



By RTI MIS portal/Speed Post

Central Public Information Officer
Email: cpio_ho@sebi.gov.in

CPIO/KS/2026-27/ 18592
July 15, 2026

Ms.Rashmi Soni
Dhanare Colony Gali No.3,Narsinghpur, Dist Narsinghpur,
Madhya Pradesh, Pin:487114

Madam,

**Sub: Compliance of CIC Order dated 25.06.2026 in the appeal of Ms.Rashmi Soni
Vs CPIO, SEBI- File No. CIC/SEBIH/A/2025/602483**

1. This is with reference to CIC Order dated 25.06.2026 with regard to your appeal pertaining to your RTI application dated 16/08/2024.
2. In this regard, the Hon'ble CIC had vide the aforesaid order directed the CPIO, SEBI to provide revised reply to query 1 of RTI application within three weeks after receipt of this Order.

Reply to query 1:

It is reiterated that the information sought by you is provided in the SEBI Master Circular for Stock Exchanges dated Oct 16, 2023 and SEBI Master Circular for Depositories Oct 06, 2023 and the same are available on SEBI website. The links for the said master circulars are given below :

https://www.sebi.gov.in/legal/master-circulars/oct-2023/master-circular-for-stock-exchanges-and-clearing-corporations_78047.html

https://www.sebi.gov.in/legal/master-circulars/oct-2023/master-circular-for-depositories_77789.html

Further, in this regard, please find attached hard copies of relevant extracts of SEBI Master Circular for Stock Exchanges and Clearing Corporation (**Flag A**) and SEBI Master Circular for Depositories (**Flag B**) w.r.t Investor Protection Fund of Stock Exchanges and Depositories.

Yours faithfully,

D.Sura Reddy
Chief General Manager

Encl : as above

Copy to:
Shri Surendra Singh Meena, - 18591
Hon'ble Information Commissioner
Central Information Commission
Baba Gangnath Marg, Munirka, New Delhi – 110 067



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

Flag A

Grievance Redressal Committee (GRC) has been discontinued pursuant to the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2023.

Refer Master Circular for Online Dispute Resolution circular no. SEBI/HO/OIAE IAD-1/P/CIR/2023/145 dated August 04, 2023 and circular no. SEBI/HO/OIAE IAD-1/P/CIR/2023/131 dated July 31, 2023.

5.3. Arbitration Mechanism at Stock Exchanges

Refer Master Circular for Online Dispute Resolution circular no. SEBI/HO/OIAE IAD-1/P/CIR/2023/145 dated August 04, 2023 and circular no. SEBI/HO/OIAE IAD-1/P/CIR/2023/131 dated July 31, 2023.

5.4. Streamlining issuance of SCORES Authentication for SEBI registered intermediaries

- 5.4.1. The generation of SCORES user ID and password has been automated for all new SEBI registered intermediaries. This has been done to streamline the process of providing SCORES credentials in the interest of investors.
- 5.4.2. SCORES user id and password details shall be sent to all new SEBI registered intermediaries, through an auto-generated e-mail, upon completion of process of online grant of registration by SEBI.
- 5.4.3. The SCORES user id and password details shall be sent to the e-mail id of the Contact Person/Compliance Officer as provided in the online Registration Form. In view of the same, newly registered intermediaries are no longer required to submit Form-B.
- 5.4.4. The primary e-mail address in SCORES is the e-mail ID where all notifications related to SCORES complaints are sent to the SEBI registered intermediary. All existing and new SEBI registered intermediaries will now be able to update their primary e-mail address and registered address on their own.

6. INVESTOR PROTECTION FUND & INVESTOR SERVICE FUND⁴²

6.1. Investor Protection Fund at Stock Exchanges

The Central Government, vide notification No. F. No. 14/4/SE/85 dated August 22, 1985, has stipulated the setting up of the Investor Protection Fund (IPF) by Stock

⁴² Circular No. SEBI/HO/MRD-PoD-3/P/CIR/2023/81 dated May 30, 2023



Exchanges. This fund should take care of legitimate investment claims which are not of speculative nature of the clients of defaulting member(s).

