

**CIRCULAR**

SEBI/HO/OIAE/OIAE\_IAD-3/P/ON/2025/01650

January 10, 2025

To,

1. **Asset Management Companies (AMCs) of Mutual Funds (MFs) and their Registrars to an issue and share Transfer Agents (RTAs)**
2. **Association of Mutual Funds in India (AMFI)**
3. **Recognized Depositories**
4. **Registered Depository Participants**

Dear Sir / Madam,

**Sub: Revise and Revamp Nomination Facilities in the Indian Securities Market**

1. In order to revise and revamp the norms for nomination for demat accounts and mutual fund (MF) folios and to prevent the generation of unclaimed assets in the Indian securities market, SEBI came out with a consultation paper in February, 2024, seeking comments from the public on various aspects of nomination. Pursuant to the approval of the Board for amending the respective regulations<sup>1</sup>, the existing nomination facilities in the Indian securities market, to the extent of aforesaid, are being revised.
2. This circular covers various aspects of nomination, grouped under two sections – i.e. Section A and B, to be complied by the entities addressed in this circular, hereinafter collectively referred to as **Regulated entities**, as follows;

**Section A: Reiteration of existing norms to ensure a uniform approach across Securities Market.**

2.1. Rule of survivorship

- 2.1.1. In case of joint accounts / holdings, upon demise of one or more joint holder(s), the regulated entity shall transmit the assets held to the surviving holder(s) vide name deletion
- 2.1.2. The surviving member(s) shall receive the assets as owner(s) and not as a trustee.
- 2.1.3. Surviving joint holders shall be entitled to continue with, or change or cancel the nominations made previously.
- 2.1.4. The mode of operation (of the joint account), namely that of the first named holder OR anyone or survivor OR either or survivor basis OR joint, etc. shall be unaffected by the rule of survivorship.
- 2.1.5. The norms applicable for operation of the account / folio shall be mutatis mutandis applicable for nomination.

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<sup>1</sup> Amendments to [SEBI \(Depositories and Participants\) Regulations, 2018](#) and [SEBI \(Mutual Funds\) Regulations, 1996](#)

## 2.2. Simultaneous passing away of joint holders

2.2.1. In case of joint accounts when all joint holders simultaneously pass away, the regulated entity shall transmit the assets in the account / folio to the registered nominee(s) for effecting its due discharge.

2.2.2. In absence of nomination, the regulated entity shall transmit the assets in the account / folio to either;

- the legal heir(s) or legal representative(s) of the youngest of the joint holders<sup>2</sup> as per the rules of intestate succession or
- as per the Will of the latter, as the case may be, after following the prescribed procedure<sup>3</sup>.

2.3. In case of accounts / folio held by Hindu Undivided Family (**HUF**), upon the death of the Karta as recorded, the new Karta as constituted under applicable law, would be entitled to operate such an account/folio. In the absence of new Karta, the regulated entity shall effect transmission of account / folio as per dissolution deed and other criteria defined by the respective SRO / industry body in consultation with the SEBI.

2.4. The nominees(s) shall receive the assets of deceased sole account / sole holder(s) as trustee on behalf of legal heir(s) of deceased holder(s) thereby effecting due discharge of concerned regulated entity.

2.5. Legal heir(s) of nominee shall not be eligible to inherit the assets of the investor, if the nominee predeceases the investor.

2.6. Upon demise of one of the nominees prior to the demise of the investor and if no change is made in the nomination, then the assets shall be distributed to the surviving nominees on pro rata basis upon demise of the investor, as illustrated in Nomination Form in **Annexure A**.

2.7. In case of any subsisting credit facilities secured by a duly created pledge, the regulated entity shall obtain due discharge from the creditors prior to transmission of assets to the nominee(s) or legal heir/s / legal representative/s, as the case may be.

2.8. Nomination shall be mandatory for single holding only. The requirement of nomination shall be optional for jointly held accounts / folios.<sup>4</sup>

2.9. Guardrails for integrity / authenticity / verifiability of nomination:

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<sup>2</sup> Based on the commorientes rule, which is also reflected in section 21 of the Hindu Succession Act: Presumption in cases of simultaneous deaths. —Where two persons have died in circumstances rendering it uncertain whether either of them, and if so which, survived the other then, for all purposes affecting succession to property, it shall be presumed, until the contrary is proved, that the younger survived the elder.

