Nomination – A Comprehensive Guideline

1. What is Nomination in Mutual Funds?

Nomination is the process by which a mutual fund investor appoints one or more persons (nominee(s)) who will be entitled to receive the mutual fund units or proceeds in the event of the investor's death.

Nomination is a **facility for ease of transmission** and does not by itself create ownership rights during the lifetime of the investor.

2. Why is Nomination Important?

Nomination helps:

- Ensure **smooth and faster transmission** of mutual fund units
- Avoid legal complications for family members
- Reduce dependency on succession certificates or court processes
- Protect investor interests and reduce hardship to nominees

In the absence of nomination, legal heirs must submit additional legal documents, which may lead to delays.

3. Regulatory Requirement for Nomination

SEBI has mandated that:

- Nomination is **mandatory** for all mutual fund folios held by individuals
- Investors may **opt out** of nomination only by providing an explicit declaration
- The requirement applies to:
    - New folios
    - Existing folios (through remediation drives)

Non-individual investors (e.g., companies, trusts, partnership firms) are **not eligible** for nomination.

4. Who Can Make a Nomination?

Nomination can be made by:

- Individual investors holding folios in:
    - Single holding

- Joint holding

For joint holdings:

- Nomination must be made by **all unit holders jointly**
- Nomination is valid only on the death of **all unit holders**

5. Who Can Be a Nominee?

A nominee can be:

- Any individual (resident or non-resident)
- A minor (with a guardian appointed)

Investors may appoint **up to ten nominees**.

Companies, partnerships, trusts (except religious or charitable trusts), Hindu Undivided Families (HUFs), societies, or any other non-individual entity are not eligible for nomination.

6.Nomination vs Legal Heir – Key Clarification

- Nomination enables **receipt of units or proceeds** by the nominee
- Legal ownership and distribution are governed by:
  - Will
  - Succession laws applicable to the investor

A nominee acts as a **trustee or custodian** for the legal heirs, unless otherwise determined by law.

7. How to Register or Update Nomination

A. At the Time of Investment

- Nomination details are captured in the application form or online investment platform
- Investors must either:
  - Provide nominee details, or
  - Explicitly opt out of nomination

B. After Investment (Existing Folios)

- Nomination can be added or modified at any time through:

- AMC websites
- RTA investor portals
- Physical nomination forms

Most platforms allow **OTP-based digital authentication**.

8. How to Change or Cancel Nomination

Investors may:

- Change nominee(s)
- Modify percentage allocation
- Cancel nomination entirely

Key points:

- Changes can be made **any time during the investor's lifetime.**
- Latest valid nomination overrides all previous nominations.

9.Percentage Allocation Among Nominees

- Investors can specify percentage share for each nominee at the time of onboarding
- Total allocation must add up to **100%**
- If percentages are not specified, units are distributed **equally** among nominees

10.Nomination in Joint Holding Folios

- Nomination becomes effective only after the death of **all joint holders**
- Until then, surviving joint holder(s) continue to have full rights over the investment

11.Nomination for Minors

- A minor can be appointed as a nominee
- Guardian details must be provided
- On attaining majority, nominee must comply with KYC requirements

12.Transmission of Units to Nominee

In the event of the investor's death:

- Nominee submits a transmission request with required documents with AMC/RTA
- AMC/RTA verifies documents and processes transmission

Documents typically required:

- Death certificate
- KYC of nominee
- Transmission request form
- As mandated under regulation/AMC.

13. Consequences of Not Making a Nomination

In the absence of a registered nominee:

- Mutual fund units cannot be transmitted immediately after the investor's demise
- Legal heirs must first establish their claim through prescribed legal processes
  This often leads to significant delays in accessing the investment proceeds.

Conclusion

Nomination is a critical aspect of mutual fund investing in India. By nominating a person, investors can simplify the claims process and prevent disputes over the ownership of mutual fund units. Investors should opt for nomination at the time of investment or later through a nomination form. Periodic review of the nominee can help ensure smooth transmission of mutual funds to the intended person.

Disclaimers:

• An Investor Education and Awareness Initiative by Unifi Mutual Fund.

• To know more about KYC documentation requirements and procedure for change of address, phone number, bank details, etc., please visit: https://www.unifimf.com/kyc-corner/ • Please deal only with registered Mutual Funds, details of which can be verified on the SEBI website under 'Intermediaries / Market infrastructure institutions.

• All complaints regarding Unifi Mutual Fund may be directed to services@unifimf.com and enq_ufi@camsonline.com and/or https://scores.sebi.gov.in/ (SEBI SCORES portal) and/or https://smartodr.in/login

• Nomination is advisable for all folios opened by an individual, especially with sole holding, as it facilitates an easy transmission process.

This communication is a part of the investor education and awareness initiative of Unifi Mutual Fund.

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.