

SPEED POST

टेलिफोन : २२७९ ५३००
तार : वयदायोग कालवादेवी
फैक्स : २२८१ २०८६

भारत सरकार
GOVERNMENT OF INDIA

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FORWARD MARKETS COMMISSION

उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्रालय

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(उपभोक्ता मामले विभाग)

(DEPARTMENT OF CONSUMER AFFAIRS)

'EVEREST', 3RD FLOOR

१००, मरीन ड्राईव, मुंबई - ४०० ००२.

100, MARINE DRIVE, MUMBAI - 400 002.

No. Div.III/1/301/2011-12/Audit

Dated the 23rd December, 2011

To

1. **Shri. Lamon Rutten,**
Managing Director & CEO
Multi-Commodity Exchange of India (MCX),
102-A, Landmark, Suren Road,
Chakala, Andheri (East), Mumbai-400 093
2. **Shri R Ramasheshan,**
Managing Director & CEO,
National Commodity & Derivatives Exchange Limited, (NCDEX),
Akruti Corporate Park, Lal Bahadur Sastri Marg, Kanjur Marg,
MUMBAI - 400 079
3. **Shri. Anil Mishra,**
Chief Executive Officer (CEO)
National Multi Commodity Exchange of India Ltd., (NMCE)
5, 4th Floor, H. K. House, B/h, Jivabhai Chambers, Ashram Road,
Ahmedabad - 380 009 (Gujarat)
4. **Shri Rajnikant Patel**
MD & CEO,
Indian Commodity Exchange Ltd., (ICEX)
Romell Technology Park, 8th Floor,
Nirlon Compound, Western Express Highway,
Goregoan East, Mumbai - 400 063
5. **Shri. Dilip Bhatia,**
Chief Executive Officer,
ACE Dérivatives & Commodity Exchange Ltd.
Infinity IT Park, 4th Floor, Building No : 4,
B-Wing, General A.K. Vaidya Marg,
Dindoshi, Malad(E) MUMBAI - 400097

Sub: Inspection of Exchange Members by National Exchanges.

Sir,

I am directed to refer to the discussions held during the meeting of M.D's/CEO's of National Exchanges on 30.8.2011 and on 9.12.2011 on the above subject. Based on the inputs/suggestions received on the above subject, the Commission has decided that :

- i) All the Exchanges shall inspect every active Member at least once in every three years, i.e. the exchanges shall ensure that all the active Members of the Exchange are covered for inspection over the three year period. This would require the Exchanges to conduct audit inspection of at least one third of their active members every year.
- ii) In order that the members active in more than one National Exchange are not subject to multiple audit/inspection by the auditors of FMC/Exchanges in the same year, the following guidelines are to be followed:
 - (a) The list of members selected to be audited by the Commission's empanelled auditors would be forwarded to the Exchange.
 - (b) Since the Exchanges are to ensure that all active members are covered over a 3 year period, they would prepare a list of 1/3rd of members proposed to be audited by them. This list will not include any member selected to be audited by the Commission in that year. In case of members of more than one exchange, work relating to issue of inspection allotment letter and coordination with other exchanges would be assigned to a Lead Exchange by the Commission. However, the auditor has to submit separate reports to the respective exchanges.
 - (c) The audit/inspection is to be carried out in accordance with the uniform Guidance Manual.

During the current year members of more than one Exchange (reference (b) above) would be covered by FMC empanelled auditors.

2. You are directed to submit a quarterly report on inspections of members of Exchange carried out by your exchange by 10th of the month immediately succeeding the quarter. The first such report shall be submitted for the quarter ending 31st March 2012 on or before 10th April, 2012. The format of the report would be as follows:

Part A (Summary)

Total No.of Members	No.of active Members	No.of Members inspected during the quarter	Cumulative number of Members inspected during the current year	% of active Members inspected during the year	Brief description of violations noticed	Action taken against inspected Members
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		quarter	current year	year		

Part B (Comprehensive)

S.No.	Names of Members inspected	Date/Period of inspection	Criteria of selection of Member for inspection	Violations observed during inspection	Action taken against the Members	Follow up of Inspection

3. You are also directed to initiate all the follow up action – remedial, penal and disciplinary – required on inspection findings, immediately on the conclusion of inspection and receipt of inspection reports.

4. The exchanges are requested to comply with the above requirements with immediate effect.

Yours faithfully,

V.C. Chaturvedi
23/12
(V. C. Chaturvedi)
Director

Copy to :

P.S. to Chairman *28.12.11*
P.A. to Member (M) *18*
Director (US) *for these*
Director (PNT) *for these*
Director (J) *for these*
Director (UP) *for these*
Director (D) *for these*
Director (SK) *28.12.11*

26/12/2011
जारी किया गया / ISSUED
वसुल करने रहीं / WITH
भाकी किया गया / SECURES