

Update

SEBI tightens time limit for transfer of Equity Shares and Debt Securities

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Update

Recently, Securities and Exchange Board of India (“SEBI”) in consultation with Registrars Association of India (RAIN) has issued a [Circular](#)¹ (CIR/MIRSD/8 /2012) wherein the time-limit for registering the transfer of Equity Shares and Debt Securities has been reduced to 15 days.

Picture prior to amendment

Clause 3(c) and 12A (3) of the Listing Agreement mandated every listed company to register share transfer within 30 days from the date of request made for transfer by the shareholder. The same time limit was prescribed for debt securities also.

Effective date of the Circular

This step has been taken by SEBI keeping in view the interest of the investors and to promote the development of and to regulate the securities markets and the same shall come into force with effect from October 01, 2012.

Amendments in relevant provisions

In this regard SEBI has directed all recognized stock exchanges to make the required amendments in the relevant clauses of the Listing Agreement for Equity Shares, the SME Listing Agreement and the Debt Securities Listing Agreement.

Our analysis

The point to be noted here is that the altered time limit applies only to the listed companies only as the amendment has been made in the Listing Agreements only. Hence, the time for transfer of equity shares *for un-listed companies and other private companies is still 30 days* according to the provisions of Section 113 of the Companies Act, 1956. As the Act does not provide for any time limit for transfer of debt securities, companies other than the listed companies are bound to register the same within any specified time unless and otherwise stated in terms of issue of such securities.

In order to comply with the said circular, all the listed companies need to follow the new shortened time limit of 15 days for registering the transfer of shares and the debt securities. This will be a surely welcome step of SEBI amongst the investors.

¹ http://www.sebi.gov.in/cms/sebi_data/attachdocs/1341486383775.pdf