



Newsletter for September, 2019 By Team of Amita Desai & Co.



We love to serve and add value to business of our clients



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Greetings and a warm welcome to our September, 2019 Month's edition of Newsletter!

We are pleased to share our Newsletter for the month of September, 2019. The newsletter covers the updates / amendments of Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI) and Insolvency and Bankruptcy Board of India (IBBI).

The Newsletter is part of our knowledge sharing initiative. Efforts have been made to share notifications and circulars issued by regulatory authorities during the month in concise and in simplified manner.

Our article of the month relates to “IEPF”

We appreciate your support and are so happy to have you as a reader.

With warmest thanks,
Amita Desai & Team



A. NATIONAL FINANCIAL REPORTING AUTHORITY (AMENDMENT) RULES, 2019:

The Central Government vide its Notification dated 5th September, 2019 had amended the National Financial Reporting Authority Rules, 2018 (“**Rules 2018**”), which may be called as the National Financial Reporting Authority Amendment Rules, 2019 (“**Rules 2019**”), the same will be effective 5th September, 2019.

Following amendments were made in Rules 2018:

- **Rule-2 (1) (g)-** In the definition of “Division” after the words “a division”, the words, “including the one headed by the chairperson or a full-time member”, shall be inserted.
- **Rule-3(1) (c)-** In rule 3 after clause (1) (c) explanation of “Banking company” shall be inserted as follow:
“Banking Company” includes “corresponding new bank” as defined in clause (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) and ‘subsidiary bank’ as defined in clause (k) of section 2 of the State Bank of India (Subsidiary Bank) Act, 1959 (38 of 1959).”
- **Rule-5-** Now Annual return is to be filed on or before **30th November** every year in Form- NFRA-2.
- **Rule-11(5)-** In rule 11 after sub-rule (5) new provision shall be inserted as follow:
“Provided that where the disposal does not take place within the said period, the Division shall record the reasons for not disposing off the show-cause notice within the said period, and the chairperson, may, after taking into account the reasons so recorded, extend the aforesaid period by such additional period not exceeding ninety days as he may consider necessary:

Provided further that the chairperson may, if he thinks fit, grant the said extension of period more than once.”
- Form- NFRA-2 is introduced for filing of Annual Return.

The link of the aforesaid Notification is as under:

http://www.mca.gov.in/Ministry/pdf/NFRA_05092019.pdf

B. CONSTITUTION OF THE COMPANY LAW COMMITTEE (CLC):

On 13th July 2018 a Committee was constituted and its report was submitted on 27th August 2018 to Hon’ble Corporate Affairs Minister. The Committee has recommended:

- (a) re-categorizing of certain offences into 'civil wrongs',
- (b) declogging the NCLT and
- (c) certain essential elements of corporate governance

On 18th September, 2019, Ministry of Corporate Affairs (MCA) decided and announced setting up of a Company Law Committee (CLC) to address following issues in line with the Governments objective of promoting *Ease of Living in India*:

- (a) by providing *Ease of Doing business* to law-abiding corporates,
- (b) fostering improved corporate compliance for stakeholders at large
- (c) address emerging issues having an impact on the working of corporates in the country.

CLC will be headed by Secretary, MCA namely Mr. Injeti Srinivas. The CLC may invite other practitioners who have knowledge or experience in the filed on corporate law. CLC may also take help of Vidhi Centre, an NGO for legal research assistance. CLC will submit its recommendations in phases and subject-wise to the government from time to time as may be decided by the Chairperson of CLC.

CLC will have one year tenure and have following terms of references:

- Offences : Analyze the nature of offences (compoundable and non-compoundable) and submit its recommendation for re-categorize as “*Civil Wrongs*” certain offences under the Companies Act and measure to optimize the compliance requirement under the Companies Act, 2013 (CA2013) ;
- Settlement: Examine the feasibility of *introducing settlement mechanism*, deferred prosecution agreements under the CA,2013 ;
- LLP 2008 : Study Limited Liability Partnership Act, 2008 (LLP 2008) and suggest measures to *plug the gaps in LLP 2008* with the aim of Ease of Doing Business ;
- Further Declogging NCLT: Suggest measures to further de-clog and improve the functioning of National Company Law Tribunals (NCLT) ;
- Removing Bottlenecks : Suggest measures for removing any bottlenecks in the overall functioning of statutory bodies like Serious Frauds Investigations Office (SFIO), The Investor Education and Protection Fund Authority (IEPFA) and the National Financial Reporting Authority (NFRA) etc under CA 2013;
- Ease of Living : Identifying and suggesting specific provisions to be amended in CA 2013 and LLP 2008 to bring about greater *Ease of Living* for the corporate stakeholders, including but not restricted to review of Forms under this two Acts ; and
- Other Relevant : Any other relevant recommendations as it may deem necessary.