<sup>3</sup> SEBI Circular No. [SEBI/HO/MIRSD/MIRSD\\_RTAMB/P/CIR/2022/65](#) titled, "Simplification of procedure and standardization of formats of documents for transmission of securities" dated May 18, 2022 and AMFI Circular Ref. No. [135/BP/110/2023-24](#) titled, 'AMFI Best Practices Guidelines: Updated Guidelines on Transmission of Units' dated January 31, 2024.

<sup>4</sup> As already provided in IMD Circular Ref. No. [SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/29](#) titled, "Nomination for Mutual Fund Unit Holders – exemption for jointly held folios" dated April 30, 2024 and MIRSD Circular Ref. No. [SEBI/HO/MIRSD/POD-1/P/CIR/2024/81](#) titled, "(a) Ease of Doing Investments- Non-submission of 'Choice of Nomination', (b) Only 3 fields to be provided mandatorily for updating Nomination Details" dated June 10, 2024.

- 2.10. The regulated entities shall provide option to the investor to submit nomination form either online or through physical / offline mode with the following guardrails;
- 2.10.1. Online nomination: the regulated entities shall validate the nomination through:
- digital signature certificate or
  - aadhaar based e-sign or by using any other e-sign facility recognized under Information Technology Act, 2000; or
  - two factor authentication (2FA) in which one of the factors shall be a One-Time Password sent to the registered mobile number and email address of the investor.
- 2.10.2. Physical / offline nomination: The regulated entity shall verify the signature(s) as per the mode of holding, while registering or changing nomination. Where an investor affixes his/her thumb impression on the nomination form, then the same shall be witnessed by two persons and details of such witnesses shall be duly captured in the nomination form. However, there shall be no such requirement of witnesses in case of nomination forms carrying wet / digital / e-sign signature of the investor<sup>5</sup>.
- 2.11. Regulated entities shall provide acknowledgement to the investor for each and every instance, irrespective of the mode of nomination. They shall maintain physical or electronic records, as the case may be, of the nomination, its acknowledgement etc. for a period of eight years after transmission of the folio/ account.
- 2.12. Regulated entities shall not place any restrictions on the number of instances an investor can make, change or cancel his/her nomination.
- 2.13. Regulated entities shall provide in their periodic statement of holding, either the
- name(s) of the nominee(s) or
  - whether or not nomination has been made by the investor – Y/N
- The aforesaid shall be as per the choice of the investor.
- 2.14. In case the investor specifies multiple nominees, then he / she shall also specify the percentage share for each nominee. In absence of such specification, the regulated entity shall apportionment the assets equally among all the nominees. In case of demise of the investor and any one of the nominees, the regulated entities shall distribute the assets pro rata to the remaining nominees, as per paragraph 2.6 above.

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<sup>5</sup>As already provided in the Master Circular for Depositories Ref. No. [SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/166](https://www.sebi.gov.in/sebi_data/sectors/circulars_notifications/advisories/2023/20231006166.pdf) dated October 06, 2023.

- 2.15. Investor/s shall have the option to specify guardian/s when nominee/s is / are minor/s.
- 2.16. Completion or updating of KYC of the nominee/s during the lifetime of the investors shall be optional.
- 2.17. In absence of nomination, the regulated entity shall transmit the assets in the account / folio to either the legal heir(s) or legal representative(s) of the holders as per the rules of intestate succession or as per the Will of the latter, as the case may be, after following the prescribed procedure<sup>6</sup>.

### 3. Section B: Revamped Norms

#### 3.1. Personal Identifiers of nominee(s)

##### 3.1.1. Investors shall mandatorily provide the following;

- a) any one of the following personal identifiers of the nominee – PAN or Driving Licence number or last 4 digits of Aadhaar (only the document number is required to be provided; not the document)
- b) full contact details of nominee(s) such residential address, e-mail address, telephone / mobile number<sup>7</sup>
- c) relationship of nominee(s) with the investor
- d) Date of birth of nominee(s) (if nominee is a minor)

#### 3.2. Investors can nominate up to 10 persons in the account / folio.

#### 3.3. Power of Attorney (POA) Holder(s) of the investor cannot nominate.

#### 3.4. Upon transmission of joint account / folio, the nominees shall have the option to either continue as joint holders with the other nominees or open separate single account / folio for their respective portion.

