

Subject – Secretarial Practices
Subject code- BBA603 / BCH603
Lecture 11

Difference between Share transfer and share transmission:-

Transfer of shares refers to the intentional transfer of title of the shares between the transferor (one who transfers) and the transferee (one who receives). The shares of a public company are freely transferable unless the company has a valid reason to disallow the same. The shares of a private limited company are not transferable subject to certain exceptions. A transfer deed is executed for the transfer of shares.

Meaning of Transmission of Shares

Transmission of shares takes place due to the operation of law that is when the holder is no more or has become lunatic or insolvent. It can also take place when the holder of shares is a company, and it has wound up. There is no transfer deed executed, and the transferee will be given the rights to the shares, and the transmission is recorded only when the transferee gives proof of entitlement to the shares. In case of the death of the holder the shares, it will be transferred to the legal representative and in case of insolvency to the official assignee. The following table illustrates the differences between the transfer of shares and transmission of shares:

Difference between Share transfer and share transmission:-

| Details | Transfer of Shares | Transmission of Shares |
|--------------------------------|---|---|
| What is it? | Voluntary Act | Operational by law |
| Who can initiate? | Transferor or Transferee | Legal heir or receiver |
| How is it affected? | A deliberate act of parties | Insolvency, lunacy, death, or inheritance |
| Is there a consideration? | Yes | No |
| Is a transfer deed compulsory? | Yes | No |
| Is stamp duty compulsory? | Yes. Payable on the market value of shares | No |
| Who is liable? | Liability of transferor ceases to exist post the transfer | Original liability of shares continues to exist |