



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CONSULTATION PAPER

DEPARTMENT OF DEBT AND HYBRID SECURITIES

Consultation paper for review of LODR Regulations – clarification regarding the timeline for transfer of unclaimed amount by entity having listed non-convertible securities

October 2025

CONTENTS

Timeline to Respond

Comments on the Consultation paper may be sent by November 14, 2025

Particulars	Page no.
Objective	3
<u>Proposal for public comments:</u> <i>Clarification regarding the timelines for transfer of unclaimed amounts by entity having listed non-convertible securities to Investor Education and Protection Fund/ Investor Protection and Education Fund</i>	4-7
Public comments	7-9

1. Objective:

1.1. The objective of this consultation paper is to seek comments/ views/ suggestions from the public on the proposal to amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'), towards Ease of Doing Business (EoDB) and to streamline compliance requirements for non-convertible securities¹, as follows:

"Clarification regarding the timelines for transfer of unclaimed amounts by entity having listed non-convertible securities, to Investor Education and Protection Fund (IEPF)/ Investor Protection and Education Fund (IPEF)".

1.2. The detailed proposal related to aforementioned item is mentioned in paragraph 2 of this consultation paper.

¹ In terms of Regulation 2(1)(x) of the SEBI (Issue and Listing of Non-Convertible Securities) regulations, 2021 (NCS Regulations), "non-convertible securities" means debt securities, non-convertible redeemable preference shares, perpetual non-cumulative preference shares, perpetual debt instruments and any other securities as specified by the Board;

2. Proposal for public comments:

Clarification regarding the timelines for transfer of unclaimed amounts by entity having listed non-convertible securities, to IEPF/ IPEF

2.1. Background:

Regulation 61A of the LODR Regulations, *inter-alia*, provides that any amount unclaimed for thirty days shall be transferred to an escrow account within seven days. Further, the amount transferred to escrow account that remains unclaimed for seven years shall be transferred to IEPF constituted in terms of Section 125 of the Companies Act, 2013 ('Companies Act')/ IPEF constituted by the Board.

2.2. Relevant legal provisions:

2.2.1. Section 125(2) of the Companies Act, 2013, provides the following:

“(2) There shall be credited to the Fund —

.....

(j) matured debentures with companies;

(k) interest accrued on the amounts referred to in clauses (h) to (j);

.....

Provided that no such amount referred to in clauses (h) to (j) shall form part of the Fund unless such amount has remained unclaimed and unpaid for a period of seven years from the date it became due for payment.

.....”

2.2.2. Rule 3(3) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), provides the following:

“3. 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;

.....

(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.”

2.2.3. Regulation 61A of the LODR Regulations, provide the following:

“Dealing with unclaimed non-convertible securities and benefits accrued thereon.

61A.

2) Where the interest/ dividend/ redemption amount has not been claimed within thirty days from the due date of interest/ dividend / redemption payment, a listed entity shall within seven days from the date of expiry of the said period of thirty days, transfer the amount to an escrow account to be opened by the listed entity in any scheduled bank:

Provided that the interest/ dividend/ redemption amount that is unclaimed and outstanding for a period of less than seven years as on the date of notification of this sub-regulation shall be transferred to the escrow account within thirty days, where it shall remain for the intervening period up to seven years.

(3) Any amount transferred to the escrow account that remains unclaimed for seven years shall be transferred to the ‘Investor Education and Protection Fund’ constituted in terms of section 125 of the Companies Act, 2013:

Provided that for listed entities which do not fall within the definition of “company” under the Companies Act, 2013 and the Rules made thereunder, any amount in the escrow account that remains unclaimed for seven years shall be transferred to the Investor Protection and Education Fund created by the Board in terms of section 11 of the Act:

Provided further that the amount transferred to the Investor Protection and Education fund shall not bear any interest.

.....”

2.3. Need for review:

2.3.1. Section 125 of the Companies Act, *inter-alia*, provides for the list of amounts to be credited to the IEPF, if they remain unclaimed for seven years. Matured debentures and the interest accrued thereon form a part of the said list. Further, rule 3(3) of the IEPF Rules, clarifies that the unclaimed interest shall be transferred to IEPF along with the transfer of

the matured amount of such debentures. Hence, section 125 of the Companies Act, read with rule 3(3) of the IEPF Rules, specify that the unclaimed interest is mandated to be transferred to IEPF, only after completion of seven years from the date of maturity of the unclaimed debenture.

2.3.2. Regulation 61A of the LODR Regulations, *inter-alia*, provides that any amount unclaimed for thirty days shall be transferred to escrow account within seven days. Further, the amount transferred to escrow account that remains unclaimed for seven years shall be transferred to IEPF constituted in terms of section 125 of the Companies Act/ IEPF constituted by the Board.

