

CIRCULAR

SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/0027

February 28, 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,

Subject: Amendments and clarifications to Circular dated January 10, 2025 on Revise and Revamp Nomination Facilities in the Indian Securities Market

1. SEBI issued circular no. SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/01650 dated January 10, 2025 revising the norms for nomination for demat accounts and mutual fund (MF) folios in the Indian securities market.

Clarifications:

2. Pursuant to the representations received from various stakeholders and discussions held thereafter, it is clarified that:
 - 2.1. **Clause 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 joint holder(s) vide name deletion of the deceased holder(s). However, the regulated entity shall provide the option to surviving joint holder(s) to transmit the assets held, into another existing or new account / folio.
 - 2.2. **Clause 2.8:** An investor having single holding / account / folio can opt-out of nomination, either online or through physical / offline mode. The online mechanism for opting-out of nomination is outlined at clause 3.10 of the circular.
 - 2.3. **Clause 3.5:** An investor having single holding / account / folio can, at any point of time, empower any one of the nominees (excluding minor nominee) to

operate the investor's account / folio, in the event where the investor is physically incapacitated, but still has the capacity to contract. Further, the investor can change such nominee any number of times, without any restriction.

2.4. Clause 3.8:

- (a) Under the extant KYC read with PMLA norms, regulated entities are required to maintain the complete KYC records of account / folio holders at all times. Accordingly, in case of transmission of joint holdings vide name deletion, the regulated entities shall not seek the KYC of the surviving holder(s) as a precondition for transmission. In other words, the regulated entities shall not reject transmission vide name deletion to the surviving joint holder(s) for non-submission of KYC details, unless the regulated entities had previously sought the KYC documents from the holder(s) and the same were not provided by them.
- (b) However, the surviving joint holder(s) shall have the option to update the residential address(es), mobile number(s), email address(es), bank account detail(s), annual income and nominee(s), either at the time of transmission or at a later date. The regulated entities shall capture this choice in the transmission form.
- (c) In case a joint account / folio becomes single holding, post the demise of holder(s), then either nomination or 'opt-out', is mandatory ([refer paragraph 2.8 of circular dated January 10, 2025](#)).

2.5. Clause 3.9: Credit transactions (including through corporate actions) shall be permitted in such accounts / folios.

2.6. Clause 3.10:

- (a) For an investor who opens a new account / folio through online mode, the opt-out shall be through online mode. For an investor who opens a new account / folio through offline / physical mode, the opt-out shall also be through offline / physical mode. However, an existing account / folio holder shall have the option to opt-out either through online or offline / physical mode.
- (b) In case of demat accounts, the online mechanism for existing and new investors, who want to opt-out of nomination, shall be provided by the Depository Participants (**DP**) and not the Depositories.

Amendments:

3. In Clause 2.6 of the circular, the following sentence is inserted after the phrase “...on pro rata basis upon demise of the investor, as illustrated in Nomination Form in **Annexure A**”:

Any odd lot after division / fraction of %, shall be transferred to the first nominee mentioned in the nomination form.

4. In Clause 2.13 of the circular, the phrase “or statement of account” is inserted after the words “periodic statement of holding”.

5. In Clause 2.14 of the circular, the following sentence is inserted after the sentence “In case the investor specifies multiple nominees, then he / she shall also specify the percentage share for each nominee”:

Any odd lot after division / fraction of %, shall be transferred to the first nominee mentioned in the nomination form.

6. In Clause 3.1.1(a) of the circular, the following sentence is inserted after the phrase “(only the document number is required to be provided; not the document)”:

However, in case of NRI / OCI / PIO, Passport number is acceptable.

7. Under Clause 3.5 of the circular, the following provision is inserted as new Clause 3.5.2:

3.5.2. *The provisions of Clause 3.5.1 shall be applicable for a joint account / folio in the event where all the holders are simultaneously incapacitated.*

8. Under Clause 3.7.2 of the circular, the sub-clauses 4.7.2.1 shall be read as “3.7.2.1” and 4.7.2.2 as “3.7.2.2” respectively.

9. Nomination Form for demat accounts and Mutual Fund (MF) folios at **Annexure-A** to the circular stands modified to the following extent:

(a) In the explanation for the column “Share of nominee (%)”, the sentence “*Any odd lot after division / fraction of %, shall be transferred to the first nominee mentioned in the nomination form*”, is inserted.

(b) In the explanation for the column “Identity Number”, the sentence “*However, in case of NRI / OCI / PIO, Passport number is acceptable*”, is inserted.

- (c) At point no. 1, the phrase “or statement of account” is inserted after the words “statement of holding”.
- (d) At point no. 2, the word “Optional” is inserted at the end of the sentence.
- (e) After point no. 3, a new heading “Signature(s) – As per the mode of holding in demat account(s) / MF folio(s)” is inserted as point no. 4.
- (f) In the table provided for signature(s) of holder,
- The phrase “or thumb impression” is inserted in the column “Signature(s) of holder”.
 - A new column with the heading “Signature of two witnesses” is inserted after the column “Signature(s) of holder”.
 - The column “Witness Signature” stands replaced with “Name of Witness & Address (wherever applicable)”.

