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GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

Notification

New Delhi, the 5th September 2016

G.S.R. _____ (E).- In exercise of the powers conferred by sub-sections (1), (2), (3), (4), (8), (9), (10) and (11) of section 125 and sub-section (6) of section 124 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely:-

1. Short title, extent and commencement.- (1) These rules may be called the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

(2) They shall come into force with effect from the 7th September 2016.

2. Definitions.- (1) In these rules, unless the context otherwise requires,—

(a) “Act” means the Companies Act 2013;

(b) “Authority” means the Investor Education and Protection Fund Authority constituted under sub-section (5) of section 125 of the Act;

(c) “Chairperson” means the chairperson of the authority appointed under sub-section (6) of section 125 of the Act;

(d) “Company” means company as defined in sub-section (20) of section 2 of the Act and includes ‘corresponding new bank’ as defined in sub-section (d) of section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) and clause (b) of section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);

(e) “Existing IEPF” means the Investor Education and Protection Fund (IEPF) constituted under section 205C of the Companies Act, 1956 (1 of 1956);

(f) “Fund” means the Investor Education and Protection Fund (IEPF) constituted under section 125 of the Act;

(g) “Investor” means any person, who has committed money in shares, or debentures, bond or deposits under a scheme or plan of a company registered under the Act;

(h) "Member" means member of the Authority appointed under sub-section (6) of section 125 of the Act; and

(i) "Section" means the section of the Act.

(2) Words and expressions used in these rules and not defined herein but defined in the Act or in the Companies (Specification of Definitions Details) Rules, 2014, shall have the same meanings respectively assigned to them in the Act or in the said rules.

3. **Fund.**- (1) The Authority shall administer the Fund.

(2) There shall be credited to the Fund, the following amounts, namely:-

(a) all amounts payable as mentioned in clause (a) to (n) of sub-section (2) of section 125 of the Act;

(b) all shares in accordance with sub-section (6) of section 124 of the Act;

(c) all the resultant benefits arising out of shares held by the Authority under clause (b);

(d) all grants, fees and charges received by the Authority under these rules;

(e) all sums received by the Authority from such other sources as may be decided upon by the Central Government;

(f) all income earned by the Authority in any year;

(g) all amounts payable as mentioned in sub-section (3) of section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and section 10B of Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980; and

(h) all other sums of money collected by the Authority as envisaged in the Act.

(3) In case of term deposits and debentures of companies, due unpaid or unclaimed interest shall be transferred to the Fund along with the transfer of the matured amount of such term deposits and debentures.

(4) (a) All the money, which accrue under sub section (2) [except clause (g)] of section 125 of the Act shall be deposited in the Consolidated Fund of India under the Major Head '0075- Miscellaneous General Services – 104 - Unclaimed and Unpaid dividends, deposits and debentures etc.'. Such sums along with amount deposited under section 205C of the Companies Act, 1956 shall be transferred to the Fund in the non-interest bearing Public Account after taking due approval of Parliament through Appropriation Act. This non-

interest bearing Public Account shall be termed as IEPF Fund and shall be utilised for the purposes provided under sub-section (3) of section 125 of the Act.

(b) (i) All amounts remitted by the companies shall initially be accounted for under the following heads of Accounts:-

Major Head 0075 – Miscellaneous General Services

Minor Head 104 - Unpaid dividend of Companies.

(ii) Grants and donations given to the Fund by the State Governments, Companies or any other institutions for the purpose of the Fund as also the interest or other income received out of the Investments made from the Fund shall be credited to a separate sub-head under "800 – Other Receipts" below the MH 0075 – Misc. General Services.

(iii) Amount booked under the above receipt head shall be transferred to the Fund account under Major Head '8235 – General and other Reserve Fund – 116 – IE & PF' by the PAO, Ministry of Corporate Affairs after making suitable budget provision under Major Head '3451 – Secretariat Economic Services 797 – Transfer to Reserve Fund Deposit Account – Transfer to Investor's Education and Protection Fund'. In case the amounts of receipts in a year is more than the budget provision made under Major Head 3451 transfer to the Fund, the difference shall be transferred to the Fund in subsequent year, after obtaining approval of the Budget Division of Department of Economic Affairs and after making adequate budget provision in the relevant year.

(iv) Budget provision in connection with the activities to be financed from the Fund shall be made under Major Head 3451 – Secretariat Economic Services 090 Secretariat – Investor's Education and Protection Fund. Actual expenditure under the head shall be recouped from the Fund and the amount so recouped shall be accounted for under the Major Head '3451' as Deduct entry below Minor Head '902 – Deduct – amount met from Investor's Education and Protection Fund' with contra debit to Major Head – '8235 – General and Other Reserve Funds -116 – Investor's Education and Protection Fund'.

