



# **Utkarsh Small Finance Bank**

## **NOMINATION POLICY**

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## 1. INTRODUCTION

Banking Laws (Amendment) Act of 2025 with inter-alia has amended the Sections 45ZA, 45ZC and 45ZE of the Banking Regulation Act, 1949 (the Act). The Banking Companies (Nomination) Rules, 2025 have also been notified which along with amended provisions of the Act shall come into force from November 1, 2025. Nomination is applicable for deposit accounts, articles kept in safe custody and the contents of safety lockers.

Further, RBI has clarified that the direction issued to the Bank on Nomination Facility in Deposit Account, Locker, and Article Kept in Safe Custody dated October 28, 2025 is for implementation of nomination facility and shall be read with sections 45ZA to 45ZG of the Banking Regulation Act, 1949. The above-mentioned Acts as further amended by Reserve Bank of India (Nomination Facility) Directions, 2025 enables the bank -

- to make payment to the nominee(s) of a deceased depositor, strictly in accordance with the updated statutory framework, including the mandatory acceptance of nomination and revised process for settlement of Claims as per RBI directions 2025.
- to return the articles left by a deceased person in its safe custody to his nominee(s), after preparing an inventory as mandated under the updated Banking Companies (Nomination) Rules, 2025.
- to release the contents of a safety locker to the nominee(s) of the locker hirer, in accordance with revised procedures, timelines and safeguards introduced under RBI Direction, 2025, including mandatory access and inventory protocols.

## 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) as per timelines and simplified claim settlement framework mandated under RBI Direction, 2025. 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 by providing a legally recognised discharge to the bank upon 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 and safe deposit locker. Further, the Bank may include printing compatible messages on cheque books, passbooks etc. from time to time regarding benefits of nomination.
3. If the customer chooses not to avail the nomination facility despite being fully informed, the bank proceeds to open the deposit/locker account without imposing any restrictions, if otherwise found eligible, after obtaining a written declaration from the individual confirming that he/ she does not require the nomination facility at the time of account opening. If he/she refuses to provide the written declaration, the bank will record the fact of refusal to submit written confirmation in the account opening

records. In case of no nomination opted by customer, the Bank under no circumstances will deny or delay in opening an account solely on the ground of refusal to make a nomination, provided all other requirements for account opening are satisfactorily met.

4. A bank shall not claim a valid discharge under the provisions of the act if payments are made to individual(s) based on nominations made under any other law for specified purposes.

### 3. TYPES OF NOMINATIONS

1. **Successive Nomination:** Where the nomination is made successively in favour of more than one person, the nomination shall be effective only in favour of one person in the order of priority specified (In case Successive Nomination is selected then more than one nominee will be allowed with each having 100% share). If the nomination is made in favour of more than one person successively, the nomination shall be effective only in favour of one person in the following order of priority, namely -
  - The nomination shall not be made in favour of more than 4 (four) persons.
  - Successive nomination facility will be available for both Deposit account and safe deposit locker.
  - nomination of the first nominee shall be effective if that nominee survives the person or persons who made the nomination.
  - nomination of the second nominee shall become effective only after the death of the first nominee.
  - nomination of any nominee lower in the order of nomination shall become effective only after the death of all the nominees whose names are higher in the order of nomination
  - Where the order of nomination is not mentioned, persons shall be deemed to have been nominated in the order in which their names appear in the nomination form.
  - if all the nominees dies before receiving "deposit"/"content of locker" from the bank, the nomination in respect of such nominees alone shall become ineffective and the deceased claim settlement will be applicable as "No Nomination" in deposit/locker account.
2. **Simultaneous Nomination:** Where the nomination is made simultaneously in favour of more than one person, the nomination shall be effective in favour of all such persons in proportion to which it is declared, and the following terms and conditions shall apply, namely
  - the nomination shall not be made in favour of more than four persons.
  - simultaneous nomination facility will be available in Deposit account only.
  - the nomination shall explicitly state the proportion of amount of deposit in percentage in favour of each nominee.
  - the nomination shall be made in respect of the whole amount of deposit.
  - if any nominee dies before receiving deposit from the bank, the nomination in respect of such nominee alone shall become ineffective and the amount of

deposit purported to be nominated in favour of deceased nominee shall be treated as if nomination had not been made in respect of that portion of deposit.

