भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/176 **November 08, 2023**

To,

Issuers who have listed Non-Convertible Securities
All Recognised Stock Exchanges
All Depositories

Madam/ Sir,

Sub: Procedural framework for dealing with unclaimed amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors

1. Regulation 61A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'), provides that, *'where the interest/ dividend/ redemption amount has not been claimed within thirty days from the due date of interest/ dividend/ redemption payment, a listed entity shall within seven days from the date of expiry of the said period of thirty days, transfer the amount to an Escrow Account…….'.*

2. While the said provision mandated transfer of the unclaimed amounts[1], there was a need to standardise the process to be followed by a listed entity for transfer of such amounts to Escrow Account and by the investors for making claims thereof. Hence, a framework has been created for defining the manner of transfer of such unclaimed amounts (referred at paragraph 1 above) by a listed entity to an Escrow Account and claim thereof by an investor. The same is enclosed as **Annex – A** to this Circular.

3. Further, Regulation 61A (3) of the LODR Regulations, *inter-alia*, provides that any amount transferred to the Escrow Account in terms of Regulation 61A (2), remaining unclaimed for a period of seven years shall be transferred to:

[1] *Unclaimed interest/ dividend/ redemption amount for non-convertible securities;*

3.1. the *'Investor Education and Protection Fund'* (IEPF) constituted in terms of section 125 of the Companies Act, 2013 – in case of listed entities which are companies[2]; and

3.2. the *'Investor Protection and Education Fund'* (IPEF) created by the Board in terms of section 11 of the Act – in case of listed entities which are not companies.

4. In order to define the manner of handling the unclaimed amounts lying, in particular, in the Escrow Accounts of the listed entities which are not companies, transfer of such amounts to the IPEF and claim thereof by the investors, necessary amendments were made to Regulations 4(1) and 5(3) of the SEBI (Investor Protection and Education Fund) Regulations, 2009 (IPEF Regulations).

5. Regulation 5(3)(ii) of the IPEF Regulations, *inter-alia*, provides that the unclaimed amounts credited to the IPEF shall be utilised for refund to the listed entities which transferred the said amounts, pursuant to their making payment to eligible and identifiable investors and making a claim to the Fund. Hence, an application for claim of entitled amounts needs to be made by an investor to the listed entity which shall process the claim and then seek refund from the Board for the said amount.

6. A framework defining the procedure to be followed by the listed entities (which are not companies) for transfer of such unclaimed amounts from the Escrow Account to the IPEF and claim thereof by an investor, has been provided as **Annex – B** to this Circular.

7. Recognized Stock Exchanges, Issuers and Depositories are directed to:

7.1. comply with the conditions laid down in this circular;

7.2. disseminate the provisions of the circular on their websites;

7.3. put in place necessary systems and infrastructure for implementation of this circular; and

7.4. communicate and create awareness among investors.

[2] *Entities which fall within the definition of 'company' under the Companies Act, 2013 and the Rules made thereunder;*

8. Stock Exchanges shall also bring the provisions of this circular to the notice of listed entities/ issuers of listed Non-Convertible Securities and make consequential changes, if any, to their respective bye-laws.

9. 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 10 of the Securities Contracts (Regulation) Act, 1956 and Regulation 101 of the LODR Regulations, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

10. The provisions of this Circular shall come into effect from March 1, 2024.

11. Further, listed entities having unclaimed amounts in the Escrow Account for less than 7 years, as on February 29, 2024, shall start computing interest, as per provisions of **Annex - A**, from March 1, 2024. For listed entities which are not companies and have unclaimed amounts in the Escrow Account for more than 7 years, as on February 29, 2024, shall transfer the unclaimed amounts of the investors to IPEF, in compliance with the provisions of **Annex - B**, on or before March 31, 2024.

12. This Circular is available on the SEBI website, *www.sebi.gov.in*, under the category, '*Legal'*, under '*Circulars'*.

Yours faithfully,

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Annex – A

Framework for transfer of unclaimed amounts by the listed entities to Escrow Accounts and claim thereof by investors

(Regulation 61A (2) of the LODR Regulations)

Applicability:

1. To entities having listed non-convertible securities with interest/ dividend/ redemption amount which has not been claimed within thirty days from the due date of interest/ dividend/ redemption payment.

Obligations of the listed entity:

2. Transfer of unclaimed amounts to Escrow Account: In terms of Regulation 61A (2) of the LODR Regulations, the listed entity shall, within seven days from the date of expiry of the said period of thirty days (as referred in paragraph 1 above), transfer the unclaimed amounts to an Escrow Account to be opened by it in any scheduled bank.

