**Safe Deposit Locker/Safe Custody Article Policy**

**1. Safe Deposit Locker** Locker facility is available in selected branches of the Institution, and the names of these branches are available on the Institution's website. Safe deposit lockers can be hired by an individual singly or jointly with other individual(s), HUFs, firms, limited companies, associations, societies, trusts, etc. Know Your Customer (KYC) norms are applicable for locker hirers. Lockers cannot be allotted to minors either singly or jointly with others.

**2. Customer Due Diligence** Existing customers who have applied for locker facility and are fully compliant with the Customer Due Diligence (CDD) criteria under the Master Direction - Know Your Customer (KYC) Directions, 2016 (as updated from time to time), may be given safe deposit locker/safe custody article facilities subject to ongoing compliance. Customers without any other banking relationship with the Institution may also be given safe deposit locker/safe custody article facilities after complying with the CDD criteria under the Master Direction - Know Your Customer (KYC) Directions, 2016 (as updated from time to time) and subject to ongoing compliance. Due diligence shall be carried out for all customers, including joint hirers, regardless of the rights and capacities in which they are hiring the locker.

The locker-hirer(s) shall not keep anything illegal or any hazardous substance in the Safe Deposit locker. A clause to this effect has been incorporated into the locker agreement. If a branch suspects the deposit of any illegal or hazardous substance by a customer in the safe deposit locker, the Institution shall have the right to take appropriate action against such customer as deemed fit and proper in the circumstances.

Branches shall obtain recent passport-size photographs of locker-hirer(s) and individual(s) authorized by locker hirer(s) to operate the locker, and preserve these in the records pertaining to the locker-hirer maintained in the branch. To mitigate the risk of explosives and weapons being stored in lockers, the following measures shall be taken:

* Branches should carry out customer due diligence for both new and existing customers at least to the levels prescribed for customers classified as medium risk.
* If the customer is classified in a high-risk category, customer due diligence as per KYC norms applicable to such high-risk category should be carried out.
* Where lockers have remained inoperative for more than three years for medium-risk category or one year for a high-risk category, branches should immediately contact the locker hirers and advise them to either operate the locker or surrender it. This exercise should be carried out even if the locker hirer is paying the rent regularly.
* Furthermore, branches should ask the locker hirer(s) to provide, in writing, the reasons why he/she did not operate the locker. In cases where the locker hirer has genuine reasons (e.g., NRIs or persons out of town due to a transferable job), branches may allow the locker hirer to continue with the locker.
* If the locker hirer does not respond or operate the locker, branches should consider opening the lockers after giving due notice and obtaining prior sanction from the Regional Office, strictly complying with all prescribed procedures for breaking open the locker.
* One year's minimum rent should be collected in advance, and future rent collection should ideally be automatically debited from an operative account linked with the locker.

**3. Locker Allotment** To facilitate informed customer choices, the Institution will maintain a branch-wise list of vacant lockers and a wait-list in its Core Banking System (CBS) or any other computerized system compliant with the Cyber Security Framework issued by the regulatory authority, for transparent locker allotment. Branches shall acknowledge the receipt of all applications for locker allotment. If a locker is not readily available for allotment, the request should be captured under the waiting list in CBS through the designated menu, and a waitlist number should be provided to the customer.

**4. Feasibility Study** Before recommending a locker unit, branches should assess customer demand/preferences regarding type, size, and number of cages, considering the profitability of the investment decision. The capital investment for a locker unit can be recovered quickly if all cages are let out immediately upon installation of a new unit. Therefore, branches should begin registering the names of customers who require lockers before recommending the purchase of new locker units to the Head Office/Regional Office. Branches should ensure that at least 60% of the cages in new locker units can be allotted to registered customers immediately upon purchase. Branches should also obtain a No-Objection Certificate (NOC) from the relevant department for purchasing new/additional locker units.

**5. Location** Locker units should be kept in a strong room constructed according to regulatory guidelines. In the absence of a strong room, a special type of locker may be used with specific sanction from the Head Office. Institutions shall take necessary steps to ensure that the area housing the locker facility is properly secured to prevent criminal break-ins. The risks of accessibility of an allotted locker from any side without the involvement of the concerned locker-hirer should be assessed and recorded. Branches shall have a single defined point of entry and exit to the locker room/vault. The area housing the lockers must be sufficiently secured to protect against hazards such as rain/flood water damaging the lockers in contingent situations. Fire hazard risks in the area should also be assessed and minimized. Branches shall conduct necessary engineering/safety verification regularly to identify risks and carry out rectifications.

The area housing the lockers should remain adequately guarded at all times. Branches shall install an Access Control System, if required by their risk assessment, to restrict unauthorized entry and create a digital record of access to the locker room with a time log. As per internal security policy, branches may cover the entry and exit of the strong room and common operational areas under CCTV camera surveillance and preserve recordings for a period of not less than 180 days. If a customer complains that his/her locker was opened without knowledge or authority, or if any theft or security breach is noticed, the branch shall preserve the CCTV recording until the police investigation is completed and the dispute is settled. The security procedures shall be well-documented, and relevant staff properly trained. Internal Inspectors/Auditors shall verify and report compliance to ensure strict adherence to procedures.

