process destroying the ability and capability of others will surely cost the nation a great deal.

It is time to reflect on what the country needs, who can deliver it and how certain people can make it vulnerable. And also how to protect Indian financial system from vested interests.

THE CONTOURS OF A CONSPIRACY

2007	<p>DECEMBER 19, Dr. K. P. Krishnan (KPK), the then joint secretary in the Union Ministry of Finance (MoF), had recommended that two state-owned institutions LIC and Nabard should be asked to divest their stakes in NCDEX (a rival of MCX) in favour of NSE (a private sector company) so that NCDEX can provide "credible competition" to MCX (ANX-1). The decision was questioned by MCX in a complaint to DCA in July 2012 (ANX-2). "it is because of this complaint that KPK all along had a personal vendetta against the group companies" the NSEL affidavit submitted to the Mumbai High Court Challenging the Ministry of Corporate Affairs draft proposal for the merger of NSEL with FTIL mentions.</p>
2008-10	<p>FTIL sets up MCX-SX as the third national stock exchange in India. It began with trading in currency futures and applied for full licence to commence trading in equities/bonds/and other approved market segments. Till MCX-SX began operations, currency trading, volumes in India were meager. With MCX-SX currency trading volumes in the country began to increase. The rival exchange adopted zero pricing for transactions in currency futures that deprived the new exchange (i.e. MCX-SX) of any revenue. MCX-SX had to seek the intervention of Competition Commission of India to redress its grievance that ultimately led to the rival exchange having to face penalty for unfair pricing practices by the Commission. Later MCX-SX application for stock market segments was rejected by the SEBI. MCX-SX had to seek the intervention of the Bombay High Court to obtain licence to trade in equity markets segments.</p>
2012	<ul style="list-style-type: none"> • APRIL 27: Department of Consumer Affairs issued a show cause notice to NSEL on certain aspects of its operation (ANX-3). • MAY 23: NSEL responded to the notice promptly by its reply dated May 23, 2012 (ANX-4) and made further follow up on the response to the DCA again on August 11, 2012 (ANX-5). • There was no reply or action from the Department of Consumer Affairs for more than a year, which is believed to have been satisfied on the issues raised in the notice. • OCTOBER 3: NSEL issued communication to all members with copy of same posted on company website giving details of communication received from the DCA and replies given by NSEL (ANX-6).
2013	<ul style="list-style-type: none"> • MAY 13: FMC wrote to DCA specifying the penalties that can be imposed under FCRA for violation of provision of FCRA. However, no penalty was ever levied on NSEL (ANX-7). • JULY 12: Department of Consumer Affairs issued a letter to NSEL to stop issuing fresh contracts. Such a letter which should have been held in utmost confidence between two institutions was leaked to the press (ANX-8). • JULY 12 AND 22: NSEL wrote to Department of Consumer Affairs on July 12, 2013 (ANX-9) and July 22, 2013 (ANX-10) 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. • JULY 19: FMC wrote to DCA that the exemption granted to NSEL was silent whether the exemption is applicable to all or specific provisions of the FCRA, thus, impliedly endorsing the legality of NSEL's contracts (ANX-11). This dispels the view expressed by the former Finance Minister that business at NSEL was illegal. • JULY 31: All exchange operations of NSEL had to be stopped due to the panic created in the market by the DCA's action (ANX-12). • AUGUST 4: FMC had a meeting with the defaulters about the stocks in position and payment obligations and received positive confirmation from them to the material and money involved (ANX-13). • AUGUST 6: DCA authorized FMC to take such measures as deemed fit against "any person, intermediary or warehouse connected with NSEL" (ANX-14). Whereas the entire focus and action of FMC since then has been solely directed against FTIL NSEL conveniently ignoring the other players i.e. the Defaulters & brokers. • AUGUST 12: FMC wrote to DCA stating there is an urgent need to secure the warehouse stocks and verify their quantity and quality (ANX-15). However, no required actions were taken in this regard by FMC later on. • DECEMBER 17: FMC declares FTIL as unfit to hold more than 2% equity in a recognized commodities exchange in India thus forcing FTIL to reduce its stakes in MCX from 26 percent to 2 percent.
2014	<ul style="list-style-type: none"> • AUGUST 18: Regulator FMC recommended the Government to consider merger of the spot commodity exchange with its promoter FTIL, followed by a second recommendation on October 17, 2014. • SEPTEMBER 19: GOI issued notification withdrawing exemptions given under Section 27 of FCRA to NSEL and other spot exchanges (ANX-16). The notification said that the exemption of June 5, 2007 was from the operation of the provisions of the said Act, thereby confirming NSEL stand that it is a general exemption from the Act. • OCTOBER 21: The Centre announced the NSEL would have to merge with its holdings company, FTIL. The Ministry of Corporate Affairs issued a draft order invoking Section 396 of the Companies Act for the merger. • NOVEMBER 13: FTIL challenges the Government order.