The modified comprehensive guidelines for IPF and ISF are as follows;

A. Constitution and Management of the IPF

- i. All stock exchanges shall establish an IPF. The IPF of the stock exchange shall be administered through separate trusts created for the purpose.
- ii. The IPF Trust of stock exchange shall consist of five trustees as under:
 - a) Three Public Interest Directors (PIDs);
 - b) One representative from the investor associations recognized by SEBI; and;
 - c) Chief Regulatory Officer or Compliance Officer.
- iii. The maximum tenure of a trustee (excluding the Chief Regulatory Officer or Compliance Officer, whose trusteeship would be co-terminus with their service) shall be five years or as specified by SEBI.
- iv. The Stock Exchange shall provide the secretariat for their IPF Trusts respectively.
- v. The stock exchange shall ensure that the funds in the IPF are well segregated and that the IPF is immune from any liabilities of the stock exchange. Further, supervision of utilization of IPF and interest or income from IPF will rest with the IPF Trust.

Norms for composition of IPF Trust are uniformly applicable across Exchanges and Depositories. Further, the functions of IPF Trust shall be applicable only to Exchanges.⁴³

B. Contribution to IPF of Stock Exchange

The following contributions shall be made by the Stock Exchange to the IPF:

- i. 1% of listing fees received, on a quarterly basis.
- ii. 100% of the interest earned on the 1% security deposit kept by the issuer companies at the time of offering of securities for subscription to the public, immediately on refund of the deposit.
- iii. Penalty collected by stock exchanges from Trading Members(TMs) for deficiency in modification of client code, if any, as per Section 14.3 of Chapter 1 titled 'Trading' of this master circular.
- iv. Penalty collected by stock exchanges from TMs for default in pay-in for certain trades during periodic call auction for Illiquid scrips, if any, as per Section 17.3 of Chapter 1 titled 'Trading' of this master circular.

⁴³ Circular No. SEBI/HO/MRD/DDAP/CIR/P/2020/16 dated January 28, 2020



- v. Penalties collected by stock exchanges from their listed companies for non-compliance with various requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 pursuant to Chapter VII (Penal Action for Non-compliance) of SEBI Master Circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities dated July 11, 2023.
- vi. Penalty collected from TMs for default in pay-in by an investor in an Offer For Sale (OFS) transaction -10% of the order value as per Section 19 of Chapter 1 titled 'Trading' of this master circular on Stock Exchanges and Clearing Corporations.
- vii. Contribution towards the IPF based on the transaction charges collected from the members of the exchange, as per policy of the respective stock exchange.
- viii. At least 70% of interest or income received out of any investments made from the IPF.
- ix. Any other contribution as may be specified by SEBI from time to time.

A. Utilization of IPF and Interest or Income from IPF⁴⁴

The amount in IPF and any interest or income generated from the IPF of the stock exchanges shall be utilized for the purposes as stated in the table below:

Sr. No.	Particulars	Utilization
1	IPF	a) To meet the legitimate investment claims of the clients of the defaulting trading members (TMs) b)
2	Interest or income received out of any investments on IPF	a) To further strengthen the corpus, at least 70% of interest or income from IPF received every year shall be ploughed back to IPF; b) To meet the expenses related to dedicated employees of IPF Trust, administration of Investor Service Centers (ISCs), other administrative and statutory expenses such as applicable taxes, audit fees and charity commissioner's fee, etc., a maximum of 5% of interest or income from IPF received during the year may be utilized. In case the expenses exceed the above limit, such excess expenses shall be borne by the stock exchange and in case of non-utilization of

⁴⁴ Circular No. SEBI/HO/MRD-PoD-3/P/CIR/2023/81 dated May 30, 2023



		such amount in the same financial year, the same shall be ploughed back to IPF; c) The balance 25% may be utilized by the exchange for promotion of investor education and investor awareness programmes through seminars, lectures, workshops, publications (print and electronic media), training programmes etc. aimed at enhancing securities market literacy, promoting retail participation in securities market and undertaking research activities related to securities market. Capital expenditure would be permissible only w.r.t. setting up of Investor Service Centres. However, no expenditure to be incurred on product promotion in any manner. d) In case of non-utilization of the 25% of interest or income from IPF in the same financial year (as mentioned at paragraph (c) above), the same shall be ploughed back to the IPF; e) Exchange should not spend in the name of setting up of ISCs beyond its requirement. The main purpose of setting up of ISCs should not be to earn any income. However, income, if any, from the ISCs shall be credited to the IPF Corpus f) The expenses related to technology at ISCs shall be borne by the stock exchanges; g) In any other manner as may be prescribed/ permitted by SEBI in the interest of investors;
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B. Deployment of Funds of IPF by Stock Exchanges