Committee may invite other experts on the subject and representatives from other ministries and regulators. Committee may invite and consult other stakeholders and shall submit its recommendations in phases and subject-wise to the Government.

The link of the Order is as under:

http://mca.gov.in/Ministry/pdf/ConstitutionCLC_18092019.pdf

C. RELAXATION OF ADDITIONAL FEES AND EXTENSION OF LAST DATE OF FILING OF FORM BEN-2 AND BEN-1 UNDER THE COMPANIES ACT, 2013:

- Ministry of Corporate Affairs (MCA) has vide Circular no. 10 / 2019 dated 24th September, 2019, has extended the due date for filing of e-Form BEN-2 till 31st December 2019 without any additional fees. Consequent to the extension in the date of filing e-Form BEN-2, the date of filing Form BEN-1 may be construed accordingly.

The link for the Circular is as under:

http://www.mca.gov.in/Ministry/pdf/GeneralCircular_24092019.pdf

D. THE COMPANIES (APPOINTMENT & QUALIFICATION OF DIRECTORS) (FOURTH AMENDMENT) RULES, 2019:

- MCA vide its notification dated 30th September, 2019, notified the Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2014, which shall come into force on the date of their publication in the Official Gazette.
- Pursuant to this amendment, the following note has been inserted after the fourth proviso in rule 12A in the Companies (Appointment and Qualification of Directors) Rules, 2014.

"Note: For the financial year ending on 31st March, 2019, the individual shall submit e-form DIR-3 KYC or web form DIR-3 KYC-WEB, as the case may be, on or before the 14th October, 2019."

The link of the aforesaid Notification is as under:

http://mca.gov.in/Ministry/pdf/Companies4thAmendtRules_30092019.pdf

E. THE COMPANIES (REGISTRATION OFFICES AND FEES) FIFTH AMENDMENT RULES, 2019:

- MCA vide its notification dated 30th September, 2019, notified the Companies (Registration Offices and Fees) Fifth Amendment Rules, 2019, which shall come into force on the date of their publication in the Official Gazette.
- Pursuant to the amendment, in the Companies (Registration Offices and Fees) Rules, 2014, in the Annexure, in item VII relating to FEE FOR FILING e- Form DIR-3 KYC or DIR-3 KYC-WEB under rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014, after sub- item no.(i) the following note shall be inserted:

"Note: For the financial year ended on 31st March, 2019, no fee shall be payable in respect of e-form DIR-3 KYC or DIR-3 KYC-WEB through web service till 14th October, 2019."

The link of the aforesaid Notification is as under:

http://www.mca.gov.in/Ministry/pdf/Companies5thAmendtRules_30092019.pdf

A. SCHEMES OF ARRANGEMENT BY LISTED ENTITIES AND (ii) RELAXATION UNDER SUB-RULE (7) OF RULE 19 OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957:

- SEBI Circular No.CFD/DIL3/CIR/2017/21 dated March 10, 2017 (“the Circular”) has laid down the framework for Schemes of Arrangement by listed entities and relaxation under Rule 19(7) of the Securities Contracts (Regulation) Rules, 1957.
- In order to streamline the processing of draft schemes, it has been decided to seek additional information further, at one go.
- SEBI vide its Circular dated 12th September, 2019 amended the Circular in relation to payment of outstanding dues of SEBI, Stock exchanges and the Depositories. The amendments in the Circular are as follows:

- 1) **Insertion of Para 11 of Para I A**, which provides for requirements to be fulfilled by Listed Entity before the Scheme of arrangement is submitted for sanction by the NCLT.

Para 11- Unpaid Dues Report:

- a. All listed entities shall ensure that all dues to, and/or fines/ penalties imposed by SEBI, Stock Exchanges and the Depositories have been paid/settled before filing the draft scheme with the designated stock exchange.
- b. In case of unpaid dues / fines / penalties, the listed entity shall submit to stock exchanges a ‘Report on the Unpaid Dues’ which shall contain the details of such unpaid dues in the format given below, prior to obtaining Observation Letter from stock exchanges on the draft scheme.
- c. The report on unpaid dues as mentioned above, shall be submitted by listed entity to the stock exchanges along with the draft scheme.