#### 3.5. Nominee to act on behalf of incapacitated investors

##### 3.5.1. The regulated entity shall provide the investors having single holding / account / folio, the option to;

- a) empower, any one of the nominees (excluding minor nominee) to operate the investor's account / folio, if the investor is physical incapacitated, but still has the capacity to contract,
- b) specify either the percentage or absolute value of assets in the account/ folio that can be encashed by such nominee,
- c) change such mandate any number of times without any restriction.

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<sup>6</sup> Ibid 2

<sup>7</sup> This serves to aid contact-ability and identification of the nominee/s upon death of the investor and is not to be construed as requiring KYC of the nominees.

### 3.6. Direction to AMCs / their RTAs and DPs:

3.6.1. The broad guidelines to be followed for operation of accounts in case of an incapacitated investor are, as follows:

- a) Upon receipt of intimation on behalf of such investor, a responsible officer of the regulated entity shall visit the incapacitated investor in-person. The aforesaid request shall be accompanied with medical certificate indicating the reason for inability to affix signature by the investor and its tenure.
- b) This officer shall first hand ascertain that the investor has the capacity to contract (i.e. to exclude investors in ventilator, coma or unconscious)
- c) Depending on the nature and degree of incapacitation, this officer shall obtain a thumb or toe impression or 'a mark'<sup>8</sup>, as the case may be, on the written request for transacting in the account / folio of the incapacitated investor, in the presence of an independent witness.
- d) This officer shall record his/her name, signature and suitable remarks to the effect that "Thumb impression / toe impression / mark affixed in my presence" on the written request of the client.
- e) Any encashment by such nominee shall be credited only to the bank account linked to the account / folio of the investor
- f) Shall not allow any service request, including change in bank account, email address, mobile number etc. by such nominee.

3.6.2. In order to have uniformity in dealing with incapacitate investors and those with special needs or sick or old investors in the securities market, the Depositories and AMFI shall put in place common Standard Operating Procedure (SOP). This SOP<sup>9</sup> shall, inter-alia, have adequate guardrails and shall be made available on their websites as well as that of their constituents.

3.6.3. Notwithstanding the foregoing, Power of Attorney holder can continue to transact in the account / folios of an investor, subject to the applicable norms.

### 3.7. Transmission to nominee(s):

3.7.1. For transmission of assets to the registered nominee(s), the regulated entity shall require only the following:

- (a) Self-attested copy of Death Certificate of the deceased investor,
- (b) due completion, updating or reaffirming of the KYC of nominee/s,

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<sup>8</sup> The Hon'ble Supreme Court has held in AIR 1950 Supreme Court, 265, that there must be physical contact between the person who is to sign and the signature can be by means of a mark. This mark can be placed by the person in any manner. It could be the toe impression, as suggested. It can be by means of mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign.

<sup>9</sup> The SOP can also have additional norms, illustratively for transmission of assets of HUF as per dissolution deed, micro procedure for alternate method when electronic acknowledgement fails, transfer from nominee to legal heir, bank mandate form in transmission etc.

- (c) due discharge from the creditors if there are subsisting credit facilities secured by a duly created pledge (as mentioned in paragraph number 2.7),
- (d) Regulated entities shall not seek any other documentation including affidavits, indemnities, undertakings, attestations or notarizations from the nominee(s),
- (e) No claims in respect of such transmission shall subsist against regulated entities and any claim or contestation shall be only amongst the nominee(s) and the claimants without reference to regulated entities.

3.7.2. Transfer to Legal heir(s) / representatives from nominee(s):

4.7.2.1 Regulated entities shall facilitate / extend co-operation to transfer assets from the nominee(s) to the legal heir(s) of an investor, as and when approached by either party. In this regard, the regulated entity shall obtain suitable declaration from the nominee(s) while effecting transmission, as follows;

- (a) I / We are receiving the assets of the deceased's demat account / MF folio as a trustee to his / her legal heir(s).
- (b) I / We shall extend all co-operation in transferring such assets to the legal heir(s) either suo moto or when approached by the latter.
- (c) The regulated entity legally and validly discharged upon transmission of assets to the nominee(s). In case I / We fail to discharge my / our liability, or if there is any dispute between me / us and the legal heir(s) of the deceased, then the regulated entity, shall not be party to such disputes.

4.7.2.2 The regulated entity shall be fully discharged from its liabilities upon transmission of assets to the nominee(s).

