



Unclaimed shares or money lying with IEPF? These are the steps to follow to reclaim them

Do you have some money or shares that you forgot to keep track of, and are now locked with the IEPF? If that is the case, you would wonder what exactly can be done to reclaim the assets you rightfully own but sadly — don't possess anymore?

First of all, you need to understand where the securities go when you lose track of them as they remain unclaimed.

Any dividend money, interest income, matured debentures, matured deposits, redemption amount of preference shares and sale proceeds of fractional shares when remains unclaimed for seven years is transferred to the IEPF

What is IEPF?

IEPF stands for Investor Education and Protection Fund which is maintained by the IEPF Authority, a division of the Ministry of Corporate Affairs, Government of India.

This authority (IEPFA) is responsible to carry out refunds of shares, unclaimed dividends, matured deposits and debentures to investors, and also to promote awareness among investors..

Proposed integrated portal

In the Budget 2023, Finance Minister Nirmala Sitharaman announced an integrated IT portal to enable small investors to reclaim their [unclaimed dividend](#) and unpaid dividends from the IEPF in a speedy and seamless way.

Sebi gives KYC-compliance relief to investors holding physical shares

ASHLEY COUTINHO
Mumbai, March 23

INVESTORS HOLDING PHYSICAL share certificates have got a reprieve, with the Securities and Exchange Board of India extending the timeline for complying with know your customer (KYC) norms from March 31 to September 30.

It is now mandatory for all holders of physical securities in listed companies to furnish PAN, nomination, contact details, bank account details and specimen signature for their corresponding folio numbers to their registrar and transfer agents.

Any failure in doing so will result in folios being frozen by RTAs after October 1.

Such shares will not be eligible for bonus, dividends and other corporate actions.

If shares or folios continue to remain frozen till December 31, 2015, RTAs and listed companies will have to tender such folios to the authority under the Benami Transactions (Prohibition) Act, 1988, and/or Prevention of Money Laundering Act, 2002.

About 1-1.5% of shareholding in the securities market is still in the physical form, held through



DEADLINE EXTENDED

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share certificates.

This translates to a value of over ₹3.5 trillion, according to industry estimates.

"Representations were being made by the investor community about the difficulties being faced in providing multiple documents as sought by companies and registrars according to varied interpretations of the earlier Sebi circulars," said **Ankit Garg, advocate and founder of Garg Law Chambers.**

According to Achint Arora, founder and director of Wealth-Max Consultancy Services, many investors lose track of their investments made decades ago, and fail to designate a nominee for their shares, leaving legal heirs in the dark and shares unclaimed.

"Doing KYC for these investors is a cumbersome process. Some of the shares were bought in the 70s, 80s and 90s, and digging up the information at the RTAs end is not easy," he said.

Since mid-90s, all shares purchased in the securities market are stored electronically in a demat account, eliminating the need for physical certificates.

Several investors still hold physical shares due to reasons ranging from change in address, lack of awareness of their holding, death of the original allottee shareholder and investors leaving the country.

"The proposed method will be a Straight Through Process (STP) whereby their Aadhaar and PAN linked demat accounts will be directly credited with shares after the Approved Verification Report is filed by the Company," says **Ankit Garg**, Founder of Garg Law Chambers and Advisor, [GLC Wealth](#)

"There will be less physical verification of documents by the IEPF Officials resulting in drastic reduction of time taken to approve a claim below the threshold decided," he adds.

How to reclaim your securities?

Any individual whose unclaimed or unpaid amount has been transferred by the company to IEPF may claim their refunds to the IEPF authority. In order to claim such an amount, claimants need to file form IEPF-5 along with other necessary documents.

Mr Garg says there could be a number of reasons for losing control over some securities e.g., some investors forget to keep their KYC updated.

To explain this, he shares an example of one of his clients where a company's CEO – for not keeping the KYC updated – lost track of his securities, which were later transferred to IEPF.

"A CEO of a leading FMCG company purchased shares in his and his wife's demat account and forgot to keep his KYC updated. Due to dividends not getting credited to their account over a long number of years during which they were posted in many countries, the shares were transferred to the IEPF Authority," said Mr Garg.

"When he approached us, we followed up with the respective companies to get accurate details of shares and unclaimed dividends and filed their claims with the government authority. After consistent follow ups with the company and the IEPFA we were able to get their claim approved and [recovery of shares](#) credited to their demat accounts," he elaborates.

These are the steps to follow to reclaim your assets:

I. Fill the form: First of all, access the IEPF-5 webform to file the claim for refund. And needless to mention that one must read the instructions carefully along with the form before filling the form.

II. Acknowledgement: Once you have filled the form, you can submit the same. Upon successful submission, an acknowledgement is generated indicating the SRN, which is used for tracking the form in future.

III. Printout: After uploading the form, one must take a printout of the duly filled IEPF-5 and the acknowledgement issued.

IV. Send documents: Now you should send an envelope marked "Claim for refund from IEPF Authority" to the Nodal Officer (IEPF) of the company at its registered office.

In this envelope, you should ensure to send indemnity bond in original, copy of acknowledgement and IEPF-5 form along with the other documents as mentioned in the Form IEPF-5.

V. Verification: Once these claim forms are completed in all aspects, they will be verified by the concerned company. Later, on the basis of the company's verification report, refund will be carried out by the IEPF Authority in favour of claimants' account via electronic money transfer.