

THANE BHARAT SAHAKARI BANK LIMITED

(Scheduled Bank)

BOARD APPROVED POLICY ON SAFE DEPOSIT LOCKER/SAFE CUSTODY ARTICLE FACILITY

Introduction:

Reserve Bank of India, vide its circular NO. RBI/2021-22/86 DOR.LEG.REC/40/09.07.005/2021-22 dated 18/08/2021 has issued guidelines/instructions on Safe Deposit Locker and Safe Custody Article facilities. The banks are advised to frame Board approved policy/operational guidelines in this regard taking into account the revised instructions.

Objectives:

Safe deposit lockers facility is one of the ancillary services extended by bank at our branches. The locker units will be leased out to customers after obtaining adequate KYC documents. The relationship between the banker and the customer of a locker is that of lessor and lessee.

Guidelines:

A) Customer Due Diligence (CDD) for Lockers

Branches will carry out customer due diligence for both new and existing customers. The existing customers of a bank who have made an application for locker facility and who are fully compliant with the CDD criteria under the [Master Direction – Know Your Customer \(KYC\) Directions, 2016](#) (as updated from time to time) shall be given the facilities of safe deposit lockers/safe custody article subject to on-going compliance. The due diligence shall be carried out for all the customers in whatever rights and capacities they may be hiring the locker.

B) Locker Allotment

- 1) Allotment of lockers shall be based on the duly filled in application of the prospective hirers on the printed format provided by the bank.
- 2) Lockers will be allotted by the branches on first-come-first-serve basis.
- 3) Due diligence of KYC norms, will be duly applied before allotment of locker.

C) Wait List of Lockers:

Branches will maintain a wait list for the purpose of allotment of lockers and will ensure transparency in allotment of lockers. All applications received for allotment of locker will be acknowledged and given a wait list number.

D) Model Locker Agreement

At the time of allotment of the locker to a customer, the bank shall enter into an agreement with the customer to whom the locker facility is provided, on a paper duly stamped. A copy of the locker agreement in duplicate signed by both the parties shall be furnished to the locker-hirer to know his/her rights and responsibilities. Original Agreement shall be retained with the branch where the locker is situated.

E) Locker Rent

- 1) Locker rent and service charges will be decided by the Bank, depending on their size from time to time. The rent tariff and related service charges will be publicized among the customers, suitably.

2) Recovery of rent from hirer(s):

- i) Safe Deposit Locker rent will be payable in advance and in the event of locker rent remaining unpaid, when due, the Bank will have the right to refuse access to the locker and without prejudice to Bank's right to break open the locker.
- ii) Locker rent will be recovered on annual basis. The lease period of one year will start from the date of hiring the locker and will continue till the preceding day of the corresponding date in the subsequent year.
- iii) If the locker is hired in the name of the staff member, either singly or jointly with his / her spouse, a nominal concession will be allowed at the discretion of the Bank. However, a staff member would be eligible to hire only one locker at concessional rent at the bank.
- iv) To ensure prompt payment of locker rent, at the time of allotment, a minimum fixed deposit is obtained which would cover 3 years' rent and the charges for breaking open the locker in case of an eventuality. Branch however shall not insist on such Term Deposits from the existing locker holders or those who have satisfactory operative account.
- v) If locker rent is collected in advance, in the event of surrender of a locker by a customer quarterly proportionate amount of advance rent collected shall be refunded to the customer.

3) Operations of Safe Deposit Vaults/Lockers:

- i) Branches will exercise due care and necessary precaution for the protection of the lockers provided to the customer.
- ii) The Hirer/s can operate the Safe Deposit Locker only on the Bank's working days and during the business hours of the Branch.
- iii) Before operating the locker, the hirer/s should sign the locker operation register which shall be kept at the branch. The date and time (Both Check-in and Check-out time) on which they have opened and closed the locker shall be mentioned in the register.
- iv) The Locker can be surrendered at any time without any damage.
- v) An email and SMS alert will be sent to the registered email ID and mobile number of the customer before the end of the day as a positive confirmation intimating the date and time of the locker operation and the redressal mechanism available in case of unauthorized locker access.

