

Frequently Asked Questions (FAQs) pertaining to procedural framework for Unclaimed or Unpaid Amounts lying with REITs, InvITs and entities having listed non-convertible securities

Reference: Circular ref. no. SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/176 dated November 8, 2023, ref. no. SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/177 dated November 8, 2023, and ref. no. SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/178 dated November 8, 2023

1. Whether an existing account can be used or is it mandatory to open a new Escrow Account for the purpose of transfer of unclaimed or unpaid amounts?

- The existing bank account(s) of the listed entity/ REIT/ InvIT, in any scheduled bank, can be used as an Escrow Account/ Unpaid Distribution Account i.e. for the purpose of maintaining unclaimed or unpaid amounts and handling claims thereof, till the time the amount is transferred to SEBI Investor Protection and Education Fund (SEBI IPEF)/ Investor Education and Protection Fund (IEPF), as applicable.

This is subject to the listed entity¹/ Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trusts (InvIT) satisfying the other terms and conditions of the relevant Regulations and circulars issued thereunder, including clear segregation of the unclaimed or unpaid amounts and disclosure thereof, as prescribed.

2. Can unclaimed funds be maintained in multiple accounts, segregated by issuance, ISIN or financial year wise, or they are required to be consolidated and maintained in a single unclaimed account?

- Circulars do not necessitate nor preclude a listed entity/ REIT/ InvIT from operating single or multiple accounts for handling unclaimed or unpaid amounts. The unclaimed or unpaid amounts can be maintained in single or multiple bank accounts by the listed entity/ REIT/ InvIT, as per operational convenience.
- This is subject to the listed entity/ REIT/ InvIT satisfying the other terms and conditions of the relevant Regulations and circulars issued thereunder, including clear segregation of the unclaimed or unpaid amounts and disclosure thereof as prescribed.

3. Whether specifically, Escrow Bank Account/ Unpaid Distribution Account needs to be opened for maintaining unclaimed or unpaid amounts or special/ segregated bank account is adequate?

The bank account being used for maintaining unclaimed or unpaid amounts should satisfy the following requirements:

- The account is clearly identified and segregated and is used only for the purpose of making distribution of unclaimed or unpaid amounts to the relevant investors/ unitholders, as per prescribed procedure.
- The account is not used for day to day business activities or for payment to other investors.
- The listed entity/ REIT/ InvIT has restricted access to such an account, under the guidance of the Debenture Trustee/ Bank/ RTA or such other entity, as relevant.

¹ Entity having listed non-convertible securities is hereinafter referred to as 'listed entity';

- For such an account, an agreement or arrangement is available and debit from such accounts are monitored to ensure credit of funds to the investor/ unitholder, as per their entitlement and in accordance with the regulatory provisions.
- 4. If an existing account is reclassified as Escrow Account/ Unpaid Distribution Account, how to ensure compliance with the timelines prescribed in the circular w.r.t. transfer of unclaimed funds to Escrow Account/ Unpaid Distribution Account.**
- When a listed entity/ REIT/ InvIT, re-classifies an existing bank account into Escrow Account/ Unpaid Distribution Account for the purpose of maintaining the unclaimed/ unpaid amounts, the said re-classification needs to be completed within the timelines prescribed in the circular for transferring the unclaimed/ unpaid amount to Escrow Account/ Unpaid Distribution Account. In such cases, the date of such re-classification shall be recorded as the date of transfer of unclaimed/ unpaid amount to Escrow Account/ Unpaid Distribution Account.
- 5. The circulars, *inter-alia*, mandate that the listed entity/ Manager/ Investment Manager, shall, within a period of thirty days of transferring the unclaimed amount to the Escrow Account/ Unpaid Distribution Account, upload the specified information on its website/ website of REIT/ InvIT, as per format provided thereof. With respect to the display of information about unclaimed amounts by a listed entity/ REIT/ InvIT on its website, what is the meaning of 'Due date when amount became due'.**
- In the format prescribed for disclosure of information by the listed entity/ Manager/ Investment Manager, post transfer of unclaimed amount to the Escrow Account/ Unpaid Distribution Account, one of the fields is, 'Due date when amount became due'. This is followed by the disclosure of the date when the unclaimed amount was actually transferred to the Escrow Account/ Unpaid Distribution Account. Herein, 'due date when amount became due' refers to the date when the unclaimed/ unpaid amount became due for transfer to the Escrow Account/ Unpaid Distribution Account, in terms of the provisions of the circular.
- 6. Whether interest is to be compulsorily provided to the investor/ unitholder on the amount lying in the Escrow Account for the intervening period of seven years?**
- Interest, if any, earned by the listed entity/ REIT/ InvIT on the amount lying in the Escrow Account/ Unpaid Distribution Account, on behalf of the investor/ unitholder, should be passed on to the respective investor/ unitholder on whose behalf it was held., in terms of the provisions of the Circulars.
- 7. If payment to investors/ unitholders are made through Demand Draft, having validity of 3 months, then how to comply with the prescribed timelines for transferring the unclaimed or unpaid amounts to Escrow Account/ Unpaid Distribution Account and disclosures thereof?**
- The listed entity/ REIT/ InvIT shall make payment of the due amount i.e. interest/ dividend/ redemption/ distribution amount to the investor/ unitholder through electronic means. If the said amount remains unclaimed/ unpaid, then the listed entity/ REIT/ InvIT shall transfer the said amount to the Escrow Account/ Unpaid Distribution Account, within the prescribed timelines, and make requisite disclosures. Post such transfer, the listed entity/ REIT/ InvIT can issue demand draft from such Escrow Account/ Unclaimed Distribution Account, or use such other means to make payment

to the investors/ unitholders, as feasible, to reduce the quantum of unclaimed/ unpaid amounts.

- Further, the listed entities/ REITs/ InvITs may be advised to endeavor, on an ongoing basis, to update details of the investors/ unitholders, for making electronic transfer of interest/ dividend/ redemption amount/ distributions. Even while using the demand draft mode to make payments of unclaimed/ unpaid amounts to the investors/ unitholders, the listed entity/ REIT/ InvIT may take necessary steps to reach out to the investors/unitholders, requesting them to update their bank accounts details with their depository participant, in order to make electronic transfers going ahead.

8. In case there is any Order/ Direction from any Court/ Tribunal/ Statutory Authority, restraining transfer/ payment of dividend/ interest/ redemption/ distribution to any investor/ unitholder, whether such amount is required to be transferred to the Unpaid Distribution Account/ Escrow Account?

- In case there is any Order/ Direction from any Court/ Tribunal/ Statutory Authority, restraining transfer/ payment of dividend/ interest/ redemption/ distribution to any investor/ unitholder, then such amount shall also be transferred to the Unpaid Distribution Account/ Escrow Account and appropriate disclosures made, in terms of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations), SEBI (Infrastructure Investment Trusts) Regulations, 2014 (InvIT Regulations) and SEBI (Real Estate Infrastructure Trusts), Regulations, 2014 (REIT Regulations) and circulars issued thereunder, as applicable.

This is subject to any other specification in such Order/ Direction from the Court/ Tribunal/ Statutory Authority.

9. In case there is any Order/ Direction from any Court/ Tribunal/ Statutory Authority, restraining transfer/ payment of dividend/ interest/ redemption/ distribution to any investor/ unitholder, whether such amount lying in the Unpaid Distribution Account/ Escrow Account shall be transferred to the Investor Education and Protection Fund (IEPF)/ Investor Protection and Education Fund (IPEF)?

- In case there is any Order/ Direction from any Court/ Tribunal/ Statutory Authority, restraining transfer/ payment of dividend/ interest/ redemption/ distribution to any investor/ unitholder, while the funds are lying in the Unpaid Distribution Account/ Escrow Account, then such amount shall not be transferred to the Investor Education and Protection Fund/ Investor Protection and Education Fund, in terms of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations), SEBI (Infrastructure Investment Trusts) Regulations, 2014 (InvIT Regulations) and SEBI (Real Estate Infrastructure Trusts), Regulations, 2014 (REIT Regulations) and circulars issued thereunder, as applicable.

This is subject to any other specification in such Order/ Direction from the Court/ Tribunal/ Statutory Authority.

However, the listed entity/ REIT/ InvIT shall furnish details of the amount so held to IEPF/ IPEF in terms of the relevant provisions of the rules, regulations and circulars issued in this regard.