3.8. In case of joint holdings, the regulated entity shall not seek any documentation including related to KYC, indemnities or undertakings from the surviving joint holder, except copy of the Death Certificate of the deceased.

3.9. In accounts / folios with multiple nominees, where some portion is transmitted to the nominee(s) and the remaining portion is unclaimed by the other nominee(s) the DP / AMC shall allow the unclaimed portion to continue in the existing account / folio and not permit any other transactions in such accounts / folio, other than transmission to the remaining nominee(s).

3.9.1. Further, the DP shall flag such demat accounts for additional due diligence and furnish periodical report of such accounts to the concerned Depositories, and;



- 3.9.2. AMC shall treat any money payable / attributable to such folio at par with the extant norms pertaining to treatment of unclaimed money<sup>10</sup> and flag such folios for additional due diligence.
- 3.10. Regulated entities shall have the following online mechanism for existing and new investors, who want to opt-out of nomination;
- a) The online facility shall provide a mechanism for the investor to affirm their choice, in case of opting out of nomination. Upon choosing this option, the investor shall get an OTP.
  - b) Upon submitting this OTP, the investor shall have a choice to either
    - furnish the unique acknowledgement number of having submitted the declaration form to opt-out<sup>11</sup> in physical mode with wet signature at any of the office of the concerned regulated entity
    - or
    - capture their opting-out through video recording by the regulated entity as per extant norms in this regard<sup>12</sup>.
4. Regulated entities shall use the Nomination Form as per the format provided in **Annexure - A** of this circular. This form shall replace the earlier form provided in Circular Ref. No. [SEBI/HO/MIRSD/POD-1/P/CIR/2024/81](#) dated June 10, 2024<sup>13</sup>.
5. The format for Opting-out of nomination shall continue to be as per Circular Ref. No. [SEBI/HO/MIRSD/POD-1/P/CIR/2024/81](#) dated June 10, 2024, except that the same shall be allowed only as per paragraph 3.10 above. All other items in Circular Ref. No. [SEBI/HO/MIRSD/POD-1/P/CIR/2024/81](#) dated June 10, 2024 shall continue to be in force.
6. Regulated entities shall implement / upgrade their systems for providing the above facility to the investors, including the nomination form in **Annexure A**.
7. This circular shall come into effect from March 01, 2025.
8. Upon implementation of this Circular, existing investors shall be given an opportunity to revise their choice of nomination.
9. Recognised Depositories are advised to take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of this circular.

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<sup>10</sup> Provisions relating to 'Unclaimed Redemption and Dividend Amount' in Chapter 14 of the Master Circular on Mutual Funds ([No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024](#))

<sup>11</sup> As in Circular Ref. No. [SEBI/HO/MIRSD/POD-1/P/CIR/2024/81](#) dated June 10, 2024

<sup>12</sup> The norms stipulated for video capture in live environment, liveness check, etc., in the SEBI Circular No. [SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169](#), dated October 12, 2023, would be applicable.

<sup>13</sup> Circular Ref. No. [SEBI/HO/MIRSD/POD-1/P/CIR/2024/81](#) titled, "(a) Ease of Doing Investments- Non-submission of 'Choice of Nomination', (b) Only 3 fields to be provided mandatorily for updating Nomination Details" dated June 10, 2024.

10. The AMFI and Depositories shall furnish to SEBI;
- 10.1. the status of readiness of all their constituents to implement this circular, by February 20, 2025.
  - 10.2. confirmation that the formats of the 'nomination form' and the 'Opt-out' form of each of their respective constituents, both in physical and digital mode, as the case may be, are as par with the respective formats provided by SEBI<sup>14</sup>, by March 15, 2025.
  - 10.3. status of implementation of the provisions of this circular by their constituents by May 01, 2025 and thereafter, as may be specified.
11. This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This Circular is issued with the approval of the competent authority.
12. This Circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal → Circulars".

Yours faithfully,

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<sup>14</sup> Annexures A of this circular and Circular No. [SEBI/HO/MIRSD/POD-1/P/CIR/2024/81](http://www.sebi.gov.in/SEBI/HO/MIRSD/POD-1/P/CIR/2024/81) dated June 10, 2024, respectively.



