

Procedure for transmission of securities in physical mode

1.0 Objective

This memorandum seeks to align the procedure prescribed for transmission of securities in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015(LODR) with that laid down in SEBI circular No. SEBI / HO / MIRSD3 / CIR / P / 2016 / 85 dated September 15, 2016.

2.0 Background

2.1 SEBI, vide circular dated September 15, 2016 (placed at Annexure A) modified and simplified the procedure to be followed for transmission of securities held in physical mode to bring it in line with the Indian Succession Act, 1925. However, these provisions have not been incorporated in LODR (relevant extract placed at Annexure B).

3.0 Recommendations

The provisions of LODR that are proposed to be amended are as under:

3.1 Requirement of “will” in terms of Indian Succession Act, 1925 for Transmission of Securities

3.1.1 As per Clause (C) 2(b)(ii) of Schedule VII of LODR, in case of transmission of securities wherein the value of securities is more than Rs. 2 lakh per issuer company as on the date of application, the investors are required to furnish either succession certificate or probate of will or letter of administration or court decree. However, as per Indian succession Act, 1925 for people of certain faiths, probate of will is not required to establish the right to property.

3.1.2 Accordingly, SEBI vide Circular dated September 15, 2016 provided an option to the investor to furnish inter-alia either “probate of will” or “will”, in terms of Indian Succession Act, 1925.

3.1.3 In order to harmonise the provisions of the LODR pertaining to transmission of securities with the provisions of the aforementioned Circular, LODR may be amended to include the option of “will” along with “probate of will”, in terms of Indian Succession Act, 1925,

3.2 No objection certificate from Legal Heirs for Transmission of Securities

3.2.1 As per Clause (C)(2b) of Schedule VII of LODR, affidavit made on appropriate non judicial stamp paper, to the effect of identification and claim of legal ownership to the securities shall be required in case of transmission of physical securities and additionally the following needs to be submitted for value of securities upto Rs. 2 lakh:

(i) no objection certificate from all legal heir(s) who do not object to such transmission, or

(ii) copy of family settlement deed duly notarized or attested by a gazetted officer and executed by all the legal heirs of the deceased holder along with an indemnity.

3.2.2 Requests were received suggesting that no objection certificate from all legal heir(s) may not be required if they are in possession of succession certificate or probate of will or will or letter of administration. Since, these are sufficient legal documents to establish the heirship, SEBI vide Circular dated September 15, 2016 clarified as under:

a) In case the legal heir(s)/claimant(s) is named in the succession certificate or probate of will or will or letter of administration, an affidavit from such legal heir/claimant(s) alone would be sufficient.

b) For value of securities, of upto Rs. 2 lakh, no objection certificate from all legal heir(s) or copy of family settlement deed along with indemnity would not be required, if the investor furnishes succession certificate or probate of will or will or letter of administration.

3.2.3 It is proposed to amend the LODR in order to harmonise the same with the provisions of the circular.

4.0 Recommendations for consideration

4.1 The Board is requested to approve the proposed amendments in the LODR as mentioned in the paras 3.1 and 3.2 and authorize the Chairman to make such necessary consequential or incidental changes to the LODR and take consequent steps, as may be deemed appropriate, to give effect to the decision.



CIRCULAR

SEBI/HO/MIRSD3/CIR/P/2016/0000000085

September 15 , 2016

To

All recognized Stock Exchanges

All Registrars to an Issue and Share Transfer Agents registered with SEBI

All Depositories,

Sir / Madam,

Sub: Standardization and Simplification of Procedures for Transmission of Securities

1. With a view to make the process of transmission of securities more efficient and investor friendly, Securities and Exchange Board of India had issued a circular no. CIR/MIRSD/10/2013 dated October 28, 2013.
2. Pursuant to various investors requests and complaints from the investors with regard to the clarification of certain points mentioned in clause 2 of the Annexure-A to the aforesaid circular dated October 28, 2013, SEBI decided to modify clause 2 of the said Annexure - A. The modified Annexure is enclosed with this circular.
3. All the stock exchanges are directed to make necessary amendments, wherever applicable, to the listing agreements for listing of various securities.
4. The depositories are directed to make necessary amendments, wherever applicable, to the relevant byelaws/ rules and regulations/circulars in this regard.