**6. Locker Standards** All new mechanical lockers installed by institutions shall conform to basic standards/benchmarks for safety and security as prescribed by the Bureau of Indian Standards (BIS) or any other enhanced industry standards. Branches should exercise due care and necessary precaution for the protection of lockers provided to customers. Branches should keep locker keys in the strong room under dual custody.

Branches shall ensure that an identification code of the institution/branch is embossed on all locker keys to facilitate identification of lockers/locker ownership by law enforcement agencies if needed. The custodian of the locker shall regularly/periodically check the keys maintained in the branch to ensure they are in proper condition. Branches shall permit the locker-hirer to operate the locker only with the key provided by the branch, although customers may use an additional padlock if the locker provides for it.

Institutions offering electronically accessed lockers should be fully aware of the safety and security features of such lockers, satisfying appropriate industry standards. If lockers are operated through an electronic system, the institution shall take reasonable steps to protect the system against hacking or security breaches. Customers' personal data, including biometric data, shall not be shared with third parties without their consent. Branches shall ensure that electronically operated lockers comply with the Cyber Security Framework prescribed by the Reserve Bank. The system should be capable of maintaining unalterable logs of locker activities. Branches shall comply with relevant statutory/regulatory guidelines/requirements for IT/data protection. The Institution shall also devise a standard operating procedure for issuing new passwords in lieu of lost passwords to customers safely and securely for electronically operated lockers.

**7. Locker Keys - Safe Custody** Verification of vacant locker keys should be part of the charge-taking report by incoming managers, and any missing keys must be included in the report. Inspectors from the Inspection Department should confirm this. If keys are found missing or do not tally, the branch must report this to the respective Regional Office, Inspection & Vigilance Department, and the relevant Liabilities Department, and necessary action taken as per the Regional Office's direction.

**8. Custodian of Locker** Ordinarily, the Manager should serve as the Custodian of the locker. If a Manager cannot act as custodian for any reason, necessary approval should be obtained from Head Office for the next official to act as custodian. Such a custodian must, however, be a power of attorney holder.

**9. Type of Lockers and Annual Rent** The Institution currently offers various types of locker units in different sizes and dimensions. Annual locker rent depends on the locker size and the location of the branch. Locker rent will be revised periodically by the Institution. Locker rent and Security Deposit information, based on locker type, is published in the compendium of charges. Rent for lockers will be collected in advance. When a new locker allotment occurs, one year's rent is collected in advance from the date of allotment. Currently, locker rent is collected centrally, provided sufficient balance is available in the operative account. Branches should follow up with customers if rent becomes overdue. Locker operations should not be permitted for lockers with overdue rent.

**10. Locker Agreement** The Institution has a Board-approved agreement for safe deposit lockers. For this purpose, institutions may adopt the model locker agreement framed by the Indian Banks' Association (IBA). This agreement shall conform to revised instructions and directions from the relevant Supreme Court. The Institution shall ensure that no unfair terms or conditions are incorporated into its locker agreement. Furthermore, contract terms shall not be more onerous than required in the ordinary course of business to safeguard the Institution's interests. Branches shall renew locker agreements with existing locker customers by a specified date (e.g., January 1, 2023).

Upon locker allotment, the branch shall enter into a duly stamped agreement with the customer. A duplicate copy of the signed locker agreement shall be furnished to the locker-hirer to inform them of their rights and responsibilities. The original agreement shall be retained by the branch where the locker is situated.

**11. Locker Rent** One year's minimum rent should be collected in advance, and, as far as possible, future rent collection should be automatically debited from an operative account linked with the locker. Branches may encounter situations where the locker-hirer neither operates the locker nor pays the rent. To ensure prompt rent payment, Branches are allowed to obtain a Term Deposit at the time of allotment, which would cover three years' rent and the charges for breaking open the locker in such an eventuality. However, branches shall not insist on such Term Deposits from existing locker holders or those with satisfactory operative accounts. Packaging of locker facility allotment with term deposits beyond what is specifically permitted will be considered a restrictive practice. Branches may consult their Regional Office Head for any exemption regarding Security Deposit. Branches should demand rent in advance and advise customers to maintain sufficient balance in their savings/current account or arrange for regular locker rent remittances. In exceptional cases of locker rent waiver, branches may consult the relevant Liabilities Department for approval. (Note: The Institution previously offered a specific waiver for certain premium customers.)

If locker rent is collected in advance, a proportionate amount of advance rent shall be refunded to the customer upon surrender of a locker. This may be processed through respective Regional Offices as part of charge reversals. If there is an event such as merger, closure, or shifting of a branch necessitating physical relocation of lockers, the branch shall issue a public notice in two newspapers (including one local daily in vernacular language) and intimate customers at least two months in advance, offering options to change or close the facility. In cases of unplanned shifting due to natural calamities or other emergencies, branches shall make efforts to intimate customers suitably at the earliest. The branch will notify all hirers (including joint hirers) of locker movement/shifting to another location via registered post at least 30 days before the shifting date.

