

Rules

1. Commencement:

1. (1) These rules may be called the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001.
- (2) They shall come into force on the date of their publication, in the Official Gazette.

2. Definitions:

In these rules, unless the context otherwise requires:-

- a. 'Act' means the Companies Act, 1956;
- b. 'Fund' means the Investor Education and Protection Fund (IEPF) established under sub-section (1) of 205C of the Act, 1956 (1 of 1956);
- c. "Ministry" or "Department" means Ministry or Department of the Central Government dealing the Company Affairs;
- d. 'Committee'/'Sub Committee' means the Committee specified by Central Government under sub-section (4) of section 205C of the Act to administer the Fund.
- e. 'Form' means forms prescribed by these rules;
- f. Words and expressions used in these rules and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

3. Credits to the Fund

- (i) Any amount required to be credited by the companies to the Fund, as provided in the Act shall be remitted into the concerned specified branches of Punjab National Bank, within a period of thirty days of such amounts becoming due to be credited to the Fund and the amount so credited shall be accounted for as provided in Rule 4.
- (ii)
 - a. The amount shall be tendered by the companies on behalf of the Central Government in such branches of Punjab National Bank along with Challan (in triplicate) and the Bank will return two copies duly stamped to the Company as token of having received the amount.
 - b. Every Company shall file with the concerned Registrar of Companies one copy of the Challan referred to in (a) evidencing deposit of the amount to the

Fund. The Company shall fill in the full description and the nature of the amount tendered and its Head of Account.

c.

- (i) Every Company shall, when effecting a credit to the account of the Fund, will separately furnish to the concerned Registrar of Companies a statement in Form duly certified by a Chartered Accountant or a Company Secretary or a Cost Accountant practicing in India or by the statutory auditors of the company. Provided that each Company shall keep a record relating to folio number, Certificate Number etc. in respect of persons to whom the amount of unpaid or unclaimed dividend, application money, matured deposit or debentures, interest accrued or payable, for a period of three years and the Committee or Sub-Committee shall have powers to inspect such records of that period.
- (ii) On receipt of this statement, the concerned Registrar of Companies shall enter the details of such receipt in a register and reconcile the amount so remitted and collected, with the concerned Pay and Accounts Officer, on monthly basis.
- (iii) Each Registrar of Companies shall furnish an abstract of such receipt received during the month to Department of Company Affairs within seven days from the close of the month.
- (iv) Department of Company Affairs shall maintain a consolidated abstract of receipts and shall reconcile them on a quarterly basis with Principal Pay and Accounts Office of the Department of Company Affairs.

4. Manner of Accounting:

- (i) (A) All amounts received shall be accounted for under the following Heads of account, which shall thereafter be transferred to the Fund.

MAJOR HEAD 0075 – Miscellaneous General Services.

Major Head 104 – Unclaimed and Unpaid dividends, deposits and debentures etc. of Investors in companies:

- (a) Unpaid dividend.
- (b) Unpaid application money received by Companies for allotment of securities and due for refund.
- (c) Unpaid Matured Deposit.

- (d) Unpaid Matured Debentures.
- (e) Interest accrued on (a) to (d).
 - (i) Interest on unpaid dividend.
 - (ii) Interest on unpaid application money received by Companies for allotment of securities and due for refund.
 - (iii) Interest on unpaid matured deposit.
 - (iv) Interest on unpaid matured debentures.

Note: (a) to (d) shall be sub-heads, (e) (i) to (iv) shall be detailed heads.

- (i) (B) Grants and donations given to the Fund by the State Governments, Companies or any other Institutions will be credited under the Sub-Head under the Minor Head '800-Other Receipts below the Major Head '0075-Miscellaneous General Services
- (ii) All expenditure for the purposes of carrying out the objects for which the Fund has been established shall be incurred under the functional Head expenditure head of Department of Company Affairs and equivalent amount will be shown as deduct entry by transfer of amount from the Fund.
- (iii) Surplus amount, if any, from the fund accounts shall not, for the present, be utilized for investment purpose.

5. Expenses of the Committee:

- (a) The official member of the committee or sub-committee shall be entitled to Traveling Allowance according to the rules regulating their official position.
- (b) For Journeys performed by a non-official member of the Committee or Sub-Committee or a special invitee in connection with the work of the committee or a sub-committee shall be entitled for TA/DA as per supplementary Rules of Central Government.
- (c) Committee shall have powers to recommend appointment /remuneration to any experts in such areas as may be considered necessary.
- (d) Committee shall have powers to recommend appointment of Auditors and for scrutinizing the accounts of the voluntarily agencies registered with it.

6. Audit of Accounts:

The accounts of the Fund shall be audited by internal audit party of the Department of Company Affairs every year and will also be subject to audit by the office of Comptroller and Auditor General of India.

7. Constitution and Functions of the Committee:

- (a) The Committee shall consist of ten members, excluding the Chairperson who is Secretary, to the Department of Company Affairs. The members shall be nominated by Reserve Bank of India, the Securities and Exchange Board of India and or from any other Ministry or Department of Central Government dealing with investor protection activities and experts from the field of investors' education and protection. The non-official Members shall hold office for a period of two years. The Official members shall hold office for a period of two years or until they occupy their position which ever is earlier. The constitution of the Committee shall be notified in the Official Gazette.

