

Circular No.: NSDL/POLICY/2024/0082

June 13, 2024

Subject: SEBI Circular regarding non submission of 'choice of Nomination' for ease of doing investments and mandatory fields for updating nomination details.

Attention of Participants is invited to SEBI circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/193 dated December 27, 2023 regarding "Extension of timelines for providing 'choice of nomination' in eligible demat accounts and mutual fund folios" (Ref: NSDL circular no. NSDL/POLICY/2023/0184 dated December 28, 2023) wherein SEBI has extended the last date for submission of 'choice of nomination' for demat accounts and mutual fund folios to **June 30, 2024**, failing which demat accounts/folios were required to be frozen for debits.

In this context, based on representations received from the market participants, for ease of compliance and investor convenience, SEBI has vide its Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/81 dated June 10, 2024 (**Copy enclosed**) decided as below:

1. Non-submission of 'choice of nomination' **shall not result in freezing** of Demat Accounts.
2. All new investors shall continue to be required to mandatorily provide the 'Choice of Nomination' for demat accounts (**except for jointly held Demat Accounts**).

Further, as mentioned in the aforesaid SEBI circular, Participants are advised to take note of the below :

1. All existing investors are encouraged, in their own interest, to provide 'choice of nomination' for ensuring smooth transmission of securities held by them as well as to prevent accumulation of unclaimed assets in securities market. The formats for providing Nomination and Opting-out of Nomination both in case of Demat Accounts are provided at **Annexure-A and Annexure-B** respectively in the aforementioned SEBI circular.
2. Participants shall encourage the demat account holders to update 'choice of nomination' by sending a communication on fortnightly basis by way of emails and SMS to all such demat account holders who have not provided the 'choice of nomination'. The communication shall provide guidance for demat account holders to provide 'choice of nomination'.

The above provisions shall come into effect immediately in supersession of existing provisions.



Furthermore, to encourage the existing investors to provide 'choice of nomination', a pop-up shall be provided on web/mobile application/platform to the investors by Participants while logging into the Demat Account (including other platforms providing online execution services). This pop-up may be shown only to those clients whose demat account(s) do not have 'choice of nomination' and shall be applicable from **October 01, 2024**.

Participants are requested to take note of the same and ensure compliance.

**For and on behalf of
National Securities Depository Limited**

**Arockiaraj
Manager**

Enclosure: One

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month	Through e-PASS	Para 22 of 'Grievance Redressal' chapter and Para 28 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants.
Artificial Intelligence /Machine Learning Reporting Form (Annually)	Within three months of the end of the financial year	Through e-PASS	Para 10 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants.
Annual System Audit Report (Yearly)	June 30 th	Through e-PASS	Para 20.5 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants.



CIRCULAR

SEBI/HO/MIRSD/POD-1/P/CIR/2024/81

June 10, 2024

To

All Recognized Stock Exchanges

All Recognized Depositories

All Mutual Funds

All Asset Management Companies (AMCs)

All Trustee Companies/ Board of Trustees of Mutual Funds

Stock Brokers (Trading Members) through Recognized Stock Exchanges

Depository Participants through Depositories

All Registrars to an Issue and Share Transfer Agents (RTAs)

All Listed Companies through Recognized Stock Exchanges

Association of Mutual Funds in India (AMFI)

Dear Sir / Madam,

Subjects:

(a) Ease of Doing Investments- Non-submission of 'Choice of Nomination'

(i) Doing away with freezing of Demat Accounts and Mutual Fund Folios for existing investors;

(ii) To remove freeze on payment of corporate benefits and service of physical folios;

(b) Only 3 fields to be provided mandatorily for updating Nomination Details

1. SEBI, vide circular no. SEBI/HO/MIRSD/POD-1/CIR/2023/193 dated December 27, 2023 extended the last date for submission of 'choice of nomination' for demat accounts and mutual fund folios to **June 30, 2024** failing which demat accounts/folios shall be frozen for debits.
2. Further, as provided in Master Circular for RTAs dated May 07, 2024, the security holders holding securities in physical form whose folio(s) do not have PAN, Choice of Nomination, Contact Details, Bank Account Details and Specimen Signature updated, shall be eligible:
 - 2.1. to lodge grievance or avail any service request from the RTA only after furnishing PAN, KYC details and Nomination.
 - 2.2. for any payment including dividend, interest or redemption payment in respect of such folios, only through electronic mode with effect from **April 01, 2024**. An intimation shall be sent by the Listed Company to the security holder that such

payment is due and shall be made electronically only upon complying with the above requirements.

