

Transfer of shares in physical form to be stopped from December 5, 2018

SEBI has recently amended relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to disallow listed companies from accepting request for transfer of securities which are held in physical form with effect from December 5, 2018. The shareholders who continue to hold shares and other types of securities of listed companies in physical form even after this date, will not be able to lodge the shares with company / its RTA for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the listed companies / their RTAs.

This amendment will help in curbing fraud and manipulation risk in physical transfer of securities by unscrupulous persons. Further, with shares held in demat form will improve ease, convenience and safety of transactions for investors.

All the investors who are holding shares etc. in physical form, should consider opening a demat account at the earliest and submit request for dematerialization of their shares in order to protect the liquidity of the shares. You may help your friends/relatives who may be holding shares in physical form by informing them about this change. FARSIGHT team will be happy to help if you have any queries in this regard. You may reach us at newaccount1@farsightshares.com

FAQs for Mandatory Dematerialization:

∨ 1) What does this notification imply?

A) The notification is about the new rule issued by SEBI for Mandatory Dematerialization of physical shares held by an investor. Going ahead from 5th December 2018, an investor will not be able to transfer the shares held in physical form using a transfer deed. The transfer will be possible only after dematerialization of these physical shares.

∨ 2) When was the notification/order regarding mandatory Dematerialization of physical shares issued?

A) The gazette notification was issued on June 8, 2018

∨ 3) What is the procedure for Dematerialization of physical shares with us?

A) Scenario 1: If you already have a demat account:

You can visit our Depository participant office fill up the DRF form available with the DP, attach your physical share certificates with it and submit the same to the DP.

B) Scenario 2: If you do not have a demat account:

You can visit our Depository participant office and open a demat account. You may also visit our website

www.farsightshares.com .

∨ 4) How much time is required for Dematerialization of shares once submitted?

A) As per the SEBI guidelines, it takes approximately 21 days for the process to complete; however, it may vary in case of some companies. You can check the status of Dematerialization with your DP.

∨ 5) What will happen if I don't demat my physical shares?

A) in this case, you will not be able to sell or transfer your shares after December 5, 2018. You will have to wait for demat of shares before being able to sell/transfer them.

∨ 6) In case of demise of shareholder holding physical securities, what could be the procedure to transfer those physical securities (nominee registered / nominee not registered)?

A) Transmission and transposition of shares held in paper form will continue to be allowed. Transmission happens upon death of any or all shareholders. Transposition means change in ownership pattern; eg. From combination A & B (in this order) to B & A or from A & B & C to B & A & C. Though these will still be possible in paper form even after Dec. 4, 2018, conversion to demat is still suggested for many other benefits it offers.

∨ 7) What is to be done by the investors holding non-listed shares in physical form?

A) Investors may continue holding non-listed shares in physical form. They will be able to sell/transfer the shares as they wish even after December 4th 2018. However, you may suggest your non-listed company to join NSDL so that even those shares can be dematerialized and shareholders can benefit from the same.

∨ 8) What needs to be done if the 1st holder does not exist? Can still the investor transfer shares?

A) Transmission of shares held in paper form will continue to be allowed in favor of surviving shareholders. Alternatively, remaining shareholders can open a demat account in their names and request the company for transmission cum demat from their DP.

∨ 9) In case of demise of the shareholder, how does the family member Demat the physical certificates by the deadline date which is 5th December 2018, since the legal process is in the pipeline.

A) Since it is a demise of the shareholder, the transmission rule will apply here and so it can still happen in physical form. Post the legal process gets over and the physical certificates been issued in the name of the nominee, the same can be dematerialized.

∨ 10) Can the transmission and transposition be done for the share certificates at the same time?

A) Yes, the transmission and the transposition can be done for share certificates at the same time.

∨ 11) Are the LIC future plus and even LIC future plus bonds needed to be transferred to Demat?

A) LIC future plus and future plus bonds are Mutual Fund schemes. All the mutual fund units are available for demat.