#### **4. NOMINATION RULES**

3. Nomination can be accepted in all bank deposit accounts 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 nominee(s) to their accounts.
4. Nomination cannot be accepted in an overdraft or cash credit account even if it has a credit balance.
5. Nomination can be accepted in a Portfolio Investment Scheme (PIS) account and Non-Resident account as per regulatory requirements.
6. 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.
7. The nomination facility can be accepted in all deposit/Locker/Safe custody accounts held in the name of a sole proprietary concern. It means, if an individual is keeping an account for his/her proprietorship business, it will be deemed as that individual's account and nomination facility shall be offered in such accounts.

#### **5. TYPES OF NOMINEES**

1. It is not necessary for the nominee to be a relative of the account holder.
2. Where nomination is made in favor of minor, the depositor/locker hirer, while making the nomination, should appoint another individual, not being a minor, to receive the amount (content of locker in case of safe deposit locker) of deposit/locker on behalf of the minor nominee and give a discharge, in the event of death of the depositor during the minority of the nominee.
3. Nomination can be made in favor of resident or non-resident individual. In case of non- resident Nominee, repatriation of funds shall be permitted only in accordance with FEMA guidelines and RBI Direction 2025.
4. If deposit is made in the name of minor or article is left in safe custody in the name of minor or locker is solely hired in the name of minor, the nomination form should be signed by an individual lawfully entitled to act on behalf of the minor.

#### **6. RIGHTS OF NOMINEE**

1. The bank shall settle the claims in respect of deceased customer to the nominee(s) not exceeding the mandatory outer timeline prescribed under RBI Direction 2025 on "Settlement of Claims in respect of Deceased Customers of Banks", 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 unless a competent court order restrains payment to the nominee or direct otherwise as clarified under above referred RBI Direction, 2025
3. Any other person having the right or claim on the amount/locker content will have to exercise it against the nominee. Accordingly, If competing claims are received from

nominee(s) and legal heir(s) the bank follows the revised dispute handling mechanism as per RBI direction, 2025 including,

- Advising the claimant(s) to obtain a court order.
- Placing the claim under dispute.
- Settling the claim strictly as per regulatory timeline if no court order is produced.

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. Premature closure of jointly held term deposits, upon the death of one depositor, shall require the consent of the surviving depositor(s) and the legal heir(s) of the deceased. However, where the deposit is held under a survivorship clause and a specific mandate has been jointly furnished by all depositors - either at the time of opening the deposit or at any point during its tenure - the surviving depositor(s) may exercise the option of premature withdrawal without obtaining concurrence from the legal heir(s) of the deceased.

## **7. 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). The nominee does not acquire beneficial ownership by the virtue of nomination and shall hold the proceeds for the benefits of the legal heirs.

## **8. 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, 2025.

## **9. 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 irrespective of MoP in account.
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 shall continue 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 Nomination 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.

## **10. 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.

## **11. 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 (Central Processing Centre). 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. The bank records the status regarding registration of nomination on the face of the passbook/ Statement of Account and TDR Term Deposit Receipt), with the legend "Nomination Registered".
3. The bank also indicates the name of the Nominee(s) in the Passbook/ Statement of Accounts and TDR in such cases.
4. Where a nomination request is found not to be in conformity with the provisions of the Act or the Rules and is consequently rejected, the bank shall inform the customer in writing, clearly indicating the reasons for such rejection, within the frame prescribed in RBI direction, 2025

## **12. NOMINATION FACILITY IN SAFE DEPOSIT LOCKER**

1. When one or more individuals hire a locker from a bank, whether located in the bank's safe deposit vault or elsewhere, they may nominate up to 4 (four) persons in a successive order as per latest RBI Direction, 2025. These nominees are designated to receive access rights in case of the hirer's death.
2. Upon the death of the sole hirer or all joint hirers, the bank will permit the nominated person to access the locker and remove its contents, as per the mandate provided at the time of nomination.
3. **Registration/ Cancellation / Variation in Nomination in respect of Safe Deposit Locker:**
  - The sole hirer, or all joint hirers of a locker account with the bank, may submit a request for Registration/ Cancellation / Variation of a nomination. Such requests must be made in the prescribed Nomination Form and duly signed by all the hirers, as applicable.
  - 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.
  - 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.

## **13. NOMINATION IN SAFE CUSTODY FACILITY**

The nomination to be made by an individual in respect of articles left in safe custody with a bank shall be in favour of one or more individuals not exceeding 4 (four), successively. Currently, the Bank does not offer safe custody facility for the customer.

#### **14. REVIEW OF THE POLICY**

This policy would be reviewed annually taking into account the various amendments to guidelines and regulations (if any), Business models and would be placed to Board through Customer Service Committee for their approval.

#### **15. CONFIDENTIALITY**

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