FORMAT FOR REPORT ON UNPAID DUES

Sr. No.	Particulars	Details of dues/fine	Amount	Reason for non-payment
1.	Pending dues of SEBI			
2.	Pending dues of Stock Exchanges			
3.	Pending dues of depositories			

- 2) Any misstatement or furnishing of false information with regard to the said information shall make the listed entity liable for punitive action as per the provisions of applicable laws and regulations.
- 3) **Insertion of Sr. No. 5 in Para I B**, which provides for the obligations of the Stock Exchange(s):

5.The 'Unpaid Dues Report' shall be forwarded by the Stock Exchanges to SEBI before SEBI communicates its comments on the Draft Scheme to the Stock Exchanges.
Such report shall be submitted as per the format specified above.

The link for the Circular dated 10th March, 2017 is as below:

https://www.sebi.gov.in/legal/circulars/mar-2017/circular-on-schemes-of-arrangement-by-listed-entities-and-ii-relaxation-under-sub-rule-7-of-rule-19-of-the-securities-contracts-regulation-rules-1957_34352.html

The link for the Circular dated 12th September, 2019 is as below:

https://www.sebi.gov.in/legal/circulars/sep-2019/schemes-of-arrangement-by-listed-entities-and-ii-relaxation-under-sub-rule-7-of-rule-19-of-the-securities-contracts-regulation-rules-1957_44209.html

B. SEBI (PROHIBITION OF INSIDER TRADING) (THIRD AMENDMENT) REGULATIONS, 2019:

- SEBI ("the Board") vide its notification dated 17th September, 2019 notified the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 ("Regulations") to amend the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Principal Regulations").
- These regulations shall come into force on the 100th day from the date of their publication in the Official Gazette i.e. **from 1st January, 2020.**
- Some of the amendments made in the Principal Regulations vide these regulations are as follows:

1) Insertion of "Chapter III A" after Chapter III (Disclosures of Trading by Insiders) and before Chapter IV (Codes of Fair Disclosure and Conduct) in the Principal Regulations. Chapter III A contains the following sub-regulations:

- i. 7A---Definitions
 - ii. 7B---Submission of Original Information to the Board
 - iii. 7C---Receipt of Original Information by the Board
 - iv. 7D---Informant Reward
 - v. 7E---Determination of amount of Reward
 - vi. 7F---Application for Reward
 - vii. 7G---Rejection of Claim for Reward
 - viii. 7H---Informant Confidentiality
 - ix. 7I---Protection against retaliation and victimisation
 - x. 7J---Void Agreements
 - xi. 7K---No Amnesty
 - xii. 7L---Functions of Informant Incentive Committee
 - xiii. 7M---Public dissemination and incentivisation of Informant
- Under this Chapter, an Informant shall submit Original Information, either in person or through his or her Legal Representative, to the Office of Informant Protection of the Board (an independent division designated by the Board) by furnishing the **Voluntary**

Information Disclosure Form (“Form”) in a format set out in Schedule D of these Regulations.

- On receipt of the Form, the Office of Informant Protection shall communicate the substance of the information along with the evidence submitted by the informant to the relevant department or division of the Board for examination and initiation of necessary action, if any.
- Upon collection/substantial recovery of the monetary sanctions amounting to at least twice the **Reward**, the Board may at its sole discretion, declare an Informant eligible for Reward and intimate the Informant or his or her legal representative to file an Application in the format provided in Schedule-E for claiming such Reward:

Provided that **the amount of Reward shall be 10% of the monetary sanctions collected/recovered and shall not exceed Rupees 1Crore or such higher amount as the Board may specify from time to time:**

- Under these regulations the Reward shall **be paid from Investor Protection and Education Fund.**
- 2) **Re-numbering of existing Regulation 11, which deals with Power of the Board to remove difficulties, as 11 (1) and insertion of Regulation 11 (2) thereafter:**

- Regulation 11(2) States as under:

“(2) For the purpose of Chapter IIIA, the Board may-

- i. by circular, specify procedures and processes for carrying out the purposes of these regulations;
- ii remove any difficulty in the interpretation or application or implementation of the provisions of these regulations, by issuing clarifications and specifying procedures through circulars or guidelines.”

- 3) **Insertion of Schedule D and Schedule E respectively after Schedule C in the Principal Regulations:**

Schedule D provide the format for Informant’s Voluntary Information Disclosure Form to be submitted to the Board.

Schedule E provides for the Format for Application for Informant’s Reward Claim.

