

## **SUBSIDIARY BANKS GENERAL REGULATIONS, 1959**

### CONTENTS

#### **CHAPTER 1 :- Introductory**

1. Short title and commencements
2. Definitions

#### **CHAPTER 2 :- Shares and Share Registers**

3. Shares movable property
4. Control over shares and registers
5. Parties who may not be registered as shareholders
6. Particulars to be entered in the share register
7. Exercise of rights of joint holders
8. Inspection of register
9. Closing of share register
10. Share certificates
11. Issue of share certificates free of charge
12. Renewal of share certificates
13. Transfer of shares
14. Power to refuse or suspend transfers
15. Transmission of shares in the event of death insolvency etc. of a share- holder
16. Shareholder ceasing to be qualified for registration

#### **CHAPTER 3 :- Meetings of Shareholders**

17. Notice convening a general meeting
18. Special general meeting
19. Business at general meetings
20. Quorum at general meetings
21. Chairman at general meetings
22. Persons entitled to attend general meetings
23. Voting at general meetings
24. Minutes of general meetings

#### **CHAPTER 4 :- Voting Rights of Shareholders**

25. Determination of voting rights,
26. Voting by duly authorised representative
27. Voting by duly authorised representative precludes voting by proxy
28. Proxies
29. Appointment of an employee of the subsidiary bank as duly

authorised representative or proxy invalid

## **CHAPTER 5 :- Election of Directors**

30. Directors to be elected at general meeting

31. List of shareholders

32. Nomination of candidates for election

33. Publications of list of candidates

34. Assumption of office by the elected candidate

35. Election disputes

## **CHAPTER 6 :-Board, Its Executive Committee and Other Committees**

36. Meeting of the Board

37. Resolution without meeting of the Board valid

38. Constitution and powers of the Executive Committee

39. Meetings of the Executive Committee

40. Other committees

## **CHAPTER 7 :- Managing Directors**

41. Delegation to the ^Managing Director

## **CHAPTER 8 :- Fees and Allowances of Directors**

42. Fees of directors

43. Travelling and halting allowances of directors

## **CHAPTER 9 :- Advances, Discounts, investments and Accounts**

44. Order under section 37 and State Banks Powers not affected

45. Conditions and requirements as to advances Tetc.

46. Special provisions

47. Advances to be reported to State Bank

48. Advances to directors and officers of the bank

49. Approval of the State Bank necessary to investment in shares and debentures

50. Directors to notify the names of companies in which they are interested

51. Contracts and arrangements with interested directors

52. Suspense accounts

53. State Banks approval may be general or specific

## **CHAPTER 10 :- Miscellaneous**

54. Manner and form in which contracts binding on the subsidiary bank may be executed

55. Accounts, receipts and documents of subsidiary banks by whom to be signed

56. Plaints, etc by whom to be signed

57. Obigations to notify disqnalification of directors

58. The seal of a subsidiary bank

- 59. Service of notices to shareholders
- 60. Service of notice on a subsidiary bank
- 61. Payment of dividend
- 62. Exercise of powers and function on behalf of the State Bank

## **SUBSIDIARY BANKS GENERAL REGULATIONS, 1959**

In exercise of the powers conferred by section 63 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), the State Bank of India, with the approval of the Reserve Bank of India, has made the following regulations, namely:

### CHAPTER 1

Introductory

#### **1. Short title and commencements :-**

- (1) These regulations may be called the Subsidiary Banks General Regulations, 1959.
- (2) They shall come into force on the appointed day.

#### **2. Definitions :-**

In these regulations unless there is anything repugnant in the subject or context.

(a) "the Act" means the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959);

(b) "approved security" means any one or more of the following securities:-

(i) stocks, funds and securities (other than immovable property) in which a trustee may invest trust money under any law for the time being in force in India;

(ii) debentures or other securities for money issued by or on behalf of a district board, municipal committee or other local authority, under any law for the time being in force in India;

(iii) subject to such general or special directions as may be issued by the board-

(a) debentures and fully paid shares of corporations (other than companies registered under any law relating to companies) established by or under any law for the time being in force in India; and

(b) debentures of companies with limited liability registered under

any law relating to companies either in India or in such other country as the Central Government may approve in this behalf;

(iv) receipts, certificates or any other form of instruments issued by the subsidiary bank in evidence of or representing amounts deposited with it;

(v) goods (other than shares or securities) which are deposited with, or, if authorised by special directions of the State Bank hypothecated to the subsidiary bank as security for advances loans or credit: and

(vi) documents of title to goods assigned to the subsidiary bank as security for advances, loans or credits.

(c) "the Board" in relation to a subsidiary bank means the board of directors of that subsidiary bank;

(d) "chairman" means the chairman of the State Bank;

(e) "company" means any company as defined in Section 3 of the Companies Act, 1956 and includes a foreign company within the meaning of section 591 of that Act and any body corporate incorporated by or under any law for the time being in force; and

(f) other expressions used but not defined in these regulations and used in the Act have the meanings respectively assigned to them in the Act;

## CHAPTER 2

### Shares and Share Registers

#### **3. Shares movable property :-**

The shares of a subsidiary bank shall be movable property.

#### **4. Control over shares and registers :-**

(1) Subject to the provisions of the Act and these regulations, the register of shareholders of a subsidiary bank shall be maintained by, and be under the control of, the Board and the decision of the Board as to whether or not a person is entitled to be registered as a holder in respect of any share shall be final.

(2) In particular, and without prejudice to the foregoing provision, the Board shall, as regards the entries in the register of shareholders of that bank, have the power to examine and pass or refuse to pass transfers and transmissions and to approve or refuse to approve transferees of shares and to give certificates of shares.

## **5. Parties who may not be registered as shareholders :-**

(1) Except as otherwise provided by these regulations, no minor or person who has been found by a Court of competent jurisdiction to be of unsound mind shall be entitled to be registered as a shareholder.

(2) In the case of firms, shares shall be registered in the names of the individual partners, and no firm, as such, shall be entitled to be registered as a shareholder.

## **6. Particulars to be entered in the share register :-**

(1) In addition to the particulars specified in section 21 of the Act, the following particulars shall be entered in the register of shareholders :

(i) the manner in which each shareholder acquired his share or shares and except in the case of a allotment of shares to the State Bank in respect of a new bank under Section 7(2) of the Act, in respect of the Hyderabad Bank under s.10(2) of the State Bank of Hyderabad Act, 1956, and in respect of the Saurashtra Bank under sub-section (2) of section 6 of the Saurashtra State Banks (Amalgamation) Ordinance, 1950, the name of the previous holder;

(ii) whether the shareholder belongs to one of the categories of share- holders referred to in the proviso to section 19 of the Act. and if so, the category to which he belongs;

(iii) when any person ceases to be a shareholder, the name of the person in whose favour the share or shares are transferred; and

(iv) such further particulars as the Board may specify.