3. Interest in case of default: In case a default is made in transferring the amount referred in paragraph 2 above or part thereof to the Escrow Account of the listed entity, it shall pay, interest on the amount that has not been transferred to the said account, for the period of default i.e. from the date of default till the date of transfer to the Escrow Account, at the rate of twelve percent per annum. The said interest amount shall accrue to the investors in proportion to the amount remaining unclaimed.

4. Designating Nodal Officer: The listed entity shall designate as '*Nodal Officer'*, a person who may either be a Director, Chief Financial Officer, Company Secretary or Compliance Officer of the listed entity. Such officer shall be the point of contact for investors entitled to claim their unclaimed amounts, SEBI, Stock Exchange(s) and Depositories. The listed entity shall display the name, designation and contact details of the Nodal Officer on its website. In case there is a change in the Nodal Officer due to any reason, the listed entity shall designate another person as a Nodal Officer within fifteen days of such change.

5. Display of information w.r.t. unclaimed amounts by listed entity on its website: The listed entity, shall, within a period of thirty days of transferring the unclaimed amount to the Escrow Account, upload details on its website as given below:

ISIN	Amount lying unclaimed[3] (in INR)	Category (Interest/ Dividend/ Redemption amount)	No. of investors	Date when amount became due (dd/mm/yyyy)	Date when unclaimed amount was transferred to Escrow Account (dd/mm/yyyy)	Date when amount is to be transferred to IPEF (dd/mm/yyyy)
	…					
	…					
	Total					

Name and designation of the Nodal Officer:

Email ID and phone no.:

6. Search facility for investor: The listed entity shall provide a search facility on its website for investors to verify if there is any unclaimed amount due to them and lying in the Escrow Account of the listed entity. The search criterion may be based on combinations, such as:

   6.1. PAN and Date of birth; or

   6.2. Name and Depository Participant Identification (DP ID)/ Client Identification (Client ID).

7. Information of unclaimed amount: Upon such search, the following information shall be visible to the investor:

   7.1. Amount due to the investor on the date of payment (in INR);

   7.2. Category - interest/ dividend/ redemption amount;

   7.3. Date when amount became due (dd/mm/yyyy);

[3] *Including penal interest, if any;*

7.4. Amount (in INR) transferred to Escrow Account (including penal interest, if any, for delay in transfer by the listed entity);

7.5. Date when unclaimed amount was transferred to Escrow Account (dd/mm/yyyy);

Further, the interest, if any, in the Escrow Account, that accrues to the investor in proportion to his/ her unclaimed amount, may also be disclosed by the listed entity.

8. Policy for filing of claim: The listed entity shall formulate a policy specifying the process to be followed by investors for claiming their unclaimed amounts. Such a policy shall include the following:

8.1. the format in which claim has to be submitted by the investor;

8.2. the procedure and documentation for making claim, depending on whether the claim is being submitted by the investor – self or by the legal heir/ nominee/ etc. of the investor;

8.3. the documents required to be submitted in support of the claim e.g. proof of identity, proof of address, proof of holding, etc.;

8.4. manner of submission of claim by the investor;

8.5. timeline within which the investor can submit documents, provide clarifications, etc.

8.6. conditions for rejection of claim and option of re-filing of a claim by the investor;

8.7. timeline within which the claim shall be processed by the listed entity;

8.8. contact details (email ID and phone number) wherein investor can raise their queries or grievances, if any, relating to their claim.

The said policy shall be displayed on the website of the listed entity.

9. Processing of claim by the listed entity:

9.1. The listed entity shall create an internal policy w.r.t. the process to be followed for verification of claims including the documents to be taken into account, facility to check status of claim by investor, etc.

9.2. Upon receipt of a claim application, if the listed entity, upon examination, finds it necessary to call for further information or finds such application or document(s) to be defective or incomplete in any respect, it shall intimate the investor, of such need for information or defects or incompleteness, by e-mail or other written communication. The listed entity shall direct the investor to furnish such information or to rectify such defects or incompleteness or to re-submit such application or document(s) within thirty days from the date of receipt of such communication, failing which the claim may be rejected. However, rejection of claim does not debar an investor from filing a fresh claim.

9.3. The listed entity shall within thirty days of receipt of a claim application from an investor or complete information as called upon from the investor, remit the payment to the investor using electronic modes of funds transfer.

9.4. The listed entity shall display the cumulative details of the number of claims received, processed, pending, etc. on its website.

10. Maintenance of records: The listed entity shall preserve information pertaining to the unclaimed amounts of investors including relevant documentation. The listed entity shall furnish necessary information, as and when called for by the Board.