The link for the notification is as mentioned below:

https://www.sebi.gov.in/legal/regulations/sep-2019/securities-and-exchange-board-of-india-prohibition-of-insider-trading-third-amendment-regulations-2019_44341.html

C. SEBI (BUY-BACK OF SECURITIES) (SECOND AMENDMENT) REGULATIONS, 2019:

- SEBI vide its notification dated 19th September, 2019 notified the SEBI (Buy-Back of Securities) (Second Amendment) Regulations, 2019 (“Regulations”) to amend SEBI (Buy-Back of Securities) Regulations, 2018 (“Principal Regulations”).
- These regulations shall come into force on the 30th day from their publication in the Official Gazette.
- *Amendments are made in Regulation 4 and 5* of the Principal Regulations vide these regulation.

In Regulation 4 of the Principal Regulations, which provides for the conditions and requirements for buy-back of shares and specified securities, following are some amendments:

1) Insertion in sub-regulation (i) of regulation 4:

As per sub-regulation (i) of regulation 4, the maximum limit of any buy-back shall be 25% or less of the aggregate of paid-up capital and free reserves of the Company, *based on both standalone and consolidated financial statements of the Company:*

2) Substitution of sub-regulation (ii) of regulation 4:

“(ii) The ratio of the aggregate of secured and unsecured debts owed by the Company to the paid-up capital and free reserves after buy-back shall,-

- a) be less than or equal to 2:1, based on both standalone and consolidated financial statements of the Company:

Provided that if a higher ratio of the debt to capital and free reserves for the company has been notified under the Companies Act, 2013, the same shall prevail; or

- b) be less than or equal to 2:1, based on both standalone and consolidated financial statements of the Company, after excluding financial statements of all subsidiaries that are NBFC’s and Housing Finance Companies regulated by Reserve Bank of India (RBI) or National Housing Bank (NHB), as the case may be:

Provided that buy-back of securities shall be permitted only if all such excluded subsidiaries have their ratio of aggregate of secured and unsecured debts to the paid-up capital and free reserves of not more than 6:1 on standalone basis.”

3) Substitution of proviso of sub-regulation (iv) of regulation 4:

As per the substituted proviso of sub-regulation (iv) of regulation 4, a Company can buy-back from open market *less than 15% of its paid-up capital and free reserves, based on both its standalone and consolidated financial statements.*

In Regulation 5 of the Principal Regulations, which provides for general compliance and filing requirements for buy-back, amendments are as follows:

4) **Insertion in the proviso of clause (b) of sub-regulation (i) of regulation 5:**

As per clause (b) of sub-regulation (i) of regulation 5, a Company shall not authorise any buy-back (whether by way of tender offer or from open market or odd lot) unless a Special Resolution has been passed at a General Meeting of the Company authorising the buy-back.

Provided that nothing contained in this clause shall apply to a case where the buy-back is, 10% or less of the total paid-up equity capital and free reserves of the Company, **based on both standalone and consolidated financial statements of the Company**; and such buy-back has been authorised by the Board of Directors by means of a resolution passed at its meeting.

The link for the notification is as mentioned below:

https://www.sebi.gov.in/legal/regulations/sep-2019/securities-and-exchange-board-of-india-buy-back-of-securities-second-amendment-regulations-2019_44516.html

D. SEBI (FOREIGN PORTFOLIO INVESTORS) REGULATIONS, 2019:

- SEBI vide its notification dated 23rd September, 2019 notified the SEBI (Foreign Portfolio Investors) Regulations, 2019 (“the regulations”), which shall come into force from the date of their publication in the Official Gazette i.e. 23rd September, 2019.
- In exercise of the powers conferred by the relevant provisions of the SEBI Act, 1992, SEBI makes the regulations to provide the framework for registration and procedure with regard to foreign investors who propose to make portfolio investment in India.

The regulations contain the following Chapters:

Chapter No.	Particulars	Regulation No.
I	Preliminary	1 & 2
II	Registration of Foreign Portfolio Investor	3-9
III	Approval of Designated Depository Participant	10-18
IV	Investment Conditions and Restrictions	19-21
V	General Obligations and Responsibilities of Foreign Portfolio Investors	22-30
VI	General Obligations and Responsibilities of Designated Depository Participants	31-35
VII	Inspection	36-42
VIII	Procedure for action in case of default	43
IX	Miscellaneous	44 & 45

The link for the notification is as follow:

https://www.sebi.gov.in/legal/regulations/sep-2019/securities-and-exchange-board-of-india-foreign-portfolio-investors-regulations-2019_44436.html

D. SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) FOURTH AMENDMENT) REGULATIONS, 2019:

- SEBI vide its notification dated 23rd September, 2019 notified the SEBI (ICDR) (Fourth Amendment) Regulations, 2019 (“Regulations”) to amend SEBI (ICDR) Regulations, 2018 (“Principal Regulations”).
- These regulations shall come into force on the date of its publication in the Official Gazette i.e. 23rd September, 2019.
- Some of the amendments in the Principal Regulations are as follows:

(I) In regulation 2, which provides for definitions of terms used in the Principal Regulations.

