

Nomination Facility

Table of Contents

Para No.	Particulars
1	Introduction
2	Benefits of Nomination
3	Who can make a nomination/Types of bank deposits accounts in which nomination can be accepted
4	Who can be nominee
5	Rights of nominee
6	Witness in nomination form
7	Cancellation and variation in nomination
8	Acknowledgement of nomination
9	Registration of nomination
10	Nomination facility for safe deposit locker
11	Nomination for safe custody facility
12	Eligibility Matrix

1. **Introduction:** The facility of Nomination is governed by Section 45 (ZA to ZF) incorporated in the Banking Regulations Act, 1949 and the rules framed under the Banking Companies (Nomination) Rules, 1985. It is applicable for holders of deposit accounts, safe deposit lockers and safe custody facility.
2. **Benefits of Nomination:**
 - a. Nomination is a facility, which facilitates settlement of claim in case of death, to the nominee, easily and fast, without any hassles. The Bank is fully discharged of its liability by making payment of balance in the account of a deceased depositor to the nominee
 - b. Hence, while it is not mandatory to obtain a nomination, it is in the interest of both the customer/s as well as the bank to obtain nomination wherever applicable, especially where deposit accounts of safe deposit locker / safe custody facilities are held in the name of a single individual
 - c. The advantages of nomination facility should be explained by the branch official. If the customer/s still does not want to make a nomination, he/she should give a specific letter to the effect that he/she does not want to make a nomination. In case the customer/s declines to give such a letter, the branch official should record the fact that the benefits of nomination have been explained to the customer/s, but he/she is unwilling to make a nomination. Such recording should be made on the AOF or a separate noting should be made and annexed to the AOF / Safe Custody / Safe Deposit Locker agreement
3. Who can make a nomination / types of deposit accounts in which nomination is accepted?
 - a. Nomination can be accepted in all bank deposit accounts such as savings account, current account, recurring deposit and term deposit held in the names of individual/s. It can also be taken in a current account in the name of a proprietorship concern

- b. Nomination cannot be accepted in an overdraft or cash credit account even if it has a credit balance
- c. Nomination is mandated in a PIS account and has to be ensured for opening a PIS account
- d. Nomination can be made only by the deposit account holders / safe deposit locker hirers / persons availing of safe custody facilities in their personal capacity and not in any representative capacity such as attorney or mandate holder

4. Who can be a nominee?

- a. In deposit accounts, nomination can be made in favour of only a single individual. This automatically excludes non-individual entities such as Trusts etc
- b. It is not necessary for the nominee to be a relative of the account holder
- c. Where nomination is made in favour of a minor, the depositor, while making the nomination, should appoint another individual, not being a minor, to receive the amount of deposit on behalf of the minor nominee and give a discharge, in the event of death of the depositor during the minority of the nominee
- d. There is no restriction for nomination with regard to the status of the nominee, who may be a resident or a non-resident. However, deposit / credit balance payable to the nominee will not be automatically repatriable unless specifically permitted under the exchange control regulations / rules of the respective deposit scheme. This fact should be indicated clearly in the acknowledgement of nominations made in case of non-resident nominee and non-resident deposit accounts

5. Rights of Nominee

As directed by Reserve Bank of India, the Bank should settle the claims in respect of deceased customers to the nominee(s) within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claim(s), to the bank's satisfaction

- b. The Bank is not bound to take any notice of claim of any person, other than the nominee
- c. Any other person having the right or claim on the amount will have to exercise it against the nominee. Accordingly, if on the death of the depositor, a nominee and the legal heir holding Succession Certificate make their claims simultaneously, the Bank should take note of the claim of the legal heir and advise him / her to bring a competent court injunction restraining the Bank from effecting payment to the nominee. In the event of the failure of their failure to do so, the settlement should be made in favour of the nominee within the period stipulated by Reserve Bank of India
- d. In a deposit account held in joint names of two or more persons, the nominee can exercise his claim only on the death of all the joint holders in the account
- e. In a term deposit, in the event of the death of the account holder/s, the nominee is normally entitled to receive the proceeds thereof only on maturity. In case the nominee wishes to close the term deposit prematurely, he/she is required to obtain and furnish the written consent of the legal heirs of the deceased person/s

