

Info Capsule

MCA CIRCULAR ON TRANSFER OF SHARES TO IEPF¹

The Ministry of Corporate Affairs (MCA) has issued general circular no 03/2017 dated 27th April, 2017 mentioning the procedure for transfer of shares to Investor Education and Protection Fund (IEPF).

Pursuant to second proviso to Rule 6 of IEPF (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 notified on 28th February, 2017, where the seven year period provided under section 124(5) of the Companies Act, 2013 completed during 7th September, 2016 to 31st May, 2017, the due date for transfer of such shares by companies is 31st May, 2017.

IEPF Authorities has decided to open a “special demat account” with NSDL through its depository participant.

The special demat account will have features and functionality to support IEPF operations using paperless, digital process and facilitate record keeping of shares transferred to IEPF Authority to meet the requirements of the Rules. The details of demat Account will be issued in due course.

Companies are required to transfer shares to this demat account , whether shares held in demat form or physical form by way of corporate action and details of shares transferred required to be submitted to NSDL in prescribed format.

NSDL will prescribe file formats and operational procedure for aforesaid transfer of shares by 30th April, 2017 and 15th May, 2017 respectively.

Companies are required to bear transaction fees, annual maintenance fees and depository participants’ fees as mentioned in the circular.

IFSC BANKING UNITS PERMITTED TO ACT AS BROKERS OR A CLEARING MEMBER, WITHOUT FORMING A SEPARATE COMPANY²

Securities and Exchange Board of India has released a circular on 27th April, 2017 [vide Circular No.: SEBI/HO/MRD/DSA/CIR/P/2017/ 34]

SEBI by this circular allowed banking entity operating in International Financial Services Centres (IFSC) to act as stock broker or a clearing member, without forming a separate company.

¹ Available at : http://www.mca.gov.in/Ministry/pdf/Circular_27042017.pdf

² Available at : http://www.sebi.gov.in/legal/circulars/apr-2017/securities-and-exchange-board-of-india-international-financial-services-centres-guidelines-2015-ifsc-banking-units-ibus-acting-as-trading-member-or-professional-clearing-member-on-stock-exchang-_34767.html

The circular provides clarification in respect of an IFSC Banking Unit (IBU) set up in IFSC which shall now be permitted to act as a Trading Member of an exchange or a Professional Clearing Member of a clearing corporation in IFSC, without forming a separate company, subject to the conditions mentioned in the aforesaid RBI circular.

This circular is issued after taking into consideration the suggestions from the market participants and Reserve Bank of India (RBI).

Securities and Exchange Board of India (SEBI) in the circular clarified: *“An IFSC Banking Unit (IBU) set up in IFSC shall be permitted to act as a trading member of an exchange or a professional clearing member of a clearing corporation in IFSC, without forming a separate company,”*

SEBI in March 2015 had issued a detailed set of guidelines [SEBI (International Financial Services Centres) Guidelines, 2015] for establishing IFSCs as part of its efforts for setting-up financial hubs in the country. The first such centre has been set up in Gujarat’s Gift City.

EPF MEMBERS NOW REQUIRED TO SUBMIT SELF-DECLARATION FOR ADVANCE IN CASE OF ILLNESS OF MEMBERS/ DEPENDENTS³

EPF members will now only be required to submit a self-declaration for the advance in case of illness of members/ dependents. Differently abled members will also get advance on the basis of self-declaration. A member will no longer be required to submit any medical certificate or any other certificate or document or proforma whatsoever to avail advances under paragraph 68-J or under paragraph 68-N of EPF Scheme 1952.

Ministry of Labour & Employment has amended Paragraph 68-J and Paragraph 68-N of Employees’ Provident Fund Scheme, 1952 and It will come into force from the date of its publication in the official Gazette. According to it, a member would only be required to submit a self-declaration, which has already been included in the composite claim form, to avail advance under the EPF Scheme in case of illness of members/ dependent and also in case of differently abled members.

This is in continuation of initiatives taken by EPFO as part of next phase of its e-governance reforms with a view to make the services of EPFO available to its stakeholder in an efficient and transparent manner. An administrative order was issued on 20.02.2017 in the matter of Introduction of Composite Claim Forms (Aadhar and Non-Aadhar) to replace existing Claim Forms No. 19, 10C & 31 and Forms No. 19 (UAN), 10C(UAN) & 31 (UAN). EPFO has since implemented Universal Account Number (UAN) for its subscribers. It is now possible for subscribers, who have seeded their UAN with Aadhar Number and Bank account details, to submit claim forms directly to EPFO without the attestation of employers.

Team ICSI

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³ Available at: <http://pib.nic.in/newsite/erelease.aspx?relid=0>