

Nomination facilities in deposit accounts.

OPERATIONAL INSTRUCTIONS

- (i) Nomination facility should be made available to all types of deposit accounts.
- (ii) Unless the customer prefers not to nominate, (this may be recorded, without giving scope for conjecture of non-compliance) nomination should be a rule, to cover all existing and new accounts.
- (iii) Nomination facility is available for saving bank accounts opened for credit of pension. However, Co-operative Societies (Nomination) Rules, 1985, are distinct from the Arrears of Pension (Nomination) Rules, 1983, and the nomination exercised by the pensioner under the latter Rules for receipt of arrears of pension will not be valid for the purpose of deposit accounts held by the pensioners with banks for which a separate nomination is necessary in terms of Co-operative Societies (Nomination) Rules, 1985, in case a pensioner.
- (iv) All concerned are advised to generally insist that the person opening a deposit account makes a nomination. In case the person opening an account declines to fill in nomination, the banks should explain the advantages of nomination facility. If the person opening the account still does not want to nominate, the banks should ask him to give a specific letter to the effect that he does not want to make nomination. In case the person opening the account declines to give such a letter, the bank should record the fact on the account opening form and proceed with opening of the account if otherwise found eligible. Under no circumstances, a bank should refuse to open an account solely on the ground that the person opening the account refused to nominate. This procedure should be adopted in respect of deposit accounts in the name of Sole Proprietary Concerns also.
- (v) It is clarified that the various nomination forms (DA1, DA2, and DA3 for Bank Deposits, Forms SC1, SC2 and SC3 for articles in safe custody and Forms SL1, SL1A, SL2, SL3 and SL3A for Safety Lockers) prescribed under the Co-operative Banks (Nomination) Rules, 1985, only Thumb impression(s) shall be attested by two witnesses. The signatures of the account holders need not be attested by witnesses. All are advised to ensure strict compliance of the said instructions.

The Act Provisions

Sections 45 ZA to 45 ZF of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) provide, inter alia, for the following matters:

- (i) to enable a bank to make payment to the nominee of a deceased depositor, of the amount standing to the credit of the depositor.
- (ii) to enable a bank 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.
- (iii) to enable a co-operative 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.

The Rules

The Co-operative Banks (Nomination) Rules, 1985 provide for:

- (i) Nomination forms for deposit accounts, articles kept in safe custody and the contents of safety lockers,
- (ii) Forms for cancellation and variation of the nomination.

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- (iii) Registration of nominations and cancellation and variation of nominations, and matters related to the above.

The Nomination Rules in respect of Deposit Accounts provide as under:

- (a) The nomination to be made by the depositor or, as the case may be, all the depositors together in respect of a deposit held by a co-operative bank to the credit of one or more individuals.
- (b) The said nomination may be made only in respect of a deposit, which is held in the individual capacity of the depositor and not in any representative capacity as the holder of an office or otherwise.
- (c) Where the nominee is a minor, the depositor or, as the case may be, all the depositors together, may, while making the nomination, appoint another individual not being a minor, to receive the amount of the deposit on behalf of the nominee in the event of the death of the depositor or, as the case may be, all the depositors during the minority of the nominee.
- (d) In the case of a deposit made in the name of a minor, the nomination shall be made by a person-lawfully entitled to act on behalf of the minor.
- (e) The cancellation of the said nomination to be made by the depositor or, as the case may be, all the depositors together.
- (f) A variation of the said nomination to be made by the depositor or, as the case may be all the depositors together.
- (g) **The said nomination shall be made in favour of only one individual.**
- (h) A nomination, cancellation of nomination or variation of nomination may be made as aforesaid at any time during which the deposit is held by a co-operative bank to the credit of the depositor or depositors, as the case may be.
- (i) In the case of a deposit held to the credit of more than one depositor, the cancellation or variation of a nomination shall not be valid unless it is made by all the depositors surviving at the time of the cancellation or variation of the nomination.
- (j) The co-operative bank shall acknowledge in writing, to the depositor or depositors concerned the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of a deposit.
- (k) The relevant duly completed Form of Nomination or cancellation of nomination or variation of nomination filed with the co-operative bank shall be registered in the books of the co-operative bank.
- (l) A nomination or cancellation of nomination or variation of nomination shall not cease to be in force merely by reason of the renewal of the deposit.

Record of Nomination

Acknowledgement of Nomination

In terms of Rules 2 (9), 3 (8) and 4 (9) of the Co-operative Banks (Nomination) Rules 1985, banks are required to acknowledge in writing to the depositor(s)/ locker hirer (s) the filing of the relevant duly completed Form of nomination, cancellation and / or variation of the nomination. Banks are advised to strictly comply with the provisions of Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and Co-operative Banks (Nomination) Rules, 1985 and devise a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and /or variation of the nomination. Such acknowledgement should be given to all the customers irrespective of whether the same is demanded by the customers. Further, in addition to the legend "Nomination Registered", they should also indicate the name of the Nominee in the Pass Books /

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Statement of Accounts / Fixed Deposit Receipts, in case the customer is agreeable to the same.