4. **Accounts and audit.**- (1) The Authority shall maintain proper accounts and other relevant records as given in Schedule to these rules and prepare an annual statement of accounts in such form as may be specified by the Central Government in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of the Authority shall be audited annually by the Internal Audit Party of the office of Chief Controller of Accounts and Comptroller and Auditor-General of India at such intervals and any expenditure incurred in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India or any other person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Authority.

(4) The accounts of the Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

5. **Statement to be furnished to the Fund.-** (1) Any amount required to be credited by the companies to the Fund as provided under clause (a) to (n) of sub-section (2) of section 125 of the Act shall be remitted into the specified branches of Punjab National Bank, which is the accredited Bank of the Pay and Accounts Office, Ministry of Corporate Affairs and other authorised banks engaged by the MCA-21 system, within a period of thirty days of such amounts becoming due to be credited to the Fund.

(2) The amount shall be tendered by the companies along with challan (in triplicate) to the specified Bank Branches of Punjab National Bank and other authorised banks under MCA-21 system who will return two copies of the challan, duly stamped in token of having received the amount, to the Company. The third copy of the challan will be forwarded along with the daily credit scroll by the receiving branch to its Focal Point Branch of the Bank for onward transmission to the Pay and Accounts Office, Ministry of Corporate Affairs.

(3) Every company shall file with the concerned Authority one copy of the challan referred to in sub-rule (2) indicating the deposit of the amount to the Fund and shall fill in the full particulars of the amount tendered, including the head of account to which it has been credited.

(4) The company shall, along with the copy of the challan as required under sub-rule (3), furnish a Statement in Form No. IEPF 1 containing details of such transfer to the Authority within thirty days of submission of challan.

(5) The amount may also be remitted by Electronic Fund Transfer in such manner, as may be specified by the Central Government.

(6) (a) On receipt of the statement, the Authority shall enter the details of such receipt in a Register maintained physically or electronically by it in respect of each company every year, and reconcile the amount so remitted and collected, with the concerned designated bank on monthly basis.

(b) Each designated bank shall furnish an abstract of such receipts during the month to the Authority within seven days after the close of every month.

(c) The company shall maintain record consisting of name, last known address, amount, folio number or client ID, certificate number, beneficiary details etc. of the persons in respect of whom unpaid or unclaimed amount has remained unpaid or unclaimed for a period of seven years and has been transferred to the Fund and the Authority shall have the powers to inspect such records.

(7) The provisions of this rule shall be applicable *mutatis mutandis* in respect of the amounts to be credited to the Fund in pursuance of clauses (h) to (m) of sub-section (2) of section 125.

(8) Every company shall within a period of ninety days after the holding of Annual General Meeting or the date on which it should have been held as per the provisions of section 96 of the Act and every year thereafter till completion of the seven years period, identify the unclaimed amounts, as referred in sub-section 2 of section 125 of the Act, as on the date of holding of Annual General Meeting or the date on which it should have been held as per the provisions of section 96 of the Act, separately furnish and upload on its own website and also on website of Authority or any other website as may be specified by the Government, a statement or information through Form No. IEPF 2, separately for each year, containing following information, namely:-

(a) the names and last known addresses of the persons entitled to receive the sum;

- (b) the nature of amount;
- (c) the amount to which each person is entitled;
- (d) the due date for transfer into the Investor Education and Protection Fund; and
- (e) such other information as may be considered relevant for the purposes.

6. **Manner of transfer of shares under sub-section (6) of section 124 to the Fund.**- (1) The shares shall be credited to an IEPF suspense account (on the name of the company) with one of the depository participants as may be identified by the Authority within a period of thirty days of such shares becoming due to be transferred to the Fund:

Provided that, in case the beneficial owner has encashed any dividend warrant during the last seven years, such shares shall not be required to be transferred to the Fund even though some dividend warrants may not have been encashed.

(2) For the purposes of effecting transfer of such shares, the Board shall authorise the Company Secretary or any other person to sign the necessary documents.

