



Date: 26 August 2014

Corporate Relations Dept.,
BSE Limited
P. J. Towers,
Dalal Street,
Mumbai - 400 001

Listing Dept.,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

SUBJECT: CLARIFICATION BY FTIL

Reference: Press release dated 25 August 2014 issued by the CBI and the news article titled **"SEBI Honchos Booked for Extending Nod to MCX-SX"** published on 26 August 2014 on page 11 of the Mumbai edition of the Economic Times.

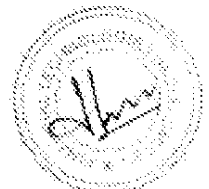
Dear Sirs,

Pursuant to the relevant clauses of Listing Agreement, in respect of the above-mentioned press release and the news article, the Board of the Company has decided to clarify to the Exchange as under:

- (1) The company learnt about the registration of an FIR by the CBI on the basis of the alleged illegality of the buyback arrangements between FTIL and a nationalised bank pertaining to the shares of MCX-SX.
- (2) The Securities and Exchange Board of India ("SEBI") had passed a detailed order dated 23 September 2010 declining to grant permission to MCX-SX to undertake the business of a stock exchange (other than for the currency derivatives segment) *inter alia* on the ground that MCX-SX and its shareholders were involved in purported buyback deals. SEBI also expressly mentioned in its order the purported buyback deal between FTIL and a nationalised bank.
- (3) The above Order of SEBI was challenged by MCX-SX by way of a Writ Petition (W.P. No. 213/2011) before the Hon'ble High Court of Bombay. The Division Bench of the Hon'ble High Court, vide its order dated 14 March 2012, had considered the issues relating to the alleged illegality of the said buyback arrangement at length. After hearing SEBI, the Hon'ble Court came to a reasoned finding that there is nothing illegal in the said buyback arrangement. It was expressly held that the said buyback arrangement is not in violation of the Securities Contract Regulation Act, 1956 ("SCRA") and the Securities Contract (Regulation) (Manner of Increasing and Maintaining Public Shareholdings in Recognised Stock Exchanges) Regulation, 2006 ("MIMPS Regulations"). A copy of the said High Court Order is available on www.bombayhighcourt.nic.in.

Financial Technologies (India) Ltd.

Corporate Office: F1 Tower, CTS No. 256 & 257, Seven Road, Chhatra, Andheri (East), Mumbai - 400 060.
• Tel: + 91-22-4336 8010 • Fax: + 91-22-4336 8060 • Email: corporate@ftil.co.in • Website: www.ftil.co.in
Registered Office: Shakti Tower - 1, 7th floor, Peninsula E, 74/1, Anna Salai, Thousand Lights, Chennai - 600 062.
• Tel: + 91-44-4395 0060 • Fax: + 91-44-4395 0888





- (4) SEBI challenged the above High Court Order before the Hon'ble Supreme Court. The Supreme Court passed a consent order. Finally, SEBI granted the permission to MCX-SX to undertake the business for all segments in addition to currency derivative segment after being satisfied that MCX-SX has complied with all the legal requirements. Thus, the matter regarding the alleged violation of SCRA and MIMPS Regulations stands adjudicated at the highest judicial level and cannot be re-opened. A copy of the said Supreme Court is available on www.supremecourtindia.nic.in.
- (5) The CBI press release refers to grant of extension to MCX-SX in 2009 by SEBI. The promoters of MCX-SX always believed that the *interse* arrangements amongst the shareholders were legal and their position was subsequently vindicated by the Bombay High Court. Further at the time of the extension of recognition of MCX-SX in the year 2009, we understand that MCX-SX only sought time from SEBI for reducing the shareholding to comply with the applicable SEBI regulations. We understand that at that point of time, no statement/representation was made by MCX-SX to SEBI in its application for extension that it was in compliance with all the relevant SEBI regulations. Therefore, the question of concealing certain facts by the promoters of MCX-SX does not arise.
- (6) In any case, as required by law, the application for renewal/extension of recognition was made by MCX-SX and not by its promoters (i.e. FTIL) or Mr. Jignesh Shah. It is therefore, surprising that the promoters of MCX-SX and Mr. Jignesh Shah (who is the promoter of FTIL) are being implicated in the FIR for certain alleged non-disclosures in the application for renewal/ extension made in the year 2009 by MCX-SX to SEBI.
- (7) FTIL will be taking all necessary steps to protect its interests and the interests of thousands of its shareholders. The Company has decided to make a representation to the CBI highlighting the correct facts as above and will fully co-operate with the investigation.

Sincerely,

For Financial Technologies (India) Ltd.

Hariraj Chouhan
VP & Company Secretary



CC:

Madras Stock Exchange Limited
Ahmedabad Stock Exchange Limited

Financial Technologies (India) Ltd.

Corporate Office: FT Tower, CTS No. - 296 & 297, Suren Road, Chokali, Andheri (East), Mumbai - 400 053.
• Tel.: +91-22-6686 8010 • Fax: +91-22-6686 8060 • Email: solutions@ftindia.com • Website: www.ftindia.com
Registered Office: Shakti Tower - 1, 7th floor, Premises E, 766, Anna Salai, Thousand Lights, Chennai - 600 002.
• Tel.: +91-44-4395 0850 • Fax: +91-44-4395 0899