

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Suo-Motu Petition No. SM/341/2013

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri V.S Verma, Member

Shri M. Deena Dayalan, Member

Shri A.K. Singhal, Member

Date of Order : 03.01.2014

Indian Energy Exchange

....**Respondent**

ORDER

Indian Energy Exchange which was granted permission by this Commission vide order dated 31.8.2007 in Petition No. 38/2007 and has been deemed to have been registered under the Central Electricity Regulatory Commission (Power Market) Regulation, 2010.

2. As per the Annual Report of the Indian Energy Exchange (IEX) for the year 2012-2013, M/s Financial Technologies Limited is holding 33.49% of paid up capital in IEX and Shri Jignesh P. Shah of M/s Financial Technologies Ltd. is holding the position of non-Executive Director in the Board of IEX.

3. Forward Market Commission after investigating into the affairs of National Spot Exchange Ltd. in its order in File No. 4/5/2013-MKT-I/B dated 17.12.2013 has concluded as under:-

"15.1.4 Keeping in view the foregoing observations and the facts which reveal misconduct, lack of integrity and unfair practices on the part of FTIL in planning, directing and controlling the activities of its subsidiary company, NSEL, we conclude that FTIL, as the anchor investor in the Multi-Commodity Exchange Ltd., (MCX) does not carry a good reputation and character, record of fairness, integrity or honesty to continue to be a shareholder of the aforesaid regulated exchange. Therefore, in the public interest and in the interest of the Commodities Derivatives Market which is regulated under FCRA, 1952 the Commission holds that Financial Technologies (India) Ltd (FTIL) is not a 'fit and proper person' to continue to be a shareholder of 2% or more of the paid-up equity capital of MCX as prescribed under the guidelines issued by the Government of India for capital structure of commodity exchanges post 5 years of operation. It is further ordered that neither FTIL, nor any company/ entity controlled by it, either directly or indirectly, shall hold nay shares in any association/ Exchange recognized by the Government or registered by the FMC in excess of the threshold limit of the total paid-up equity capital of such Association/ Exchange as prescribed under the commodity exchange guidelines and post 5 year guidelines.

"15.2.4 Keeping the foregoing discussions and observations in view including the discussions made in the context of FTIL at Para No. 15.1, the Commission is of the view that the general reputation and character, record of fairness, honesty and integrity of Shri Jignesh P. Shah has been substantially eroded in view of his role in the affairs of NSEL as its Vice-Chairman & Director and also as the Chairman of the holding company of NSEL. Therefore, in the public interest, the Commission holds that Shri Jignesh P. Shah, former Director of MCX is not a 'fit and proper person' in terms of the directions issued under the Board Composition Guidelines issued by the Commission and as amended from time to time. Accordingly, it is ordered that Shri Jignesh P. Shah is not a 'fit and proper' person to hold any position in the management and the Board of any Exchange recognized or registered by the Government of India/ Forward Markets Commission under FCRA, 1952. It is further ordered that neither Shri Jignesh P. Shah individually, nor any company/ entity controlled by him, either directly or indirectly, shall hold any shares in any association/ Exchange recognized by the Government or registered by the FMC in excess of the threshold limit of the total paid-up equity capital of such Association/ Exchange as prescribed under the commodity exchange guidelines and post 5 year guidelines".

4. In the light of the above direction by Forward Market Commission, the Commission directs IEX to inform the Commission of the action being taken by the Board of the Company with regard to Shri Jignesh P. Shah and shareholding of M/s Financial Technologies Limited in IEX.

5. The Commission also directs the IEX to place on record the copies of the Audit Committee Report for the last 3 financial years for perusal.

6. The above information shall be furnished within 7 days of the receipt of this order.

sd/-
(A.K.Singhal)
Member

sd/-
(M. Deena Dayalan)
Member

sd/-
(V.S.Verma)
Member

sd/-
(Gireesh B.Pradhan)
Chairperson