



CIRCULAR

SEBI/HO/MIRSD/DOS3/CIR/P/2018/139

November 6, 2018

To,

All Registrars to an Issue and Share Transfer Agents registered with SEBI
All Listed entities (Through Stock Exchanges)
All Recognised Stock Exchanges

Dear Sir / Madam,

Subject: Standardised norms for transfer of securities in physical mode

1. Vide Regulation 40 and Schedule VII of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") SEBI has prescribed requirements for transfer of securities in physical mode.
2. It has been brought to the notice of SEBI that RTAs are seeking various documents for effecting transfer of securities and the documents sought vary across RTAs. SEBI has also received representations, highlighting difficulties faced by transferees in providing these documents. In this regard, SEBI had meetings with Registrars Association of India (RAIN) and Depositories in this regard and pursuant to such meetings, RAIN has submitted a standardised procedure for transfer of securities in physical mode. The proposal of RAIN has been examined and accordingly, the documentation / procedure for transfer of physical securities is modified as under:
 - a. **Non-availability of PAN of the transferor for transfer deeds executed prior to December 01, 2015:** It has been brought to the notice of SEBI that many transfer deeds executed prior to the notification of LODR, (i.e., December 01, 2015) have not been registered due to non-availability of PAN of the transferor. It is clarified that transfer deeds executed prior to notification of LODR may be registered with or without the PAN of the transferor as per the requirement of quoting PAN under the applicable Income Tax Rules.
 - b. **Mismatch of name in PAN card vis-à-vis name on share certificate/ transfer deed:** In such cases, transfer shall be registered on submission of any of the four following additional documents explaining the difference in names:
 - i. Copy of Passport



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- ii. Copy of legally recognized Marriage Certificate
 - iii. Copy of gazette notification regarding change in name
 - iv. Copy of Aadhar Card
- c. **Major mismatch / Non-availability of transferor's signature:**
As per procedure laid down in LODR, in case of non-availability / major mismatch in transferor's signature the transferor is required to update his / her signature by submitting bank attested signature along with an affidavit and cancelled cheque to the RTA/company. Multiple instances have been brought to the notice in such cases, where the transferor did not take efforts to update his signature since he had already received the consideration for the transfer. Further, in many cases, the transferors could not be traced now.

Accordingly, following procedure / documentation shall be followed for registration of transfer of securities, in such cases:

- i. RTA/ company shall follow the procedure as laid down in Para (B)(2) of Schedule VII of LODR for major difference or non-availability of signature of the transferor(s).
- ii. Issuers / RTAs shall make efforts to contact the transferor :
 1. by checking the Dividend history and obtaining the current contact details from the bank where dividend was encashed.
 2. from the address, email ids and phone numbers, if any, available with the Depositories/KRA
- iii. In case of non- delivery of the objection memo to the transferor or non-cooperation by / inability of the transferor to provide the required details to the transferee, company / RTA shall register the transfer after following the procedure as under:
 1. Following additional documents shall be collected from the transferee:
 - i. An indemnity bond from the transferee in the format placed at [Annexure A](#);
 - ii. Copy of address proof - Passport / Aadhar Card / Driving License of the transferee.
 - iii. An undertaking that the transferee will not transfer/ demat the physical securities until the lock-in



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period specified under clause (4) below is completed.

2. RTA may also verify the documents submitted by the transferee with the KYC details, if any, available with the Depositories/ KRAs.
 3. Companies / RTAs shall publish an advertisement in at least one English language national daily newspaper having nationwide circulation and in one regional language daily newspaper published in the place of registered office of the listed entity is situated, giving notice of the proposed transfer and seeking objection, if any, to the same within a period of 30 days from the date of advertisement. A copy of the advertisement shall also be published on the company's website.
 4. Transfer shall be effected only after the expiry of 30 days from the newspaper advertisement. The securities so transferred shall bear a stamp affixed by the company / RTA stating that these securities shall be under lock-in for a period of 6 months from the date of registration of transfer and should not be transferred / dematerialized during the said period.
 5. Names of the transferor, transferee and no. of securities transferred under this procedure shall be disclosed on the company's website for a period of 6 months from the date of transfer. This information shall also be displayed on stock exchange website as a corporate announcement;
- d. In case of non-availability of any document required for transfer and the transferor is not cooperating or not traceable, companies/ RTA shall register the transfer by following the procedure as specified in case of major mismatch / non-availability of transferor's signature, as specified in Para 2(c) above.
- e. Clause (B)(2)(d) of Schedule VII of LODR , inter-alia, require that the transfer shall be registered if, the address of the transferor submitted in the bank attestation matches with the address recorded in the records of the company / RTA. However, it has been brought to the notice that the address as available with the company, as per old records, may not match with the current address attested by the bank and this has resulted in rejection of transfer requests causing undue hardship to



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investors. Accordingly, in case the bank attested address of the transferor differs from the records available with the company / RTA, companies/ RTAs shall register the transfer by updating the new address as attested by the bank. Further, an intimation may also be sent by the RTA with regard to updation of address on the old and new address of the transferor.

3. This circular is issued under Regulation 101 and 102 of LODR to address the difficulties faced by investors in transfer of physical shares.
4. The Stock Exchanges are advised to bring the provisions of this circular to the notice of Listed Entities and also to disseminate the same on their websites.

Yours faithfully,

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Encl: Annexure A – Format of Indemnity Bond