Investor Education and Protection Fund Authority

“IEPFA and Investors – Journey, Mandates & Processes”.

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Investor Education (IE) : A Capacity building process (OECD Definition)

“by which investors improve their understanding of financial products and concepts; and through information, instruction and/or objective advice develop the skills and confidence to become more aware of financial risks and opportunities to make informed choices, to know where to go for help, and take other effective actions to improve their financial well-being”.

Outcome:
Improved financial literacy/capability
Constitution of IEPF Authority

• The IEPF Authority is a statutory body constituted by the Central Government under provisions of sub-section 5 of Section 125 of the Companies Act, 2013, for administration of Investor Education and Protection Fund (IEPF). The Authority became functional from 07.09.2016.

• Legislative mandate for functioning of the Authority is drawn from section 124 and 125 of the Companies Act 2013 and rules prescribed therein.
Functions of IEPF Authority

1. To process the refund of:
   - Shares
   - unclaimed dividend
   - matured deposits
   - matured debentures
   - the application money due for refund or interest thereon
   - sale proceeds of fractional shares
   - redemption proceeds of preference shares, etc.

2. Promotion of Investors’ awareness and protection of interest of Investors.
Composition of Authority

- The Companies Act provides that the Authority shall consist of a Chairperson and six other Members, and a Chief Executive Officer.

- The Rules provides the constitution as under:

  - Secretary, MCA - Ex-officio Chairman
  - Three Members with special knowledge or professional expertise in Law, Finance, Management & Accounts etc.
  - A nominee each from RBI and SEBI
  - CEO - Joint Secretary in MCA
Timelines of IEPF

Provisions of Section 205C: Companies Act, 1956:

1. Transfer of unpaid dividends first started after Companies (Amendment) Act, 1974 to the General Revenue Account of Central Government and only dividends were transferred.

2. Relevant rules were notified in the year 1978

Company to file form 1 with RoC (Physical mode) with shareholder wise details-Folio etc.

- RoC to maintain separate accounts for each companies which have transferred the money to General revenue account.
- Claimant was allowed to claim the money from Central Government.
Timelines of IEPF contd...

- Section 205C was amended vide Companies (Amendment) Act, 1999 thereby establishing IEPF
  - Other amounts were also required to be transferred to IEPF
  - Entire amount transferred to General revenue account was made part of IEPF

- Rules were again amended in 2001 and following major changes were incorporated:
  - Claimants were not allowed to claim the money from Central Government
  - Company to file form 1 with RoC (Physical mode)
  - Shareholder wise details were discontinued to be submitted to Central Government
  - Company was mandated to maintain these details for a period of three years.
Timelines of IEPF contd...

- 1 INV introduced in 2012; Shareholder wise details were not mandatory.

Companies Act 2013

- E-form IEPF-1 notified in 2016 for filing statement of unpaid and unclaimed amounts transferred to IEPF

- Details of investors are mandatory.
- Claims are allowed.
- Provision for transfer of shares implemented in 2017. The due date for transfer of shares by companies to IEPF was 31st October, 2017.
Section 124: Key Provisions

Within 90 Days
Company to transfer the dividend amount which has not been claimed or paid within 30 days from date of declaration to Unpaid Dividend Account within 07 days from date of expiry of period of 30 days.

After 07 years
Money transferred to Unpaid Dividend account which remain unpaid or unclaimed for a period of 7 years from date of such transfer to be transferred to IEPF along with Interest. Shares thereof shall also be transferred.

Publish the statement containing the names, their addresses and unpaid dividend to be paid to each person and place it on the website of the company.
IEPF Fund

IEPF Authority has opened two DEMAT Accounts with:

- National Securities Depository Limited (NSDL) through Punjab National Bank and
- Central Depository Services Limited (CDSL) through SBICAP Securities Limited, as Depository Participants

While IEPF Fund is maintained in a non-interest bearing Public Account in CFI

Rs. 5,065 Crore maintained as part of CFI in a non-interest bearing account

104 Cr Gross Shares with a market valuation of Rs. 45,100 Cr
Refund Procedure

Claimant to file e-form IEPF-5 online available on the website along with scanned copy of documents and send physical shares, indemnity bond and advance receipt to the company.

Form will be auto-transferred to the Nodal Officer of the Company.

Nodal officer of the company is required to verify the claim and send the scanned copy of cancelled physical share certificate.

Nodal Officer to furnish e-verification report to the Authority.

