



Consultation Paper

Proposed amendment to certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to facilitate transfer of securities transferred prior to April 1, 2019 and simplify the process of dematerialization of securities

17-10-2025

Objective

1. This consultation paper seeks comments / views / suggestions from the public and other stakeholders on the proposed amendment to certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) to facilitate the transfer of securities transferred prior to April 1, 2019 and to simplify the process of dematerialization of securities.

Proposal 1: Amendment to Regulation 40(1) regarding Transfer of Securities

2. Background

- 2.1. With a view to encourage dematerialisation of securities in view of its inherent benefits, transfer of securities held in physical mode was discontinued with effect from April 01, 2019 vide amendment to LODR Regulations.
- 2.2. Accordingly, proviso to Regulation 40(1) of LODR Regulations, provides that “requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository”.
- 2.3. However, in order to ensure ease of investing and so that investors do not face difficulties in getting those securities transferred in their names, where transfer deeds had already been lodged prior to deadline of April 01, 2019 and were subsequently rejected/returned due to deficiency in the documents, SEBI, vide Press Release No. 12/2019 dated March 27, 2019, clarified that such transfer deeds may be re-lodged with requisite documents. It was decided to fix March 31, 2021 as the cut-off date for re-lodgement of transfer deeds.
- 2.4. Pursuant to the expiry of the aforesaid period, SEBI received multiple representations/requests from investors as well as Registrars to an Issue and Security Transfer Agents (“RTAs”) and listed companies that some of the investors had missed the timelines for re-lodging their documents for transfer of securities. Such investors were not able to get the securities transferred and further dematerialised in their favour due to a number of reasons, significant among them being as follows:

- 2.4.1. Transfer not lodged/rejected earlier and stuck due to seller(s) of the securities being deceased.
 - 2.4.2. Securities sold by juridical /artificial persons which are dissolved / liquidated / struck off by MCA.
 - 2.4.3. Transfer deed executed but the transfer deed is not lodged or rejected under objection. Transferor is neither traceable nor is the buyer able to submit the proof of purchase.
 - 2.4.4. Transfer deed executed but not lodged and the transferor is not co-operative.
 - 2.4.5. Securities sent for transfer along with proper documents within SEBI deadline but sent to wrong RTA, thereby leading to delay.
 - 2.4.6. Company failed to effect the transfer due to oversight and later the transferor of securities (a foreign entity) closed its operations.
- 2.5. In view of the same, SEBI constituted a Panel of Experts ("Panel") comprising of RTAs, Listed companies and Legal experts to provide recommendations for facilitation of transfer of physical securities. Accordingly, in order to alleviate the issues faced by investors who missed the March 31, 2021, deadline for re-lodgement of transfer deed, the Panel recommended that one more opportunity may be granted for such security holders to re-lodge their securities for transfer.
- 2.6. Consequently, SEBI, in order to facilitate ease of investing for investors and to secure the rights of investors in the securities which were purchased by them, vide Circular dated July 02, 2025, opened a special window for re-lodgement of transfer deeds, which were lodged prior to the deadline of April 01, 2019 and subsequently rejected/returned/not attended to due to deficiency in the documents/process/or otherwise. This window has been opened for a period of six months from July 07, 2025 till January 06, 2026.
- 2.7. The data pertaining to investor requests received from top 8 RTAs during the initial 45 days of the aforesaid window was analysed and it has been observed that 66% of the requests received pertain to fresh lodgement of transfer deeds for physical securities for transfer enacted prior to April 1, 2019. The same was discussed in a meeting of the Panel. It was also noted by the Panel that in many cases, it is not possible for the transferee to get the securities dematerialised due to the reasons

stated at Para 2.4, thereby causing harassment to investors and depriving them of access to their investments.

2.8. Based on the deliberations, the Panel recommended that since most of the transfer cases pertain to fresh lodgement of transfer deeds for transfer enacted prior to April 1, 2019, an exception may be created in Regulation 40(1) of LODR Regulations to facilitate the investors to get rightful access to their property. The Panel recommended that such exception must be with a sunset clause in order to ensure that the overall broader objective of SEBI to ensure maximum dematerialisation is fulfilled while also providing an avenue to investors to transfer and dematerialise their securities.

3. Proposal

3.1. Accordingly, considering the recommendations of the Panel and internal deliberations and in order to ensure ease of investing and right to property for investors, suitable amendments are proposed to be carried out to Regulation 40(1) of the LODR Regulations to specify that the proviso regarding transfer of securities only in dematerialised mode shall not be applicable for a period as may be specified by the Board.

3.2. The proposed provision shall be applicable only to those investors who executed their transfer deeds prior to the deadline of April 01, 2019 so that such investors are enabled to get their physical securities transferred in their name and subsequently dematerialised.

3.3. Such transfers shall be subject to necessary due diligence by RTAs/listed entities as provided at **Annexure-A** and due process shall be followed for such transfer-cum-dematerialisation requests. Once the transfer is registered by the listed entity/RTA, the securities shall be credited to the transferee only in dematerialised mode.

