

July 27, 2006
Shravana 5, 1928 (S)

The Chairman / Managing Director
State Bank of India and Associate banks
17 Nationalized banks
ICICI Bank Ltd / IDBI Ltd / HDFC Bank Ltd / UTI Bank Ltd.
Stock Holding Corporation of India Ltd

Dear Sir

Master Circular on Nomination facility in Relief / Savings Bonds

The Department of Government and Bank Accounts, Central Office, RBI has been issuing instructions relating to nomination facility for Relief / Savings bonds holders from time to time. In order to enable the Offices/Agency Banks to have all the currently operative instructions on the above subject at one place, a Master Circular on nomination facility in Relief / Savings Bonds has been prepared, which is enclosed. You may also access the circular on our website www.rbi.org.in

Please acknowledge receipt.

Yours faithfully,

(B. B. Sangma)
General Manager

Master Circular

Relief Bond / Saving Bond Schemes Nomination facility

- i. A sole holder or a sole surviving holder of a Bond in the form of Stock Certificate/ Bond Ledger Account (BLA) may nominate one or more persons who shall be entitled to the Bond and payment thereon in the event of his/her death, provided that the person or each of the persons nominated is himself / herself competent to hold a similar bond.
- ii. The nomination should be made before maturity of the bond.
- iii. When two or more persons are nominated, in the event of the death of a nominee, the title to the bonds vests in the surviving nominee/s.
- iv. A nomination made by a holder of a Bond Ledger Account may be varied by a fresh nomination or may be cancelled by giving notice in writing to the Reserve Bank of India/designated branch of authorised public/private sector bank.
- v. If the nominee is a minor, the holder of a Bond Ledger Account may appoint any person to receive the Bond/amount due in the event of his/her death during the minority of the nominee.

(Ref. Memorandum of Procedure Page 3)

- vi. The BLA Account holders are allowed to make separate nomination for each deposit_comprised in the Bond Ledger Account even if the deposit in BLA relates to earlier period. **(Ref.CO.DT.13.01.201/4854/2000-01 dt.19-3-2001)**
- vii. Offices/Agency Banks may issue 'Acknowledgement of Nomination'.

(Ref.CO.DT.13.01.201/4087/2000-01 dt.16-2-2001)

- viii. In case of 6.5 % Savings Bonds, 2003 (Non-Taxable) and 8 % Savings (Taxable) Bonds, 2003, the sole holder can nominate a Non-resident Indian (NRI) as his/her nominee in respect of interest/redemption value of the investment in the bonds. In regard to foreign remittance of interest payment and/or maturity value, as the case may be, NRIs will be governed by the normal regulations as applicable to them.

(Ref.CO.DT.13.01.298/H-3410/2003-04 dt.20-12-2003)

(Ref.CO.DT.13.01.299/H-3426/2003-04 dt.20-12-2003)

(Ref.CO.DT.13.01.298/H-4911A/2003-04 dt.9-3-2004)

Exceptions – No nomination is permissible in the following cases:-

- (a) When the Certificate/BLA is held by an adult on behalf of a minor;

- (b) When the holder has no beneficial interest in the Certificate but holds it in an official or fiduciary capacity; and
- (c) When the Certificate is held by two persons jointly and both holders are alive. **(Ref Para 112 of Govt. Securities Manual Page 95)**

Cancellation of Nomination: A nomination in respect of Savings Bond will stand cancelled in the following circumstances:

- (a) If the holder applies to the Office for substitution or cancellation and the substitution or cancellation is duly registered by the office.
- (b) If the holder transfers the Certificate. **(Ref. Para 113 of Govt. Securities Manual – Page 96)**

In case detailed clarifications are required on specific issues, the circulars/indicated above may please be referred to.