The amendments in sub-regulation (1) of regulation 2 includes *substitution of the words “foreign portfolio investor other than Category III foreign portfolio investor” with the words “foreign portfolio investor other than individuals, corporate bodies and family offices”*:

The Definitions of **“promoter” , “promoter group” and “qualified institutional buyer”** are amended accordingly.

(II) In regulation 283(1), which provides for the eligibility of the issuers for listing of their specified securities on the Innovators Growth Platform (earlier known as “Institutional Trading Platform”).

Pursuant to the amendment, an issuer which is intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition shall be eligible for listing on the innovators growth platform, if on the date of filing of draft information document or draft offer document with the Board it fulfills certain conditions relating to its pre-issue capital ,

(III) Insertion of Part (V) in Chapter X after part (IV) and substitution of Regulation 292:

The heading of Part V in Chapter X is ***“Migration to the Main Board”***.

This part provides for certain conditions like number of shareholders, net tangible assets, average operating profit, net worth, promoters contribution, lock in period, etc to be fulfilled by a Company listed on the Innovators Growth Platform, pursuant to which it shall be eligible to trade under the regular category of the main board of the stock exchanges.

(IV) In Schedule XIII, in Part A, in clause 10, in sub-clause k, the words and symbols “FPIs other than Category III” shall be replaced with the words ***“a foreign portfolio investor other than individuals, corporate bodies and family offices.”***

The link for the Principal Regulations (amended upto 23rd September, 2019) is as mentioned below:

<https://www.sebi.gov.in/legal/regulations/sep-2019/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-last-amended-on-september-23-2019-41542.html>

The link for the aforesaid notification is as mentioned below:

https://www.sebi.gov.in/legal/regulations/sep-2019/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-fourth-amendment-regulations-2019_44440.html

IBBI UPDATES

A. VALUATION REQUIRED UNDER THE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE INSOLVENCY AND BANKRUPTCY CODE, 2016.

1. Attention to all Registered Valuers, Recognised Registered Valuer Organisations, Registered Insolvency Professionals and Registered Insolvency Professionals Agencies.
2. **IBBI mandates the valuations** that required as per Rule 10 of the Companies (Registered Valuers and Valuation) Rules, 2017 (Rules) read with Section 247 of the Companies Act, 2013 (Act) which **shall be conducted by a registered valuer** vide circular dated 17th October, 2018.
3. List of the particulars which requires **valuations to be conducted by a registered valuer** are specified below for ready reference.

Valuation required under the Companies Act, 2013 (the Act)	
Sr. No.	Particulars
1.	Further Issue of Share Capital
2.	Terms of reference of Audit Committee
3.	Restriction on non-cash transactions involving directors
4.	Power to compromise or make arrangements with creditors and members#
5.	Merger and amalgamation of companies
6.	Purchase of minority shareholding
7.	Valuation by Registered Valuers
8.	Submission of report by Company Liquidator
9.	Exclusions from deposits
10.	Creation of security
11.	Issue of sweat equity shares
12.	Provision of money by company for purchase of its own shares by employees or by trustees, for the benefit of employees
13.	Return of allotment

Provisions under the Insolvency and Bankruptcy Code, 2016 and the Regulations	
Sr. No.	Particulars
1	Voluntary liquidation of corporate persons
2	Relevant period for avoidable transactions
3	1) Appointment of registered valuers; 2) Fair value and liquidation value
4	Valuation of assets intended to be sold
5	Initiation of liquidation
6	Appointment of registered valuer
7	Fair value and liquidation value

The link for the aforesaid circular is as under:

<https://ibbi.gov.in/uploads/legalframework/fc079317863706b25d7d688d3596c327.pdf>

ARTICLE OF THE MONTH

Investor Education and Protection Fund (IEPF) Amendment dated 14th August 2019

1. BACKGROUND

Section 205C of the Companies Act 1956 Investor Education and Protection Fund (IEPF) has been established under Section 205C of the Companies Act, 1956 by way of Companies (Amendment) Act, 1999 for promotion of Investors' Awareness and Protection of their interests.

Section 125 of Companies Act 2013 Section 125 empowers Central Government to establish a Fund to be called the Investor Education and Protection Fund (IEPF).