- i. Funds of the IPF Trust shall be invested in instruments such as Central Government securities, fixed deposits of scheduled banks and any such instruments which are allowed as per the investment policy approved by the respective governing boards of the stock exchanges and depository. The investments shall be adequately diversified with single issuer exposure, excluding Government securities, not exceeding 10% of the IPF corpus. The investment policy shall be devised with an objective of capital protection, portfolio diversification, liquidity, along with highest degree of safety and least market risk.

C. Review of IPF Corpus



The stock exchanges and depositories shall conduct half-yearly review (by end of March and September every year) to ascertain the adequacy of the IPF corpus. In case the IPF corpus is found to be inadequate, the same shall be enhanced appropriately.

D. Timelines for declaration of default of a TM, processing of investor claims out of IPF and review of claims.

A detailed standard operating procedure (SOP), indicating the process and timelines for declaration of default of a TM, processing of investor claims out of IPF and review of claims was prescribed through various letters to stock exchanges. In order to streamline the process and settlement of claims from IPF, a comprehensive SOP is placed at **Annexure 6**.

E. Manner of inviting claims from investors by stock exchanges

- i. In accordance with its bye-laws, rules or regulations, the Stock Exchange shall publish a notice inviting the legitimate claimants to file claims against the defaulter member (TMs) within a specified period of time, called as the "specified period".
- ii. The specified period for inviting legitimate claims against a defaulter member (TM), shall not be less than one year from the date of declaration of default.
- iii. The Stock Exchange shall publish the notice in all the editions of at least one English national daily with wide circulation and in at least one regional language daily with wide circulation and the notice shall be in regional language based on the maximum concentration of the clients of defaulter member from a particular state or region.
- iv. Apart from public notice, SMS or e-mail messages would be sent to all clients of the defaulter TM to inform them about the TM default and invite claims.
- v. The notice calling for claims shall also be displayed on the premises of the Stock Exchange (including Investor Service Centers) for the entire specified period as well as on the website of the Stock Exchange.
- vi. The notice shall contain the specified period, the maximum compensation limit for a single claim of an investor, etc.
- vii. The notice should emphasize or reiterate that clients who want to lodge their claim shall submit the claim along with all supporting documents to the stock exchange.
- viii. The stock exchanges shall ensure that all investors of such defaulter TMs have been provided the information to lodge their claims.

F. Eligible Claims



- i. The claims received against the defaulter members (TMs) during the specified period shall be eligible for compensation from the IPF.
- ii. Where the clients have dealt through the authorized persons of the defaulting TM, registered with the stock exchange, such clients will also be eligible for claims against the defaulting TM for compensation from the IPF.
- iii. If any eligible claims arise within three years from the date of expiry of the specified period, such claims
 - a) shall be considered eligible for compensation from IPF in case where the defaulter TM's funds are inadequate. In such cases, IPF Trust shall satisfy itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.
 - b) shall not be considered eligible for compensation from IPF in case where the surplus funds of the defaulter TM is returned to the defaulter TM. The same shall be borne by the stock exchange after scrutinizing and satisfying itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.
- iv. Any claim received after three years from the date of expiry of the specified period may be dealt with as a civil dispute.
- v. The claims of the investor or clients shall be eligible for compensation from the IPF and in no case the claims of a broker or an associate of the member broker of the Stock Exchange shall be eligible for compensation out of the IPF.
- vi. The claims of the investors or clients arising out of speculative transactions shall not be eligible for compensation from the IPF.

G. Threshold limit for claims

- i. The Stock Exchanges shall fix suitable per investor compensation limits, in consultation with the IPF Trust and SEBI.
- ii. The Stock Exchange, in consultation with the IPF Trust, shall review and progressively increase the amount of compensation available against a single claim from an investor, at least once in every three years.
- iii. The Stock Exchange shall disseminate the compensation limit fixed by them and any change thereof, to the public through a Press Release and also through its web site.



