

Issue of securities in dematerialised form by private companies

Presently listed and unlisted public companies are required to issue shares in Demat form. MCA has issued a notification on 27-10-2023 amending the Companies (Prospectus and Allotment of Securities) Rules thereby mandating private companies (other than Small Companies) to issue Securities (not just Share) only in Demat form and to facilitate dematerialisation of all its existing securities.

Private companies to which these Rules are applicable are required to comply with these aforesaid requirements within 30-09-2024 (18 months from the last date of financial year ended on 31-03-2023). Instead of writing 18 months from the last date of financial year ended 31-03-2023, MCA could have mentioned 30-09-2024 as the deadline for compliance for easy understanding.

After 30-09-2024, the said Companies shall ensure that entire holding of securities of its promoters, directors, Key Managerial Personnel have been dematerialised before making any offer for issue of any securities or buyback of securities or issue of bonus shares or rights offer.

After 30-09-2024, the holder of such securities shall not be allowed to transfer the securities in physical form and they shall not be allowed to subscribe any security unless the existing holding is dematerialised before such subscription.

Other compliance requirements:

- To obtain an ISIN for each type of security and to inform the same to all its existing security holders
- To file Form PAS-6 within 60 days of from conclusion of half year duly certified by a practising CS or CA.

These provisions will result in more compliance and cost burden on the private companies to which these amendments will apply.

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Designated person with respect to beneficial interest in Shares

MCA has issued a notification on 27-10-2023 amending the Companies (Management and Administration) Rules. The amendment requires every company to designate a person responsible for furnishing and extending co-operation to ROC etc in respect of beneficial interest in shares.

Designated person (DP) may be CS or KMP or director of the company. Until such person is designated, the CS or MD or every director shall be deemed to have been designated.

The Company shall be required to inform the details of DP in the Annual Report. It shall also file Form GNL-2 in case of any change in DP.

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Register of Partners in case of Limited Liability Partnership (LLP)

MCA has issued a notification on 27-10-2023 amending the Limited Liability Partnership Rules. The amendment requires LLPs existing on the date of this notification to maintain a register of partners in Form 4A within 30 days of these amendments. New LLPs shall maintain such register from the date of its incorporation. The register shall contain the following particulars of each partner:

- Name, address, e-mail address, PAN or CIN, father or mother or spouse's name, occupation, status, Nationality, name and address of nominee;
- date of admission or cessation
- amount or nature of contribution etc

Changes in any particular should be within 7 days of the change.

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Declaration in respect of beneficial interest by a partner in case of LLP

A partner whose name is entered in the register of partners of a LLP (Registered Partner) but does not hold any beneficial interest, either fully or partly in contribution shall file with the LLP a declaration to that effect in Form 4B within a period of 30 days from the date on which his name is entered in the register of partners specifying the name and other particulars of the person who actually holds any beneficial interest in such contributions. Any change in beneficial interest to be declared within 30 days from the date of such change in Form 4B.

A person who is not a registered partner but who holds or acquires a beneficial interest in the contribution shall file with the LLP a declaration in Form 4C within 30 days of acquiring such interest or within 30 days of change in such interest specifying the nature of his interest and the name of the registered partner in whose name the contribution is disclosed.

The LLP shall make entry in the register of partners and shall also file a return Form 4D with ROC within 30 days of receipt of such intimation from registered / beneficial partner.

Every LLP is required to designate a partner responsible for furnishing and extending co-operation to ROC etc in respect of beneficial interest in contribution. The LLP shall file information of such designated partner with the Registrar in Form 4.

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