(2) In the case of joint holders of any shares, their names and other particulars required by sub-regulation (1) shall be grouped under the name of the first of such joint holders.

(3) A shareholder resident outside India shall furnish to the subsidiary bank an address in India and such address shall be entered in the register and be deemed to be his registered address for the purposes of the Act and these regulations.

## **7. Exercise of rights of joint holders :-**

If any share stands in the name of two or more persons first named in the register shall, as regards voting, receipt of dividends, service of notices and all or any other matter connected with the subsidiary

bank, except the transfer of the shares, be deemed the sole holder thereof.

### **8. Inspection of register :-**

(1) The register of shareholders of a subsidiary bank shall, except when closed under the provisions of these regulations, be open to the inspection of any shareholder, free of charge, at the place where it is maintained during business hours, subject to such reasonable restrictions as the subsidiary bank may impose, but so that not less than two hours in each working day shall be allowed for inspection.

(2) A shareholder shall not have the right himself to make a copy of any entry in the register, but may, except when the register is closed, require a copy of the register or of any part thereof on prepayment therefor at the rate of fifty paise for every hundred words or fractional part thereof required to be copied,

### **9. Closing of share register :-**

(1) The Board may close the register of shareholders for any period or periods not exceeding in the each year but not exceeding one month at any one time.

(2) A notice of the closing of the register shall be published in the Gazette of India and also in at least two principal daily newspapers circulating at the place where the head office of the subsidiary bank is situate.

### **10. Share certificates :-**

(1) Every share certificate shall be issued under the common seal of the subsidiary bank and shall specify the number and denoting numbers of the shares in respect of which it is issued.

(2) A share certificate under the common seal of a subsidiary bank specifying the share/shares held by any shareholder of that bank shall be prima facie evidence of the title of the shareholder to such share.

### **11. Issue of share certificates free of charge :-**

(1) A shareholder of a subsidiary bank shall be entitled to one certificate for each five shares of that bank registered in his name on any one occasion, and one additional share certificate for the number of shares in excess of a multiples of but less than five shares.

(2) If the number of shares to be registered is less than five, one certificate shall be issued for all the shares.

(3) If any shareholder requires more certificates than the number to which he is entitled under this regulation, the subsidiary bank may have such additional certificates issued at its absolute discretion.

(4) In the case of shares held jointly by several persons, delivery of the relative certificate or certificates to one of such joint holders shall be sufficient delivery to all, and a receipt signed by any one of the joint holders shall effectually bind all the joint holders.]

**12. Renewal of share certificates :-**

(1) If any share certificate is worn out or defaced or tendered for sub-division, then, upon production thereof to the Board, the Board may order the same to be cancelled, and have a new certificate or certificates issued in lieu thereof.

(2) If any share certificate is alleged to be lost or destroyed, then, upon production of such evidence of the loss or destruction thereof as the Board may consider satisfactory, and of such indemnity, with or without security as the Board may require, and on payment to the subsidiary bank of its costs, charges and expenses of and incidental to the matter, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

<sup>1</sup> [(3) Deleted w.e.f. 1-8-1969. \* \* \* \* \* ]

1. Deleted by Resn. E.C.S.B.I. date 11-7-1969 (w.e.f. 1-8-1969).-

**13. Transfer of shares :-**

(1) Every transfer of the shares of a subsidiary bank shall be in writing in the following form or in any usual or common form which the subsidiary bank shall approve: I/We.. . . . of . . . . in consideration of the sum of rupees . . . . , . . . . . paid to me/us by.. . . . of.. . . . , (hereinfter called "the transferee(s)") do hereby transfer to the transferees) . . . . . share/shares of the.. . . . numbered.. . . . .to hold unto the transferee(s), his/their executors, administrators and assigns, subject to the several conditions contained in the State Bank of India (Subsidiary Banks) Act, 1959 and the rules and regulations made thereunder, and I/we, the transferee(s) do hereby agree to take the said share/shares subject to the

conditions aforesaid and I/we, the transferee(s) request that I/we be registered as shareholder in respect of the said share/shares. I/We, the transferee(s), do hereby declare that- I/We shall not, on registration of this transfer, come to be registered as holder of shares of the.. ..in excess of the maximum number of shares permitted by section 19 of the State Bank of India (Subsidiary Banks) Act, 1959. Transferor Name.. .. \ \Address.. .. Witness Name.. .. , .. - \ \Address.. .. \ \Occupation.. .. Transferee Name.. .. \ \Address .. .. Witness Name.. .. \ \Address.. .. \ \ \Occupation.. ..

(2) The instrument of transfer of any share shall be submitted to the Board and shall be signed by or on behalf of the transferor and the transferee, and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the share register. Each signature to such transfer shall be duly attested by the signature of one witness who shall add his address and occupation.

(3) Upon receipt by the Board of an instrument of transfer with the request to register the transfer, the Board shall, unless it declines the registration under regulation 14, within two months from the date on which the instrument of transfer was delivered to the subsidiary bank for submission to the Board, cause the transfer to be registered.

**14. Power to refuse or suspend transfers :-**

(1) The Board may decline to register any transfer of shares unless:-

**1** [(a) \* \* \* \* \* ]

(b) a proper instrument of transfer duly stamped and exceed by or on behalf of the transferor and the transferee has been submitted to the Board.

(c) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the subsidiary bank may reasonably require in evidence of the right of the transferor to make the transfer.

(d) it is satisfied after such enquiry as it may consider necessary that the transfer is qualified to be registered as a shareholder in respect of the shares covered by the instrument of transfer.

(2) The Board may suspend the registration of transfer during any period in which the register is closed.

1. Deleted by Resn. E.C.S.B.I, dt. 11-7-1969 (w.e.f. 1-8-1969).

**15. Transmission of shares in the event of death insolvency etc. of a share- holder :-**

(1) The executors or administrators of the estates of a deceased sole holder of a share of a subsidiary bank, or the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925 in respect of such share, or a person in whose favour a valid instrument of transfer of such share was executed by such person or by the deceased sole holder during the latter's life- time, shall be the only person who may be recognised by the subsidiary bank as having any title to the share of the deceased shareholder. In the case of a share of a subsidiary bank registered in the names of two or more holders, the survivors and on the death of the last survivor, the executors or administrators of his estate, or any person who is the holder of a succession certificate in respect of such survivors' interest in the share, or a person in whose favour a valid instrument of transfer of the share was executed by such person or such last survivor during the latter's life-time, shall be the only person who may be recognised by the subsidiary bank as having any title to such share. The subsidiary bank shall not be bound to recognise such executors or administrators unless they shall have obtained probate or letters of administration or other legal representation as the case may be from a duly constituted Court in India having effect at the place where the head office of the subsidiary bank is situated : Provided nevertheless that in any case where the Board shall in its absolute discretion think fit, it shall be lawful for the Board to dispense with the production of a succession certificate, letters of administration or such other legal representation upon such terms as to indemnity or otherwise as it may think fit.

