

## **FAQs – Tendering of physical shares in buy-back offer/ open offer/ exit offer/ delisting.**

### **1. Are there any recent developments vis-à-vis transfer of securities in physical form?**

SEBI amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 whereby the transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository with effect from December 5, 2018. Considering the representation from shareholders, SEBI extended the effective date from December 5, 2018 to April 1, 2019.

### **2. Can the shares be held in physical form post April 01, 2019?**

Yes. The shares can be held in physical form by investors even after April 01, 2019. Such investors are also eligible to receive dividend and other corporate benefits applicable on such shares.

However, the shares cannot be transferred in physical mode except in the cases of transmission (transfer of title of shares by way of inheritance/ succession) and transposition of securities (rearrangement/ interchanging of the order of the name of shareholders). Details of the above are given in the Press Release dated March 27, 2019 [https://www.sebi.gov.in/media/press-releases/mar-2019/transfer-of-securities-held-in-physical-mode-clarification\\_42503.html](https://www.sebi.gov.in/media/press-releases/mar-2019/transfer-of-securities-held-in-physical-mode-clarification_42503.html)

### **3. What would happen to transfer deeds that were lodged before April 01, 2019 but were returned back due to deficiency in the document?**

The transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 01, 2019. Details of the above are given in the Press Release dated March 27, 2019 [https://www.sebi.gov.in/media/press-releases/mar-2019/transfer-of-securities-held-in-physical-mode-clarification\\_42503.html](https://www.sebi.gov.in/media/press-releases/mar-2019/transfer-of-securities-held-in-physical-mode-clarification_42503.html)

### **4. Considering the difficulties faced by investors in transfer of physical securities, whether any standardized norms are put in place by SEBI?**

SEBI had received representations, highlighting difficulties faced by transferees in providing various documents sought by RTAs for effecting transfer of securities. SEBI in consultation with various stakeholders had issued circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 06, 2019 standardized norms for transfer of securities in physical mode. The circular also deals with issues of Non-availability of PAN (executed prior to December 1, 2015), mismatch of name in PAN, Major mismatch / non-availability of transferor's signature.

[https://www.sebi.gov.in/legal/circulars/nov-2018/standardised-norms-for-transfer-of-securities-in-physical-mode\\_40966.html](https://www.sebi.gov.in/legal/circulars/nov-2018/standardised-norms-for-transfer-of-securities-in-physical-mode_40966.html)

**5. Whether SEBI had rationalized the charges of opening a demat account?**

**What would be the economically convenient way to dematerialize the shares post April 01, 2019?**

With a view to encourage holding of demat accounts and to reduce the cost of maintaining securities in demat accounts for retail individual investors, SEBI had made available Basic Services Demat Account (BSDA) to investors.

The details regarding BSDA are elaborated in the following circulars:

- [https://www.sebi.gov.in/legal/circulars/aug-2012/facility-for-a-basic-services-demat-account-bsda\\_23309.html](https://www.sebi.gov.in/legal/circulars/aug-2012/facility-for-a-basic-services-demat-account-bsda_23309.html)
- [https://www.sebi.gov.in/sebi\\_data/attachdocs/1449831640832.pdf](https://www.sebi.gov.in/sebi_data/attachdocs/1449831640832.pdf)
- [https://www.sebi.gov.in/legal/circulars/apr-2019/separate-bsda-limit-for-debt-segment\\_42667.html](https://www.sebi.gov.in/legal/circulars/apr-2019/separate-bsda-limit-for-debt-segment_42667.html)

**6. Can the shareholders holding physical certificates, tender shares in open offer, buy-back through tender offer route, and exit offer in case of voluntary or compulsory delisting?**

Yes. Shareholders holding securities in physical form are allowed to tender shares in open offer, buy-back through tender offer route and exit offer in case of voluntary or compulsory delisting . However, such tendering shall be as per the provisions of respective regulations.

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