H. Determination of Legitimate Claims from IPF for clients of the defaulter TM

- i. The Stock Exchanges shall ensure that once a TM has been declared defaulter, the claim (s) shall be placed before the Member Committee (MC) for sanction and ratification. MC's advice w.r.t. legitimate claims shall be sent to the IPF Trust for immediate disbursement of the amount.
- ii. In case the claim amount is more than the coverage limit under IPF or the amount sanctioned and ratified by the MC is less than the claim amount then the investor will be at liberty to prefer for arbitration outside the exchange mechanism or any other legal forum outside the exchange mechanism for claim of the balance amount."
- iii. In order to prevent the possibility of identical claims of clients of defaulter trading members being paid by multiple exchanges, stock exchanges shall share amongst themselves relevant data w.r.t. clients of defaulter/disabled members within 10 days from the date of disablement in order to identify common clients of such members. Further, stock exchanges shall also at the time of disbursing the claims of the clients of defaulting members share the details of the client viz. PAN, UCC, amount disbursed with the other exchanges⁴⁵.

I. Disbursements of claims from the IPF

- i. The IPF Trust shall disburse the amount of compensation from the IPF to the investor and such a compensation shall not be more than the maximum amount fixed for a single claim of an investor.
- ii. The compensation shall be disbursed to the investor from the IPF in case there is a shortage of defaulter TM's subject to the maximum amount fixed for a single claim of an investor.
- iii. The IPF Trust need not wait for realization of assets of the defaulter TM for disbursements of the claims;
- iv. The stock exchange would do away with the practice of obtaining indemnity undertaking from the clients.
- v. The stock exchange shall ensure that the amount realized from the assets of the defaulter TM is returned to the defaulter TM only after settling the following as per the bye-laws of stock exchange: -
 - a. Claims of clients of TM received
 - b. Eligible claims of all stock exchanges of which the defaulter TM was a member;
 - c. Claims of SEBI, if any;

⁴⁵ SEBI letter dated January 5, 2023 on Issues related to broker defaults and processing of claims of investors from Investor Protection Fund (IPF).



- d. Pending litigations against the defaulter TM;
- e. Estimated value of claims of clients of TM yet to be received after the end of specified period. This amount shall be estimated by stock exchanges and kept for a maximum period of three years from the date of expiry of specified period.

Any amount realized from assets of defaulter TM and being retained by stock exchange shall be kept in a separate interest bearing account and in case the funds remained unclaimed after the timeline the same shall be returned to the defaulter TM.

J. Disclosures

The stock exchanges and depositories are advised to

- i. Disclose the corpus of the IPF on its website and update the same on a monthly basis.
- ii. Disseminate its policy on processing investor claims from IPF on their website including the compensation limit fixed by them per investor.
- iii. To frame FAQs on their policy on processing investor claims for easy understanding of investors.

Give adequate notice (including a press release) to the investors before implementing any amendment in the policy on processing of claims. In case of any amendment in the policy on processing of investor claims, the same should not be applicable to the TMs who have been disabled or suspended or declared defaulter by the exchange prior to the effective date of implementation of policy.

6.2. Investor Services Fund (ISF) of Stock Exchanges⁴⁶

- i. The Stock Exchange shall set aside at least 20% of the listing fees received for ISF for providing services to the investing public.
- ii. In order to have better management and control on the contributions and utilization of ISF corpus, supervision of the same will rest with the Regulatory Oversight Committee.
- iii. The amount in ISF of the stock exchanges and any interest generated from this ISF shall be utilized for the purpose as stated in the table below:

SN	Particulars	Utilization
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⁴⁶ Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/81 dated May 30, 2023



1	ISF	a) ISF may be utilized only for promotion of investor education and investor awareness programmes through seminars, lectures, workshops, publications (print and electronic media), training programmes etc. aimed at enhancing securities market literacy and promoting retail participation in securities market; b) At least 50% should be spent at Tier II & Tier III cities; c) Cost of training of arbitrators; d) In any other manner as may be prescribed or permitted by SEBI in the interest of investors e) ISF shall not be charged against expenses incurred for sending SMS and E-mails⁴⁷
2	Interest on ISF	Interest received on ISF shall be ploughed back to ISF.