(2) Subject to the provisions of the Act and these regulations, any such person becoming entitled to a share of a subsidiary bank in consequence of the death of a shareholder and any person becoming entitled to a share in consequence of the insolvency,

bankruptcy or liquidation of a shareholder shall, upon production of such evidence as the Board may require, be entitled :-

(a) to be registered as a shareholder in respect of the share upon his satisfying the Board in the same manner as if he were the proposed transferee under regulation 14 that he is qualified to be registered as a shareholder; or

(b) to make such transfer of the share as the person from whom he derives his title, could have made.

**16. Shareholder ceasing to be qualified for registration :-**

(1) It shall be the duty of any person registered as a shareholder of a subsidiary bank, whether alone or jointly with another or others, forthwith upon ceasing to be qualified to be so registered in respect of any share to give intimation thereof to the Board.

(2) The Board may at any time cause such enquiries to be made as it shall deem fit for the purpose of ascertaining whether any person registered as a shareholder of the subsidiary bank whether alone or jointly with another or others, is not or has ceased to be, qualified to be so registered in respect of any share and upon being satisfied that any such person is, contrary to the provision of Section 19(1) of the Act, registered, by inadvertence or otherwise, in respect of any shares held by him whether in his own name or jointly with another person or persons so as to make such total holdings in excess of the total nominal value of twenty thousand rupees, it shall determine which of such shares shall be deemed to constitute such excess and shall inform the shareholder or, where such excess is held jointly, each of the joint shareholders, that in accordance with section 19 of the Act he is, and in the case of joint holders they are, not entitled to the payment of any dividend on any such share not to exercise any of the rights of a shareholder otherwise than for the purpose of the transfer of such share and shall make an entry in the register to that effect.

(3) A determination by the Board under sub-regulation (2) shall be conclusive.

**CHAPTER 3**

**Meetings of Shareholders**

**17. Notice convening a general meeting :-**

Subject to the provisions of Section 44(3) of the Act.

(1) A notice convening a general meeting of the shareholders of a subsidiary bank signed by the Chairman or the <sup>1</sup>[managing director] of that bank shall be published at least twenty-eight days before the date of the meeting in the Gazette of India and also in at least two principal daily newspapers circulating at the place where the head office of the subsidiary bank is situate.

(2) Every such notice shall state the time, date and location of such meeting, and also the business that shall be transacted at the meeting.

### **18. Special general meeting :-**

(1) The Board may, at any time shall, if a requisition for such a meeting has been received from either the State Bank or other shareholders holding shares carrying in the aggregate, not less than 20 per- cent of the total voting rights of all the shareholders, convene or cause to be con- venend, a special general meeting of shareholders.

(2) The requisition referred to sub-regulation (1) shall state the purpose for which the special meeting is required to be convened, and may consist of several documents in like from each signed by one or more of the requisitionists.

(3) The time, date and location of a general meeting shall be decided by the Board: Provided that a special general meeting convened on requisition shall be convened not later than three months of the receipt of the requisition.

### **19. Business at general meetings :-**

(1) No business other than that specified in Section 44(2) of the Act shall be transacted or discussed at the annual general meeting, except with the consent of the chairman or other person presiding at the meeting, unless not le?s than six week's notice of the same has been given to the chairman or the <sup>1</sup> [managing director] of the subsidiary bank either by the State Bank or by at least ten other sharehlooders qualified to vote at the meeting. Such notice shall take the form of a definite resolution to be put to the meeting, and shall be included in the notice of the meeting.

(2) Except with the consent of the chairman or other person presiding at the meeting, no business shall be transacted or discussed at any special general meet- ing, except the business for

which the meeting has been specifically covered.

1. Subs. by Resn. E.C.S.B.I. dated 27-6-1974 (w.e.f. 1 -7-1974).

**20. Quorum at general meetings :-**

No business shall be transacted at any meeting of the shareholders whether it is the annual general meeting or any special general meeting, unless a quorum of at least five shareholders consisting of the State Bank represented by a proxy or by a duly authorised representative and four other shareholders entitled to vote at such meeting in person or by proxy or by duly authorised representatives is present at the commencement of such business, and if within fifteen minutes from the time appointed for the meeting a quorum is not present, the chairman or other person presiding at the general meeting may dissolve the meeting or adjourn it to the same day in the following week at the same time and location, and if at such adjourned meeting a quorum is not present, the shareholders who are present in person or by proxy or by duly authorised representatives shall form a quorum : 'Provided that no annual general meeting shall be adjourned to a date later than three months after the 31st December and if adjournment of the meeting to the same day in the following week would have this effect, the annual general meet- in E; shall not be adjourned but the business of the meeting shall be commenced either as soon within one hour from the time appointed for the meeting as a quorum may be present, or immediately after the expiry of one hour from that time and those shareholders who are present in person or by proxy or by duly authorised representatives at such time shall form a quorum.

**21. Chairman at general meetings :-**

(1) The Chairman or in his absence such one of the directors as may generally or in relation to any particular meeting be authorised by the chairman in this behalf shall preside at a general meeting, and in the absence of the chairman and the person so authorised and also failing any such authorisation the shareholders who are present in person or by proxy or by duly authorised representatives at the meeting may elect any other director to preside at the meeting.

(2) The person presiding at a general meeting shall regulate the procedure at the general meeting, and, in particular, shall have power to decide the order in which shareholders may address the

meeting, to fix a time limit for speeches, to apply the closure when, in his opinion, any matter has been sufficiently discussed and to adjourn the meeting.

## **22. Persons entitled to attend general meetings :-**

(1) All directors, <sup>1</sup> [.....] the auditor for the time being and all shareholders of the subsidiary bank shall, subject to the provisions of sub-regulation (2), be entitled to attend a general meeting of that bank.

(2) A shareholder (other than the State Bank or a director of the subsidiary bank) attending a general meeting shall, for the purpose of identification and to determine his voting rights, be required to sign and deliver to the subsidiary bank a form to be specified by the @2[managing director] containing the following particulars:

(a) his full name and registered address ;

(b) the denoting numbers of his shares ;

(c) whether he is entitled to vote and the number of votes to which he is entitled in person or as proxy or as a duly authorised representative.

1. Deleted by Resn. E.C.S.B.I., dt. 27-6-1974 (w.e.f. 1-7-1974).

## **23. Voting at general meetings :-**

(1) Save as otherwise provided in section 31 of the Act, every matter submitted to a general meeting of a subsidiary bank shall be decided by a majority of votes.

(2) A declaration by the person presiding at a general meeting of a subsidiary bank that a resolution has been carried or rejected threat upon a show of hands by those shareholders present who are entitled to vote on the resolution shall be conclusive, and an entry to that effect in the book of proceedings of the subsidiary bank shall be sufficient evidence of that fact, without proof of the number or proportion of the votes recorded in favour of, or against, such resolution, unless, immediately on such declaration, a poll be demanded in writing on behalf of the State Bank or by at least four other shareholders present and entitled to vote at the meeting.