Registration of Nomination

The Rules 2(10), 3(9) and 4(10) require a bank to register in its books the nomination, cancellation and/or variation of the nomination. The banks should accordingly take action to register nominations or changes therein, if any, made by their depositor(s) hirer(s) of lockers.

The following aspects may be adhered to while recording nominations:

- (i) In addition to obtaining nomination form, banks may provide for mentioning name and address of the nominee in the account opening form. Publicity about nomination facility is needed, including printing compatible message on passbook and any other literature reaching the customer as well as launching periodical drives to popularize the facility.
- (ii) In case of joint deposits, after the death of one of the depositors, the banks may allow variation/cancellation of a subsisting nomination by other surviving depositor (s) acting together. This is also applicable to deposits having operating instructions "either or survivor". It may be noted that in the case of a joint deposit account, the nominee's right arises only after the death of all the depositors.
- (iii) The banks may introduce a practice of recording on the face of the pass book the position regarding availment of nomination facility with the legend 'Nomination Registered'. This may be done in the case of term deposit receipts also.

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FORM DA-1
Nomination Form for Deposit Account

(Under Section 45 ZA of BR Act 1949 & Rule 2(1) of Cooperative Banks (Nomination Rules 1895 in respect of Bank Deposits)(As Applicable to Cooperative Banks)

Nomination is **required** for me/us. Whether name of the Nominee is to be printed (optional) on the passbook/ statement of account in addition to nomination registration number ?

a. Yes _____ b. No _____.

Nomination facility is **Not Required** by me/us.

I nominate the person specified in the Box-1 to whom in event of my/our/minor's death, balance in the account may be returned by the KCCB Ltd. B.O. _____. As the nominee is a minor as on this date. I/we appoint the person specified in Box-2 to receive the balance in the account on behalf of the nominee in event of my/our/minor's death during the minority of the nominee.

Box-1 Details of Nominee	Box-2 Details of the Appointee for Minor	Witnesses (In case of Thumb Impression)
Name :	Name :	1. Name :
Address :	Address :	Address :
Contact No.:	Contact No.:	Signature
		2. Name :
Date of Birth in case of minor		
Relationship with the depositor		Address :
		Signature

1. Signature/ Thumb Impression of the depositor : _____

2. Signature/ Thumb Impression of the depositor : _____

3. Signature/ Thumb Impression of the depositor : _____

For Branch use only

Particulars of Form DA 1 (received) entered in Nomination Register Sr. No. _____ Dated _____

Branch Manager

* Where deposit is made in the name of a minor, the nomination should be signed by a person lawfully entitled to act on behalf of the minor.

**Thumb impression(s) shall be attested by two witnesses.

*** Strike out if nominee is not a minor.

FORM DA 2

Cancellation of Nomination under Section 45 ZA of the Banking Regulation Act, 1949 and Rule 2(5) of the Banking Companies (Nomination) Rules, 1985 in respect of Bank Deposits.(As Applicable to Cooperative Banks)

I/We

Name/s	Address/es

hereby cancel the nomination made by me/us in favour of :

Nominee

Name	Address

in respect of :

Detail of the Accounts

Nature of the Account	Account Number	Additional Details, if any

Place :

Date :

*Signature(s)/Thumb impression(s) of the depositor

Witnesses: **

Signature	Signature
Name	Name
Address	Address
Place : Date :	Place : Date :

* Where deposit is made in the name of a minor, the cancellation of nomination should be signed by a person lawfully entitled to act on behalf of the minor.

**Thumb impression(s) shall be attested by two witnesses.

*** Strike out if nominee is not a minor.

Form DA 3**Variation of Nomination under Section 45ZA of the Banking Regulation Act, 1949 and Rule 2(6) of the Banking Companies (Nomination) Rules, 1985 in respect of Bank Deposits.**

I/We

Name/s	Address/es

hereby cancel the nomination made by me/us in favour of :

Name & address	Relationship with depositor, if any	<i>Age</i>

and **hereby nominate** the following person to whom in the event of my/our/minor's death the amount of deposit, particulars whereof are given below may be returned by**Deposits**

Nature of the Account	Account Number	Additional Details, if any

Nominee

Name & address	Relationship with depositor, if any	Age	If nominee is a minor, his date of birth

As the nominee is a minor on this date, I/We appoint Shri/Smt/Kum. _____ (name and address) to receive the amount of the deposit on behalf of the nominee in the event of my/our/minor's death during the minority of the nominee.

Place :

Date :

***Signature(s)/Thumb impression(s) of the depositor**

Witnesses: **

Signature	Signature
Name	Name
Address	Address
Place : Date :	Place : Date :

* Where deposit is made in the name of a minor, the variation of nomination should be signed by a person lawfully entitled to act on behalf of the minor.

**Thumb impression(s) shall be attested by two witnesses.

*** Strike out if nominee is not a minor.