11. Update of information: Any change in the information uploaded on the website shall be updated by the listed entity by the seventh day of the succeeding month.

Procedure applicable to investors:

12. Procedure for claim by an investor: Any investor claiming to be entitled to any unclaimed amount lying with the listed entity may apply to the listed entity for payment of such amount, in the format and manner as prescribed by the listed entity.

13. Claim by legal heir/ successor/ nominee: The aforementioned provisions in respect of the investor, shall apply, mutatis mutandis, to the legal heir/ successor/ nominee of the investor. The legal heir/ successor/ nominee shall satisfy the provisions specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, for the transmission of non-convertible securities and/ or the corresponding claim thereon, as applicable.

Annex – B

Framework for transfer of unclaimed amounts from the Escrow Account of the listed entity to IPEF and claim thereof by the investors

(Provisos to Regulation 61A (3) and Regulation 61A (4) of the LODR Regulations and Regulations 4(1)(j) and 5(3)(ii) of the IPEF Regulations)

Applicability:

1. To entities which do not fall within the definition of *'company'* under the Companies Act, 2013 and the Rules made thereunder and have listed non-convertible securities in respect of which there is interest/ dividend/ redemption amount lying unclaimed in the escrow account for seven years.

Obligations of the listed entity:

2. Transfer of unclaimed amount: Any amount transferred to the Escrow Account of a listed entity in pursuance to Regulation 61A (2) of the LODR Regulations, which remains unpaid or unclaimed for a period of seven years from the due date of such transfer, shall be transferred by the listed entity, along with interest accrued, if any, thereon, to the IPEF. The listed entity shall make such transfer within a period of thirty days from the date of expiry of seven years. Such fund transfer shall be made by the listed entity in the manner prescribed vide SEBI Circular ref. no. SEBI/HO/GSD/TAD/P/CIR/2023/149 dated September 4, 2023[4], as amended from time to time.

3. Interest in case of default: In case a default is made in transferring the amount referred in paragraph 2 above or part thereof to the IPEF, the listed entity shall be liable to a penalty of one lakh rupees and in case of continuing failure, a further penalty of five hundred rupees for each day that the failure continues, subject to a maximum of ten lakh rupees.

   Any penalty amount so transferred to the IPEF shall be utilised for the purposes described under Regulations 5 (1) and 5 (2) of the IPEF Regulations.

[4] *https://www.sebi.gov.in/legal/circulars/sep-2023/change-in-mode-of-payment-w-r-t-sebi-investor-protection-and-education-fund-bank-a-c_76474.html*

4. Information to be submitted along with fund transfer: The listed entity shall provide information about the unclaimed amount transferred to the IPEF, as per prescribed format (enclosed as **Form - A** to this Annex), in hard copy, addressed to '*Chief General Manager, Office of Investor Assistance and Education, SEBI',* as well as in soft copy, via email to ipef@sebi.gov.in.

5. Display of information w.r.t. unclaimed amounts by listed entity on its website: The listed entity, shall, within a period of thirty days of transferring the unclaimed amount to the IPEF (as referred in paragraph 2 above), upload the details on its website as given below:

ISIN	**Amount lying unclaimed in Escrow Account as at end of seven years (in INR)**	**Category (Interest/ Dividend/ Redemption amount)**	**No. of investors**	**Date when amount became due for transfer to IPEF (dd/mm/yyyy)**	**Date when unclaimed amount was transferred to IPEF (dd/mm/yyyy)**	**Amount transferred to IPEF (in INR)**
	…					
	…					
	Total					

Name and designation of the Nodal Officer:

Email ID and phone no.:

6. Information of unclaimed amount: In the search facility provided for the investors by the listed entity on its website, upon searching, the following information shall be visible to the investor:

6.1. Amount lying unclaimed in the Escrow Account of the listed entity as at end of seven years (in INR);

6.2. Break-up of Interest/ Dividend/ Redemption amount;

6.3. Date when amount became due for transfer to IPEF (dd/mm/yyyy);

6.4. Amount (in INR) transferred to IPEF by the listed entity;

6.5. Date when unclaimed amount was transferred to the IPEF by the listed entity (dd/mm/yyyy).

7. Application for refund by the listed entity to the IPEF: In terms of Regulation 5(3)(ii) of the IPEF Regulations, a listed entity shall, after processing an application from an investor for unclaimed amount, make an application to IPEF for refund of such amount. The application has to be submitted by the listed entity for reimbursement of the amount transferred by it to the investor, as per prescribed format (enclosed as **Form – B** to this Annex), in hard copy, addressed to '*Chief General Manager, Office of Investor Assistance and Education, SEBI*', as well as in soft copy, via email to ipef@sebi.gov.in.