(3) If a poll be duly demanded, it shall be taken either at once or

at such time and location and either by voting or by ballot as the person presiding at the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. At such poll, voting shall be either in person or by proxy or by duly authorised representative, and the share- holders shall be entitled to exercise the voting rights, referred to in regulation 25.

(4) The decision of the person presiding at the meeting as to the qualifica- tion of any person to vote, and also in the case of a poll, as to the number of votes any person is competent to exercise shall be final.

#### **24. Minutes of general meetings :-**

(1) A subsidiary bank shall cause the minutes of all proceedings of general meetings to be entered in books kept for that purpose.

(2) Any such minute, if purporting to be signed by the person presiding at the meeting at which the proceedings were held, or by the person presiding at the next succeeding meeting, shall be evidence of the proceedings.

(3) Until the contrary is proved, every general meeting in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called and held, and all proceedings held thereat have been duly held.

#### **CHAPTER 4**

##### **Voting Rights of Shareholders**

#### **25. Determination of voting rights, :-**

(1) Subject to the provisions contained in section 19 of the Act, each shareholder of a subsidiary bank who has been regis- tered as a shareholder for a period of not less than three months prior to the date of a general meeting of that subsidiary bank shall be entitled to vote on every resolution placed before the meeting.

(2) Every shareholder entitled to vote as aforesaid who, not being a com- pany, is present in person or by proxy or who being a company is present by a duly authorised representative, or by proxy shall have one vote on a show of hands and in case of a poll shall have one vote for each share held by him.

#### **26. Voting by duly authorised representative :-**

(1) A shareholder of a subsi- diary bank, being a company, may by

a resolution or a power of attorney authorise any of its officials or any other person to act as its representative at any general meeting of the shareholders of the subsidiary bank and the person so authorised (referred to as a "duly authorised representative" in these regulations) shall be entitled to exercise the same powers on behalf of the company which he represents, as if he were an individual shareholder of the subsidiary bank. The authorisation so given may be in favour of two persons in the alternative and in such a case any one of such persons but not both may act as the duly authorised representative of of the company.

(2) A person acting in pursuance of an authorisation given under this regulation shall not be deemed to be a proxy.

(3) No person may attend or vote at any meeting of the shareholders of a subsidiary bank as a duly authorised representative of a company unless, not less than four clear days before the date fixed for the meeting.

(a) a copy of the resolution, appointing him as a duly authorised representative certified to be a true copy by the person presiding at the meeting at which it was passed, shall have been deposited, or

(b) the power of attorney has been registered, at the head office of the subsidiary bank.

(4) An appointment of a duly authorised representative shall, after the deposit of a certified copy of the resolution as aforesaid, be irrevocable for the meeting for which it is made and shall revoke any proxy previously deposited for such meeting by the company.

**27. Voting by duly authorised representative precludes voting by proxy :-**

No shareholder of a subsidiary bank, being a company, shall vote by proxy so long as a resolution or a power of attorney referred to in regulation 26 authorising any of its officials or any other person to act as its duly authorised representative at any general meeting of that subsidiary bank shall be in force.

**28. Proxies :-**

(1) No instrument of proxy shall be valid unless in the case of an individual shareholder it is signed by him or by him or by his attorney duly authorised in writing, or in case of joint holders, it is

signed ,by the shareholders first named in the share register or his attorney duly autho- rised in writing or in the case of a company it is executed under its com- mon seal, if any, or signed by its attorney duly authorised in writing: Provided that an instrument of proxy shall be deemed to be sufficiently signed by any shareholder, who is, for any reason, unable to write his name, if his mark is affixed thereto and attested by a Judge, Magistrate, Justice of the Peace, Registrar or Sub-Registrar of Assurances, or other Govern- ment Gazetted officer of the State Bank or the subsidiary bank.

(2) No person shall be appointed as a proxy unless he is entitled to attend the general meeting otherwise than as a proxy, provided that this sub- regulation shall not apply to a proxy appointed by a company.

(3) No proxy shall be valid unless it is duly dated and stamped and unless it, together with the power of attorney or other authority ( if any ) under which it is signed, or a copy of that power or authority certified by a notary public or a Magistrate or in case a power of attorney which is previously deposited and registered with the head office of the subsidiary bank, certified by the <sup>1</sup> [managing director] of that bank or any other officer of that bank authorised by the @1[managing director] in this behalf, is deposited at the head office of the subsidiary bank not less than 4 clear days before the date fixed for the meeting.

(4) No instrument of proxy shall be valid unless it is in the following form and dated, namely;- State Bank of.....\* I/We,.. .. .  
.. ..,of.. .. .being (a) shareholders) of the State Bank of.. ..  
.. ..\*holding shares Nos.. .. .on the share register do  
here by appoint.. .. .of.. .. .(or failing him. .. .  
of : .. . )as my/our proxy to vote for me/us and on my/ous  
behalf at a meeting of the shareholders of the State Bank of..... ..  
.. .. \*to be held at.... on the.. .. day of.. .. and at any  
adjournmet thereof. Dated this.. .. .day of.. .. .  
Signature.. .. . \*Here enter the name of the subsidiary bank.

(5) An instrument of proxy so deposited shall be irrevocable-

(i) unless on or before the last day for the deposit of proxies there shall have been deposited at the head office of the subsidiary bank a notice in writing under the hand or common seal of the grantor specifically staling-

(a) the name of the person in whose favour the instrument was granted; and

(b) that such instrument is revoked, or

(ii) unless the same is deemed to be invalid under sub-regulation (6). In the case of an instrument of proxy granted in favour of two grantees in the alternative, it shall not be necessary to mention in the notice of revocation the name of the second or alternative grantee provided that the notice is otherwise sufficient to identify beyond doubt the instrument of proxy which it is intended to revoke.

(6) If two or more instruments of proxy in respect of the same shares shall be deposited and if on or before the last day for deposit of proxies all but one of such instruments of proxy shall not have been duly revoked in accordance with the procedure laid down in sub-regulation (5), all such instruments of proxy shall be deemed invalid.

(7) The due revocation of an instrument of proxy shall in no way prevent the deposit of another valid instrument of proxy within the time specified in sub-regulation (3).

(8) The grantor of an instrument of proxy which has become irrevocable under this regulation shall not be entitled to vote in person at the meeting to which such instrument relates.

1. Subs. by Resn. E.C.S.B.I., date. 27-6-1974 (w.e.f. 1-7-1974).

**29. Appointment of an employee of the subsidiary bank as duly authorised representative or proxy invalid :-**

No person who is an officer or an employee of a subsidiary bank may be appointed a duly authorised representative or a proxy in respect of a general meeting of that bank.

CHAPTER 5

Election of Directors

**30. Directors to be elected at general meeting :-**

(1) The election of a director by the shareholders of a subsidiary bank shall take place at a general meeting of the shareholders of the subsidiary, bank.

(2) Where at any general meeting of the shareholders of a subsidiary bank an election of a director is to be held, the notice of

such election shall be included in the notice convening the meeting. Every such notice shall also specify the number of directors to be elected, and the particular vacancies in respect of which the election is to be held.

**31. List of shareholders :-**

(1) For the purpose of election of a subsidiary bank under clause (d) of Section 25(1) of the Act, there shall be prepared a list of shareholders entered in the share register of that subsidiary bank.

(2) Such list shall contain the names of the shareholders, their registered addresses, the number and denoting numbers of shares held by them with the dates on which the shares were registered and the number of votes to which they will be entitled to on the date fixed for the meeting at which the election will take place and copies of the list shall be available for purchase at least three weeks before the date fixed for the meeting at a price of one rupee per copy, on application at the head office of the subsidiary bank.

**32. Nomination of candidates for election :-**

(1) No candidate for election as a director of a subsidiary bank shall be validly nominated unless-

(a) he is, on the last date for receipt of nominations, not disqualified to be a director under section 27 of the Act;

(b) the nomination is in writing signed by at least two shareholder qualified to vote or by their duly constituted attorneys, provided that a nomination by a shareholder which is a body corporate may be made by a resolution of the directors of the said body corporate and where it is so made, a copy of the resolution certified to be a true copy by the person presiding at the meeting at which it was passed shall be despatched to the head office of the subsidiary bank and such copy shall be deemed to be a nomination on behalf of such body corporate;

(c) the nomination paper contains a declaration signed by the candidate before a Judge, Magistrate, Justice of the Peace, Registrar or Sub-Registrar of Assurances, or other Government Gazetted officer or an officer of the State Bank or the subsidiary bank, that he accepts the nomination, and is willing to stand for election, and that he is not disqualified to be a director under Section 27 of the Act.

(2) No nomination shall be valid unless it is received, with all the connected documents or papers, in the head office of the subsidiary bank on a working day not less than 14 clear days before the date fixed for the meeting.

### **33. Publications of list of candidates :-**

(1) On the first working day following the last date fixed for the receipt of nominations, the same shall be taken into consideration by the <sup>1</sup>[managing director]. The @1[managing director] shall after such enquiry, if any, as he thinks necessary, satisfy himself in regard to the provisions of regulation 32 and shall accept or reject the nomination of each candidate as may appear to him to be justified, and in the case of rejection shall briefly record his reasons for so doing. The decision of the @1[managing director] that the nomination is valid or invalid shall, subject to the result of any reference under regulation 35, be final. If there is only one valid nomination for any particular vacancy to be filled by election, the candidate validly nominated for such vacancy shall be deemed to be elected at the meeting convened for the purpose, and his name and address shall be published as so elected. In such an event there shall not be any election at the meeting and if a meeting had been called solely for the purpose of the aforesaid election, the meeting shall stand cancelled. If the number of valid nominations for any particular vacancy exceeds, one the @1[managing director] shall cause to be published the names and addresses of candidates validly nominated for such vacancy.

(2) All notices in pursuance of sub-regulation (1) shall be published in the the Gazette of India and in at least two principal daily newspapers circulating at the place where the head office of the subsidiary bank is situate.

(3) The <sup>1</sup> [managing director] shall send a copy of every such notice issued by him to the chairman forthwith.

1. Subs. by Resn. E.C.S.B.I. dt. 27-6-1974 (w.e.f.) 1-7-1974).

### **34. Assumption of office by the elected candidate :-**

A director elected to fill an existing vacancy shall be deemed to have assumed office from the date following that on which he is, or is deemed to be, elected.

### **35. Election disputes :-**

(1) If any doubt or dispute shall arise as to the qualification or disqualification of a person deemed, or declared to be elected, or as to the validity of the election of a director of a subsidiary bank, any person interested, being a candidate or shareholder entitled to vote at such election, may, within seven days of the date of the declaration of the result of such election, give intimation in writing thereof to the chairman through the <sup>1</sup> [managing director) of the subsidiary bank and shall in the said intimation give full particulars of the grounds upon which he doubts or disputes the validity of the election.

(2) On receipt of an intimation under sub-regulation (1) the chairman forthwith refer such doubt or dispute for the decision of a committee consisting of himself, and the director of the subsidiary bank nominated pursuant to clause (b) of Section 25(1) of the Act and one of the directors nominated pursuant to clause (c) of that sub-section of the subsidiary bank.

(3) Such committee shall make such enquiry as it deems necessary and if it finds that the election was a valid election, it shall confirm the declared result of the election or, if it finds that the election was not a valid election, it shall make such order and give such directions including the holding of a fresh election as shall in the circumstances appear just to the committee.

(4) An order and direction of such committee in pursuance of this regulation shall be conclusive.

1. Subs. by Resn. E.C.S.B.I. dt. 27-6-1974 (w.e.f.) 1-7-1974).

#### CHAPTER 6

Board, Its Executive Committee and Other Committees

### **36. Meeting of the Board :-**

(1) Meeting of the board shall be convened by the chairman, or subject to any direction that may be given by him, by the <sup>1</sup>[managing director] of the subsidiary bank, at least six times in each year and at least once in each quarter.

(2) <sup>1</sup> [Any three other directors] <sup>1</sup> not being officers of the State Bank may require the chairman to convene a meeting of the Board at any time, and the chairman shall, on receipt of the requisition, convene a meeting of the Board giving sufficient notice, provided that the date of the meeting so convened shall not be later than 21 days from the date of the receipt of the requisition.

(3) Meetings of the Board shall be held at the head office of the sub- sidiary bank, or at such other place as may be specified in the notice con- vening the meeting.

(4) Ordinarily not less than 15 days' notice shall be given of each meeting of the Board, and such notice shall be sent to every director at his registered address. Should it be found necessary to convene an emergency meeting, sufficient notice shall be given to every director in India to enable him to attend.

(5) No business other than that for which the meeting was convened shall be discussed at a meeting of the Board except with the person presiding at the meeting and a majority of the directors present, unies one week's notice has been given of the same in writing to the @1[managing director.]

(6) Four directors, of whom one shall be the chairman or an officer of the State Bank being a director of the subsidiary bank nominated under clause (c) of Section 25(1) of the Act, shall form a quorum for the transaction of business.

(7) A copy of the proceedings of each Board meeting shall be circulated as soon as possible thereafter for the information of the directors, and shall be signed by the person presiding at that or the next succeeding meeting.

1. Subs. by Resn. E.C.S.B.I. dt. 27-6-1974 (w.e.f.) 1-7-1974).

### **37. Resolution without meeting of the Board valid :-**

(1) A resolution of the Board in writing signed by a majority of the directors of the Board shall be valid and effectual, and shall be deemed to be the resolution passed by the Board on the date on which it is signed by the last signatory to the resolution: Provided that if any dissenting director in writing requires that any reso- lution so passed shall be placed before a meeting of the Board, the resolu- tion shall not be deemed to be valid and effectual, as aforesaid unless the same is passed at such meeting.

(2) Nothing in sub-regulation (1) shall apply to a resolution in respect of any matter relating to the making of loans or advances or the discounting or purchasing of bills by a subsidiary bank.

### **38. Constitution and powers of the Executive Committee :-**

(1) The execu- tive committee in respect of a subsidiary bank shall

consist of-

<sup>1</sup>[(a) the managing director of the subsidiary bank appointed under Section 29(1) of the Act or section 32 of the Act;]

<sup>2</sup>[(b) three directors nominated under clause (c) of Section 25(1) of the Act of whom not more than two shall be officers of the State Bank; and

<sup>2</sup>[(c) one director elected under clause (d) of sub-section 25 of Act; Provided that the chairman and the director nominated under clause (b) of Section 25(1) of the Act may attend any meeting of the executive committee and the chairman or such director shall be deemed to be a director on the executive committee for the meeting which he so attends.

(2) Notwithstanding anything in sub-regulation (1), any of the directors not referred to in that sub-regulation shall also be entitled to attend the meeting of the executive committee and shall be deemed to be a director on the executive committee for the meeting he so attends, but he shall not be entitled to be paid any fees for attending the meeting or be reimbursed his travelling or halting expenses in connection with the work at the meeting <sup>4</sup>[unless he has been specifically requested by the subsidiary bank to attend such meeting or such payment is specially authorised by the Board.]

(3) The directors referred to <sup>5</sup> [in (b) and (c) of sub-regulation (1)] shall be nominated by the State Bank to serve on the executive committee for one year at a time.

(4) In the exercise of its powers, the executive committee shall be bound by such general or special directions as the Board may consistently with the Act and these regulations, give from time to time, but subject to any such direction, the executive committee may transact all the current business of the subsidiary bank.

(5) If any question arises as to whether a matter relates to a current business of the subsidiary bank, the decision of the person presiding at the meeting shall be final.

1. Ins. by Resn. E.C.S.B.I., dt. 27-6-1974 (w.e.f. 1-7-1974)

2. Re-numbered by Resn. E.C.S.B.I., dt. 27-6-1974 (w.e.f. 1-7-1974).

4. Ins. by Resn. E.C.S.B.I., dt. (w.e.f. 1-7-1974).

5. Subs. by E.C.S.B.I. dt. 27-6-1974 (w.e.f. 1-7-1974).

### **39. Meetings of the Executive Committee :-**

(1) Meetings of the executive committee shall be held at least once a month, sufficient notice being given to the directors on the executive committee to attend the meeting.

(2) Three directors, of whom one shall be the chairman, or a director being an officer of the State Bank nominated under clause (c) of Section 25(1) of the Act, shall form a quorum for the transaction of business: Provided that if at any time the number of directors interested or concerned within the meaning of Section 34(5) of the Act exceeds or is equal to two, the number of the remaining directors (that is to say, the number of the directors who are not so interested or concerned) from the quorum during such time so however that at least two directors entitled to vote are present during such time. The provisions of the Act and, save as otherwise provided in this regulation, of these regulations shall apply to the meetings of the executive committee as if they were meetings of the Board.

### **40. Other committees :-**

(1) The constitution of other committees, the powers and functions of such committees and the conduct of business in such committees shall be such as may be laid down by the Board from time to time in relation to any subsidiary bank.

(2) The minutes of the meeting of every such committee shall be laid before the executive committee or the Board of the subsidiary bank as soon as possible after each meeting.

## CHAPTER 7

### Managing Directors

### **41. Delegation to the Managing Director :-**

(1) The <sup>1</sup>[managing director] shall have the power to transact all the current business of the subsidiary bank which may be transacted by the executive committee, if in the opinion of the <sup>1</sup>[managing director] action cannot be deferred until the next executive committee meeting, or until the obtaining of the decision of the executive committee by circulation of a resolution, provided that such action shall be reported to the executive committee at its next meeting.

(2) Without prejudice to the foregoing power, the <sup>1</sup>[managing

director] shall be authorised-

(a) the exercise the powers and perform the duties entrusted, or delegated, to him by any regulation or rule made by the Board, or, by any order or resolution of the board or of its executive committee or by any power of attorney issued in his favour by the Board or its executive committee subject, in each case, to the restrictions, if any, contained in the said regulation, rule, order, resolution or power of attorney; and

(b) generally to do all such acts or things as may be incidental to, or consequential upon, the exercise of the said powers or the performance of such duties.

(3) If the office of the <sup>3</sup>[managing director] is vacant, for the time being, the powers and duties of the <sup>2</sup> [managing director] under sub-regulations (1) and (2) shall, until a @1[managing director] has been appointed, be exercised or performed by such director or officer of the subsidiary bank, as the State Bank may appoint in this behalf.

1. Subs. by Resn. E.C.S.B.I. dt. 27-6-1974 w.e.f. (1-7-1974).

3. Subs. by E. C. S. B. I. dt. 27-6-1974 (w. e. f. 1-7-1974).

#### CHAPTER 8

Fees and Allowances of Directors

#### **42. Fees of directors :-**

A director of a subsidiary bank not being an officer of Government, the Reserve Bank, the State Bank <sup>1</sup> [. . . . .] shall be entitled to be paid fees by the subsidiary bank as follows :-

(a) For attending meetings of the Board .. Rs. 50 for each meeting.

(b) For attending meetings of the executive committee of the subsidiary bank . . Rs. 40 for each meeting.

(c) For attending meetings of any other committee or to any other work of the subsidiary bank . . Rs. 30 for each meeting.

1. Deleted by Resn. E. C. S. B. I. dt.27-6-1974 (w. e. f. 1-7-1974).

#### **43. Travelling and halting allowances of directors :-**

(1) In addition to the fees to which a director of a subsidiary bank may be entitled under regulation 42, every such director travelling in connection with the work of the subsidiary bank shall be

reimbursed his travelling and halting expenses, if any, on such basis as may be fixed by the State Bank from time to time.

(2) A director who is an officer of Government, the Reserve Bank, the State Bank <sup>1</sup> [. .... .] shall be reimbursed his travelling and halting expenses in accordance with the rules applicable to him.

1. Deleted by Resn. E. C. S. B. I. dt.27-6-1974 (w. e. f. 1-7-1974).

#### CHAPTER 9

Advances, Discounts, investments and Accounts

#### **44. Order under section 37 and State Banks Powers not affected :-**

The provisions of this Chapter shall have effect subject to-

(i) any order issued by the Central Government under Section 37(2) of the Act; and

(ii) any directions and instructions given by the State Bank under the provisions of the Act and these regulations.

#### **45. Conditions and requirements as to advances Tetc. :-**

A subsidiary bank shall not-

(a) except on an approved security, discount or purchase bills or lend or advance in excess of such amount as the State Bank may fix in that behalf;

(b) discount or purchase or lend or advance on the security of any negotiable instrument of any individual or partnership firm including Joint Hindu Family firm, payable at the place where it is presented for such discount, purchase, loan or advance if it does not carry on it the several responsibilities of at least two persons or firms unconnected with each other in general partnership and each of whom is good for the amount of the negotiable instrument;

(c) discount or purchase or lend or advance on the security of any negotiable instrument or security (not being an approved security or an instrument or security in which a trustee may invest trust money under section 20 of the Indian Trusts Act, 1882) which does not mature within fifteen months from the date of such discount, purchase loan or advance if the instrument or security is drawn or issued for the purpose of financing seasonal agricultural operations and within six months from the date aforesaid if the instrument or security is drawn or issued for any other purpose; and

(d) make a loan or advance for a period longer than twelve months except as otherwise provided in these regulations.

**46. Special provisions :-**

Nothing contained in regulation 45 shall apply to-

(a) accounts of customers being overdrawn to such extent, with or without security, as the State Bank may fix;

(b) the making of loans or advances to

(i) a district board municipal committee or other local authority established by or under any law for the time being in force in India for any period that may be fixed in that behalf by the State Bank;

<sup>1</sup>[(ii) Deleted by Resn. E. C. S. B. I. dated 15-7-1970.

(iii) persons engaged in, or in the financing of, hire purchase transactions, upon such security as may be approved by the State Bank in that behalf, for any period not exceeding twenty-four months; and

<sup>2</sup>[(iv) such persons for such purposes upon such security and on such terms as the State Bank may specify from time to time : Provided that in cases where the amount of the loan or advance exceeds one lakh of rupees, the State Bank shall specify such persons, purposes, security and term with the approval of the Reserve Bank.]

<sup>2</sup> [(bb) the making of loans or advances to, or the discounting or purchasing of negotiable instruments on behalf of or from, persons engaged in such industries, business or trade or classes of industries, business or trade on such terms and conditions and upon such security as may be approved in that behalf by the State Bank, provided that such loans or advances are for, and such negotiable instruments mature within, periods not exceeding fifteen years.]

(c) the discounting or purchase of bills, or the lending or advancing of moneys in renewal of, or in settlement or compromise of, the liabilities under or in respect of bills discounted or purchased or loans or advances made, before the appointed day.

1. Subs by Resn E.C.S.B.I. dt. 17-10-1962.

2. Inserted by Resn. E. C. S. B.I. dated 15-7-1970,

**47. Advances to be reported to State Bank :-**

(1) Any loan or advance granted or renewed or any bill discounted which makes the borrower's total indebtedness to the subsidiary bank without security or against any security exceed the amount fixed in this behalf by the State Bank shall be immediately reported to the State Bank.

(2) For the purpose of this regulation; indebtedness to the subsidiary bank shall be deemed to include the maximum drawing power sanctioned on fluctuating accounts and the maximum limits sanctioned for the discount of documentray bills, even though the actual drawing powers or bills discounted are less than the maximum drawing powers and limits sanctioned.

**48. Advances to directors and officers of the bank :-**

(1) Save on an approved security, no loan or advance shall be made by a subsidiary bank to-

(a) any of its directors or officers holding such appointments as are specified by the Board as senior staff appointments or

(b) to companies, firms or individuals with which or with whom such director or officers are connected as partners, directors, or managers, except on such terms and conditions as the State Bank may, on-the recommendation of the subsidiary bank, specify from time to time.

(2) The circumstances in which and the conditions subject to which loans or advances may be granted to employees other than those referred to in sub- regulation (1) shall be such as may be specified by the Board: Provided that no loan or advance may be granted to any officer of the bank without the specific sanction in each case of the executive committee of the subsidiary bank.

**49. Approval of the State Bank necessary to investment in shares and debentures :-**

A subsidiary bank shall not invest its funds in shares and debentures of any company with limited liability without the approval of the State Bank.

**50. Directors to notify the names of companies in which they are interested :-**

Without prejudice to the provisions of Section 34(5) of the Act, every director shall notify to the <sup>1</sup> [managing director] of the subsidiary bank the names of the companies in which he is

interested and shall also declare the fact at any time a loan or advance to any of the said companies is being considered.

1. Subs. by Resn. E.C.S.B.I. dated 27- 6-1974 w.e.f. 1-7-1974.

**51. Contracts and arrangements with interested directors :-**

Save as otherwise provided in the Act or these regulations, no contract or arrangement (other than any contract or arrangement by a subsidiary bank in the ordinary course of its banking business) in which a director is directly or indirectly concerned or interested shall be entered into by, or on behalf of, a subsidiary bank except with the approval of the State Bank.

**52. Suspense accounts :-**

(1) Not more than two suspense accounts (i.e. accounts in which items which cannot be passed at once into their proper accounts are in the meantime debited or credited) shall be kept at any office or branch of a subsidiary bank. Each branch or office shall forward every month to the head office of the subsidiary bank a detailed statement of the suspense accounts kept showing all the items outstanding.

(2) Statements of the suspense accounts at the head office of a subsidiary bank shall be laid before the executive committee of that bank once in every quarter. Such statements shall be prepared in such form as the Board may specify from time to time.

**53. State Banks approval may be general or specific :-**

Where under the provisions of this Chapter any limit has to be fixed by the State Bank or the approval of the State Bank is necessary to any proposal, arrangement or investment or to the granting of a loan or advance, or the discounting or purchase of bills, or to the terms and conditions thereof, such limit may be fixed or such approval may be given in relation to all or any of the subsidiary banks or with reference to any particular transaction or class of transactions or generally.

CHAPTER 10

Miscellaneous

**54. Manner and form in which contracts binding on the subsidiary bank may be executed :-**

(1) Contracts on behalf of a subsidiary bank may be made as follows:-

(i) any contract which, if made between private persons, would by law be required to be in writing signed by the parties to be charged therewith. may be made on behalf of the subsidiary bank in writing signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged;

(ii) any contract which, if made between private person, would in law be valid although made by parol only and not reduced to writing, may be made by parol on behalf of the subsidiary bank by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

(2) All contracts made according to the provisions of this regulation shall be effectual in law, and shall bind the subsidiary bank and all other parties thereto and their legal representatives.