(3) The company shall follow the following procedure, namely:-

(a) The company shall inform at the latest available address, the shareholder concerned regarding transfer of shares three months before the due date of transfer of shares and also simultaneously publish a notice in the leading newspaper in English and regional language having wide circulation, and on their website giving details of such shareholders and shares due for transfer:

Provided that in cases, where the seven years as provided under sub-section (5) of section 124 have been completed or are being completed within three months from the date of coming into force of these rules, the company shall initiate the aforesaid procedure immediately and transfer the shares on completion of three months;

(b) In case, where there is a specific order of Court or Tribunal or statutory Authority restraining any transfer of such shares and payment of dividend, the company shall not transfer such shares to the Fund:

Provided that the company shall furnish details of such shares and unpaid dividend to the Authority in Form No. IEPF 3 within thirty days from the end of financial year;

(c) For the purposes of effecting the transfer where the shares are dealt with in a depository,-

(i) the Company Secretary or the person authorised by the Board shall sign on behalf of such shareholders, the delivery instruction slips of the depository participants where the shareholders had their accounts for transfer in favour of IEPF suspense account (name of the company);

(ii) on receipt of the delivery instruction slips, the depository shall effect the transfer of shares in favour of the Fund in its records.

(d) For the purposes of effecting the transfer where the shares are held in physical form,-

(i) the Company Secretary or the person authorised by the Board shall make an application, on behalf of the concerned shareholders, to the company, for issue of duplicate share certificates;

(ii) on receipt of the application under clause (a), a duplicate certificate for each such shareholder shall be issued and it shall be stated on the face of it and be recorded in the register maintained for the purpose, that the duplicate certificate is "Issued in lieu of share certificate No..... for purpose of transfer to IEPF" and the word "duplicate" shall be stamped or punched in bold letters across the face of the share certificate;

(iii) particulars of every share certificate issued as above shall be entered forthwith in a register of renewed and duplicate share certificates maintained in Form No. SH 2 as specified in the Companies (Share Capital and Debentures) Rules, 2014;

(iv) after issue of duplicate share certificates, the Company Secretary or the person authorised by the Board, shall sign the necessary Form No. SH 4 i.e., securities transfer Form as specified in the Companies (Share Capital and Debentures) Rules, 2014, for transferring the shares in favour of the Fund;

(v) on receipt of the duly filled transfer forms along with the duplicate share certificates, the Board or its Committee shall approve the transfer and thereafter the transfer of shares shall be effected in favour of the Fund in the records of the company.

(4) The company or depository, as the case may be, shall preserve copies of the depository instruction slips, transfer deeds and duplicate certificates for its records.

(5) While effecting such transfer, the company shall send a statement to the Fund in Form No. IEPF 4 containing details of such transfer.

(6) The voting rights on shares transferred to the Fund shall remain frozen until the rightful owner claims the shares:

Provided that for the purpose of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the shares which have been transferred to the Authority shall not be excluded while calculating the total voting rights.

(7) Once the physical shares are transferred in the name of the Authority, the Authority shall dematerialise these shares and it shall keep only those shares in physical form, where dematerialisation of shares is not possible.

(8) The Authority shall maintain IEPF suspense account (name of the company) with depository participant on behalf of the shareholders who are entitled for the shares and all benefits accruing on such shares e.g. bonus shares, split, consolidation, fraction shares etc. except right issue shall also be credited to such IEPF suspense account (name of the company).

(9) The shares held in such IEPF suspense account shall not be transferred or dealt with in any manner whatsoever except for the purposes of transferring the shares back to the claimant as and when he approaches the Authority or in accordance with sub-rule (10) and (11).

(10) If the company is getting delisted, the Authority shall surrender shares on behalf of the shareholders in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the proceeds realised shall be credited to the Fund and a separate ledger account shall be maintained for such proceeds.

(11) In case the company whose shares or securities are held by the Authority is being wound up, the Authority may surrender the securities to receive the amount entitled on behalf of the security holder and credit the amount to the Fund and a separate ledger account shall be maintained for such proceeds.

(12) Any further dividend received on such shares shall be credited to the Fund and a separate ledger account shall be maintained for such proceeds.

7. **Refunds to claimants from Fund.** - (1) Any person, whose shares, unclaimed dividend, matured deposits, matured debentures, application money due for refund, or interest thereon, sale proceeds of fractional shares, redemption proceeds of preference shares, etc. has been transferred to the Fund, may claim the shares under provision to sub-section (6) of section 124 or apply for refund, under clause (a) of sub-section (3) of section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the Authority by making an application in Form IEPF 5 online available on website www.iepf.gov.in along with fee, as decided by the Authority from time to time in consultation with the Central Government, under his own signature.
- (2) The claimant shall after making an application online in Form IEPF-5 under rule (1), send the same duly signed by him along with, requisite documents as enumerated in Form IEPF-5 to the concerned company at its registered office for verification of his claim.
- (3) The company shall, within fifteen days of receipt of claim form, send a verification report to the Authority in the format specified by the Authority along with all documents submitted by the claimant.
- (4) After verification of the entitlement of the claimant-
- (a) to the amount claimed, the Authority and then Drawing and Disbursement Officer of the Authority shall present a bill to the Pay and Accounts Office for e- payment as per the guidelines.
- (b) to the shares claimed, the Authority shall issue a refund sanction order with the approval of the Competent Authority and shall either credit the shares which are lying with depository participant in IEPF suspense account (name of the company) to the demat account of the claimant to the extent of the claimant's entitlement or in case of the physical certificates, if any, cancel the duplicate certificate and transfer the shares in favour of the claimant.
- (5) The Authority shall, in its records, cause a note to be made of all the payments made under sub-rule (4).
- (6) An application received for refund of any claim under this rule duly verified by the concerned company shall be disposed of by the Authority within sixty days from the date of