8. Indemnity: The amount refunded from IPEF to the listed entity for the unclaimed amount paid by the listed entity to the investor, shall discharge the Board against any future claim of such investor. The listed entity shall indemnify the Board against any future dispute that may arise with respect to the unclaimed amount of the investor, including, on account of a fraudulent claim or misrepresentation by the investor. However, this does not preclude the Board from taking any action for any fraud or misrepresentation in this regard.

9. Others: The provisions with regard to Designating Nodal Officer, Search facility for an investor on the website of the listed entity, Policy for filing of claim by an investor and Processing of claim of an investor by the listed entity, Maintenance of records and Update of information by the listed entity, as prescribed in **Annex - A** to this circular, shall apply, *mutatis mutandis*, at the stage of transfer of funds from the Escrow Account to IPEF, as well.

Procedures applicable to investors:

10. Procedure for claim by an investor: Any investor claiming to be entitled to any unclaimed amount transferred to the IPEF by the listed entity, may apply to the listed entity for payment of such amount, in the format and manner as prescribed by the listed entity.

11. Claim by legal heir/ successor/ nominee: The aforementioned provisions in respect of the investor, shall apply, mutatis mutandis, to the legal heir/ successor/ nominee of the investor. The legal heir/ successor/ nominee shall satisfy the provisions specified under

the LODR Regulations and circulars issued thereunder, for the transmission of non-convertible securities and/ or the corresponding claim thereon, as applicable.

Processing of refund claim of the listed entity from IPEF:

12. Processing of refund application: Upon receipt of a refund application from a listed entity, the Board shall:

12.1. verify the documentation and satisfy itself of the correctness of information submitted and process refund of the amount paid by the listed entity to the investor. The refund amount shall not exceed the amount transferred by the listed entity against such investor in IPEF;

12.2. require the listed entity, to furnish further information or clarifications, regarding the unclaimed amount and matters connected thereto, to consider the application for refund. The applicant shall, if so required, provide the necessary information/ clarifications;

12.3. return the application, if it is found to be incorrect, incomplete or inadequate, along with reasons thereof. The listed entity may re-submit the application for re-consideration after rectifying the deficiencies.

13. Processing of claim in special circumstances: In case the listed entity is part of a scheme of arrangement, amalgamation, merger, etc., the resultant entity shall become liable to discharge the obligations of the listed entity, in respect of unclaimed amounts.

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Form - A

(To be furnished by the listed entity along with transfer of unclaimed amount to IPEF)

I. Details of the listed entity:

a. Name –
b. PAN –
c. Registered office address –
d. Correspondence office address -
e. Phone number –
f. Email ID –

II. Details of Nodal Officer of listed entity:

a. Name –
b. Designation –
c. Registered office address –
d. Phone number –
e. Email ID -

III. Details of unclaimed amounts:

S. No.	Name of the Investor	Last known address, contact details (email ID and phone no.) of investor	PAN of the Investor	DPID/ Client ID of the Investor (if applicable)	ISIN	Amount transferred from Escrow Account to IPEF (in INR)	Category of Amount (interest/ dividend/ redemption amount)	Date of Payment to IPEF	UTR No.

IV. Any other relevant information:

Signature:
Name:
Designation of Officer (with stamp):
Place:
Date:

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Form - B

(To be submitted by the listed entity along with refund application to IPEF)

I. Details of the listed entity:

a. Name –
b. PAN –
c. Registered office address –
d. Correspondence office address -
e. Phone number –
f. Email ID –
g. Bank account details where refund is to be made (Bank account number, Name of Bank, IFSC Code, Branch address) -

II. Details of amount claimed for refund:

S. No.	Name of the Investor	Last known address, contact details (email ID and phone no.) of investor	PAN of the Investor	DPID/ Client ID of the Investor (if applicable)	ISIN	Amount transferred from Escrow Account to IPEF (in INR)	Category of Amount (interest/ dividend/ redemption amount)	Date of Payment to IPEF	Amount paid to investor (in INR)	Date of payment to investor (dd/mm/yyyy)

III. Enclosures:

1. Declaration that above claim has not been made earlier or received refund from the IPEF.
2. Copy of PAN, proof of identity, proof of address, proof of holding of non-convertible securities/ demat account statement, of investor.
3. Proof of payment made to investor by the listed entity.
4. Indemnity from the listed entity.
5. Cancelled cheque for the bank account of the listed entity where payment is to be made.

IV. Any other relevant information:

Signature:
Name:
Designation of Officer (with stamp):
Place:
Date: