

## **OFFICE OF COMPANY REGISTRAR'S NOTICE ON SHARE LAGAT (LOGBOOK)**

Office of Company Registrar (OCR) published a notice to improvise the work process and devise new work procedure in relation to share allocation, certification of share register/logbook (शेयर लगत) transfer of shares through gift deed as per its decision dated **2080/5/10 (27 August 2023)**.

As per the notice following should be duly considered:

1. Shareholder must deposit the amount in lieu for purchase of shares from the company **through banking channel.**
2. Except in the share transactions that involves a company, the share purchase-sale between two natural persons involving transaction less than **NPR. 1,000,000 (Nepalese Rupees One Million)** can be validated and certified even if a banking record/statement is not submitted as a proof of payment; considering the prevalent provisions in law.
3. Update process and other works for companies incorporated after **2080/05/18 (4 September 2023)** can be carried out only after it allocates shares, payment for subscribed shares are partially or fully realised and accordingly **certifies the share logbook prior to its first annual general meeting.**
4. For companies whose audited financial statement after the fiscal year **2073/74 (2016/17)** depict paid up capital **but share register/logbook remains unissued/certified** documents and other records from such companies would be accepted by OCR only after it records its share register/capital with a proof of payment.
5. According to the provision that requires a shareholder of a company to deposit a share amount in the bank account of the company, within a specified date, **the bank statement within such period shall only be accepted as a proof of payment.**
6. During the certification of share register/logbook, a **certified bank statement must be submitted to OCR in the SEAL of the relevant bank** as a proof of payment for the amount committed during

incorporation, purchase of reserved shares or when making a payment for purchase of share. However, in the case of purchase and sale of shares between family members verifiable through certificate of relationship the system generated proof of payment from the relevant bank can also be accepted as record.

7. The **shareholder must in its name deposit the amount in lieu of shares** in the bank account of the company. However, if such amount is deposited by any other family member/s of the shareholder, a document revealing such relationship and self-declaration from the depositor declaring the purpose of deposit as well as a self-declaration of the shareholder regarding the transaction must be presented during the certification of the share logbook/register.
8. In situation where the share capital/amount is deposited in the company's bank account but the amount exceeding **NPR. 1,000,000 (Nepalese Rupees One Million)** is withdrawn from the account in a short span of time from the date of deposit, the following would be analysed by the officers at OCR before certifying the share register/logbook: i) the nature of the company, ii) the period for which the amount was deposited and withdrawn, iii) capital committed by the shareholders, iv) the purpose for which the amount was withdrawn from the company (such as land purchase, building construction, equipment purchase, license purchase or investment in any other company, etc.). Pursuant to which the authority under OCR can request documents such as registration documents, engineering invoice, auditor's report, additional response from the board of directors, self-declaration etc.
9. If the amount is deposited in the overdraft account of the company for share transaction, the evidence of payment can be accepted only if the bank statement or voucher showing the deposit of the amount for the shares from the concerned shareholder or the transaction certified by the related bank is presented.
10. When transferring ownership of shares through **gift deed (bakas patra)**, the following should be considered:
  - a. It is mandatory to present proof of relationship certificate issued by the relevant body, or the recommendation of the relevant local level as a member of the same household for the referred transaction.

- b. Only an elder member of a household in a joint family is eligible to gift (*bakas*) shares to the junior member of the family.
  - c. The name of the issuing company, the number of shares and the price per share shall be disclosed on the gift deed (*bakas patra*).
  - d. This clause shall not be applicable to partitioned family.
  - e. In the case of the transactions approved by the company before the issuance of this directive but are yet to be recorded, if an application is received within 45 days of the issuance of this notice, the certification shall be processed as per the previous provisions.
11. In case of doubt, or suspicion in relation to paid up amount, the decision-making authority at OCR can demand/ask for additional details from the concerned person, bank or the company.
12. While liquidating the company as per Section 126 of the Companies Act, 2063 (2006), the liquidator must compulsorily adopt the banking system to return the amount to the shareholders after deducting all the total expenses and other liabilities of the company.