3. Based on representations received from the market participants, for ease of compliance and investor convenience, the following has been decided for existing investors/ unitholders:
 - 3.1. Non-submission of 'choice of nomination' shall not result in freezing of Demat Accounts as well as Mutual Fund Folios.
 - 3.2. Securityholders holding securities in physical form shall be eligible for receipt of any payment including dividend, interest or redemption payment as well as to lodge grievance or avail any service request from the RTA even if 'choice of nomination' is not submitted by these securityholders.
 - 3.3. Payments including dividend, interest or redemption payment withheld presently by the Listed Companies/RTAs, only for want of 'choice of nomination' shall be processed accordingly.
4. Notwithstanding the above, all new investors/unitholders shall continue to be required to mandatorily provide the 'Choice of Nomination' for demat accounts/ MF Folios (except for jointly held Demat Accounts and Mutual Fund Folios).
5. All existing investors/ unitholders are encouraged, in their own interest, to provide 'choice of nomination' for ensuring smooth transmission of securities held by them as well as to prevent accumulation of unclaimed assets in securities market. The formats for providing Nomination and Opting-out of Nomination both in case of Demat Account and MF Folios are provided at **Annexure-A and Annexure-B** respectively of this circular.
6. In case of demat accounts, Depository Participants and in case of mutual fund folios, AMCs and RTAs shall encourage the demat account holders/ mutual fund unit holders to update 'choice of nomination' by sending a communication on fortnightly basis by way of emails and SMS to all such demat account holders/ mutual fund unit holders who have not provided the 'choice of nomination'. The communication shall provide guidance for demat account holders/ mutual fund unit holders to provide 'choice of nomination'.
7. Further, to encourage the existing investors to provide 'choice of nomination', a pop-up shall be provided on web/mobile application/platform to the investors by Depositories and Depository Participants while logging into the Demat Account and by AMCs (including MF RTAs, other platforms providing online execution services)

while logging into their MF account. This pop-up may be shown only to those clients whose MF Folios/demat account(s) do not have 'choice of nomination'.

8. The provisions of this circular, except clause 7 above, shall come into effect immediately in supersession of existing provisions. Further, Clause 7 of this circular shall be applicable from **October 01, 2024**.
9. Stock Exchanges, Depositories, AMCs, RTAs and Listed Companies are further advised to:
 - a) take necessary steps to implement the provisions of this circular, including making necessary amendment to the relevant bye-laws / business rules / regulations / operational instructions, as the case may be;
 - b) bring the provisions of this circular to the notice of their respective constituents and also disseminate this circular on their websites;
 - c) communicate to SEBI, the status of the implementation of the provisions of this circular; and
 - d) monitor the compliance of this circular.
10. All other provisions related to requirement of Nomination as provided in SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 for Mutual Funds, SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/166 dated October 06, 2023 for Depositories and SEBI Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024 for RTAs shall remain unchanged.
11. 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 Section 19 of the Depositories Act, 1996 and Regulation 77 of SEBI (Mutual Funds) Regulations, 1996 and SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
12. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework -> Circulars".

Yours faithfully,

Aradhana Verma
General Manager
Market Intermediaries Regulation and Supervision Department
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Annexure-A

Format for providing Nomination

I/We wish to make a nomination. [As per details given below]				
Nomination Details				
I/We wish to make a nomination and do hereby nominate the following person(s) who shall receive all the assets held in my / our account in the event of my / our death.				
Nomination can be made upto three nominees in the account.		Details of 1st Nominee		Details of 2nd Nominee
Mandatory Details				
1	Name of the nominee(s) (Mr./Ms.)*			
2	Share of each Nominee	Equally <small>[If not equally, please specify percentage]</small>	%	%
			<i>Any odd lot after division shall be transferred to the first nominee mentioned in the form.</i>	
3	Relationship With the Applicant (If Any)			
* Date of Birth and Name of Guardian to be provided in case of minor nominee(s)				
Non-mandatory Details				
4	Address of Nominee(s)/ Guardian in case of Minor City / Place: State & Country: PIN Code			
5	Mobile / Telephone No. of nominee(s)/ Guardian in case of Minor			
6	Email ID of nominee(s)/ Guardian in case of Minor			
7	Nominee/ Guardian (in case of Minor) Identification details – [Please tick any one of following and provide details of same] <input type="checkbox"/> Photograph & Signature <input type="checkbox"/> PAN <input type="checkbox"/> Aadhaar <input type="checkbox"/> Saving Bank account no. <input type="checkbox"/> Proof of Identity <input type="checkbox"/> Demat Account ID			
Name(s) of holder(s)				Signature(s) of holder*

Sole / First Holder (Mr./Ms.)		
Second Holder (Mr./Ms.)		
Third Holder (Mr./Ms.)		

* Signature of witness, along with name and address are required, if the account holder affixes thumb impression, instead of signature.

Note:

This nomination shall supersede any prior nomination made by the account holder(s), if any.

The Intermediary shall provide acknowledgement of the nomination form to the account holder(s)

Annexure-B

Declaration for opting-out of nomination

I / We hereby confirm that I / We do not wish to appoint any nominee(s) in my / our MF Folio/ demat account and understand the issues involved in non-appointment of nominee(s) and further are aware that in case of death of all the account holder(s), my / our legal heirs would need to submit all the requisite documents / information for claiming of assets held in my / our MF Folio / demat account, which may also include documents issued by Court or other such competent authority, based on the value of assets held in the MF Folio / demat account.

Name and Signature of Holder(s)*

1. _____ 2. _____ 3. _____

* Signature of witness, along with name and address are required, if the account holder affixes thumb impression, instead of signature.