HMRC - STSM071060 - Introduction: Changes Of Share Ownership

Whenever registered shares (other than bearer shares) are transferred from one person to another, the share register must be altered to reflect the change of ownership by removing the name of the transferor and replacing it with the name of the new owner. The process will involve the cancellation of the old share certificate and the issue of a new certificate in the name of the new owner.

Where the shares are held within the CREST system (see STSM131020), transfers are effected by changing the electronic records without movement of physical share certificates. When settling trades, the CREST system automatically notifies the registrar of the change of ownership.

A number of countries in Europe have a Central Securities Depositary (CSD) that holds shares and securities on behalf of investors. The CSD provides safe custody of the share certificates and maintains its own records of the beneficial owner. The CSD’s name appears on the share register as the legal owner of the shares and, upon a change of ownership, the CSD will simply change its records by book entry.

The ownership of a bearer share changes hands merely by passing the certificate physically from one person to another. As explained at STSM071050, there is no register that needs to be altered.

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