6.3. Miscellaneous:

6.3.1. If a stock exchange or a depository is wound up or derecognized or exits, then the balance in the IPF and/or ISF lying un-utilised with the stock exchange and depository shall be transferred to Investor Protection and Education Fund of SEBI in terms of SEBI (Investor Protection and Education Fund) Regulations, 2009. The funds shall be utilised for purposes of Investor education, awareness, research, etc.

6.4. Investor Service Centres of Stock Exchanges⁴⁸

6.4.1. SEBI had earlier mandated the stock exchanges having nationwide terminals to open ISCs in Ahmedabad, Hyderabad, Kanpur, Indore, Bangalore, Pune, Jaipur, Ghaziabad, Lucknow, Gurgaon, Patna and Vadodara in addition to the ones operating in metro cities (viz; New Delhi, Mumbai, Chennai and Kolkata).

6.4.2. In order to reach out to the investors across India, the stock exchanges shall make use of the existing ISCs at locations mentioned at paragraph-6.4.1 above and open additional ISCs wherever required; or as specified or to be specified by the Board from time to time. The ISCs can be set up either by one stock exchange or jointly by two or more stock exchanges as per their mutual agreement.

⁴⁷ Circular no. CIR/MIRSD/15/2011 dated August 02, 2011

⁴⁸ Circular no. SEBI/HO/MRD/MRD-POD-3/CIR/P/2023/104 dated June 26, 2023



6.4.3. The ISCs shall at least provide the following basic minimum facilities to the investors:

- 6.4.3.1. Four financial daily newspapers with at least one in the regional language of the place where the ISC is situated. In case, the financial newspaper is not available in the regional language of the place, any leading newspaper in that regional language shall be provided.
 - 6.4.3.2. A dedicated desktop or laptop with internet connectivity to enable the investors to access various relevant information available in public domain and also to access SEBI's and stock exchange's grievance redressal portals.
 - 6.4.3.3. Facilities for receiving investor complaints in both physical and electronic form. One dedicated staff shall be posted at the ISC to register investor complaints and also to guide & counsel the investors. The updated status of all complaints shall be maintained in electronic form.
 - 6.4.3.4. Facilitation desks at all ISCs to assist the investors in the dispute resolution process. These desks shall, inter alia, provide investors the required documents or details, if any, for making application to investor Grievance Redressal Panels and filing arbitration applications (including appellate arbitration).
 - 6.4.3.5. Arbitration and appellate arbitration facility at all ISCs including video-calling facility to investors for attending their online arbitration (including appellate arbitration) or Grievance Redressal meetings, if any.
 - 6.4.3.6. A meeting room for at least 5 to 6 persons and additional sitting space for at least 5 to 6 persons.
 - 6.4.3.7. Other infrastructure facilities such as telephone, photocopier, printer, scanner, internet access, furniture, etc.
 - 6.4.3.8. A library on relevant laws (including Acts, Rules, Regulations, Circulars or master circulars, Guidelines, etc. and bye-laws, rules, regulations and circulars or master circulars of stock exchanges, clearing corporations and depositories), common booklets on various areas of securities markets, educational materials, etc. for the investors. In case of receipt of request for physical copies of relevant laws, the same shall be provided at a minimal cost.
 - 6.4.3.9. A register or database of visitors (including investors) for future correspondence, whenever required.
- 6.4.4. For upgradation of knowledge of officials at ISCs, stock exchanges shall ensure that:



