



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

Corporate Laws & Corporate Governance Committee The Institute of Chartered Accountants of India

14th June, 2021

ANNOUNCEMENT

Sub: **Amendment in Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016**

This is to inform you that the Ministry of Corporate Affairs vide its notification dated 09th June 2021 has amended the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 to introduce the manner of transfer of shares under section 90(9) of the Companies Act 2013 to the Investor Education and Protection Fund.

Accordingly, the following amendments have been made in the aforesaid rules. Analysis of which is given below:

S No.	Rule	Pre-Amendment	Post-Amendment
1	Rule 3(2) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016: Fund	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	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;

		<p>(b);</p> <p>(d) all grants, fees and charges received by the Authority under these rules;</p> <p>(e) all sums received by the Authority from such other sources as may be decided upon by the Central Government;</p> <p>(f) all income earned by the Authority in any year;</p> <p>(g) all amounts payable as mentioned in sub-section (3) of section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, sub-section (3) of section 38A of the State Bank of India Act, 1955],and section 40A of the State Bank of India (Subsidiary Bank) Act, 1959; and'</p> <p>(h) all other sums of money collected by the Authority as envisaged in the Act.</p>	<p>(e) all sums received by the Authority from such other sources as may be decided upon by the Central Government;</p> <p>(f) all income earned by the Authority in any year;</p> <p>(fa) all shares held by the Authority in accordance with proviso of sub-section (9) of section 90 of the Act and all the resultant benefits arising out of such shares, without any restrictions</p> <p>(g) all amounts payable as mentioned in sub-section (3) of section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, sub-section (3) of section 38A of the State Bank of India Act, 1955],and section 40A of the State Bank of India (Subsidiary Bank) Act, 1959; and'</p> <p>(h) all other sums of money collected by the Authority as envisaged in the Act.</p>
2	Rule 6A of Investor Education and Protection Fund Authority (Accounting,	N.A.	<p>New Insertion</p> <p>(1) The shares shall be credited to DEMAT Account of the Authority to be opened by the Authority for the said purpose, within a period of</p>

	<p>Audit, Transfer and Refund) Rules, 2016:</p> <p>Manner of transfer of shares under sub-section (9) of section 90 of the Act to the Fund</p>	<p>thirty days of such shares becoming due to be transferred to the Fund.</p> <p>Provided that transfer of shares by the companies to the Fund shall be deemed to be transmission of shares and the procedure to be followed for transmission of shares shall be followed by the companies while transferring the shares to the fund.</p> <p>Provided further that such shares shall be transferred to the Authority without any restrictions and no application shall be filed for claiming back such shares from the Authority.</p> <p>(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.</p> <p>(3) The company shall follow the following procedure while transferring the shares, namely:-</p> <p>(A) for the purposes of effecting the transfer, where the shares are dealt with in a depository-</p> <p>(i) the company shall inform the depository by way of corporate action, where the shareholders have their accounts for transfer in favour of the Authority,</p> <p>(ii) on receipt of such intimation, the depository shall effect the transfer of shares in favour of DEMAT account of the Authority;</p> <p>(B) for the purposes of effecting the transfer of shares held in physical form-</p> <p>(i) the Company Secretary or the person authorised by the Board shall</p>
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		<p>make an application, on behalf of the concerned shareholder, to the company, for issue of a new share certificate;</p> <p>(ii) on receipt of the application under clause (a), a new share certificate for each such shareholder shall be issued and it shall be stated on the face of the certificate that "Issued in lieu of share certificate No..... for the purpose of transfer to IEPF under subsection (9) of section 90 of the Act" and the same be recorded in the register maintained for the purpose;</p> <p>(iii) particulars of every share certificate shall be in Form No. SH-1 as specified in the Companies (Share Capital and Debentures) Rules, 2014;</p> <p>(iv) after issue of a new share certificate, the company shall inform the depository by way of corporate action to convert the share certificates into DEMAT form and transfer in favour of the Authority.</p> <p>(4) The company shall make such transfers through corporate action and shall preserve copies for its records.</p> <p>(5) While effecting such transfer, the company shall send a statement to the Authority in Form No. IEPF-4 within thirty days of the corporate action taken under sub-rule (4) of rule 6A containing details of such transfer and the company shall also attach a copy of order of the Tribunal under sub-section (8) of section 90 of the Act along with a declaration that no application under sub-section (9) of section 90 of the Act has been made or is pending</p>
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			<p>before the Tribunal.</p> <p>(6) The voting rights on shares transferred to the Fund shall remain frozen.</p> <p>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.</p> <p>(7) The company shall maintain all such statements filed under sub – rule (3) in the same format along with all supporting documents and the Authority shall have the powers to inspect such records.</p> <p>(8) All benefits accruing on such shares like bonus shares, split, consolidation, fraction shares and the like except right issue shall also be credited to such DEMAT account [by the company which shall send a statement to the Authority in Form No. IEPF-4 within thirty days of the corporate action containing details of such transfer.]</p> <p>(9) 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.</p> <p>(10) In case the company whose</p>
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			<p>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.</p> <p>(11) Any further dividend received on such shares shall be credited to the Fund and a separate ledger account shall be maintained for such proceeds.</p> <p>(12) Any amount required to be credited by the companies to the Fund as provided under sub-rules (9), (10) and sub-rule (11) shall be remitted into the specified account of the IEPF Authority maintained in the Punjab National Bank [and the details thereof shall be furnished to the Authority in Form No. IEPF-7 within thirty days from the date of remittance].</p> <p>Provided further that all such amounts shall be transferred to the Authority without any restrictions and no application shall be filed for claiming back such amounts from the Authority.</p> <p>(13) Authority shall furnish its report to the Central Government as and when noncompliance of the rules by companies came to its knowledge.”</p>
3	eforms IEPF-4 and IEPF-7	-	Substitution of eforms IEPF-4 and IEPF-7 with the updated versions of the same as to enable the requirement of filing the said eforms pursuant to the requirements introduced through Rule 6A of IEPFA

			(Accounting, Audit, Transfer and Refund) Rules, 2016.
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Notification is available at the link-

<https://www.mca.gov.in/bin/dms/getdocument?mids=XvERwVtVFjMBkvvi%252BqMcOg%253D%253D&type=open>

Members may take note of the above and plan accordingly.

Sincerely Yours,

Chairman and Vice Chairman
Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India