

## **Frequently asked questions on Dematerialisation of shares**

### **A. What does the SEBI notification say?**

As per SEBI Notification dated 8th of June, 2018, a proviso was inserted in Regulation 40, that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

The aforesaid SEBI notification was to come into effect from December 5, 2018. However, the deadline has been extended and the aforesaid requirement of transfer of securities only in dematerialized form shall now come into force w.e.f. April 1, 2019.

### **B. What are the benefits of Dematerialisation of shares?**

Shares held in DEMAT form have several advantages and helps eliminate many problems that investors have to face while dealing with securities. They minimize paperwork that is involved with the ownership, trading, and transfer of securities. It facilitates faster transactions and makes trade of securities extremely convenient. There are a wide range of advantages associated with a DEMAT account such as:-

- a. The risks pertaining to physical certificates like loss, theft, forgery and damage are eliminated completely with a DEMAT account.
- b. The lack of paperwork enables quicker transactions and higher efficiency in trading including immediate transfer of shares and faster settlement cycle.
- c. Ease in portfolio monitoring.
- d. The shares that are created through mergers and consolidation of companies are credited automatically in the DEMAT account.
- e. There is no need to pay stamp duty on transfer of securities thereby bringing down the cost of transaction significantly.

### **C. How do I open an account with a Depository and will I be periodically informed about the movement in my electronic account?**

You may open an account with a depository participant ('DP') of your choice. Banks and Financial Institutions may act as DP. As an investor you will interact with National Securities Depository Limited (NSDL) or Central Depository Services Limited (CDSL) through your Depository Participant. Your DP will

allot you an account number which will serve as a reference for all your future dealings with them.

Your DP will update your account after each transaction and would periodically furnish you with a statement of holding. You may verify these terms with them at the time of opening your electronic account.

#### **D. How do I convert my paper/physical certificates into an electronic holding?**

To dematerialize your holding, you should first have an account with a DP of your choice. You may then hand over the certificates along with the 'Dematerialisation Request Form' (DRF) to your DP. Only the securities registered in your name can be submitted for dematerialization. Your DP will then send the DRF and the certificates to the Registrar and Share Transfer Agents of the Company, i.e., Karvy Fintech Private Limited (Formerly known as Karvy Computershare Pvt Ltd) (KFPL) and an electronic request will also be sent through the NSDL/CDSL network reconfirming the same. KFPL will verify the documents and if found in order, the dematerialization request will be confirmed to NSDL/CDSL who will in turn inform your DP. In the books of the Company, your folio with KFPL will be debited and the account of NSDL/CDSL will be credited in respect of such dematerialized securities. NSDL/CDSL in their electronic records will credit the account of your DP who will then credit your account with the number of securities that have been dematerialized and the securities will thereafter be held in electronic form. This process would take approximately 15-20 days.

#### **E. Will I continue to receive corporate benefits?**

All the corporate benefits such as dividend, interest, bonus shares, rights shares will be issued by KFPL to the beneficial owners i.e. the accountholders who hold the securities in electronic form. The dividend/interest amounts as and when declared/issued will be sent to you/your bankers directly. The entitlement of rights and bonus shares/debentures wherever applicable, will be credited to the beneficiary's accounts as per the investors' option and the terms of the issue.

#### **F. How do I trade (buy/sell) in electronic form?**

You may buy and sell securities in electronic form through the depository by co-ordinating with your DP. Such transactions would be simpler and faster.

Payments for such transactions would be made in the same way as is done for physical certificates. Securities purchased in electronic form are credited to your account on the very next day of payout with no formalities of filling transfer deeds or applying to the Company for registration.

Such transactions are not routed through the Company and the debit/credit takes place directly in the Depository System. However, corporate benefits would be paid to the person holding such securities on the Record date/Book closure date as applicable.

**THE GAZETTE OF INDIA**

**EXTRAORDINARY**

**PART – III – SECTION 4**

**PUBLISHED BY AUTHORITY**

**NEW DELHI, JUNE 8, 2018**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**NOTIFICATION**

**Mumbai, the 8<sup>th</sup> of June, 2018**

**SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (FOURTH AMENDMENT) REGULATIONS, 2018**

**No. SEBI/LAD-NRO/GN/2018/24.** — In exercise of the powers conferred by section 11, sub-section (2) of section 11A and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with section 31 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, namely,—

1. These regulations may be called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018.
2. These regulations shall come into force on the one hundred and eightieth day from the date of its publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, -

- (i) in regulation 7, in sub-regulation (2), the words “both physical and electronic” shall be omitted.
  
- (ii) in regulation 40, in sub-regulation (1), -
  - a. the symbol “.” shall be substituted with the symbol “:”;
  
  - b. the following proviso shall be inserted, namely, -

“Provided that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.”
  
- (iii) in Schedule VII, in clause A, sub-clause (2) shall be omitted.

**sd/-**

**AJAY TYAGI  
CHAIRMAN  
SECURITIES AND EXCHANGE BOARD OF INDIA**

**Footnote:**

1. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were published in the Gazette of India on 2<sup>nd</sup> September 2015 vide No. SEBI/LAD-NRO/GN/2015-16/013.
  
2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, were subsequently amended on:

- a) December 22, 2015 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015 vide notification no. SEBI/LAD-NRO/GN/2015-16/27.
- b) May 25, 2016 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016 vide notification no. SEBI/LAD-NRO/GN/ 2016-17/001.
- c) July 08, 2016 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 vide notification no. SEBI/ LAD-NRO/GN/2016-17/008.
- d) January 4, 2017 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2016 vide notification no. SEBI/ LAD-NRO/GN/2016-17/025.
- e) February 15, 2017 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2017 vide notification no. SEBI/LAD/NRO/GN/2016-17/029.
- f) March 6, 2017 by the Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017 vide Notification No. LAD-NRO/GN/2016- 17/037 read with March 29, 2017 by Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017 vide notification no. SEBI/LAD/NRO/GN/2016-17/38.
- g) May 9, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 vide notification SEBI/LAD-NRO/GN/2018/10.
- h) May 30, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2018 vide notification no. SEBI/LAD-NRO/GN/2018/13.
- i) June 01, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018 vide notification no. SEBI/LAD-NRO/GN/2018/21.

**Transfer of securities only in demat form- Deadline extended till April 1, 2019****भारतीय प्रतिभूति और विनियम बोर्ड**  
**Securities and Exchange Board of India****प्रेस विज्ञप्ति**  
**PRESS RELEASE****संपर्क प्रभाग, सेबी भवन, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051**  
Communications Division, SEBI Bhavan, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051  
दूरभाष / Tel: +91-22-26449000 ईमेल / email:press@sebi.gov.in वेबसाइट /website: www.sebi.gov.in

Dec 03, 2018

PR No.: 49/2018

**Transfer of securities only in demat form- Deadline extended till April 1, 2019**

The Board, on March 28, 2018, decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. This measure was to come into effect from December 5, 2018.

Subsequently, SEBI has received representations from shareholders for extension of the date of compliance. In view of the same, the deadline has been extended and the aforesaid requirement of transfer of securities only in demat form shall now come into force from April 1, 2019.