

Dematerialisation of securities of private companies

MCA notified the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023 dated October 27, 2023 amending the Companies (Prospectus and Allotment of Securities) Rules, 2014. The key changes are set out hereunder:

- New rule 9B has been introduced, making it *mandatory* for the *securities of the private companies* to be in *dematerialised form*. The said rule does not apply to a Government company or small company.
- Every private company is required to *issue its securities only in dematerialised form* and shall *facilitate the dematerialisation* of all its *existing securities* within a period of *18 months* from *March 31, 2023*.
- Any holder of securities of the private company who intends to transfer its securities or be allotted any securities, of a private company, on or after *September 30, 2024* is required to get such securities dematerialised before such transfer or allotment.
- Private companies are required to file its reconciliation of share capital audit report in Form PAS-6 with the Registrar of Companies within 60 days from the conclusion of each half year.

This Update is meant for general information and shall not be deemed to be a legal advice or opinion. This Update is neither intended to be an advertisement or solicitation.

Communications: Contact@stratage.in