4) Measures relating to lockers which have remained unoperated

Where the lockers have remained unoperated for more than three years for medium risk category or one year for a higher risk category, branches will immediately contact the locker-hirer and advise him to either operate the locker or surrender it. This exercise will be carried out even if the locker hirer is paying the rent regularly. Further, branches will ask the locker hirer to give in writing, the reasons why he / she did not operate the locker. In case the locker-hirer has some genuine reasons as in the case of NRIs or persons who are out of town due to a transferable job etc., branches will allow the locker hirer to continue with the locker operations. In case the locker-hirer does not respond nor operate the locker, branches will consider opening the lockers after giving due notice to him. This clause is included in the locker agreement.

5) Embossing identification code:

Branch shall ensure that identification Code of the bank / branch is embossed on all the locker keys with a view to facilitating identification of lockers/ locker ownership by law enforcement agencies in case of need. Further, the custodian of the locker shall, regularly/ periodically, check the keys maintained in the branch to ensure that they are in proper condition. Branch shall permit the locker-hirer to operate the locker only with the key provided by the bank, although there is no restriction in allowing the customer to use an additional pad lock of her/his own if there are such provisions in lockers.

6) Internal Controls by Bank

- i) Branch shall inter change the locks whenever the locker is surrendered by the hirer. The keys of vacant lockers shall be kept in sealed envelopes. The duplicate masterkeys shall be deposited with another branch of the bank. There shall be proper record of joint custody of master keys. Bank shall conduct surprise periodic verification of surrendered/ vacant lockers and their keys by an officer of the bank who is not connected with their custody and proper record shall be maintained as a proof of such verification.
- ii) Bank shall ensure that the Locker Register and the Locker Key Register are maintained in CBS or any other computerized system compliant with the Cyber Security Framework issued by the Reserve Bank. The Locker Register shall be updated in case of any change in the allotment with complete audit trails.
- iii) The branch custodian shall check whether the lockers are properly closed post locker operation. If the same is not done, the lockers must be immediately closed, and the locker-hirer shall be promptly intimated through e-mail, if registered or through SMS, if mobile number is registered or through letter so that they may verify any resulting discrepancy in the contents of the locker. The branch custodian shall record the fact of not closing the locker properly in the register and its closure by the bank with the date and time. Further, the custodian of the locker room shall carry out a physical check of the locker room at the end of the day to ensure that lockers are properly closed, and that no person is inadvertently trapped in the locker room after banking hours.

7) Nomination Facility

- i) The bank shall offer nomination facility in case of safe deposit lockers and safe custody of articles, in accordance with the provisions of section 45-ZC to 45-ZF of the Banking Regulation Act, 1949 and Banking Companies (Nomination) Rules, 1985/Co-operative Banks (Nomination) Rules, 1985. In case the nominee is a minor, the same procedure as prescribed for the bank accounts shall be followed by the bank.
- ii) For the various Forms (Forms SC1, SC2 and SC3 for Articles left in Safe Custody and Forms SL1, SL1A, SL2, SL3 and SL3A for Safety Lockers) prescribed under Banking Companies (Nomination) Rules, 1985/Co-operative Banks (Nomination) Rules, 1985, only Thumb-impression(s) shall be required to be attested by two witnesses. Signatures of the account holders need not be attested by witnesses.
- iii) Branch should register the nomination, cancellation and/or variation of the nomination, in the books/ system made by the locker hirers.

- iv) Branch should acknowledge the receipt of duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement shall be given to all the customers irrespective of whether the same is demanded by the customers or not.