3.4. Pursuant to the proposed amendment to Regulation 40(1) of LODR Regulations, necessary directions for implementation of the proposal, including sunset period, shall be issued by way of circular.



Proposal 2: Doing away with Letter of Confirmation

4. Background

- 4.1. Previously, pursuant to processing of investor service requests such as issuance of duplicate securities certificate, transfer, transmission, transposition, claim from unclaimed suspense account, renewal / exchange of securities certificate, endorsement and corporate actions etc., the securities were issued by the listed entities in physical form.
- 4.2. Vide amendment to LODR Regulations, with effect from April 01, 2019, transfer of securities in physical form was discontinued. Subsequently, vide various circulars, it was specified that the pursuant to aforesaid investor service requests, the securities would be issued only in dematerialised form.
- 4.3. To facilitate the investors to get credit of such securities in dematerialised form, the concept of 'Letter of Confirmation' ('LOC') was introduced. Following process is followed by the RTA / listed company while processing service request:
- 4.3.1. The RTA / listed company verifies and processes the service requests and thereafter issues a LOC in lieu of physical securities certificate(s), to the securities holder/claimant within 30 days of its receipt of such request after removing objections, if any.
- 4.3.2. LOC is valid for a period of 120 days from the date of its issuance, within which the securities holder/claimant is required to make a request to the Depository Participant ('DP') for dematerializing the said securities.
- 4.3.3. The RTA / listed company issues a reminder after the end of 45 days and 90 days from the date of issuance of LOC, informing the securities holder/claimant to submit the demat request as above, in case no such request has been received by the RTA / listed company.
- 4.3.4. In case the securities holder/claimant fails to submit the demat request within the aforesaid period, RTA / listed company credits the securities to the Suspense Escrow Demat Account ('SEDA') of the company.

4.4. Accordingly, Regulation 39(2) of LODR Regulations inter alia states that *the listed entity shall effect issuance of letter of confirmation or issuance of duplicates thereof or letter of confirmation..... in dematerialised form within a period of thirty days from the date of such lodgement.*

5. Issues with the current process

5.1. Unnecessary efforts from investors: The process requires investors to submit the service request with the RTA / listed entity and get the LOC issued. Pursuant to issuance of LOC, the investors are required to approach their DP and submit the LOC for further processing. The same leads to dual efforts and unnecessary inconvenience to the investors.

5.2. Increase in turn-around time (TAT) for dematerialization: The RTA / listed companies are required to process the service request within 30 days and issue LOC to the investor which has a validity of 120 days. Since, the investor is required to approach his/her DP and submit the LOC, the process may delay the entire TAT for dematerialisation.

5.3. Transfer of securities to SEDA: In case of non-submission of the LOC by the investor to DP within 120 days, the securities are transferred to SEDA. As and when the investor opens a demat account, he can claim the securities from SEDA by submitting duly filled in and signed ISR-4 and CML of the demat account. The listed entity needs to maintain SEDA with the details of security holding of each individual securities' holder(s) whose securities are credited to such SEDA. The listed entity needs to pay charges for maintaining SEDA. This entire process of crediting securities to SEDA and subsequent claim by the investor creates unnecessary hassle for the investor and the listed entity.

6. Proposal

6.1. In order to simplify the process of dematerialisation of securities, remove unnecessary intermediate step and provide convenience to the investors, it is proposed to do away with the process of issuance of LOC.

- 6.2. In this regard, the depositories will develop a process/system to enable RTAs/listed entities to credit the securities directly to the demat account of the investor after necessary due-diligence.
- 6.3. The investors shall open/have a demat account before submitting the service request. CML of the demat account shall be submitted by the investor along with the service request to the RTA.
- 6.4. Accordingly, suitable amendments are proposed to be carried out in Regulation 39(2) of LODR Regulations.

Public Comments

1. In order to take into consideration, the views of various stakeholders, public comments are invited on the proposal at paras 3 and 6 above. The comments / suggestions along with rationale should be submitted no later than **07-11-2025**, through the following link:
<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>
2. In case of any technical issue in submitting your comment through web based public comments form, you may write to consultationMIRSD@sebi.gov.in with the subject: "Public comments on proposed amendment to certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to facilitate transfer of securities and simplify the process dematerialization of securities".

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Annexure-A**1. Mandatory demat account of the transferee:**

The transferee shall be mandatorily required to submit a copy of CML along with the transfer request. Upon registration of transfer deed, the securities shall be credited to the transferee only in dematerialised form.

2. Identity verification of the transferor/transferee:

2.1. PAN, identity proof and address proof of the transferor(s) and transferee(s) shall be mandatorily verified.

2.2. In case of mismatch of name in PAN card vis-à-vis name on share certificate/ transfer deed, transfer shall be registered on submission of additional documents explaining the difference in names viz. copy of passport or copy of legally recognized marriage certificate or copy of gazette notification regarding change in name or copy of aadhar card.

3. Signature verification:

3.1. RTA/ company shall follow the procedure as laid down in Para (B) of Schedule VII of LODR Regulations for difference or non-availability of signature of the transferor(s).

