

**E-contents for Mcom 2nd
semester
Vaniya Mahavidyalaya, Patna
University**

Subject: CORPORATE LEGAL FRAMEWORK

Paper code: COMCC-8

Unit:2

Topic: TRANSFER OF SHARES

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MEANING:

Transfer of shares means the transfer of ownership of the shares from one person to another. Shares of a public company are freely to transfer and there are certain limitations of transfer of shares of a private company. Sec 56, 57, 58 and 59 of companies Act 2013 provides the idea of the procedures of transfer of shares.

CONDITIONS OF TRANSFER OF SHARES

- **There shall be a proper instrument of transfer that is transfer deed in form nu- SH-4.**

Form No. SH-4 - Securities Transfer Form

[Pursuant to section 56 of the Companies Act, 2013 and sub-rule (1) of rule 11 of the Companies (Share Capital and Debentures) Rules 2014]

Date of execution: ____/____/____

FOR THE CONSIDERATION stated below the "Transferor(s)" named do hereby transfer to the "Transferee(s)" named the securities specified below subject to the conditions on which the said securities are now held by the Transferor(s) and the Transferee(s) do hereby agree to accept and hold the said securities subject to the conditions aforesaid.

CIN:

Name of the company (in full): _____

Name of the Stock Exchange where the company is listed, (if any): _____

DESCRIPTION OF SECURITIES:

Kind/ Class of securities (1)	Nominal value of each unit of security (2)	Amount called up per unit of security (3)	Amount paid up per unit of security (4)
No. of Securities being Transferred		Consideration received (Rs.)	
In figures	In words	In words	In figures
Distinctive Number	From		
	To		
Corresponding Certificate Nos.			

Transferors' Particulars

Registered Folio Number:

Name(s) in full _____ Signature(s) _____

1. _____

2. _____

3. _____

I, hereby confirm that the transferor has signed before me.

Signature of the Witness: _____

Name of the Witness: _____

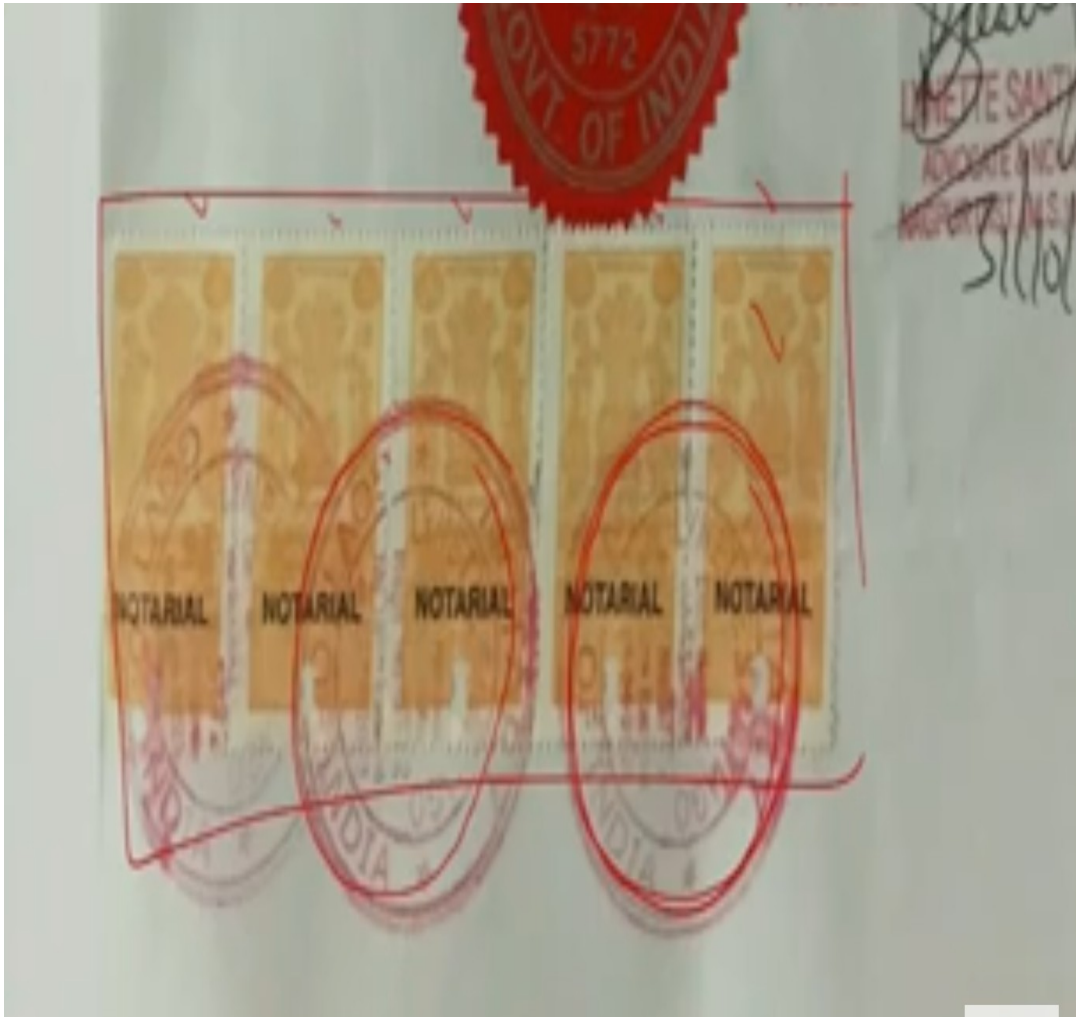
Address of the Witness: _____

Pincode: _____

Signature of the Witness: _____
 Name of the Witness: _____
 Address of the Witness: _____
 _____ Pincode: _____

Transferees' Particulars		
Name in full (1)	Father's/ Mother's / Spouse Name (2)	Address & E-mail id (3)
1. _____	1. _____	_____
2. _____	2. _____	_____
3. _____	3. _____	Pin code _____
		Email id: _____
Occupation (4)	Existing Folio No., if any (5)	Signature (6)
1. _____	_____	1. _____
2. _____	_____	2. _____
3. _____	_____	3. _____
Folio No. of Transferee _____		Specimen Signature of Transferee(s) 1. _____ 2. _____ 3. _____
Value of Stamp affixed: Rs. _____		STAMPS
Enclosures: 1. Certificate of shares or debentures or other securities 2. If no certificate is issued, Letter of allotment 3. Copy of PAN Card of all the Transferee(s)(For all listed Cos.) 4. Others, Specify, _____		
For Office Use Only Checked by _____ Signature Talled by _____ Entered in the Register of Transfer on _____ vide Transfer no _____ Approval Date _____ Power of attorney / Probate / Death certificate / Letter of Administration Registered on _____ at _____ No _____		

- **It shall be dully stamped- In this condition we have to follow two rules related to stamp.(1) Appropriate amount of stamping- The seller of the shares has to pay the stamp duty @ Rs 0.25 for every Rs 100 worth of shares.(2)Stamp should be properly cancelled which is shown in given below:**



- It shall be dated and executed by or on behalf of transferor and transferee.
- Shall be specify the name, address and occupation of transferee.
- It shall be delivered to company within 60 days from date of execution.
- Attach the relevant share certificate or allotment letter with the deed.

PROCEDURE FOR TRANSFER OF SHARES UNDER COMPANIES ACT 2013

(A) FOR PUBLIC COMPANIES- Sec 56 to 59 of the companies Act 2013 provides for the procedure of transfer of shares of a company. The basic procedure is as follows-

- One has to execute the share transfer deed in the share transfer form SH-4 both by the transferor and transferee of the shares.
- To put stamps on the share transfer deed.
- Along with the signatures of the transferor and transferee, there must be signature of two witnesses who will also mention their name, address and signature on the deed.
- Attach the share transfer certificate or the allotment letter of the shares to the deed and send the same to the company either by the transferor or the transferee of the shares.
- Submit the deed to the company within 60 days from the date of execution of the deed.
- The board shall register the transfer of shares only after passing a board resolution.

(B) FOR PRIVATE COMPANIES- The article of the company govern the share transfer procedure in private companies. These are the following steps for transfer of shares in private companies-

- The transferor of shares should give notice in writing to the company about his or her intention to transfer the shares.
- After receiving the written notice from the transferor the company will notify the members of the company about the availability of share for purchase.
- Company shall state the price of such shares along with the limit time in which the members should tell if they have an interest in buying the shares.
- If none of the members show interest in the share transfer procedure then transferor can transfer the shares to an outsider, to which the company can not object.

- **When someone shows interest then one has to fill up the share transfer deed or the share transfer form for a private company as per the share transfer form SH4.**
- **One should duly executed the form for transfer of shares by both the transferor or transferee. For execution the deed should be duly stamped, adequately valued, dated and cancelled.**
- **Send the same to the company within 60 days from the date of execution.**

(C) SHARES TRANSFER BY THE DEPOSITORY SYSTEM-