- (b) **Functions of the Committee:**
- (l) The Committee shall recommend the following activities relating to investors' education, awareness and protection:
 - (a) Education Programmes through Media;
 - (b) Organizing Seminars and Symposia;
 - (c) Proposals for registration of Voluntary Associations or Institution or other Organizations engaged in Investor Education and Protection activities;
 - (d) Proposals for projects for Investors' Education and Protection including research activities and proposals for financing such projects;
 - (e) Coordinating with institutions engaged in Investor Education, awareness and protection activities;
 - (f) (i) The Committee may appoint one or more sub-Committees whenever it considers necessary to facilitate efficient and speedy discharge of its functions.
 - (ii) Sub-Committee shall be constituted from amongst the members.
 - (iii) The Chairperson of the Committee may nominate any one of the members of the Sub-Committee as its convenor and where no such nomination has been made, the members of the Sub-Committee elect a convenor amongst themselves.
 - (iv) The Committee may have Sub-Committee to examine the end use of grants and assistance and recommend release of funds.

8. Power to call upon a Company:

- (i) The Committee shall have suo moto powers to call upon any company to pay the amount due to the Fund.
- (ii) Committee shall call upon any company to give estimates of the amounts to be credited to the Fund in form 2.

9. Report by the Committee:

The Committee shall furnish its activity report for every six month's period to the Central Government.

10. Meetings:

- (i) One third of the total members subject to five members in the case of meeting of committee and three members in case of sub-committee meeting shall constitute a quorum.
- (ii) The Chairperson of the Committee and the convenor of a Sub-Committee, respectively, shall preside over the meetings of the Committee or the Sub-Committee as the case may be. In the event of the Chairperson or, as the case may be, the convenor being unable to attend the meeting for any reason, the members present may elect one amongst themselves to preside over the meeting.
- (iii) The Chairperson of the Committee or the convenor of a sub-Committee may, call meeting of the Committee or a Sub-Committee:

Provided that the Chairperson or the Convenor, as the case may be, shall also call a meeting if a requisition for that purpose is presented to him by at least five members in the case of the Committee and three members in the case of a Sub-Committee.

- (iv) At least fourteen clear days' notice indicating the time and place of the meeting shall be sent to the members of the Committee or the Sub-committee as the case may be:

Provided that in case of urgency, a special meeting of the Committee or Sub-Committee may be called at any time by the Chairperson or the convenor, who shall inform the members at least three clear days in advance of the subject matter for consideration at the meeting and the reasons for which he considers the meeting urgent;

Provided further that no other business shall be transacted at such a meeting.

- (v) The Chairman or the convenor, as the case may be, may invite any person to attend any meeting of the Committee or Sub-Committee as a special invitee but such person shall not be entitled to vote.

11. Agenda:

- (i) At least seven clear days before any meeting of the Committee or a Sub-Committee, except meeting referred to in proviso to sub-rule (iv) to rule 10, a list of business proposed to be transacted at the meeting shall be sent to the members of the Committee or of a Sub-Committee, as the case may be.
- (ii) No business, not included in the list of business, shall be transacted at a meeting without the permission of the Chairperson presiding over the meeting.

12. Voting:

- (i) Every question brought before any meeting of the Committee or Sub-Committee, as the case may be, shall be decided by a majority vote of members present and voting at the meeting. No member shall vote by proxy.
- (ii) In the event of equality of votes, at a meeting, the Chairperson or the convenor, as the case may be or in his absence, the person presiding, shall have a second or casting vote.

13. Minutes:

The minutes of the meeting of the Committee or Sub-committee shall be caused to be recorded and circulated among the members.

14. Conditions for Utilization of Funds by the Committee:

- (i) The Committee may register from time to time various Associations or institutions or organizations, engaged in activities relating to investor awareness, education and protection and proposing for Investors programmes; organizing seminar, symposia and undertake projects for Investor Protection including research activities.
- (ii) Application for registration by such organisations referred to in sub-rule (i) be made in Form-3.
- (iii) Application for release of funds for the activities listed in Rule 7(1) from the organizations or Institutes registered with the Department of Company Affairs shall be made in Form 4.
- (iv) A copy of the summary or recommendations of the seminar or programme conducted and copy of Accounts for such activity by such organisation e.g., registered associations or chambers of commerce or institutes shall be provided

to the Committee within ten days of the conclusion of the seminar or programme.

- (v) The organization or Associations registered shall be considered for grant of funds as a grant-in-aid either as one time measure or in stages or by way of reimbursement depending upon the nature of the activity proposed.
- (vi) The Committee shall be entitled to examine the end use of grants and assistance before recommending release of funds.
- (vii) The Committee shall cause to draw at the end of each Financial Year, a statement of Total Receipts from various sources indicated in section 205C of the Companies Act, 1956 and the grants disbursed or the expenditure incurred in connection with the activities organized by the Committee or Sub-Committee and other expenditure incurred for holding the meetings.
- (viii) The Committee shall maintain the necessary records showing amount disbursed, date of disbursal, the name of Organisation or Voluntary agency, the activities of the agency for which such disbursal was made.