receipt of the verification report from the company, complete in all respects and any delay beyond sixty days shall be recorded in writing specifying the reasons for the delay and the same shall be communicated to the claimant in writing or by electronic means.

(7) In cases, where the application is incomplete, a communication shall be sent to the claimant by the Authority detailing deficiencies of the application.

(8) In case, claimant is a legal heir or successor or administrator or nominee of the registered security holder, he has to ensure that the transmission process is completed by the company before filing any claim with the Authority.

(9) The claimant shall file only one consolidated claim in respect of a company in a financial year.

(10) The company shall be solely liable under all circumstances whatsoever to indemnify the IEPF Authority in case of any dispute or lawsuit that may be initiated due to any incongruity or inconsistency or disparity in the verification report or otherwise. The IEPF Authority shall not be liable to indemnify the security holder or Company for any liability arising out of any discrepancy in verification report submitted etc leading to any litigation or complaint arising thereof.

8. Power to direct payment of amount due to the Fund. - (1) The company shall furnish a statement to the Authority in Form No. IEPF 6 within thirty days of end of financial year stating therein the amounts due to be transferred to the Fund in next financial year.

(2) The company shall also furnish a statement to the authority within thirty days of the closure of its accounts for the financial year stating therein the reasons of deviation, if any, of amounts detailed in sub-rule (1) above and actual amounts transferred to the Fund.

(3) Authority shall furnish a report to the Central Government within sixty days of end of financial year giving details of companies who have failed to transfer the due amount to the Fund.

(4) Authority shall also furnish a report to the Central Government by end of next financial year giving details of companies who have failed to file information referred to in sub-rule (8) of rule 5.

9. **Transfer of assets, liabilities, etc., of the existing IEPF to the Authority.**- On and from the date of establishment of the Authority,—

(a) any reference to the existing IEPF in any law other than these rules or in any contract or other instrument shall be deemed as a reference to the Authority;

(b) all properties and assets, movable and immovable, of, or belonging to, the existing IEPF, shall vest in the Authority;

(c) all rights and liabilities of the existing IEPF shall be transferred to, and be the rights and liabilities of the Authority;

(d) without prejudice to the provisions of clause (c), all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the existing IEPF immediately before that date, for or in connection with the purpose of the said existing IEPF shall be deemed to have been incurred, entered into, or engaged to be done by, with or for, the Authority;

(e) all sums of money due to the existing IEPF immediately before that date shall be deemed to be due to the Authority; and

(f) all suits and other legal proceedings instituted or which could have been instituted by or against the existing IEPF, immediately before that date may be continued or may be instituted by or against the Authority.

10. **Returns and reports.**- (1) The Authority shall furnish to the Central Government at such time and in such form and manner as may be specified or as the Central Government may direct, such returns and statements and such particulars with regard to its activity.

(2) Without prejudice to the provisions of sub-rule (1), the Authority shall, within one hundred and eighty days after the end of each financial year, submit to the Central Government a report in such form, as may be specified, giving a true and full account of its activities during the previous financial year.

11. **Protection of action taken in good faith.**- No suit, prosecution or other legal proceedings shall lie against the Central Government or Authority or any officer of the Central

Government or any member, officer or other employee of the Authority for anything which is in good faith done or intended to be done under these rules.

12. **Repeal and savings.** - (1) The Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 and Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 are hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken or purported to have been done or taken under the rules repealed by sub-rule (1) shall, in so far as it is not inconsistent with the provisions of these rules, be deemed to have been done or taken under the corresponding provisions of these rules.

Schedule

REGISTERS AND BOOKS OF ACCOUNT TO BE MAINTAINED BY THE AUTHORITY

- (i) Register of Shares transferred under sub-section (6) of section 124
- (ii) Central Cash Book
- (iii) Company wise Ledger
- (iv) General Ledger
- (v) Cashier's Cash Book
- (vi) Bank Ledger
- (vii) Register of Assets
- (viii) Investment Register
- (ix) Claim Register
- (x) Refund Register
- (xi) Suspense Register
- (xii) Documents Register
- (xiii) Any other register or Book as decided by Authority