6. **Witness in Nomination Forms:** Reserve Bank of India has clarified the signatures of the account holders need not be attested by witnesses. Only the thumb-impressions(s) of the account holder/s shall be attested by two witnesses on the nomination forms prescribed under Banking Companies Nomination Rules, 1985.
7. **Cancellation and variation of nomination**
 - a. Nomination or its cancellation or variation can be made by the sole depositor in case of a single account and by all the depositors jointly in case of accounts held jointly
 - b. Nomination, cancellation of nomination or variation of nomination can be made at any time during the currency of the deposit/locker is under hire
 - c. Nomination instructions in case of term deposits and lockers would not cease to be in force merely by reason of the renewal of such deposits or locker agreements
 - d. The customer/s can submit the request for registration/modification/cancellation of nomination duly signed by all the holders in the prescribed form at any branch. The branch accepting the request form should scrutinize the same and after verifying the signatures, forward it to CLH for processing
8. **Acknowledgement of Nomination:** In all instances of nomination, cancellation of nomination or variation of nomination, a photocopy of the relevant Nomination Form duly filled-in by the customer and duly signed by the Bank Official against stamp of the Bank should be given to the customer/hirer as an acknowledgement.
9. **Registration of nomination:**
 - a. As the account opening process in our Bank has been centralized, the system entries in respect of the nomination will be done at OCL. The name of the person in whose favour the nomination has been registered would be mentioned in the welcome letter, which is included in the welcome kit
 - b. With regard to printing of nominee's name in the account related documents, branches are advised as under:
 - i. The nominee's name is printed in the Fixed Deposit receipt only if the accountholder agrees for the same. Nomination Status: Registered with the Bank is printed in case the customer does not give consent to print the nominee's name but has given a valid nomination
 - ii. In case of passbooks, the nominee's name is not printed at present. Wherever nomination flag is marked yes, the nomination status is recorded on the pass book as Registered with the Bank
 - iii. To ensure compliance to RBI's current directive in this regard, in case the customer makes a specific request for the name of the nominee on the passbook, branches are advised to write the name of the nominee against the nomination status in the passbook and authenticate the same by affixing a round stamp and marking initials of the official on it
 - iv. After discontinuation of Nomination register maintained for lockers, branches should obtain the duly completed nomination form and make the entry in "Suraksha Software" and then take a print of Nominee Details report and attach it with Locker agreement for audit/ reference

10. Nomination facility in Safe Deposit Locker:

- a. When the safe deposit locker facility is extended to customers, it is advisable to obtain a nomination, more especially where the locker is held in a single name. Nomination will enable the Bank to release the contents/securities/articles of a locker to the nominee(s) of the hirer(s), after making an inventory of the contents of the locker and obtaining the discharge of the nominee thereon
- b. In the case of a sole hirer of a locker, the nomination can be made in favour of only one person. Similarly, in the case of lockers hired jointly with one or more persons with mode of operation as "Any one of the hirers", nomination is permissible only in favour of one person
- c. If a locker, hired by two or more persons, is to be operated under the joint signatures of two or more of them, such hirers may nominate one or more persons to whom in the event of death of any such hirer or hirers, the Bank may give the nominee(s), jointly the with surviving joint hirer or joint hirers, as the case may be, access to the locker and liberty to remove the contents of such lockers. The number of nominees in such cases should be restricted to the number of joint hirers

11. **Nomination in Safe Custody facility:** Nomination is permissible only in the case of single safe custody facility.

12. Eligibility Matrix:

Type Of Account	Mode Of Holding	No.of nominees permitted
Deposit	Single or Jointly	One Nominee
Safe Custody	Single	One Nominee
Safe Deposit Locker	Lockers operated singly/by anyone of the hirers	One Nominee
	Lockers operated jointly or two or more persons	One or more nominees (to be restricted to the number of hirers)

Remarks: Last updated on 25th Feb 2018