**55. Accounts, receipts and documents of subsidiary banks by whom to be signed :-**

<sup>1</sup>[(1) The <sup>2</sup> [managing director] is hereby empowered, and such other officers or employees of a subsidiary bank as the Board may authorise in this behalf by notification in the Gazette of India are hereby empowered jointly or severally according as the said notification may specify, for and on behalf of the subsidiary bank, to endorse and transfer promissory notes. Stock-receipts, stock-debentures, shares, securities and documents of title to goods, standing in the name of or held by the subsidiary bank. to draw, accept and endores bills of exchange and cheques, to issue, confirm and transfer letters of credit, to sign guarantees and indemnities in the current and authorised business of the subsidiary bank, and to sign all other letters, advices, accounts, receipts and documents connected with such business or other current or authorised business of the subsidiary bank.]

(2) Without prejudice to the provisions of sub-regulation (1) all powers of attorney and other authorisation issued by an existing bank in favour of any officer or other employee who becomes an officer or other employee of the corresponding new bank by virtue of section 11 of the Act shall continue to be in full force and effect as if, instead of the existing bank, the corresponding new bank had been a party to such powers of attorney or authorisations, and, accordingly, any such officer or other employee may exercise on behalf of the corresponding new bank such powers as he was exercising before the appointed day on behalf of the existing bank.

(3) Without prejudice to the provisions of sub-regulation (1), all powers of attorney and other authorisations issued by the Hyderabad Bank or the Saurashtra Bank in favour of any officer or other employee shall; until amended modified or superseded, continue to be in full force and effect and, accordingly, any such officer or other employee may exercise on behalf of the Hyderabad Bank or the Saurashtra Bank such powers as he was exercising before the appointed day.

Explanation.-For the purposes of this regulation, all powers of attorney and other authorisations issued by the Hyderabad State Bank and continuing to be in force and effect under Regulation 23(2) of the State Bank of Hyderabad General Regulations. 1956, shall be deemed as powers of attorney and other authorisations issued by the Hyderabad Bank.

1. Subs. by Resn. E.C.S.B.I., dt. 14-6-1961.
2. Subs. by Resn, E.C.S.B.I., dt. 27-6-1974 (w.e.f. 1-7-1974).

**56. Complaints, etc by whom to be signed :-**

Complaints, written statements, petitions, and applications may be signed verified, affidavits may be sworn or affirmed, bonds may be signed, sealed and delivered and generally all other documents connected with legal proceedings may be made and completed on behalf of a subsidiary bank by the <sup>1</sup> [managing director] of the subsidiary bank or by any officer or employee empowered by or under regulation 55 to sign documents for and on behalf of the subsidiary bank.

1. Subs, by Resn. E. C. S. B. I. dated 27-6-1974 (w. e. f, 1-7-1974).

**57. Obligations to notify disqualification of directors :-**

(1) If a director of a subsidiary bank becomes subject to any of the disqualifications set out in section 27 of the Act. he shall forthwith notify the fact as well as the date from which the disqualification became applicable to him, to the <sup>1</sup>[managing director] of the subsidiary bank.

(2) The <sup>1</sup>managing director] shall inform the State Bank as soon as it comes to his notice that any director of the subsidiary bank has become subject to any of the disqualifications specified in section 27 of Act.

**58. The seal of a subsidiary bank :-**

(1) The common seal of a subsidiary bank shall not be affixed to any instrument except in the presence, of at least two directors, who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person who may sign the instrument as a witness. Unless so signed, as aforesaid, such instrument shall be of no validity.

(2) Without prejudice to the generality of sub-regulation (1), the common seal of a subsidiary bank may be affixed to instruments of the following descriptions in connection with the business of the subsidiary bank, namely :-

(a) leases of office premises, godowns, houses and other property required in connection with the business of the subsidiary bank and surrenders and transfers of such leases;

(b) conveyances of property bought or sold by the subsidiary bank;

(c) instruments whereby any property is mortgaged to the subsidiary bank, conveyances on sale or by way of transfer of mortgage and re-conveyances, surrenders and leases of such property;

(d) powers of attorney granted by the subsidiary bank;

(e) contracts of indemnity, suretyship or guarantee with specific security or otherwise and

(f) instruments of appointment or discharge of the subsidiary bank as trustee of any trust or connected with the administration of any estate in which the subsidiary bank is concerned as executor, trustee or otherwise.

#### **59. Service of notices to shareholders :-**

(1) Save as otherwise provided in these regulations, a notice may be given by the subsidiary bank to any shareholder either personally or by serving it by post to him to his registered address.

(2) Any notice required to be given by the subsidiary bank to the shareholders or any of them and not expressly provided for by these regulations, shall be sufficiently given if given by advertisement.

(3) Any notice sent by post shall be deemed to have been served on the third day following that on which the envelope or wrapper containing the same is posted, and in proof of such service it shall

be sufficient to prove that the envelope or wrapper containing the notice was properly addressed, prepaid and put into post office, and a certificate in writing signed by an employee of the subsidiary bank that the envelope or wrapper containing the notice was so addressed, prepaid and posted shall be conclusive evidence thereof. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement first appeared.

(4) Any notice given in accordance with the foregoing provisions shall be deemed to have been duly given notwithstanding that the shareholder be then deceased and whether or not the subsidiary bank had notice of his decease and shall in that event be deemed to be a notice to his legal representative.

(5) All notices with respect to any registered shares to which persons are jointly entitled shall be given to whichever of such persons is named first in the register and the notice so given shall be sufficient notice to all the holders of said shares.

(6) The signature to any notice to be given by the subsidiary bank may be written, typed or printed.

#### **60. Service of notice on a subsidiary bank :-**

A notice may be served on a subsidiary bank by leaving it at or sending it by registered post to, the head office of the subsidiary bank.

#### **61. Payment of dividend :-**

(1) An account of the profits of the subsidiary bank shall be taken <sup>1</sup> [as on] the thirty first day of December every years, and a dividend, if any, shall be declared and paid, as soon as conveniently may be, thereafter. The Board may from time to time declare and pay or authorise the payment of such interim dividends as appear to it to be justified.

(2) No dividend shall carry interest as against the subsidiary bank.

(3) Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends in respect of such share.

(4) Dividend shall be paid by cheque or warrant on the Head Office of the subsidiary bank and shall be sent through post to the registered address of the shareholder entitled, or in the case of joint holders to the registered address of the one whose name

stands first on the register in respect of the joint holding, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

(5) The subsidiary bank shall not make payment of a dividend to any person not entitled thereto under the Act or these regulations, but shall retain the same and make payment thereof to (he person who next becomes registered in respect of the shares on which such dividend is payable, and is not disentitled under the Act or these regulations to receive it.

1. Subs. by Resn. E. C. S. B. I. dated 27-6-1974 (w. e. f. 1-7-1974).

**62. Exercise of powers and function on behalf of the State Bank :-**

The powers, duties or functions, conferred, imposed or entrusted on or to the State Bank under the Act, may be exercised or performed by the chairman and subject to such conditions and limitations as the chairman may specify, by the managing directors and such other office of the State Bank as the chairman may appoint in this behalf.