8) Settlement of Claims in case of death of a Customer

- i) Notice of knowledge of the death of a hirer or a surviving hirer in the case of 'E or S' hirers will be recorded in the Locker Register with date and source of information under the initials of an officer.
- ii) As a further precaution, a slip reading 'hirer deceased' will be pasted on the locker. Thereafter access to the locker should be allowed on production of legal representation.
- iii) Access may however be allowed, for making an inventory of the contents with a view to obtaining the necessary legal representation to known heirs of the deceased in the presence of their lawyers / solicitors or to persons authorized by a court for this purpose.
- iv) Where authority has been given to the survivor or survivors to operate the locker in writing specifically at the time of lease of the locker, in the case of joint account, the question of legal representation does not arise unless the survivor also dies.
- v) Section 45ZE of the Banking Regulation Act, 1949 does not preclude a minor from being a nominee for obtaining delivery of the contents of a locker. However, the responsibility of the branches in such cases will be to ensure that when the contents of a locker were sought to be removed on behalf of the minor nominee, the articles were handed over to a person who, in law, was competent to receive the articles on behalf of the minor.
- vi) Branch shall settle the claims in respect of deceased locker hirers and shall release contents of the locker to survivor(s) / nominee(s), as the casemay be, within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the locker hirer/ depositors of safe custody articles and suitable identification of the claimant(s) with reference to nomination, to the branch's satisfaction.
- vii) A review should be placed before the Board on at least half yearly basis summarizing the details of the number of claims received pertaining to deceased locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, with reasons therefor. Board shall review the settlement of claims and make suggestions to ensure that the claims are settled as early as possible unless there is any litigation pending before the Courts or any difficulty is being faced in identifying the true claimant with reference to nomination.

9) Access to the articles in the safe deposit lockers / return of safe custody articles

- i) If the sole locker hirer nominates an individual to receive the contents in the locker, in case of his death, after verification of the death certificate and satisfying the identity and

genuineness of such individual approached, the bank shall give access of the locker to such nominee with liberty to remove the contents of the locker, after an inventory was taken in the prescribed manner. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates any other individual(s), in the event of death of any of the locker hirers, the bank shall give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s) after an inventory was taken in the prescribed manner. In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given to "either or survivor", "anyone or survivor "or" former or survivor" or according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the bank shall follow the mandate in the event of death of one or more of the joint locker-hirers. Similar procedure shall be followed for return of articles placed in the safe custody of the bank.

- ii) The bank shall ensure that, the contents of locker, when sought to be removed on behalf of a minor nominee, are handed over to a person who is, in law, competent to receive the articles on behalf of such minor. Further, the banks shall prepare an inventory of the articles in the presence of two independent witnesses, one officer of the bank who is not associated with the locker facility or safe deposit of articles and the claimant (s), who may be a nominee or an individual receiving the articles, on behalf of a minor.
- iii) The bank shall obtain a separate statement from the nominee (claimant) or the person competent to receive articles on behalf of the minor, as the case may be, that all the contents in the locker or in the safe custody of the bank, as the case may be, are received and the locker is empty and they have no objection to allotment of the locker to any other customer as per norms.
- iv) While giving access to the survivor(s)/nominee(s) of the deceased locker hirer/depositor of the safe custody articles, bank may avoid insisting on the production of succession certificate, letter of administration or probate etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee(s), unless there is any discrepancy in nomination.
- v) In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, bank shall adopt a Board approved policy to facilitate access to legal heir(s) / legal representative of the deceased locker hirer.
Similar procedure shall be followed for the articles under safe custody of the bank.

10) Closure and Discharge of locker items

- i) Break-open of locker may happen either at the request of the hirer/s if the hirer loses the key or by the bank for default in payment of prescribed charges for or for any other reason.
- ii) If the Government enforcement agencies have approached the bank with orders from the Court or appropriate competent authority to seize lockers and requested for access to the lockers;
- iii) If the bank is of the view that there is a need to take back the locker as the locker hirer is not co-operating or not complying with the terms and conditions of the agreement.
- iv) Break Open charges shall be recoverable from the hirer/s.
- v) When the break-open of locker is done at the request of the hirer, the same shall take place in the presence of the hirer or his nominee, as the case may be.
- vi) When the break-open of locker is done at the instance of the bank, the customer shall be provided notices in advance as per the internal procedures and then it will be broken open by the representative of the manufacturers /suppliers in the presence of two respectable non-staff independent witnesses, in addition to the officers of the branch.