**Annexure - A**

(SEBI/HO/OIAE/OIAE\_IAD-3/P/ON/2025/01650, dated January 10, 2025)

**Nomination Form for Demat Accounts and Mutual Fund (MF) Folios**

I / We hereby nominate the following person(s) who shall receive all the assets held in my / our account / folio in the event of my / our demise, as trustee and on behalf of my / our legal heir(s) *								
Nomination Details								
	Mandatory Details						Additional Details ****	
	Name of nominee	Share of nominee (%)**	Relation ship	Postal Address	Mobile number & E-mail	Identity Number ***	D.o.B. of nominee	Guardian
Nominee 1								
Nominee 2								
Nominee 3								
Nominee 4								
Nominee 5								
Nominee 6								
Nominee 7								
Nominee 8								
Nominee 9								
Nominee 10								

\*Joint Accounts:

Event	Transmission of Account / Folio to
Demise of one or more joint holder(s)	Surviving holder(s) through name deletion The surviving holder(s) shall inherit the assets as owners
Demise of all joint holders simultaneously – having nominee	Nominee
Demise of all joint holders simultaneously – not having nominee	Legal heir(s) of the youngest holder

\*\* if % is not specified, then the assets shall be distributed equally amongst all the nominees (see table in 'Transmission aspects').

\*\*\* Provide only number: PAN or Driving Licence or Aadhaar (last 4). Copy of the document is not required.

\*\*\*\* to be furnished only in following conditions / circumstances:

- Date of Birth (DoB): please provide, only if the nominee is minor.
- Guardian: It is optional for you to provide, if the nominee is minor.

1) I / We want the details of my / our nominee to be printed in the statement of holding, provided to me/ us by the AMC / DP as follows; (please tick, as appropriate)

- Name of nominee(s)                       Nomination: Yes / No

2) I hereby authorize \_\_\_\_\_ (nominee number \_\_\_\_\_) to operate my account on my behalf, in case of my incapacitation in terms of paragraph 3.5 of the circular. He / She is authorized to encash my assets up to \_\_\_% of assets in the account / folio or Rs. \_\_\_\_\_.

(strike off portions that are not relevant)

3) This nomination shall supersede any prior nomination made by me / us, if any.

Name(s) of holder(s)		Signature(s) of holder	Witness Signature*
Sole / First Holder (Mr./Ms.)			
Second Holder (Mr./Ms.)			
Third Holder (Mr./Ms.)			

\* Signature of two witness(es), along with name and address are required, if the account holder affixes thumb impression, instead of wet signature.

### Rights, Entitlement and Obligation of the investor and nominee:

- If you are opening a new demat account / MF folios, you have to provide nomination. Otherwise, you have to follow procedure as per 3.10 of this circular.
- You can make nomination or change nominee any number of times without any restriction.
- You are entitled to receive acknowledgement from the AMC / DP for each instance of providing or changing nomination.
- Upon demise of the investor, the nominees shall have the option to either continue as joint holders with other nominees or for each nominee(s) to open separate single account / folio.
- In case all your nominees do not claim the assets from the AMC / DP, then the residual unclaimed asset shall continue to be with the AMC in case of MF units and with the concerned Depository in case of Demat account.
- You have the option to designate any one of your nominees to operate your account / folio, in case of your physical incapacitation. This mandate can be changed any time you choose.
- The signatories for this nomination form in joint folios / account, shall be the same as that of your joint MF folio / demat account. i.e.
  - 'Either or Survivor' Folios / Accounts - any one of the holder can sign
  - 'Jointly' Folios / Accounts - both holders have to sign

### Transmission aspects

- AMCs / DPs shall transmit the folio / account to the nominee(s) upon receipt of 1) copy of death certificate and 2) completion / updation of KYC of the nominee(s). The nominee is not required to provide affidavits, indemnities, undertakings, attestations or notarization.
- Nominee(s) shall extend all possible co-operation to transfer the assets to the legal heir(s) of the deceased investor. In this regard, no dispute shall lie against the AMC / DP.
- In case of multiple nominees the assets shall be distributed pro-rata to the surviving nominees, as illustrated below.

% share as specified by investor at the time of nomination		% assets to be apportioned to surviving nominees upon demise of investor and nominee 'A'			
Nominee	% share	Nominee	% initial share	% of A's share to be apportioned	Total % share
A	60%	A	0	0	0
B	30%	B	30%	45%	75%
C	10%	C	10%	15%	25%
<b>Total</b>	<b>100%</b>	<b>-</b>	<b>40%</b>	<b>60%</b>	<b>100%</b>

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