

# Info Capsule

## **MCA NOTIFIES INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (ACCOUNTING, AUDIT, TRANSFER AND REFUND) SECOND AMENDMENT RULES, 2017<sup>1</sup>**

Ministry of Corporate Affairs notifies **Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017** dated **October 13, 2017**. As per the notification following amendment has been made in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

**A.** In **Rule 6** which provides for manner of transfer of shares under sub-section (6) of section 124 to the Investor Education and Protection Fund:

1. The second proviso to sub-rule (1) has been substituted, stating that:-

*“Provided further that in cases where the period of seven years provided under sub section (5) of section 124 has been completed or being completed during the period from 7th September, 2016 to 31st October, 2017, the due date of transfer of such shares shall be deemed to be 31st October, 2017.”*

2. In addition to the above, following proviso has been inserted:-

*“Provided further that transfer of shares by the companies to the Fund shall be deemed to be transmission of shares and the procedure to be followed for transmission of shares shall be followed by the companies while transferring the shares to the fund.”*

3. Further, clause (d) to the sub-rule (3) has also been substituted which shall now be read as :-

*“(d) For the purposes of effecting the transfer shares held in physical form-*

*(i) The Company Secretary or the person authorised by the Board shall make an application, on behalf of the concerned shareholder, to the company, for issue of a new share certificate;*

*(ii) On receipt of the application under clause (a), a new share certificate for each such shareholder shall be issued and it shall be stated on the face of the certificate that "Issued in lieu of share certificate No for the purpose of transfer to IEPF" and the same be recorded in the register maintained for the purpose;*

*(iii) Particulars of every share certificate shall be in Form No. SH-1 as specified in the Companies (Share Capital and Debentures) Rules, 2014;*

*(iv) After issue of a new share certificate, the company shall inform the depository by way of corporate action to convert the share certificates into DEMAT form and transfer in favour of the Authority.”*

<sup>1</sup> Available at: [http://www.mca.gov.in/Ministry/pdf/IEPFNotification\\_13102017.pdf](http://www.mca.gov.in/Ministry/pdf/IEPFNotification_13102017.pdf)

4. Furthermore, following sub-rules (13) and (14) has also been inserted in Rule (6):-

**(13) "Any amount required to be credited by the companies to the Fund as provided under sub-rules (10), (11) and sub-rule (12) shall be remitted into the specified account of the IEPF Authority maintained in the Punjab National Bank.**

**(14) Authority shall furnish its report to the Central Government as and when non-compliance of the rules by companies came to its knowledge."**

**B.** In **Rule 7** which provides for refund to claimants from Fund, following amendments has been made:

1. A new sub-rule (2A) has been inserted providing:-

**"(2A) Every company which has deposited the amount to the Fund shall nominate a Nodal Officer for the purpose of coordination with IEPF Authority and communicate the contact details of the Nodal Officer duly indicating his or her designation, postal address, telephone and mobile number and company authorized e-mail ID to the IEPF Authority, within fifteen days from the date of publication of these rules and the company shall display the name of Nodal Officer and his e-mail ID on its website."**

2. A new proviso has also been inserted as follows after sub- rule (3) and (7):-

**(a) After sub-rule (3):-**

The sub-rule (3) provides that the company shall, within fifteen days from the date of receipt of claim, send a verification report to the Authority in the format specified by the Authority along with all the documents submitted by the claimant.

The new proviso inserted states: **"Provided that in case of non-receipt of non-receipt of documents by the Authority after the expiry of ninety days from the date of filing of Form IEPF-5, the Authority may reject Form IEPF-5, after giving an opportunity to the claimant to furnish response within a period of thirty days."**

**(b) After sub-rule (7):-**

The sub-rule (7) provides that in cases, where the application is incomplete or not approved, a communication shall be sent to the claimant and the concerned company by the Authority detailing deficiencies of the application.

The new proviso inserted states: **"Provided that in case of non-receipt of rectified documents by the Authority after the expiry of ninety days from the date of such communication, the Authority may reject form IEPF -5, after giving an opportunity to the claimant to furnish response within a period of 30 days."**

**The amendment notification is available on the following link:**  
**[http://www.mca.gov.in/Ministry/pdf/IEPFNotification\\_13102017.pdf](http://www.mca.gov.in/Ministry/pdf/IEPFNotification_13102017.pdf)**

## **THE UNION FINANCE MINISTER SHRI ARUN JAITLEY PARTICIPATES IN THE IMFC SESSIONS AND DEVELOPMENT COMMITTEE PLENARY OF THE WORLD BANK; HOLDS BILATERAL MEETINGS TOO WITH COUNTERPARTS FROM UK AND SRI LANKA<sup>2</sup>**

