

CIRCULAR

HO/47/14/13(4)2026-MRD-POD3/ I/15577/2026

July 07, 2026

To,

All Depositories

Sir/ Madam,

Subject: Review of norms for utilization of interest or income from IPF of the Depositories

1. Paragraph 4.46 of Section 4 of SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/168 for Depositories dated December 03, 2024, *inter-alia*, prescribed the comprehensive guidelines for Investor Protection Fund (IPF) of Depositories.
2. Paragraph 4.46.1.1(C)(i)(2) of the aforesaid Master Circular on the utilization of the interest or income received from the investments made from the IPF prescribed the following:

“To further strengthen the corpus, 100% of interest or income from IPF shall be treated as corpus of IPF.”
3. Taking into account the representations received from the Depositories and in order to bring uniformity & consistency in provisions for utilization of interest or income from IPF across depositories and stock exchanges, the proposal was discussed in the Secondary Market Advisory Committee of SEBI (SMAC).
4. Based on the recommendations of SMAC, comments received through public consultation and subsequent internal deliberations, it has been decided that the provisions under clause 4.46.1.1(B)(i)(c) and 4.46.1.1(C)(i)(2) of Section 4 of the

above mentioned Master Circular dated December 03, 2024 for Depositories shall stand modified as under:

4.46.1.1 B. Contribution to IPF of Depository

i. The following contributions shall be made by the Depository to the IPF:

c. At least 95% of the interest or income received every year out of any investments made from the IPF.

4.46.1.1 C. Utilization of IPF and interest or income from IPF

i. The amount in IPF and any interest or income generated from the IPF of the depositories shall be utilized for the purposes as stated in the table below:

SN	Particulars	Utilization
2	<i>Interest or income received out of any investments made from the IPF</i>	<p><i>a) To further strengthen the corpus, at least 95% of interest or income from IPF received every year shall be ploughed back to IPF; and</i></p> <p><i>b) To meet expenses related to dedicated employees of IPF Trust, other administrative and statutory expenses such as applicable taxes, audit fees and charity commissioner's fee, etc. during the financial year, a maximum of 5% of interest or income from investments of the IPF received during the financial year may be utilized. In case the expenses exceed the above limit, such excess expenses shall be borne by the depository and in case of non-utilization of such amount in the same financial year, the same shall be ploughed back to IPF.</i></p>

5. **Applicability**: The provisions of the circular shall be applicable with effect from **September 01, 2026**.
6. The MIs are directed to:
 - 6.1. take necessary steps and put in place necessary systems for the implementation of the above;
 - 6.2. make necessary amendments to the relevant bye-laws, rules and regulations, wherever applicable, for the implementation of the above; and
 - 6.3. bring the provisions of this circular to the notice of market participants (including investors) and also disseminate the same on their website.
7. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992 read with Section 26(3) of the Depositories Act, 1996 and Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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