2.3.3. Although, Regulation 61A of the LODR Regulations refers to Section 125 of the Companies Act, 2013, it does not expressly contemplate the maturity of the underlying debenture as a precondition to transfer the unclaimed interest amount to IEPF/ IPEF. The regulation, *inter-alia*, states that if the interest held in the escrow account remains unclaimed for seven years, the same needs to be transferred to IEPF/ IPEF. Therefore, it appears to indicate that if the interest held in escrow account remains unclaimed for seven years, it needs to be transferred to IEPF/ IPEF, irrespective of whether the debenture has matured or not.

2.3.4. In view of the above, it can be said that the requirement to transfer the unclaimed interest to IEPF under regulation 61A of the LODR Regulations does not appear to be consistent with the requirement as under section 125(2) of the Companies Act, 2013, read with rule 3(3) of IEPF Rules.

2.3.5. Thus, there is a need to align the provisions of regulation 61A of the LODR Regulations with the provisions of section 125(2) of the Companies Act. This would ensure that the unclaimed amount is transferred in a single go to IEPF, upon maturity, as specified in rule 3(3) of the IEPF Rules. Similarly, even for amounts being transferred to IPEF.

2.4. Proposal and the rationale thereof:

2.4.1. In view of the above, it is proposed to align the relevant provisions of the LODR Regulations to bring it in conformity with the Companies Act and the Rules made thereunder.

2.4.2. Therefore, it is proposed to substitute the extant regulation 61A (3) of the LODR Regulations, with the following:

“(3) Any amount transferred to the escrow account that remains unclaimed shall be transferred to the ‘Investor Education and Protection Fund’ in the manner prescribed under section 125 of the Companies Act, 2013 and the Rules made thereunder:

Provided that for listed entities which do not fall within the definition of “company” under the Companies Act, 2013 and the Rules made thereunder, any amount in the escrow account that remains unclaimed even after seven years from the maturity date, shall be transferred to the Investor Protection and Education Fund created by the Board in terms of section 11 of the Act:

Provided further that the amount transferred to the Investor Protection and Education fund shall not bear any interest.”

2.4.3. This amendment would help bring standardization across all entities having non-convertible securities in terms of dealing with unclaimed amounts and facilitate ease of doing business as the entities shall have to transfer the amounts remaining unclaimed only once after completion of 7 years from maturity.

2.5. These changes shall also be beneficial for the investors as they can directly approach the entity, up to 7 years from maturity of the debt, to claim refund of their money, than having to approach IPEF/ IEPF.

3. Public comments being sought:

3.1. Considering the implications of the aforementioned matter on the market participants, public comments are invited on the following:

Whether modifications in Regulation 61A(3) of the LODR Regulations, as suggested at paragraph 2.4.2. above is appropriate and adequate?

3.2. The comments/ suggestions should be submitted latest by, November 14, 2025, through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

3.3. The process to submit comments:

- a. *Before initiating the process, please read the instructions given on top left of the web form as “Instructions”.*
- b. *Select the consultation paper to comment upon from the dropdown under the tab – “Consultation Paper” after entering the requisite information in the form.*
- c. *All fields in the form are mandatory;*
- d. *Email Id and phone number cannot be used more than once for providing comments on a particular consultation paper.*
- e. *If you represent any organization other than the types mentioned under dropdown in “Organization Type”, please select “Others” and mention the type, which suits you best. Similarly, if you do not represent any organization, you may select “Others” and mention “Not Applicable” in the text box.*
- f. *There will be a dropdown of Proposals in the form. Please select the proposals one- by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory.*
- g. *If you want to provide your comments for the selected proposal, please select “Yes” from the dropdown under **“Do you want to comment on the proposal”** and use the text boxes provided for the same.*
- h. *After recording your response to the proposal, click on “Submit” button. System will save your response to the selected proposal and prompt you to record your response for the next proposal. Please follow this procedure for all the proposals given in the dropdown.*
- i. *If you do not want to react on any proposal, please select that proposal from the dropdown and click on **“Skip this proposal”** and move to the next proposal.*

CONSULTATION PAPER

- j. *After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on “**Check your response before submitting**” just before submitting response to the last proposal in the dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.*
- k. *The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper*

3.4. In case of any technical issue in submitting comments through web based public comments form, you may contact the following through email with a subject: *"Issue in submitting comments on Consultation Paper for review of LODR Regulations - measures towards Ease of Doing Business and streamlining compliance requirements for Non-Convertible securities"*:

- a. Mr. Rohit Dubey, General Manager (rohitd@sebi.gov.in)
- b. Ms. Divya Hamirbasia, Deputy General Manager (divyah@sebi.gov.in)

Issued on: October 24, 2025