Claims are processed in the Authority for online refund.
# Filing by Companies to IEPF

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<th>Forms</th>
<th>Description</th>
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<tr>
<td>IEPF Form-1</td>
<td>Statement of amounts credited to Investor Education and Protection Fund after transfer of amount to IEPF</td>
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| IEPF Form-2      | Statement of unclaimed and unpaid amounts which may become due for transfer to IEPF during next seven years  
• Information to be filed includes break up of amount pending in the unpaid dividend account of the company up to the close of financial year and previous seven years (projection for next seven years)  
• Nodal Officer intimation and updation |
| IEPF Form-3      | Statement of shares and unclaimed or unpaid dividend not transferred to the IEPF due to the order of court or Tribunal or any statutory authority                                                                 |
| IEPF Form-4      | Statement of shares or bonus shares transferred to the Investor Education and Protection Fund                                                                                                                  |
# Filing by Companies to IEPF

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| IEPF Form-5 (Non-STP) & E- VR report | Application to the Authority for claiming unpaid amounts and shares out of Investor Education and Protection Fund (IEPF)  
  • Simplified Web based IEPF 5 e-form.  
  • PAN Based Verification of the claimant  
  • E-Verification submitted online and monitor-able  
  • Claimant will be able to view status of claim online whether pending with company or Authority |
| IEPF Form-7(Non-STP)          | Statement of amounts credited to IEPF on Account of shares transferred to the fund – Dividend, Delisting and Winding Up                                                                                       |
| IEPF 1A                       | Form to collect legacy data of individual shareholders                                                                                                                                                        |
How to identify if your shares and dividends have been transferred to IEPFA?

Services

- Search Unclaimed/Unpaid Amount
- Claim Refund
- Forms
- Upload e forms
How to identify if your shares and dividends have been transferred to IEPFA?

<table>
<thead>
<tr>
<th>First Name</th>
<th>Middle Name</th>
<th>Last Name</th>
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<tbody>
<tr>
<td>Investor Name:</td>
<td></td>
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</tr>
<tr>
<td>First Name</td>
<td>Middle Name</td>
<td>Last Name</td>
</tr>
<tr>
<td>Father/Husband Name:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Folio Number:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DP Id-Client Id-Account Number:</td>
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Search for Investor Wise Unclaimed and Unpaid Amounts

**Search**

**Reset**

**NOTE:** You can search using any of the following combinations:
1. Investor Name and Father/Husband name
2. Folio Number (should be same as per certificate)
3. DP Id-Client Id-Account number should be entered without any space and should be separated by hyphens in the given format(DP id-Client Id-Account Number)
Recent Simplification in Rules

For Claimants

- Requirement of Advance Receipt waived off
- Notarization of non legal documents replaced with self attestation
- Requirement of Succession Certificate/Probate of Will/Will relaxed upto Rs.5,00,000 (five lacs) both for Physical & DEMAT shares
- Requirements of Affidavits and Surety eased

For Companies

- Newspaper Advertisement requirement for loss of physical Share Certificate waived off till Rs.5,00,000
- Companies given flexibility to accept transmission document viz. Succession Certificate, Will etc. as per its internal approved procedures.
- Requirement of attaching documents related to Unclaimed Suspense Account eased
**Key Takeaways**

- The filing of IEPF-5 is simple, online and does not require any professional help.
- All documents enlisted in IEPF -5 form must be sent immediately to nodal officer of the company by post as soon as the form is filed.
- Help Kit of IEPF -5 webform and FAQ on IEPF website may be referred to.
- The company has 30 days from filing of IEPF-5 to verify the form. Therefore, claimants are advised to post all documents so that company receives it well in time to file the e-VR report.
- Any discrepancy or documents requirement shall be communicated by the Authority only on email provided by the claimant on IEPF-5 with a copy to nodal officer of the company.
Key Takeaways:

• Therefore, claimants are advised to fill email address carefully in IEPF-5 and their own email address.
• Authority shall endeavor to process all claims within 60 days of filing of e-verification report by company.
• Claimant can track status of their claims through website themselves and can also call on toll free no of the authority to know more about their claim.
• Once claim is approved. It takes some time to transfer shares in DEMAT account of the claimant and amount to the bank account which be the same account as filled in IEPF -5 webform.
Key Takeaways

• The entire process is faceless and follows FIFO method and random allocation between official and officers of the Authority.

• Claimants are not required to physically visit the office of the Authority and any such visit is advised to be avoided.
BE AN INFORMED AND EMPOWERED INVESTOR

Investor Education and Protection Fund (IEPF) is for promotion of investor's awareness and protection of their interests.
Thank You

Informed Investor, Empowered Investor, Smart Investor