
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/MEMBERSHIP-001/2010/217

Date : August 23, 2010

Subject : Change in the shareholding pattern of Member entity/Dominant Promoter Group

Attention of members is drawn to the Exchange's circular no. NCDEX/MEMBERSHIP/001/2006/044 dated February 21, 2006.

In terms of the criteria laid down for membership of the Exchange, a Member is required to comply with, *interalia*, the following requirements:

"Where the Applicant is an unlisted company (other than subsidiary / joint venture of listed companies) or a partnership firm, the Applicant shall identify a Dominant Promoter Group (DPG) at the time of making the application. The Dominant Promoter Group shall consist only of individuals, not more than four in number who collectively shall hold at least 51% of the paid up equity capital of the applicant company or the partnership firm, directly or indirectly. Any change in the shareholding of the company / partnership firm including that of the said Dominant Promoter Group or their shareholding interest shall be effected only with the prior written permission of the Exchange."

The Exchange has been granting permission to the members for change in Member entity's / Dominant Promoter Group's shareholding pattern, on a case by case basis, broadly ensuring that the change did not result in dilution of the shareholding of the DPG constituents below 51 % in the member entity. We have reviewed the existing provisions and framed revised guidelines for such cases including those involving dilution of the shareholding of the DPG constituents below 51 %. Details of the same are contained in the attached Table wherein the schedule of the Processing and Fixed fees is also given. Please note that the fees are payable to the Exchange upfront at the time of submission of requests by members, by way of demand draft / bankers pay order or cheque payable at par in Mumbai.

While the processing fees would be appropriated by the Exchange whether the application is approved or not, the fixed fees would be refunded if the Exchange does not grant approval for the changes.

Attention is also drawn to our circular no NCDEX/Compliance-001/2010/089 of April 1, 2010 (Page 5) which lists violations in respect of membership requirements. It is reiterated that penalties as listed therein would apply in cases where members have not taken prior approval from Exchange before undertaking changes in their shareholding /DPG etc. Recovery of penalty will be apart from any other action which Exchange considers appropriate (including putting trading terminals into square off mode), till such

time the new DPG/shareholding pattern is approved by the Exchange.

It may please be noted that in case of difference/dispute arising as to the interpretation, meanings or effect of the revised guidelines, the decision of the Exchange shall be final and binding on the members. Also, the Exchange reserves the right to decline any request from member seeking change in shareholding pattern, without assigning any reason whatsoever.

These guidelines / fee structure for change in shareholding pattern comes into force with immediate effect.

For and on behalf of
National Commodity & Derivatives Exchange Limited

M.K. Ananda Kumar
Chief Corporate Services

For further information / clarifications, please contact

1. Customer Service Group on phone: 022 6640 6613 -15, 011 2334 4795
2. Customer Service Group by e-mail to : askus@ncdex.com

Change in Shareholding / DPG Pattern – Table of Fees applicable

SR No.	Type of Change	Processing Fee per occasion	Fixed Fee per occasion	Remarks
1.	Change in shareholding pattern of member entity			
1a)	Where the change does not result in dilution of DPG holding below 51%	Rs 2,000	Nil	<p>No Interview</p> <p>Existing guidelines explained earlier in this circular allows any member to identify DPG – of not more than 4 individuals.</p> <p>In case member at the time of applying for membership opts for less than 4 Individuals in DPG, and later on decides to add further individuals in DPG, charges applicable in 1(b) below will be applicable.</p>
1b)	Where shareholding of its existing DPG constituents goes below 51 %	Rs 2,000	Rs 200,000	<p>New DPG constituents to be interviewed before approval.</p> <p>When new DPG formed consists of close relatives of existing DPG constituents, charges applicable in 1(a) will be levied</p>
2.	Reconstitution of the member entity			
2a)	Where Share holding of its existing DPG Constituents remains at least 51%	Rs 10,000	Nil	No Interview. Additional /Fresh documentation as applicable

2b)	Where the change results in reduction of the shareholding of existing DPG constituents below 51 %	Rs 10,000	Rs 200,000	<p>New DPG constituents to be interviewed before approval.</p> <p>Additional / Fresh documentation as applicable</p> <p>When such dilution in DPG below 51%, is due to retirement/exit of existing DPG constituents and thereafter close relatives are inducted, charges as applicable in (2a) will be applicable</p>
3.	Transfer of membership to a subsidiary/holding/sister/associate company or concern belonging to one or more of the existing DPG Constituents			
3.a	Where even after transfer of membership, shareholding of its existing DPG constituents remains at 51%	Rs 10,000	Nil	No interview. Additional /Fresh Documentation as applicable
3.b	Where the transfer of membership results in dilution of DPG holding below 51 %	Rs 10,000	Rs 200,000	<p>New DPG constituents to be interviewed before approval.</p> <p>Additional / Fresh documentation as applicable</p>
4.	Transfer of membership to another entity (other than a subsidiary / holding / sister / associate company or concern belonging to one or more of the existing DPG constituents)			
	For all cases of such transfers	Rs 10,000	Rs 300,000	New DPG constituents to be interviewed before approval. Additional / Fresh documentation as applicable

Notes:

- 1. Attention is also drawn towards our circular no NCDEX/Compliance-001/2010/089 of April 01, 2010 (Page 5) which lists violations in respect of membership requirements. It is reiterated that penalties as listed therein would apply in cases where members have not taken prior approval from the Exchange before undertaking changes in their shareholding /DPG etc. Recovery of penalty will be apart from any other action which exchange considers appropriate (including putting trading terminals into square off mode), till such time the new DPG/shareholding pattern is approved by the Exchange.**
- 2. Close relatives for the purpose this circular will be as defined u/s 6 of Companies Act (1956).**