Notification of Section 125 in a phased manner

On **13 January 2016** Sub - Sections (5), (6), & (7) have been notified

On **05 September, 2016** Sub-Sections (8), (9), (10) & (11) have been notified and made effective from 07 September, 2016 and

On **05 September 2016** Sub-sections (1) to (4), (6) [with respect to the manner of administration of IEPF] have been notified and are effective from 07 September, 2016

Amendment on 14 August 2019

MCA has notified on **14th August 2019** amendments in the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (**Principle Rule, 2016**) and the new Rules will be called the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) **Second Amendment Rules, 2019**. This Rules **brought in Digitization in process** for deposit and claim.

Sub Rule 2, 3, 5, 6, 7 and 8 and Schedules are amended

The changes are in **Definition, Fund, Statement** to be furnished to the Fund, **Manner of transfer of Shares, Refund** to Claimant from the Fund, Power to **direct for payment** of Fund and Schedules are amended for **documents and procedures**

2. **DIGITIZATION IN IEPF DEPOSIT AND CLAIM**

- Under **Rule 2**, now in definition of Company, **transferee company** is covered in respect of the assets and liabilities of transferor company which it may have to transfer to IEPF;
- Under **Rule 3** in Fund all money to be transferred except shares received under **disgorgement of securities** pursuant to section 38 (4) of the Act and CG can also give grant to IEPF.
- Under **Rule 5**, major changes as a new **Form IEPF-1** to be filed by the Companies and remit the funds online in 30 days from the date it is due . Companies are required to file **Form IEPF-1A** along with excel sheet for the submissions made earlier in **60 days that is by 13 Oct 2019**. The Companies are also required to file **Form IEPF-2 in 60 days** (earlier it was 90 days) with statement of unclaimed and unpaid amount **as on Financial year** (not as on AGM)
- Under **Rule 6**, for manner of transfer of shares in DEMAT account of IEPF, the shares for which the beneficial owner has encashed dividend warrants or **any dividend amount in the bank account of the owner** during last 7 years shall not be required to be transferred.
- The Companies are also required to transfer shares in DEMAT account of IEPF in respect of which dividend has been transferred to IEPF **on or before the 7th September 2016**, shall also be transferred by the company in the name of Investor Education and Protection Fund.
- The Companies are now required to file **Form IEPF-4** in 30 days of its Corporate Action for transfer of all benefits (except Rights) on such shares which are transferred to IEPF.
- Under **Rule 7** Refund to Claimants from the Fund,
- Now after filing **Form IEPF-5** the Claimant has to submit **documents as mentioned in the Rule** to the company for verification,
- Nodal Officer to be either **Director, of CFO or CS** and even there is Deputy Nodal Officer, the Nodal Officer is liable for all actions. If no Nodal Officer is appointed by the Company, **all Directors** will be treated as Nodal Officer. Details of Nodal Officer is required to be given to IEPF in Form IEPF-2 in 15 days that is by 29 August 2019 and any change in 7 days
- The **Legal Heir can be direct Claimant with IEPF** and he is not required to complete transmission process with the Company
- Other sub rules are modified for verification process
- Under **Rule 8 Form IEPF-6 is deleted** and the Company is required to file Form IEPF-2 as per Rule 5 (8) with the details required as on closure of for which AGM is called .
- **Schedules** are added for documentation and **process** for deposit and claims by electronically , **online payment and e-verification** is standardized with time line

3. AMOUNT FORMING PART OF IEPF –SECTION 125

- a. Unpaid dividend;
- b. Share Application money due for refund;
- c. Matured deposits;
- d. Matured debentures;
- e. Interest accrued on the above amounts;
- f. Grants and Donations received
- g. Under Section 38 (4) disgorgement or disposal of securities

4. DUE DATE OF AMOUNT TO BE TRANSFER TO IEPF

Any money transferred to the Unpaid Dividend Account of a company in pursuance to section 124(5) which remains unpaid or unclaimed for a period of **Seven years** from the date of such transfer shall be transferred by the company along with interest accrued, if any, thereon to IEPF.

5. REFUND FROM IEPF

- Claimant to fill **Form IEPF 5** on the website of IEPF along with the fees and send it to the company along with required documents for the verification of claim.
- Company to send the **Verification report** of claim to the IEPF in the pre-decided format along with all the documents within 15 days of receiving the claim.
- For a **Monetary refund**, IEPF shall initiate **e-Payment in the Claimant's Bank Account**.
- If **Shares are reclaimed**, the shares will be credited to the **Claimant's Demat account by IEPF**.