Securities and Exchange Board of India

5. The circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets and shall be complied with at the earliest and not later than 45 days from the date of issue of the circular.

6. This circular is available on SEBI website (www.sebi.gov.in) under the categories "Legal Framework" and "Circulars".

Yours faithfully,

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Annexure -A
Documentary requirement for securities held in physical mode

1. For securities held in single name with a nominee:
 - i. Duly signed transmission request form by the nominee.
 - ii. Original or Copy of death certificate duly attested by a Notary Public or by a Gazetted Officer.
 - iii. Self attested copy of PAN card of the nominee. (*Copy of PAN card may be substituted with ID proof in case of residents of Sikkim after collecting address proof*)

2. For securities held in single name without a nominee, the following additional documents may be sought:
 - a.) Affidavit from all the legal heirs made on appropriate non judicial stamp paper – to the effect of identification and claim of legal ownership to the securities.

Provided that in case the legal heir(s)/claimant(s) is named in the succession certificate or probate of will or will or letter of administration, an affidavit from such legal heir/claimant(s) alone would be sufficient.

 - b) For value of securities upto ₹ 2,00,000 (Rupees Two lakh only) per issuer company as on date of application, one or more of the following documents:
 - i. Succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925.
 - ii. In the absence of the documents as mentioned at (i) above,
 - a. A No objection certificate [NOC] from all legal heir(s) executed by all the legal heirs of the deceased holder not objecting to such transmission (or) copy of Family Settlement Deed duly notarized

and

 - b. An Indemnity bond made on appropriate non judicial stamp paper – indemnifying the STA/Issuer Company.

 - c) For value of securities more than ₹2,00,000 (Rupees Two lakh only) per issuer company as on the date of application:

Succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925.

Relevant Extracts of LODR

- (b) The listed entity shall also send a copy of the Objection memo as per clause (a) of sub-para (2) to the transferor(s), via Speed Post, simultaneously;
- (c) The above Objection Memo in clause (a) and (b) of sub-para (2) shall also state the requirement of additional documents of transferor(s) as follows for effecting the transfer:
 - (i) an Affidavit to update transferor(s) signature in its records;
 - (ii) an original unsigned cancelled cheque and banker's attestation of the transferor(s) signature and address);
 - (iii) contact details of the transferor(s) and ;
- (d) If the intimation to both the transferor(s) and the transferee(s) are delivered, requested documents of the transferor(s) are submitted to the listed entity and the address attested by the bank tallies with the address available in the database of listed entity, the listed entity, shall transfer the securities provided the listed entity does not suspect fraud or forgery in the matter:

Provided that listed entity shall maintain proof of delivery in their record(s).

C. ADDITIONAL DOCUMENTATION REQUIREMENTS IN CASE OF TRANSMISSION OF SECURITIES

- (1) In case of transmission of securities held in dematerialized mode, where the securities are held in a single name without a nominee, for the purpose of following simplified documentation, as prescribed by the depositories vide bye-laws or operating instructions, as applicable, the threshold limit is rupees five lakhs only per beneficiary owner account.
- (2) In case of transmission of securities held in physical mode:
 - (a) where the securities are held in single name with a nominee:
 - (i) duly signed transmission request form by the nominee;
 - (ii) original or copy of death certificate duly attested by a notary public or by a gazetted officer;
 - (iii) self attested copy of PAN card of the nominee.
 - (b) where the securities are held in single name without a nominee, a affidavit made on appropriate non judicial stamp paper, to the effect of identification and claim of legal ownership to the securities shall be required and additionally
 - (i) for value of securities, threshold limit of upto rupees two lakh only, per listed entity, as on date of application, one or more of the following documents may be submitted :
 1. No objection certificate from all legal heir(s) who do not object to such transmission or copy of family settlement deed duly notarized or attested by a gazetted officer and executed by all the legal heirs of the deceased holder;
 2. indemnity made on appropriate non judicial stamp paper, indemnifying the listed entity ;

- (ii) for value of securities, threshold limit, more than rupees two lakh, per listed entity, as on date of application, succession certificate or probate of will or letter of administration or court decree shall be submitted;
- (iii) the listed entity however, at its discretion, may enhance value of securities, threshold limit, of rupees two lakh.