- 6.4.4.1. All the officials at ISCs have been provided adequate training on various areas of securities market, how to counsel or guide the investors to appropriately lodge their complaints (including lodging of complaints on SCORES platforms), how to resolve the investor grievances, promotion of investor education and awareness to enhance securities market literacy and retail participation, etc.
- 6.4.4.2. The training on securities market should, inter-alia, cover the following areas;
- a. Overview of securities market (both primary and secondary markets);
 - b. Functions and operations of Stock Exchanges, Clearing Corporations and Depositories;
 - c. Functions and operations of market intermediaries dealing with investors such as, Stock Brokers, Depository Participants, Mutual Funds, Investment Advisers, Research Analysts, Portfolio Managers, Registrar and Transfer Agents, etc.
- 6.4.4.3. The officials at ISCs should also have requisite NISM certification covering the areas mentioned at paragraph 6.4.2.2 above.
- 6.5. Grievance redressal mechanism at Stock Exchanges w.r.t to clients of defaulter Trading Members (TMs)⁴⁹:**
- 6.5.1. In order to enhance the effectiveness of Investor Protection Fund (IPF) of Stock Exchanges, SEBI has comprehensively reviewed the existing framework in consultation with stock exchanges.
- 6.5.2. Based on the review, it was decided to revamp the grievance redressal mechanism at Stock Exchanges w.r.t to clients of defaulter Trading Members (TMs). In this regard, the stock exchanges were advised to take the following measures:
- 6.5.2.1. Disclosure of the corpus of IPF and policy on processing investor claims**
- 6.5.2.1.1. The exchanges are advised to disclose the corpus of the IPF on its website and the same should be updated on a monthly basis.
 - 6.5.2.1.2. The exchanges are advised to disseminate its policy on processing investor claims from IPF on their website. Further, the exchanges are advised to frame FAQs on their policy on processing investor claims for easy understanding of investors.

⁴⁹ SEBI Letter dated November 13, 2020



6.5.2.2. Implementation of Amendment in policy on processing investor claims

- 6.5.2.2.1. The exchanges are advised to give adequate notice to the investors before implementing any amendment in the policy on processing of claims.
- 6.5.2.2.2. Further, in case of any amendment in the policy on processing of investor claims, the same should not be applicable to the TMs who have been disabled/suspended/declared defaulter by the exchange prior to the effective date of implementation of policy.

7. Functions of Disciplinary Action Committee, Defaulters' Committee, Investors Service Committee, Arbitration Committee and IPF Trust⁵⁰

Sr. No.	Name of Committee	Functions handled	Composition
1	Disciplinary Action Committee	(i) The Committee shall formulate the policy for regulatory actions including warning, monetary fine, suspension, withdrawal of trading terminal, expulsion, to be taken for various violations by the members of the exchange. (ii) Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc and impose appropriate regulatory action on the members of the exchange. (iii) While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'.	(i) The Committee shall have a minimum of 3 members and a maximum of 5 members; (ii) The Public Interest Directors shall form a majority of the Committee; (iii) A maximum of two key management personnel of the exchange can be on the committee and one of which shall necessarily be the Managing Director of the stock exchange; (iv) The Committee may also include independent external persons such as retired judge, etc. (v) SEBI may nominate members in the Committee, if felt necessary in the interest of securities market
2	Defaulters' Committee	(i) To realize all the assets / deposits of the defaulter/	(i) The Committee shall have a minimum of 3 members

⁵⁰ Circular no. SEBI/HO/DMS/CIR/P/2017/15 dated Feb 23, 2017



written request of a client, upload the same mobile number/E-mail address for more than one client provided such clients belong to one family.

'Family' for this purpose would mean self, spouse, dependent children and dependent parents.

4.46 Comprehensive guidelines for Investor Protection Fund (IPF) and Investor Services Fund (ISF) at Stock Exchanges and Depositories¹⁹²

4.46.1 The comprehensive guidelines for IPF are as under:

4.46.1.1 Investor Protection Fund

A. Constitution and Management of the IPF

- i. All depositories shall establish an IPF. The IPF of the depository shall be administered through separate trusts created for the purpose.
- ii. The IPF Trust of depository shall consist of five trustees as under:
 - a) Three Public Interest Directors (PIDs);
 - b) One representative from the investor associations recognized by SEBI; and
 - c) Chief Regulatory Officer or Compliance Officer.
- iii. The maximum tenure of a trustee (excluding the Chief Regulatory Officer or Compliance Officer, whose trusteeship would be co-terminus with their service) shall be five years or as specified by SEBI.
- iv. The depository shall provide the secretariat for their IPF Trusts respectively.
- v. The depository shall ensure that the funds in the IPF are well segregated and that their IPF is immune from any liabilities of the depository. Further, supervision of utilization of IPF and interest or income from IPF will rest with the IPF Trust.