6. RECENT AMENDMENTS IN IEPF AUTHORITY (ACCOUNTING AUDIT TRANSFER & REFUND) RULES, 2016

- Transferee Company shall transfer **unpaid/unclaimed amount** in respect of Assets and Liabilities of **Transferor Company**.
- Company shall remit the amount under Section 125 **Online** along with Form IEPF-1 **within 30 days** of it becoming due.
- Any company has **not filed** statement or **filed in any other form than Excel** shall submit details in Form IEPF-1A along with Excel Template within **60 days** of notification.
- Within **60 days of AGM** and thereafter till completion of **7 years** identify unclaimed amount as **on closure of FY for which the AGM is called** and furnish on its website and on website of MCA.
- Company required to credit amounts or shares to the fund or has already deposited the amount or transferred the shares to IEPF shall nominate a **Nodal Officer**, who shall either be a Director or CFO or CS of the company, for the purposes of verification of claims and coordination with IEPF Authority.
- Within **30 days** from the date of receipt of claim the Company shall send an online verification report to MCA in **Form IEPF-5** along with Documents submitted by Claimant.

7. DOCUMENTS TO BE SUBMITTED TO MCA TO REGISTER TRANSMISSION OF SECURITIES HELD IN PHYSICAL MODE

❖ Shares held **Singly with Nomination:**

- Transmission request Form
- Death Certificate
- Copy of PAN Card
- Original Share Certificate
- Any Government ID Proof

❖ Shares held **Singly Without Nomination:**

- Documentary requirement for Nomination
- **Affidavit from all Legal Heirs** on a Non-Judicial Stamp Paper
 - For **Value of Securities upto Rs. 200,000**
 - **Succession Certificate or Probate of Will or Letter of Administration**
OR
 - **NOC** from all Legal Heir or Copy of Family Settlement Deal & **Indemnity Bond** indemnifying the STA or Issuer Company
 - For **Value of Securities more than Rs. 200,000**
 - **Succession Certificate or Probate of Will or Letter of Administration**

❖ Shares held **Jointly with Nomination**

- Transmission request Form
- Copy of Death Certificate
- Copy of PAN Card
- Original Share Certificate
- Any Government ID Proof

❖ Shares held **Jointly without Nomination**

- Documentary requirement for Nomination
- **Affidavit from all Legal Heirs** on a Non-Judicial Stamp Paper
 - For **value of Securities upto Rs. 200,000**
 - **Succession Certificate or Probate of Will or Letter of Administration or Court Decree**
OR
 - **NOC** from all Legal Heir(s) or Copy of **Family Settlement Deed & Indemnity Bond** indemnifying the STA or Issuer Company
 - For **Value of Securities more than Rs. 200,000**
 - **Succession Certificate or Probate of Will or Letter of Administration or Court Decree**

8. DOCUMENTS TO BE SUBMITTED TO MCA TO REGISTER TRANSMISSION OF SECURITIES HELD IN DEMAT MODE

❖ Shares held Singly with Nomination

- Transmission Request Form
- Death Certificate
- Copy of PAN Card
- Copy of Transaction Statement duly Certified by DP
- Any Government ID Proof
- Shares are held **Singly without Nomination**
- Documentary requirement for Nomination
- **Affidavit from all Legal Heir(s)** on a Non-Judicial Stamp Paper
 - For **Value of Securities upto Rs. 200,000**
 - **Succession Certificate or Probate of Will or Letter of Administration or Court Decree**
 - OR
 - **NOC** from all Legal Heir(s) or Copy of **Family Settlement Deed & Indemnity Bond** indemnifying the STA or Issuer Company
 - For **Value of Securities more than Rs. 200,000**
 - ❖ **Succession Certificate or Probate of Will or Letter of Administration or Court Decree**

❖ Shares are held Jointly with Nomination

- Transmission Request Form
- Copy of Death Certificate
- Copy of PAN Card
- Copy of Transaction Statement duly Certified by DP
- Any Government ID Proof

❖ Shares are held Jointly without Nomination

- Documentary requirement for Nomination
- **Affidavit from all Legal Heir(s)** on a Non-Judicial Stamp Paper
 - If **Value of Securities upto Rs. 200,000**
 - **Succession Certificate or Probate of Will or Letter of Administration or Court Decree**
 - OR
 - **NOC** from all Legal Heir(s) or Copy of **Family Settlement Deed & Indemnity Bond** indemnifying the STA or Issuer Company
 - If **Value of Securities more than Rs. 200,000**
 - **Succession Certificate or Probate of Will or Letter of Administration or Court Decree**

9. DOCUMENTS TO BE SUBMITTED TO MCA FOR LOSS OF SECURITIES HELD IN PHYSICAL MODE

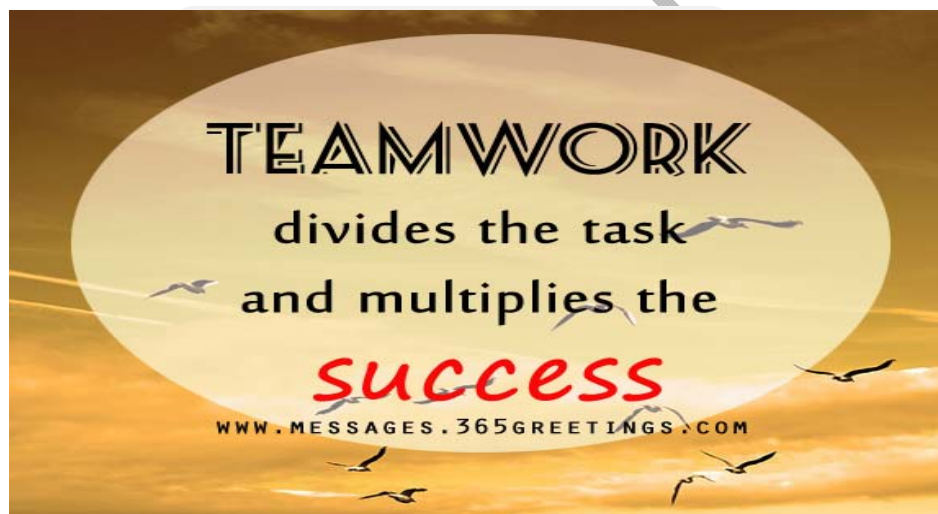
- **Notarized Copy** of FIR/ Police Complaint
- Surety Affidavit **Equal to Market Value of Shares** along with Proof of Identity attested by Notary
- **Indemnity Bond** by Surety duly attested by Notary
- **Copy of Advertisement** issued in One English Newspaper having Nationwide Circulation & in One Regional Newspaper, if the Market Value of Shares is **Greater than Rs. 10,000**

10. PROCEDURE FOR DISPOSING CLAIMS UNDER IEPF

- Company shall be **responsible for Verifying** the genuineness and entitlement of the Claimant
- Company shall verify and **retain all the Original documents** submitted by the Claimant
- Company shall be responsible to verify the Amount & Shares involved in Claims according to E-filing made by it to IEPF
- Company shall submit E-verification report to IEPF
IEPF shall follow the following procedure while Disposing Claims:
- **Verify Completeness** of all information provided in **Form IEPF-5**
- **Matching of Information** with Scanned Documents attached with Claims
- **Affidavit** & Other Supporting documents for **Change or Variation in Name**
- **Affidavit** & Other Supporting documents for **Change or Variation in Address**
- **Indemnity** on Stamp paper **in name of Claimant**
- **Verification of PAN details** of Claimant with Client Master List (CML)
- In case of claims related to Physical Securities, **authentication of Scanned Copy of Certificate** shall be attached with Form IEPF-5
- **Verification & Matching** of DEMAT Account No., Name of Claimant, PAN, Address from CML
- **Matching of Client Master List (CML) of Unclaimed Suspense Account**, if any Shares are Transferred from Unclaimed Suspense Account
- **Verification** of Transaction Statement of **Unclaimed Suspense Account**
- **Verification** of Amount due to Claimant from **E-form IEPF-1 or INV-1 or IEPF-1A**

11.FORMS REVISED

- **FORM NO.IEPF-1A**– Statement of **amounts credited to IEPF-in** 30days on such amount becoming due to be credited in IEPF as per Rule 5 (1)
- **FORM NO.IEPF-1A**– Statement of amounts credited to IEPF- **Section 205C of CA 1956**, one time in 60 days as per Rule 5 (4A) from this notification of 14.08.2019 that is by 13.10.2019
- **FORM NO. IEPF-2**
 - (i) Statement of unclaimed and unpaid amounts as per Rule 5 (8) on the **date of closure of FY** for which AGM is held
 - (ii) Details of **Nodal Officer** and changes as per Rule 7(2B)
- **FORM NO. IEPF-4** – Statement of shares transferred to IEPF after Corporate Action
- **FORM NO. IEPF-5** – Application to IEPF for claiming unpaid amounts and shares out of IEPF



Disclaimer

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