***Sh Jaitley appreciates the focus on Cyber Security and highlights Policy Challenges wrt risks posed to EMDEs, global slowdown in investments and employment.***

***Urges the Fund to diligently explore steps to achieve consensus on the Review of Quotas; Emphasises need for bringing finality to Shareholding Review by the 2018 spring meetings***

The Union Finance Minister Shri Arun Jaitley participated in the IMFC Restricted Breakfast session in Washington D.C. The discussion sessions focussed on the Dialogue on Policy Challenges. While observing that the World Economic Outlook for this year and the next was reassuring, Sh Jaitley took note of the caution advised for the medium term. He appreciated the focus on cyber security in the Early Warning Exercise and emphasized that the entire global financial system is vulnerable to this threat, more so because it is so interconnected. In this regard, the Finance Minister highlighted three policy challenges. The first was the risks posed to emerging markets and developing economies (EMDEs) by the US Federal Reserve's bold steps towards restoring normal monetary conditions. The second was the global slowdown in Investments and the third was employment.

While discussing these challenges, the Finance Minister stated that he would urge the international community to make a fair and unbiased assessment of the macro-prudential and capital flow management measures available to and used by countries to manage short-term capital volatility. Besides, finding ways to revive investment is critical to sustaining global growth and collective and co-ordinated action needed to be explored in this regard. He also observed that India is currently one of the few large economies in the world in the virtuous phase of its demographic transition and the most important priority of the government was to find ways to provide employment to the 12 million young people entering the workforce annually.

Sh Arun Jaitley also attended the IMFC Plenary Session focusing on the institutional issues. The Union Finance Minister highlighted the big structural reform initiatives taken by India – Goods and Services Tax (GST), Demonetization and Insolvency and Bankruptcy code. He also underlined that short term adverse impact of both GST and demonetization measures are mostly overcome and the recent data in manufacturing sector indicate that India's growth story is soon getting back to its normal course. He also mentioned about substantial reduction in both high value cash notes as well as cash as such in the economy thanks to demonetization. Sh Jaitley expressed his mixed feelings at the apparent lack of progress in converging to a consensus on the Review of Quotas. To achieve such an outcome, he urged the Fund – the Board, the Management and the Staff – to diligently explore the space offered by the three objectives laid out in the IMFC Communiqué in October 2016: reduce misalignments, shift quota shares in favour of dynamic emerging economies and protect the shares of low income countries and small states.

The Union Finance Minister Sh Arun Jaitley also attended the 96<sup>th</sup> Meeting of the Development Committee Plenary of the World Bank. The items on the agenda included the World Development Report 2018, Maximising Finance for Development, Progress Report to Governors on Shareholding and Forward Look Implementation Update.

Shri Arun Jaitley stated that during this financial year, India consolidated its steady growth through systemic reforms that enabled significant progress in formalizing the economy, building macroeconomic fundamentals, creation of digital economy and financial inclusion. The newly rolled out Goods and Services Tax was a transformative reform that has unified 1.3 billion people into one single market.

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<sup>2</sup> Available at: <http://pib.gov.in/newsite/erelease.aspx>

The Finance Minister strongly urged for bringing finality to the Shareholding Review by the Spring meeting 2018 in a spirit of consultation and co-operation. Drawing attention to the downward trend in lending to MICs, he urged the Shareholders of World Bank Group not to forget the pockets of poverty in LMICs, where concessional finance continues to be indispensable. Sh Jaitley also expressed that resources required for achieving the twin goals, Climate targets and SDGs by 2030 were substantial and that the World Bank must, to quote the Hon'ble Prime Minister Shri Narendra Modi, act with Speed, Skill and Scale. Finance Minister thus called for quick consensus for capitalizing the Bank and IFC to meet legitimate expectations of development financing for these institutions.

During his other engagements in the day, Shri Arun Jaitley also held bilateral meetings with the Finance Ministers of UK and Sri Lanka. The discussions covered a wide spectrum of bilateral collaboration to strengthen the cross-country relationships.

On the side-lines, Secretary (EA) Shri S C Garg also held meetings with Mr Bowman, DG, International at HM Treasury, UK and discussed areas of mutual collaboration, issues being faced by Investment and projects being undertaken by respective countries and commonality of their positions in various multilateral fora. Besides this, Secretary (EA) also held meetings with President of IFAD, Chairperson of ICBC; Chief Representative of JBIC; CFO of World Bank; CEO of IFC; Vice-president ADB and Director of Euro-money Conference.

The Finance Minister Shri Arun Jaitley was in Washington DC to attend the Annual Meetings of the International Monetary Fund (IMF) and the World Bank and other associated meetings. He was accompanied by Mr. Urjit Patel, Governor, RBI; Secretary Economic Affairs, Shri S.C. Garg; and other officials.

### **Team ICSI**

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