THE TRUTH ABOUT NSEL: A PRIMER

WHAT IS NSEL

- 1 A demutualised national electronic spot exchange setup as a limited liability company in 2005. Posted a turnover of Rs 7,67,000 Cr and pay-in & payout of Rs 2,80,156 Cr during 2008-13. Offered trading in 52 commodities of which 34 were agricultural. Had 800 members and 46,000 terminals.

WHO ENVISAGED THE NEED FOR SPOT EXCHANGES

- 2 The 10th five year plan (2002-2007); Union Budget 2004; Economic Surveys (2002-03|04); Agricultural Summit 2005 (inaugural address by the then Hon. PM) and the renowned Economist Mr. Swaminathan (2004) in an interview 'Needed: An Indian Common Market'.

WHO PROMOTED NSEL

- 3 FMC asked MCX to submit a concept paper for creation of spot exchanges. Hence, NSEL was promoted by MCX subsequently as MCX was in the business of trading in commodity futures segment, the view emerged that MCX's shareholding in NSEL be transferred to FTIL.

WAS ONLY FTIL GROUP PERMITTED TO SET UP SPOT EXCHANGE?

- 4 No. Spot Exchanges of similar nature such as NCDEX Spot Exchange Ltd and National APMC Limited were also allowed to operate.

WHY WAS FTIL GROUP CONSIDERED FOR SPOT EXCHANGE?

- 5 The excellent track record of FTIL group in making MCX a commodity exchange that assumed global stature within a very short time. Also for its innovative financial technologies for trading, clearing and settlement.

HAS FTIL MADE BIG PROFITS FROM NSEL?

- 6 FTIL has received no dividend or bonus from NSEL. On the contrary money has always been pumped in by FTIL. Neither FTIL nor its promoters or directors have benefitted to even a single paisa from NSEL. Dividends declared by FTIL are from its standalone profits.

WHO ARE NSEL's MAJOR PLAYERS AND PARTNERS?

- 7 NSEL had a network of alliances with clearing banks (such as SBI, Axis, HDFC, ICICI, Kotak); national depositories (NSDL, CDSL); public sector undertakings, (NAFED, FCI, MMTC etc) and other market participants. All leading brokers on BSE, NSE and MCX were members of NSEL.

IS NSEL A LEGAL ENTITY?

- 8 Yes. Its operations were always legal. NSEL wanted regulation/supervision by FMC from 2006, which was always under DCA. From 2011-12, FMC took-over direct supervision of NSEL. NSEL was not operating in a vacuum. FMC recommended to companies to procure from NSEL platform. FMC wrote to DCA that the exemption granted to NSEL was silent whether the exemption is applicable to all or specific provisions of the FCRA, thus, impliedly endorsing the legality of NSEL's business model. Obtained licence to operate from several state governments. In February 2013, the then FM inaugurated the equity segment of a Group company, MCX-SX.

IS IT A REGULATED INSTITUTION

- 9 Yes, in 2011 FMC wrote to DCA to request RBI to consider exempting NSEL regulated by the FMC from the purview of PSS act 2007, for its clearing and settlement function. It should be noted that clearing operations can be conducted by only regulated entities, that establishes the nature of NSEL as a regulated entity.

DESIGNATED AGENCY FOR REGULATION?

- 10 In August 2011, DCA designated FMC as the designated agency for providing "Oversight", "Protection of Investor Interests" and to "seek fortnightly information on the business of spot exchanges".

THE TRUTH ABOUT NSEL: A PRIMER

HOW NSEL COMPLIED WITH REGULATION

- 11 Since November 2011, NSEL provided fortnightly information to FMC as prescribed including details of commodity stocks. Replied to all communications from the DCA | FMC from time to time.

WHAT IS THE NATURE OF ACCIDENT THAT HAPPENED AT NSEL?

- 12 DCA | FMC abruptly stopped NSEL from further issuance of fresh contracts. Sudden and rash measures led to migration of commodities. NSEL not given any regulatory support to address the issue.

THE GENESIS OF THE PROBLEM

- 13 Creation of structured products by brokers for buying and selling of commodities followed by aggressive marketing. Lower returns in stock markets in 2011 | 12 induced the brokers to focus more on such contracts to derive revenue and returns.

ARE FTIL AND THE BOARD OF NSEL RESPONSIBLE?

- 14 FTIL, its board or the Board of NSEL is not even remotely connected with any of the brokers, clients or traders. No red flags raised either by the auditors of the NSEL or of the brokers or of the PSUs or by FMC or the brokers who visited warehouses more than 50 times.

HAS NSEL CREATED ANY SYSTEMIC CRISIS?

- 15 Reports of the RBI | Government reiterated that there is no systemic crisis from the NSEL problem. The clients were sophisticated, well informed of high net worth and they were buying and selling commodities as a part of business and booking income accordingly.

THE UNIVERSE OF CLIENTS AFFECTED

- 16 Claims of 33000 e-Series clients settled successfully. 7000 clients with claims exposure below Rs 10 lakh received 50% of the total settlement. 7 defaulters own upto 85% of the claim amount. NSEL has privity of contract with only 71 brokers. Only 6% of the clients account for 69% of the claim.

IMMEDIATE RESPONSE OF NSEL | FTIL

- 17 FTIL provided without prejudice a loan of Rs 179 cr to NSEL to pay the dues of small trading clients. Changed the management of NSEL and reconstituted its Board. It is extending legal, financial, infrastructure, personnel support to NSEL. Extending complete cooperation to the authorities.

WHAT IS THE JUDICIAL VIEW ON AFFECTED CLIENTS?

- 18 "The legalities of the transactions 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" -High Court of Mumbai in its order dated 22-08-2014.

IS THERE ANY CONSPIRACY BEHIND THE PROBLEM

- 19 There is a defined plan of action as evident abundantly in the execution to undermine the image of the FTIL and sabotage its reputation and future growth to favour competition. (See the next page)

HOW THE CONSPIRACY WAS PLANNED

- 20 DCA | FMC issued a show cause notice to NSEL in April 2012. NSEL promptly responded in May 2012 and followed up in August 2012. No action from DCA | FMC for over a year. No order issued to the show cause. Through a letter in July 2013 DCA | FMC ordered stoppage of issuance of fresh contracts that led to suspension of trading.

HOW A FAST GROWING FINANCIAL INFRASTRUCTURE GROUP FROM INDIA IS DEMOLISHED AND DESTROYED BY THE CONSPIRACY OF A FEW VESTED INTERESTS

WHO ACCENTUATED THE PROBLEM

- 21 DCA | FMC with abrupt actions. Brokers by mis-selling. Defaulters by diverting stocks after the problem broke out. Auditors of brokers who inspected the stocks several times failed to raise red flags. Field level functionaries of NSEL for lack of due diligence. Misinformation campaigns by vested interests.

FORCES BEHIND THE CONSPIRACY

- 22 Certain officials including the erstwhile Additional Secretary, DEA, MOF; the Chairman, FMC who thwarted orderly management of the problem by NSEL | FTIL by rash measures, while the investigations were still on, that further deepened the extent of the problem.

HOW THE GLOBAL REGULATORS ADDRESSED MARKET ACCIDENTS

- 23 The financial crisis of 2008 witnessed accidents of much larger scale and dimension but regulators showed great maturity and restraint in not destroying the ecosystem and ensured recovery of markets in an orderly manner.

WHAT HAS BEEN THE APPROACH OF INDIAN REGULATORS

- 24 Sudden and abrupt measures. Weakening of the institutions. No focus on recovery. No collaborative effort. Rash and damaging measures. Target only one group leaving the real offenders untouched.

IMPACT OF THE APPROACH OF GLOBAL REGULATORS

- 25 The markets recovered soon and so the institutional strength. Institutions in problem were given support that made resolution quicker. Institutions were given various types of support to overcome the crisis and resume growth.

THE IMPACT OF THE APPROACH OF INDIAN REGULATORS

- 26 Market has lost severely. Institutions that reached global league tables lost the privilege and position. Market momentum has diminished. Severe doubts and questions on the integrity of regulators and its approach have been raised.

HAS THE NATION BENEFITTED ANYTHING FROM THE OUTCOME?

- 27 The nation as a whole suffered huge loss in its march towards emerging as a global player in multi-asset-class exchanges, as also bringing financial inclusion through spread of markets.

HAS THE MARKET BENEFITTED ANYTHING FROM THE OUTCOME?

- 28 India lost its sheen as the most promising country with innovations in exchange infrastructure that FTIL pioneered and promoted in last two decades.

WHAT MESSAGE HAS IT SENT TO ENTERPRISES?

- 29 Response mechanism to crisis tend to be biased, not planned properly, abrupt and sudden and targeting a few leaving untouched others who have played a major role in the problem.

WHAT MESSAGE HAS IT SENT TO GLOBAL MARKETS?

- 30 Lack of maturity in dealing with complex problems. Biased and vindictive approach of penalizing without any efforts towards market recovery or client protection. Resort to measures inconsistent with global corporate laws.

HOW A FAST GROWING FINANCIAL INFRASTRUCTURE GROUP FROM INDIA IS DEMOLISHED AND DESTROYED BY THE CONSPIRACY OF A FEW VESTED INTERESTS

WHAT OBJECTIVES DID THE CONSPIRACY FULFILL?

- 31 Served the vested interests to protect and promote competitors of FTIL. Undermined the fast growing Group which set several benchmarks in exchange industry. Undermined the potential gain that India could have achieved.

HOW THE OUTCOME AFFECTED NSEL?

- 32 Disabled NSEL to overcome the crisis. A pragmatic approach could have enabled it to solve the crisis and yet make progress.

HOW THE OUTCOME AFFECTED FTIL

- 33 Lost the exchanges at distressed sale. Sold some of the subsidiaries. Closed market development initiatives. Subjected to multiple investigations. Harassed and penalised. Reputation of the promoters and key executives tarnished. Deprived of growth opportunities and market development.

HOW LEGAL IS THE PROPOSAL OF MERGING NSEL WITH FTIL?

- 34 FTIL has sought the intervention of the court in this regard.

CONSEQUENCES OF THE ILL-CONCEIVED MERGER

- 35 Will set a bad precedent. Create confusion among the international companies. Deprive shareholders of their due right to wealth creation. Adversely affect the prospects for recovery and growth.

THE EXPANSE OF FTIL GROUP EXCHANGES

- 36 Prior to the NSEL problem, FTIL has operated exchanges and ecosystem institutions spreading across 9 regulatory jurisdictions. First exchange Group from emerging markets to set up multi-asset-class exchanges in leading international financial centers.

TRACK RECORD OF FTIL EXCHANGES IN REGULATORY COMPLIANCE

- 37 Exchanges of FTIL operated in the most stringent regulatory jurisdictions in India and abroad and there is no history of any abuse or mal practices by any of the exchanges.

WHAT WERE THE ASPIRATIONS OF FTIL?

- 38 To show-case India as the leader in the financial markets infrastructure development. To create vibrant markets in bonds, energy, commodities, currencies, and equity that can make India a global market powerhouse.

HOW FTIL INITIATIVES WERE SABOTAGED?

- 39 By declaring FTIL not fit and proper merely based on audit reports that were prepared in a hurry often extending the brief and with elaborate disclaimers. No independent evaluation or assessment. Management not given opportunity to respond and represent.

WHAT NSEL | FTIL NOW ASPIRE AND SEEK?

- 40 To create innovative technologies and interventions that help development of markets and market culture. Seek fairness and recognition for its efforts in market development and support to recover and pursue growth.

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ABBREVIATIONS

APMC	Agricultural Produce Market Committee
CAG	Comptroller and Auditor General of India
CBI	Central Bureau of Investigation
CDSL	Central Depository Services (India) Ltd
CIBIL	Credit Information Bureau (India) Limited
DCA	Department of Consumer Affairs
ED	Enforcement Directorate
EOW	Economic Offences Wing
FAO	Food and Agriculture Organization of the United Nations
FCI	Food Corporation of India
FCRA (1952)	Forward Contracts (Regulation) Act, 1952
FMC	Forward Markets Commission
Gol	Government of India
HAFED	Haryana State Cooperatives Supply and Marketing Federation Limited
ICAI	The Institute of Chartered Accountants of India
LC	Letter of Credit
MAC	Monitoring and Auction Committee
MCA	Ministry of Corporate Affairs
MPID Act	Maharashtra Protection of Interest of Depositors (MPID) Act
NAFED	National Agricultural Cooperative Marketing Federation of India
NSDL	National Securities Depository Ltd
PMLA Act	Prevention of Money Laundering Act, 2002
PSS	Payment and Settlement Systems Act, 2007
TCs	Trading Clients
DEA	Department of Economic Affairs
MoF	Ministry of Finance
ANX	Annexure

*These Annexures are available in separate book named **PART-2***

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 subjudice 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 Paper.

The Paper 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 Paper 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 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

A sample of comments from experts on the flaw | short comings in the merger proposal. The merger proposal is opposed by wide range of experts in India and abroad (ANX-17).

WHY THIS PAPER?

The Real Picture on the Background of the Crisis

It is not to avoid responsibility. It is neither an effort to undermine the importance of obligations nor an argument to comment on the authorities for which we have greatest respect and extended best of our cooperation and compliance, from the beginning and will continue to do so.

The Financial Technologies Group, is a large group that promoted nine multi-asset-class exchanges spread across Asia, Africa and the Middle East, many of them in collaboration with pedigree institutions and global and domestic investors. MCX-SX, the third national stock exchange and the first to be promoted by private enterprise had majority of the shareholders representing the government owned financial institutions.

Similar to any large financial group spread across different geographies and various market segments, FTIL too faced problem with one of its subsidiaries, the National Spot Exchange Ltd (NSEL). The causes behind the crisis and those who contributed to it are still under investigation.

However, as things have unfolded, it appears that the crisis is a result of a wide range of factors. Members | brokers who paired the commodities trading contracts and the regulator not analysing the data provided to them every fortnight by the exchange. The crisis emerged when the government stopped, in July 2013, with immediate effect, further issuance of new contracts by NSEL that led to liquidity pressures and settlement problem.