B. Contribution to IPF of Depository

- i. The following contributions shall be made by the Depository to the IPF:
 - a. 5% of their profits from depository operations every year.
 - b. All fines and penalties recovered from Depository Participants (DPs) and other users including clearing member pool account penalty as specified in SEBI circular no. SMDRP/Policy/Cir-05/2001 dated February 01, 2001.
 - c. Interest or income received out of any investments made from the IPF.
 - d. Funds lying to the credit of IPR (Investor Protection Reserve) / BOPF (Beneficial Owners Protection Fund) of the Depository or any other such fund / reserve of the Depository shall be transferred to IPF.

¹⁹² Reference: SEBI Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/81 dated May 30, 2023 (superceded SEBI Circular SEBI/HO/MRD/DP/CIR/P/2016/58 dated June 07, 2016)



e. Any other contribution as may be specified by SEBI from time to time.

C. Utilization of IPF and interest or income from IPF

i. The amount in IPF and any interest or income generated from the IPF of the depositories shall be utilized for the purposes as stated in the table below:

SN	Particulars	Utilization
1	IPF	a) Promotion of investor education and investor awareness programmes through seminars, lectures, workshops, publications (print and electronic media), training programmes, etc. aimed at enhancing securities market literacy and promoting retail participation in securities market; b) To utilize the fund for supporting initiatives of DPs for promotion of investor education and investor awareness programmes; c) To meet the legitimate claims of the beneficial owners, upto the maximum cap as to be determined by the depository, in case the same is not settled by the beneficial owner indemnity insurance; d) To utilize the fund in any other manner as may be prescribed or permitted by SEBI in the interest of investors;
2	Interest or income received out of any investments made from the IPF	To further strengthen the corpus, 100% of interest or income from IPF shall be treated as corpus of IPF.

D. Deployment of Funds of IPF Depositories

i. Funds of the IPF Trust shall be invested in instruments such as Central Government securities, fixed deposits of scheduled banks and any such instruments which are allowed as per the investment policy approved by the governing boards of depository. The investments shall be adequately diversified with single issuer exposure, excluding Government securities, not exceeding 10% of the IPF corpus. The investment policy shall be devised



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Securities and Exchange Board of India

with an objective of capital protection, portfolio diversification, liquidity, along with highest degree of safety and least market risk.

E. Review of IPF Corpus

- i. The depositories shall conduct half-yearly review (by end of March and September every year) to ascertain the adequacy of the IPF corpus. In case the IPF corpus is found to be inadequate, the same shall be enhanced appropriately.

F. Disclosures

- i. The depositories are advised to
 - a) Disclose the corpus of the IPF on its website and update the same on a monthly basis.
 - b) Disseminate its policy on processing investor claims from IPF on their website including the compensation limit fixed by them per investor.
 - c) To frame FAQs on their policy on processing investor claims for easy understanding of investors.
 - d) Give adequate notice (including a press release) to the investors before implementing any amendment in the policy on processing of claims. In case of any amendment in the policy on processing of investor claims, the same should not be applicable to the TMs who have been disabled or suspended or declared defaulter by the exchange prior to the effective date of implementation of policy.

4.46.1.2 Miscellaneous

If a depository is wound up or derecognized or exits, then the balance in the IPF and/or ISF lying un-utilised with depository shall be transferred to Investor Protection and Education Fund of SEBI in terms of SEBI (Investor Protection and Education Fund) Regulations, 2009. The funds shall be utilised for purposes of Investor education

4.47 Enhanced Supervision of Depository Participant¹⁹³

Kindly refer para titled 'Enhanced Supervision of Stock Brokers / Depository Participants' of https://www.sebi.gov.in/legal/master-circulars/aug-2024/master-circular-for-stock-brokers_85605.html August 09, 2024 (Master circular for Stock Brokers)

¹⁹³ Reference: SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, SEBI Circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64 dated June 22, 2017 & SEBI Circular SEBI/HO/MIRSD/ MIRSD_DPIEA/P/CIR/2022/83 dated June 20, 2022