3.2. 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:

3.2.1. Following additional documents shall be collected from the transferee:

- i. A notarized indemnity bond from the transferee in the format placed at Annexure-A1;
- ii. Copy of address proof- Passport / Aadhar Card / Driving License of the transferee;
- iii. An undertaking that the transferee will not transfer securities until the lock-in period specified under clause 3.2.4 below is completed.



- 3.2.2. RTA may also verify the documents submitted by the transferee with the KYC details, if any, available with the Depositories/ KRAs.
- 3.2.3. 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.
- 3.2.4. Transfer shall be effected only after the expiry of 30 days from the newspaper advertisement. The securities so transferred shall be under lock-in for a period of one year from the date of registration of transfer and should not be transferred during the said period.
- 3.2.5. 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;
4. 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 3 above.
- 5. Transfer-cum-Transmission - Cases where the transfer deed was executed before April 01, 2019 but was not lodged, and the transferee (holding the physical share certificates) passed away:**
- 5.1. Cases where there are no disputes:**
- 5.1.1. The claimant shall be mandatorily required to submit a copy of CML along with the transfer-cum-transmission request. Upon registration of transfer deed, the securities shall be credited to the claimant only in dematerialised form.
- 5.1.2. In addition to the documents specified for transmission of securities under Schedule VII of LODR Regulations and Para 13 of Master Circular for RTAs

dated June 23, 2025, the claimant shall submit the following documents along with the transfer-cum-transmission request:

- (i) Original security certificates;
- (ii) Copy of CML of claimant's demat account;
- (iii) A notarized indemnity bond from the claimant(s) in the format placed at Annexure-A1;
- (iv) Proof of purchase (if available)

5.1.3. Listed entity / RTA shall send a notice to transferor(s) regarding receipt of transfer-cum-transmission request and inform the transferor(s) that if no objection is not lodged by the transferor(s) with the listed entity within fifteen days of receipt of the listed entity's letter, the securities shall be transferred.

5.1.4. 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.

5.1.5. Transfer shall be effected only after the expiry of 30 days from the newspaper advertisement. The securities so transferred shall be under lock-in for a period of one year from the date of registration of transfer and should not be transferred during the said period.

5.1.6. 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;

5.2. Cases involving disputes between transferor and transferee: Such cases will not be considered in above process and may be settled by transferor and transferee through court/NCLT process.



Annexure-A1

(To be reproduced on Non-Judicial Stamp Paper or franked with equivalent amount and duly notarized)

Undertaking -cum- Indemnity bond

This Undertaking-cum-Indemnity Bond is made and executed on _____, at _____

By

Mr./Ms. _____ son / daughter / wife of _____ and Mr./Ms. _____ son / daughter / wife of _____ residing at _____ having permanent address at _____ (hereinafter called as "Indemnifier", which expression unless it be repugnant to the context or meaning thereof, mean and include my / our legal heirs, successors, administrators and assigns) of the one Part

In favour of

M/s _____, a Company duly incorporated under the provisions of Companies Act, 1956 (since replaced by the Companies Act, 2013) and having its Registered Office at _____, (hereinafter called as "Indemnified" which expression unless it be repugnant to the context or meaning thereof, mean and include its successors, administrators and assigns) of the Other Part and.

WHEREAS:

I/ We have purchased the following securities from the seller (s) Mr. _____ and _____ for a consideration amount of Rs. _____

Folio No:

Certificate No:

Distinctive Nos:



I/ We have lodged duly executed Transfer deed / Securities Transfer Form along with the original certificates for the aforesaid securities with the Company/ RTA for transfer of the securities in my / our favour.

In consideration of the Company approving the aforesaid securities in my/our favour:

I/ We shall indemnify and keep indemnified and saved, harmless _____ the Company. its management, officers, staff, the RTA M/s _____, its management, officials, staff from and against (i) any harm, loss, damage or injury, (ii) any claim or demand and (iii) any suit, action, litigation or other proceedings whatsoever, that the Company / RTA management, officers, staff, may suffer or incur or may be called upon to suffer or incur (including all costs, charges and expenses incurred or required to be incurred on prosecuting or defending any suit, action litigation and/or proceedings) by reason of or as a consequence of the Company transferring the securities to my / our name(s) the _____

I/ We acknowledge, understand, accept and admit that this Undertaking-cum-Indemnity Bond shall be equivalent to the value of the shares at prevailing market price with all the benefits accrued on the transacted shares and it shall be binding upon my / our legal heirs, successors, administrators and assigns.

Signed by the Indemnifier in the presence of the Magistrate / Notary Public and following witnesses on the date and place first written herein above;

Indemnifier(s) First named transferee:

Indemnifier(s) Second named transferee:

Name and full address of Magistrate / Notary Public (Affix Official Seal and Notarial / Court Fee Stamp, as applicable)

Registration No.

Notary Register at Book No. ----- Serial No. -----

Witnesses:

1. Name: _____

Add:



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

Sign:

2. Name: _____

Add:

Sign: