1. **What are some of the activities that being outsourced by intermediaries in the securities market? (discussion paper)**

**Your Answer:**

The intermediary-wise activities which are presently outsourced by a few intermediaries are as under: -

**I. DEPOSITORY PARTICIPANT (DPs)**

• Capturing of client data

• Record keeping

• Attending to client queries through phone banking services

• Printing and packing of welcome kits

• Despatch of statement of accounts and DIS booklets etc.

**II. REGISTRAR & SHARE TRANSFER AGENTS (R & T AGENTS)**

• Data capturing work for public issues / right issues.

• Despatch of dividends, refunds orders etc.

• Packing and franking activities

**III. BANKERS TO AN ISSUE (BTIs)**

• Courier pick up of applications from the syndicate members in the book built IPOs

• Processing of applications collected - data capturing, encoding of cheques,

scheduling etc.

**IV. STOCK BROKERS**

• Data entry and opening of trading accounts

• Scanning and storage of account opening forms

• Printing and despatch of welcome kits and despatch of quarterly transaction

statements

• Customer services

• Despatch of contract notes

• Stock brokers acting as distributors for Mutual Funds schemes - distribution, maintenance of nomination details by distributors for the various schemes of Asset Management Companies, etc.

**V. PORTFOLIO MANAGERS**

• Client servicing

• Fund accounting

• Custodian services

• Research activity

• Financial accounting

• Account opening

• Data entry

• Operational Activity

**Model Version 1 answer:**

Market Intermediaries Regulation and Supervision Department

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1. **Under what conditions can approval from shareholders be dispensed with for reclassification of promoter to public? (Informal Guidance)**

**Your Answer:**

* Insignificant shares as percentage of paid-up equity capital
* No direct or indirect connection with the activities of the company
* Not involved in the operations of the company

**Model Version 1 answer:**

Regulation 31(A)(7) Without prejudice to sub-regulations (5) and (6), reclassification of promoter as public shareholders shall be subject to the ibllowing conditions:

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1. **What is transmission of shares? (Report and Recommendation)**

**Your Answer:**

Transmission m e a ns d e volution of title to shares\* otherwise than by transfer, for example, d e volution by death, succession, inheritance, bankruptcy, marriage, etc. Transmission is different vis-à-vis Transfer as in Transmission a person acquires an interest in the property by operation of law, such as by right of inheritance or succession, whereas, Transfer is effected by act (free volition) of the parties. In transmission c a se, where title to shares is passed by operation of law, the beneficiary ne ed not carry out further formalities such as duly executed stamped instrument of transfer as stipulated in Section 108 of the Companies Act, 1956. The Company concerned also cannot insist on such formalities.

**Model Version 1 answer:**

Transmission of shares in the name of Yashvardhan Jatia Trust

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1. **What are the provisions for transfer of shares? (Report and Recommendation)**

**Your Answer:**

Legal provisions related to ‘Transfer by legal representative’ is contained in section 109

of the Companies Act 1956, Section 109 read s as, “A transfer of the share or other interest in a company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.”

Section 109A deals with ‘Nomination of share s’ which provides for nomination by hold er (s) of shares in respect of shares held by them. Cases where in a nominee has been appointed, the shares should vest in the nominee on the death of the member(s). Section 109B deals specifically with transmission of sha re s. As per section 109B, on the death of the shareholder, the nominee has the option either to register himself as the hold er of the shares of the deceased or to transfer the shares to any other person. The transferee (s) m ay not necessarily be the legal heirs of the deceased shareholder (s). Section 109B (1) states, “Any person who becomes a nominee by virtue of the provisions of section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided , elect, either-… … … … … … … ..”

**Model Version 1 answer:**

Companies Act, 2013 and ICDR Regulations

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