Mandatory dematerialisation of shares for transfer of shares

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has disallowed transfer of shares which are held in physical form, with effect from April 1, 2019. The shareholders who continue to hold shares in physical form will not be able to lodge the shares with Company/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 shares in physical form, will be accepted by the Company/RTA.

Procedure for Dematerialisation:

- The shareholder (registered owner) will submit a request to the DP in the Dematerialisation Request Form for dematerialisation, along with the certificates of shares to be dematerialised.

- The DP will verify that the form is duly filled in and the number of certificates, number of shares and the security type (equity, debenture etc.) are as given in the DRF. If the form and security count is in order, the DP will issue an acknowledgement slip duly signed and stamped, to the shareholder.

- In case the shares are not in order they are returned to the shareholder and acknowledgment is obtained. The DP will reject the request and return the DRF and certificates in case:

    - A single DRF is used to dematerialise shares of more than one company.
    - The certificates are mutilated, or they are defaced in such a way that the material information is not readable. It may advise the shareholder to send the certificates to the Issuer/ R&T agent and get new shares issued in lieu thereof.
    - Part of the certificates pertaining to a single DRF is partly paid-up; the DP will reject the request and return the DRF along with the certificates. The DP may advise the shareholder to send separate requests for the fully paid-up and partly paid-up shares.
    - Part of the certificates pertaining to a single DRF is locked-in, the DP will reject the request and return the DRF along with the certificates to the shareholder. The DP may advise the shareholder to send a separate request for the locked-in certificates. Also, certificates locked-in for different reasons should not be submitted together with a single DRF.

- The Company/RTA may reject dematerialisation request in some cases. The Company/RTA will send an objection memo to the DP, with or without DRF and security certificates depending upon the reason for rejection. The DP/Investor must remove reasons for objection within 15 days of receiving the objection memo. If they fail to remove the objections within 15 days, the Company/RTA may reject the request and return DRF and accompanying certificates to the DP. The DP, if the shareholder so requires, may generate a new dematerialisation request and send the shares again to the Company/RTA. No fresh request can be generated for the same shares until the Company/RTA has rejected the earlier request and informed depository and the DP about it.