



Ministry of Corporate Affairs

# MCA notifies issue & transfer of all shares in dematerialised form only by all unlisted Public companies

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The Ministry of Corporate Affairs (MCA) has notified that with effect from 2<sup>nd</sup> October, 2018, issue of further shares and transfer of all shares by unlisted public companies shall be in dematerialised form only. The MCA has taken this step as a measure for further enhancing transparency, investor protection and governance in the corporate sector. The rules in this regard have been amended accordingly.

According to the MCA, the major benefits of dematerialisation of securities which will now be available to unlisted Public companies include:-

- i. Elimination of risks associated with physical certificates such as loss, theft, mutilation, fraud etc.
- ii. Improving the corporate governance system by increasing transparency and preventing mal-practices such as benami shareholding, back dated issuance of shares, etc.
- iii. Exemption from payment of stamp duty on transfer.
- iv. Ease in transfer, pledge etc. of securities.

Unlisted Public Companies are expected to facilitate the dematerialisation of their securities in coordination with Depositories and Share Transfer Agents. Any grievances arising out of such Dematerialization of securities will be handled by the IEPF Authority. The measure is expected to significantly enhance the Corporate Governance standards in the country.

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