

The Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001

UNION OF INDIA

India

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Rule

THE-INVESTOR-EDUCATION-AND-PROTECTION-FUND-AWARENESS of 2001

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The Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001Published vide Notification No. G.S.R. 750(E), dated 1st October, 2001Ministry of Law Justice and Company Affairs(Department of Company Affairs)G.S.R. 750(E). - In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 642 of the Companies Act, 1956 (1 of 1956), read with sub-section (3) of section 205C of that Act, the Central Government hereby makes the following rules, namely;-

1. Commencement.

(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 below.(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 1 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 after 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. Minor 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 deposits. (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 State Governments, Companies or any other Institutions will be credited under a separate Sub-Head under the Minor Head '800 - Other Receipts below the Major Head '0075-Miscellaneous General Service (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 utilised for investment purpose.

5. Expenses of the Committee.

(a) The official member of the committee or sub-committee shall be entitled to Travelling 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 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 (1) 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; The Committee may also be entrusted with such other functions for carrying out the objects for which the Fund has been established. (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 anyone 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 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 inform 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 subcommittee.(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 meetings 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 organisations, engaged in activities relating to investor awareness, education and protection and proposing for Investors programmes; organising 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 organisation or Associations registered shall be considered for grant offends 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 that 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 organised 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.Form No. - 1(see Rule 3)Registration No:Authorised Capital: Rs.Statement of Amounts Credited to Investor Education and Protection Fund(To be submitted by the Company to the concerned Registrar of Companies along-with the copy of the challan)

1. Name of the company and Address of its registered office:

2. Date of payment of amount to the Fund.

3. Particulars of the Challan: Mode of payment (DD/Cash):

4. Details of the amount which are credited to the Fund:

(a) amounts in the unpaid dividend accounts of companies; (b) the application moneys received by companies for allotment of any securities and due for refund; (c) matured deposits with companies; (d) matured debentures With companies; (e) interest accrued on the amountS referred to in clauses (a) to (d) be shown separately for each item, both in challan and in this form. (f) Grants and donations, Financial year(s) to which the amount(s) relates.

5. Details of filing Form IA under section 205A (6) and (7) of the Companies Act, 1956.

Signature of Person Presenting the return Date Certificate from auditors Place & date Verified and found correct, Chartered Accountant/ Cost Accountant/ Company Secretary/ Statutory Auditor Place & Date: Form No. 2 (See Rule 8) Company Registration No. Authorised Capital Statement of Amounts failing due for crediting to Investor Education and Protection Fund set up Under Section 205C (2) During the year.....

1. Name of the Company.

2. Registered Office

3. Financial Year

4. Total amount due as on 31st March of the relevant financial year

5. Details of amount credited to Investor Education & Protection Fund during the year

6. Details of amounts State the details of amounts remaining unclaimed for six years since becoming due for payment for the following

a. Unpaid dividend b. Unclaimed share application money c. Unclaimed matured deposits d. Unclaimed matured debenture e. Interest in respect of (a) to (d)

7. Relevant financial year in which amount is due for payment or redemption.

Signature of Person presenting the return: Certificate from auditors Verified and found correct. Date

& Place Chartered Accountant/Cost Accountant/Company Secretary/Statutory Auditor Place Date Form-3 (See Rule 14) (Application for registration) Note: (1) Submission of the registration form does not necessarily guarantee automatic registration or funding (2) Committee reserves the right to reject any application in its own discretion without assigning any reason thereof. (3) Committee may call for additional details as and when required for the purpose of granting registration. (4) Any false information furnished or false representation made shall make the application/registration liable for rejection/cancellation.

1. Name of Association:

2. Address: Tel No./Fax No./E-mail

3. Year of Establishment: Registration No: and Date:

4. Principal office bearer.

Address:

5. Organisational structure

(a) Office Bearers:

| Name | Educational Qualifications | Occupation Profession | Experience. (specify in number of years of experience as investor either in primary or secondary market) | Remuneration received from the Association |
|------|----------------------------|-----------------------|--|--|
|------|----------------------------|-----------------------|--|--|

President

Vice

President

Secretary

Treasurer

(b) How elected or appointed or nominated and what is the frequency of election to the Board (c) Total number of employees (For the last three years)

6. Membership (For last three years)

(a) Total Number (b) Number of Members who are (i) Investors (ii) Connected with Investment activities (iii) Professionals

7. Financial Information

(a)Source of Funds (Information for last three years)(i)Membership fees(ii)Annual Subscription fees(iii)Any other fees(iv)Any other source of income(b)Uses of funds(i)Administrative expenses(ii)Salary and wages- Stationery and postage- miscellaneous(iii)Expenses for holding seminars, meetings and other activities of the Fund(iv)Any other expensesExcess of income over expenditure

8. Activities of the association

(a)Objectives of the Association(b)How has the Association met the objectives in the past/objectives of the present application.(c)How does the Association communicates to the investors(d)Whether the Association holds meeting regularly (if yes, details of the number of meetings held during the last three years and the participation to be given).(e)Number of shareholders/conferences/seminars held during the last three years.(f)Whether representatives of the Association are sent to attend shareholders meeting of companies(g)Whether the association handles investors grievances (if yes, then number of grievances received and settled during the last 12 months to be given).(h)Grievances redress system of the Association.(i)House Journal/publication of the Association(j)Whether any representation has been made by the Association in the past to the Stock exchange/Government/Companies in the interests of the investors in general and the members in particulars.(k)Any other activity(l)Whether any suits/proceedings are pending against the association or any of its office bearers/members in any court of law, if so details may be given.(m)Whether the association agrees to abide by the rules/regulations/guidelines framed by Committee/Central Government from time to time for its effective functioning and better discipline.(n)Whether any office bearer of the Association is a board member of any corporate entity.

9. Enclosures

(i)Copies of Memorandum and Articles of Association, rules regulations/bye laws.(ii)Latest membership and their addresses.(iii)Copies of the audited statement of accounts/annual report for the last three years(iv)Copies of last 3 issues of the House magazine/journal, if any(v)A copy of the statement authenticating registration of the Association(vi)A statement elaborating details of activities of the Association.Signature(with name)PresidentVice PresidentSecretaryTreasurerForm No.-4(See Rule 14)(Application for Funds for Services/Programmes)

1. Name of Applicant:

2. Address:

Registered OfficeCorporate Office Address:

3. Constitution: (Whether Association/Chamber of Commerce/Institute/Individual)

4. Date of Incorporation/registration

5. Details (Number/Date) of recognition granted by Committee Under rule 14

Existing activities(i)Management:Board of Directors:(ii)Details relating to proposed seminar/programme/activityDate when to be conducted:Venue:Brief Literature on subject matter:

6. Amount required for the proposed seminar/programme/activity and full Justification for the same including following detail

(i)The Nature of Activity(ii)List of proposed Guests/VIPs who would chair the dais(iii)Description of expenses proposed to be incurred for the activity(iv)Venue expenses(v)Travelling, Boarding and Lodging expenses of Guests for the activity(vi)Other expenses(vii)Expected number of people who would attend the activity(viii)Any other information for the justification of the amountSignature(with name)President: Vice PresidentSecretaryTreasurer