This time, the very nature of crisis is entirely different. There is no systemic risk, and it is about 13,000 trading clients and 24 defaulters who were caught up in the liquidity problem. Nearly 85 percent of the settlement obligation is from seven defaulter members and about 6 percent of 13000 trading clients currently account for 69 percent of the claim. The trading clients dealing with NSEL were all well informed, well educated, highly qualified, and of high net-worth. The trading took place between willing buyers and sellers, both sides being fully aware of the intricacies of trading along with associated risks and rewards.

The accident at NSEL was manageable. Nearly Rs 5,000 crore of assets of the defaulters that have been frozen and remain with the investigative agencies, (this is nearly as much as the settlement value of Rs 5,690 crore), is available for disposal and distribution among the trading clients once investigations are complete and clarity on legal process emerges.

The reactions to the crisis, however, remained one sided, all of which have been directed against the Financial Technologies Group. FTIL has nothing to do with any of the trading clients and never met any of them with regards to NSEL business. It was going by the briefings and reports as provided to the NSEL Board, by NSEL's management, that all was well and the minutes of which were noted in the FTIL Board meetings with effect from March 2011 when NSEL became a material subsidiary of FTIL. Immediately after the crisis, NSEL came out with an interim plan to support the small trading clients, with exposure less than Rs 10 lakh, utilising the without prejudice loan of Rs 179 crore granted by FTIL as a goodwill gesture. NSEL reconstituted the Board and revamped the management. It extended complete support to investigating agencies.

It is NSEL's parent company FTIL that suffered the most from the crisis. It has lost all its exchanges at substantial losses that it passionately built and incubated over a long period, even before the investigations in the matter are complete. FTIL and its promoter were declared not 'Fit and Proper'

though pioneering role was played by them in creating the state-of-the-art exchanges and ecosystem not seen even in the developed markets. The punitive actions even extended to custodial interrogation though whatever was asked was provided regularly.

The silent and sincere efforts of the Group in trying in every manner to resolve the crisis, within the four corners of the law, were overawed by the barrage of criticism, accusations, aspersions, all based on misinformation and misunderstanding that came from all over with no responsible authority trying to explain the real situation.

That is why it is thought that the NSEL | FTIL side of the story needs to be told to the world. For the accident originated | engineered by FMC | DCA and then to payment default (post August 4, 2013) committed by defaulters at one of its subsidiaries, the entire Group is paying the price. Not only injustice was meted on the FTIL, but added to it are other painful measures such as the hurry to declare promoters not 'fit and proper', the vilification campaign, unverified rumours, which have pushed the Group into a corner gasping for a little justice.

The merger of NSEL with FTIL which the Ministry of Corporate Affairs, on recommendation of the FMC, has proposed in a draft plan, is a complete contradiction to the democratic system and against the tenets of corporate law. Thousands of shareholders of FTIL will be deprived to enjoy the benefits of wealth creation and the very business that stood against the global competition and sustained success will wither away. Any measures of supersession of the management will expose the company to a quagmire of confusion and indecision that will surely decimate the prospects for an otherwise robust company having a clear vision for growth.

As things stand today, assets close to the settlement in dispute are frozen and available with the investigative agencies for early resolution of the crisis which shows that the trading clients money has not gone into thin air and is completely collateralized with real assets. NSEL, with all the required support from its parent, FTIL, is striving its best to recover the trading clients money from the 24 defaulters and even found success in full recovery of amount from two members with outstanding dues, which has already been distributed among the trading clients.

So far you have heard the side of the story that has unjustly punished the Group. We now seek your indulgence in spending a few minutes to listen to the hitherto "untold" story behind the crisis and what have been our efforts and intentions to resolve the crisis.

FTIL has always strived to make its growth a story for India to take pride in. Our exchanges and ecosystem institutions have demonstrated this spirit more than adequately.

We should now be given a fair chance to explain our stand, to recover and rebuild. It will be such a waste to demolish all that this Group has built in the interest of the country and its financial system, just to fulfill the wishes of a few, a minority who in the first place are the reason why the crisis took place.