(g) Rights, Entitlement and Obligation of the investor and nominee:

- The clause “You have the option to designate any one of your nominees to operate your account / folio, in case of your physical incapacitation” stands replaced with the following:

You have the option to designate any one of your nominees to operate your account / folio, in case of your physical incapacitation, at any point of time and not just during opening of account / folio.

- The clause “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....” stands replaced with the following:

The signatories for this nomination form shall be as per mode of holding in the folio(s) / demat account(s) i.e.

- *‘Either or Survivor’ Folios / Accounts - any one of the holder can sign*
- *‘First holder’ Folios / Accounts - only First holder can sign*
- *‘Jointly’ Folios / Accounts - all holders have to sign*

In this regard, the regulated entity shall include in the respective account opening form, the additional information that in case of ‘Either or Survivor’ folios / accounts, any one of the holders will be able to make or change the nomination even subsequently.

(h) Under the heading “Transmission aspects”, the following paragraph is inserted as second point:

In case of a joint account / folio, for transmission to the surviving joint holder(s) by name deletion, the surviving joint holder(s) shall have the option to update residential address(es), mobile number(s), email address(es), bank account detail(s), annual income and nominee(s), either at the time of transmission or at a later date. The regulated entity cannot seek KYC documents from the surviving joint holder(s) at the time of transmission, unless it was sought earlier but not provided by the holder(s).

10. Clause 10 of the circular stands replaced with the following:

10. AMFI and Depositories shall furnish to SEBI:

10.1. the interim status of readiness of all their constituents to implement this circular, by May 01, 2025 and August 01, 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 at par with the respective formats provided by SEBI, by September 15, 2025.

10.3. status of implementation of the provisions of this circular by their constituents by November 01, 2025 and thereafter, as may be specified.

11. Clause 11 of the circular stands modified as under:

This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 60A of the SEBI (Depositories and Participants) Regulations, 2018 and Regulation 29A of the SEBI (Mutual Funds) Regulations, 1996, 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. Pursuant to the feedback received from various stakeholders, it has been decided to implement the circular in three (3) phases, instead of from March 01, 2025. Accordingly, the following provisions of the circular stand deferred to Phase II & III, as per the table below:

Phase	Implementation Date	Provision in the circular
Phase - II	June 01, 2025	Clause 2.1.4
		Clause 2.13
		Clause 3.1.1 (a) & (b)
		Clause 3.6.2
Phase - III	September 01, 2025	Clause 3.2
		Clause 3.4
		Clause 3.5
		Clause 3.6.1
		Clause 3.9
		Clause 3.9.1
		Clause 3.10

13. This circular shall come into force with effect from March 01, 2025.
14. All other provisions in the circular dated January 10, 2025 shall continue to remain the same.
15. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 60A of the SEBI (Depositories and Participants) Regulations, 2018 and Regulation 29A of the SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
16. This circular is issued with the approval of the competent authority.
17. This circular is available on the SEBI website at www.sebi.gov.in under the link: "Legal → Circulars".

Yours faithfully,

S. Manjesh Roy
General Manager

Officer of Investor Assistance and Education
Investor Awareness Division - 3
Tel no.: +91-22-2644 9710 or 4045 9710
manjeshsr@sebi.gov.in

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. Any odd lot after division / fraction of %, shall be transferred to the first nominee mentioned in the nomination form. (see table in 'Transmission aspects').

*** Provide only number: PAN or Driving Licence or Aadhaar (last 4). Copy of the document is not required. However, in case of NRI / OCI / PIO, Passport number is acceptable.

**** 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 or statement of account, 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. _____. (**Optional**)
(strike off portions that are not relevant)

- 3) This nomination shall supersede any prior nomination made by me / us, if any.
- 4) Signature(s) – As per the mode of holding in demat account(s) / MF folio(s)

Name(s) of holder(s)		Signature(s) of holder / thumb impression	Signature of two witnesses*	Name of Witness & Address (wherever applicable)*
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, at any point of time and not just during opening of account / folio. This mandate can be changed any time you choose.
- The signatories for this nomination form shall be as per mode of holding in the folio(s) / demat account(s) i.e.
 - 'Either or Survivor' Folios / Accounts - any one of the holder can sign
 - 'First holder' Folios / Accounts - only First holder can sign
 - 'Jointly' Folios / Accounts - all 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.
- In case of a joint account / folio, for transmission to the surviving joint holder(s) by name deletion, the surviving joint holder(s) shall have the option to update residential address(es), mobile number(s), email address(es), bank account detail(s), annual income and nominee(s), either along with transmission or at a later date. The regulated entity cannot seek KYC documents at the time of transmission, unless it was sought earlier but not provided by the holder.
- 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%
Total	100%	-	40%	60%	100%
