



Utkarsh Small Finance Bank

NOMINATION POLICY

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1. INTRODUCTION

Under the Banking Laws (Amendment) Act of 1983, a provision has been made for providing Nomination facilities to banks' customers in respect of Deposit accounts. The facility of nomination is governed by section 45 (ZA to ZF) incorporated in the banking regulation Act, 1949 and the rules are framed under the banking companies (nomination) rules, 1985, Nomination is applicable for deposit accounts, articles kept in safe custody and the contents of safety lockers.

The above-mentioned Acts enables the bank -

- to make payment to the nominee of a deceased depositor, the amount standing to the credit of the depositor.
- to return the articles left by a deceased person in its safe custody to his nominee, after making an inventory of the articles in the manner directed by the Reserve Bank.
- to release the contents of a safety locker to the nominee of the hirer of such locker, in the event of the death of the hirer, after making an inventory of the contents of the safety locker in the manner directed by the Reserve Bank.

2. BENEFITS OF NOMINATION

1. The benefit of nomination is that in the event of death of an account holder(s) or locker holder(s), the Bank can release the account proceeds or contents of the locker to the nominee(s) without insisting upon a Succession Certificate, Letter of Administration or Court Order. The nominee holds the monies in the capacity of a Trustee on behalf of the legal heirs of the deceased account holder(s) or locker holder(s) and the Bank's liability is duly discharged on payment to the Nominee.
2. Nomination facility simplifies the procedure for settlement of claims of deceased depositors as banks get a valid discharge by making payment of the balance outstanding in a depositor's account at the time of his death or delivering contents of locker or articles kept in safe custody to the nominee. Nomination is optional for bank customers. It is therefore necessary that the nomination facility is popularized, and customers are made aware of its advantages while opening a deposit account.

3. TYPES OF NOMINATION

1. Nomination can be accepted in all bank deposit account such as saving account, current account, recurring deposit and term deposit held in the of individual/s. Bank account holders having deposit accounts in their individual names or in joint names of two or more individuals can appoint a nominee to their accounts.
2. Nomination cannot be accepted in an overdraft or cash credit account even if it has a credit balance.
3. Nomination is mandated in a Portfolio Investment Scheme (PIS) account and has to be ensured for opening a PIS account.
4. 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.
5. The nomination facility can be accepted in all deposit accounts held in the name of a sole proprietary concern.

4. TYPES OF NOMINEES

1. In deposit accounts, nomination can be made in favor of only a single individual. This automatically excludes non-individual entities such as trust etc.
2. It is not necessary for the nominee to be a relative of the account holder.
3. Where nomination is made in favor of 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.
4. 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 nomination made in case of non-resident nominee and non-resident deposit accounts.

5. RIGHTS OF NOMINEE

1. The bank shall settle the claims in respect of deceased customer to the nominee(s) within the timeline defined by RBI from the date of receipt of the claim subject to the production of the proof of death of the depositor and suitable identification of the claim(s), to the bank's satisfaction.
2. The bank is not bound to take any notice of claim of any person, other than the nominee.
3. 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 failure of their failure to do so, the settlement should be made in favor of the nominee within the period stipulated by Reserve Bank of India.
4. 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.
5. 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. ROLE AND RESPONSIBILITY OF NOMINEE

The nominee acts as the trustee of the closure proceeds of deposit account, safe deposit locker account, and safe custody account on its death claim settlement by bank after demise of account holder(s).

7. WITNESS IN NOMINATION FORMS

Reserve Bank of India has clarified the signature of the account holders need not to be attested by witness. Only the thumb-impression(s) of the account holder/s shall be attested by two witnesses on the nomination forms prescribed under banking nomination rules, 1985.

8. REGISTRATION, CANCELLATION AND VARIATION IN NOMINEE IN DEPOSIT ACCOUNT

1. 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.
2. Nomination, cancellation of nomination or variation of nomination can be made at any time during the currency of the deposit.
3. Nomination instruction in case of term deposits and lockers would not cease to be in force merely by reason of the renewal of such deposits.
4. The customer/s can submit the request for registration/modification/cancellation of nomination duly signed by the all the holders in DA1, DA2, DA3 form respectively at any branch.
5. The bank shall have the Standard Operating Procedure (SOP) for handling of above-mentioned nomination requests of the depositors in account.

9. ACKNOWLEDGEMENT OF NOMINATION

In all instances of nomination, cancellation of nomination or variation, 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.

10. REGISTRATION OF NOMINATION

1. As the account opening process in our bank has been centralized, the system entries in respect of the nomination will be done at CPC. The name of the person in whose favor the nomination has been registered would be mentioned in the welcome letter, which is included in the welcome kit
2. With regard to printing of nominee's name in the account related documents, branches are advised as under:
 - (a) The nomination status registered with the bank is printed in case the customer has given a valid nomination.
 - (b) 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 passbook as 'Registered with the Bank'.
 - (c) 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 pass book, 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 officials on it.

11. NOMINATION FACILITY IN SAFE DEPOSIT LOCKER

1. 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 hire(s), after making an inventory of the contents of the locker and obtaining the discharge of the nominee thereon.
2. In the case of sole hirer of a locker, the nomination can be made in favor of only one person. Similarly, in the case of locker hired jointly with one or more persons with mode of operation as "Any one of the hirers", nomination is permissible only in favor of one person.

3. 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 with the 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.
4. **Registration/ Cancellation / Variation in Nomination in respect of Safe Deposit Locker:**
 - The Sole hirer of locker account held with bank will be allowed to add nominee in locker account by submission of form SL 1.
 - If the locker is hired by two or more individuals jointly, the nomination to be made by such hirers shall be made in form SL1A.
 - In case of only one (sole) hirer in the locker account, nomination shall be made in favour of only one individual.
 - In the case of locker is hired in name of a minor, the nomination shall be made be a person lawfully entitled to act on behalf of minor.
 - The cancellation of nomination can be done by Sole hirer or, as the case may, joint hirers of locker, shall be in form SL2.
 - A variation in nomination in locker account of sole hirer shall be made in form SL3.
 - A variation in nomination in locker account of joint hirers shall be made in form SL3A.
 - A nomination, cancellation of nomination, variation in nomination in locker account of sole or joint hirer(s) can be made any time during the locker is in hire.
 - The bank shall have the Standard Operating Procedure (SOP) for handling of above-mentioned nomination request of the locker hirer(s) in locker account.
 - Nomination instruction 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.

12. NOMINATION IN SAFE CUSTODY FACILITY

Nomination is permissible only in the case of single safe custody facility.