11) Discharge of locker contents at the request of customer

- i) If the key of the locker, supplied by bank is lost by the locker-hirer, the customer (locker hirer) shall notify the bank immediately. An undertaking may also be obtained from the customer that the key lost, if found in future, will be handed over to the bank. All charges for opening the locker, changing the lock and replacing the lost key may be recovered from the hirer. The charges applicable for replacement of lost keys shall be communicated to the locker hirer.
- ii) The opening of the locker has to be carried out by the bank or its authorized technician only after proper identification of the hirer, proper recording of the fact of loss and written authorization by the customer for breaking open the locker.
- iii) The operation shall be done in the presence of the customer/s and an authorized official of the bank. It has to be ensured that the adjoining lockers are not impacted by any such operations and the contents of the lockers are not exposed to any individual other than the locker-hirer during the break-up or restoration process.

12) Attachment and recovery of contents in a Locker and the Articles in the safe custody of the bank by any Law Enforcement Authority

- i) In case of attachment and recovery of the contents in a locker of a customer or the articles left by a customer for safe custody of the bank by any Authority acting either under the

orders of a Court or any other competent authority vested with the power to pass such orders, the bank shall co-operate in execution and implementation of the orders.

- ii) The bank shall verify and satisfy itself about the orders and the connected documents received for attachment and recovery of the contents in a locker or articles in the safe custody of the bank. The customer (locker-hirer) shall be informed by letter as well as by email/SMS to the registered email id/mobile phone number that the Government Authorities have approached for attachment and recovery or seizure of the locker or articles deposited for safe custody. An inventory of the contents of locker and articles seized and recovered by the Authority shall be prepared in the presence of such Government Authorities, two independent witnesses and an officer of the bank and shall be signed by all. A copy of the inventory may be forwarded to the customer to the address available in the bank's records or handed over to the customer against acknowledgement.
- iii) Bank shall also record a video of the break-open process and the inventory assessment, wherever legally permissible, and preserve the video to produce as evidence in case of any dispute or Court or fraud case in future.

13) Discharge of locker contents by banks due to non-payment of locker rent

- i) Bank shall have the discretion to break open any locker following due procedure if the rent has not been paid by the customer for three years in a row. The bank shall ensure to notify the existing locker-hirer prior to any changes in the allotment and give him/her reasonable opportunity to withdraw the articles deposited by him/her. A clause may be incorporated in the locker agreement to this effect.
- ii) Before breaking open the locker, the bank shall give due notice to the locker-hirer through a letter and through email and SMS alert to the registered mail id and mobile phone number. If the letter is returned undelivered or the locker-hirer is not traceable, the bank shall issue public notice in two news paper dailies (one in English and another in local language) giving reasonable time to the locker-hirer or to any other person/s who has interest in the contents of locker to respond. The locker shall be broken open in the presence of an officer of the bank and two independent witnesses. Further, bank shall also record a video of the break open process together with inventory assessment and its safe keep and preserve the same so as to provide evidence in case of any dispute or Court case in future. Bank shall also ensure that the details of breaking open of locker are documented in CBS or any other computerized systems compliant with the Cyber Security Framework issued by RBI, apart from locker register. After breaking open of locker, the contents shall be kept in sealed envelope with detailed inventory

inside fire proof safe in a tamper-proof way until customer claims it. A record of access to the fire proof safe shall in variably be maintained. While returning the contents of the locker, the bank shall obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.

- iii) Bank shall ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate forms. Further, banks shall not open sealed/closed packets left with the Bank for safe custody or found in locker while releasing them to the nominee(s) and surviving locker hirers/depositor of safe custody article, unless required by law.

14) Discharge of locker contents if the locker remains inoperative for a long period of time

If the locker remains inoperative for a period of seven years and the locker-hirer can not be located, even if rent is being paid regularly, the bank shall be at liberty to transfer the contents of the locker to their nominees/legal heir or dispose of the articles in a transparent manner, as the case may be.

15) Compensation Policy / Liability for Banks

The bank shall not be liable for any damage and/or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer. Banks shall, however, exercise appropriate care to their locker systems to protect their premises from such catastrophes. It is the responsibility of banks to take all steps for the safety and security of the premises in which the safe deposit vaults are housed.

It has the responsibility to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the bank's premises due to its own short comings, negligence and by any act of omission/commission. As banks cannot claim that they bear no liability towards their customers for loss of contents of the locker, in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.