**12. Locker Rent Recovery/Overdue** Access to a locker will be denied if the rent is overdue. This is included as a clause in the existing locker agreement. Safe Deposit locker charges will be revised periodically. Upon revision, all existing Safe Deposit Locker hirers will be informed of the new rent payable. An email and SMS will be sent to all customers who have registered their email ID and mobile number with the Institution regarding the rent due on the due date. If annual rent is not remitted on the due date, the hirer should be reminded by phone immediately, followed by a letter, and then a registered letter demanding the locker rent. Another set of email and SMS alerts will also be sent to customers who have not remitted rent by the due date.

The branch should make all possible efforts to trace the customer and intimate them about the locker break-open if rent has not been paid for three consecutive years. If a letter is returned due to non-availability of the person at the given address, guidance from the Regional Office should be obtained. For breaking open a locker, sanction from the respective Regional Office must be obtained. The branch should inform the customer of the specified break-open date via registered notice if rent is overdue for three consecutive years. Breaking open should occur in the presence of two independent customers who should witness the locker contents. The institution has a lien on the valuables recovered from the locker. Therefore, full expenses, including the cost and charges for changing the key system, should be recovered from the valuables in the locker. The guidelines detailed in the Institution's Manual of Instructions for breaking open lockers should be meticulously followed.

**13. Sanctioning Authority** Sanctioning authority for accepting Safe Custody Articles and for breaking open Safe Deposit Lockers shall be the respective Regional Offices.

**14. Locker Operations** **14.1 Regular Operations by Customers** The locker hirer and/or persons duly authorized by him/her shall be permitted to operate the locker only after proper verification of their identity and recording of the authorization by the concerned branch officials. The branch shall maintain a record of all individuals, including locker-hirers, who have accessed the lockers, including the date and time (check-in and check-out) of opening and closing the locker, and obtain their signature. An ingress and egress register for access to the Vault Room by locker-hirers or any other individual, including branch staff, shall be maintained to record movement in the Vault Room area with signatures at appropriate places. The hirer's signature should be mandatorily obtained in the register. Branches shall also mandatorily enter entry and exit details with a date and time stamp in the designated menu (e.g., HLKOPS Menu) along with entries in the Locker Transaction Register.

The officer authorizing the locker-hirer to access the locker, after unlocking the first key/password, shall not remain present when the locker is opened by the locker-hirer. Branches shall ensure adequate privacy for locker-hirers when customers access lockers simultaneously. The Institution will send an email and SMS alert to the customer's registered email ID and mobile number before the end of the day as a positive confirmation, intimating the date and time of the locker operation and the available redressal mechanism in case of unauthorized locker access. Branches must ensure the email ID and mobile number of the locker hirer are updated in the CBS.

**14.2 Guidelines for Locker Operations & Operational Instructions** Locker operations will be allowed only during the Institution's business hours after establishing the hirer's identity. Safe deposit lockers can be hired by an individual singly or jointly with other individual(s), HUFs, firms, limited companies, associations, societies, trusts, etc. KYC norms are applicable for locker hirers. Lockers cannot be allotted to minors either singly or jointly with others.

In the case of joint accounts, instructions regarding locker operation may be obtained in any of the following forms:

* "Either of us or survivor"
* "Any one of us or survivors or survivor"
* "Both of us jointly or survivor" Such instructions should be authenticated by all hirers with their signatures. If special instructions regarding the operation of jointly held lockers are canceled by any one hirer, further access should be allowed only if all hirers provide joint written consent. When lockers are let out to a partnership concern, specific instructions signed by all partners should be obtained regarding whether access should be granted to any one or more of them, or to all of them jointly. When letting out a locker to a Limited Company, Club, Society, or Association, a complete copy of the resolution duly signed by the Secretary and President/Chairman should be obtained.

**14.3 Identity** The identity of the person hiring the locker, their contact numbers, and their close relatives' contact numbers must be collected in advance. It is the branch's duty to verify the identity of the person visiting the branch for locker operation. Branches are advised to maintain a register with photos and signatures of each locker hirer and verify identity before allowing locker operation. Locker operations should be strictly allowed as per operational instructions in force. In cases of ambiguity, operation should be allowed only after obtaining written instructions from the customer(s). Telephone/Mobile numbers and e-mail IDs should be collected and entered in the Register.

**14.4 Confirmation by Bank Official** Once the customer completes the locker operation, the officer in charge of the locker must verify whether the customer has left any valuable items in the vicinity of the locker. Reminding the customer to re-verify before leaving the Strong Room is also strongly suggested.

**15. Appointment of Agent** The hirer of a locker may nominate an agent, who shall not be a minor and who is properly introduced to the Institution, to have access to the lockers on his behalf, provided such authority is signed by both of them. The death of the hirer cancels the authority granted to his agent to access the safe deposit locker.

**16. Allotting Lockers to Illiterate Customers** Safe deposit lockers shall be allotted to illiterate customers in exceptional cases after verifying the customer's need. The terms and conditions and details in the agreement will be explained to the customer in a vernacular language known to them and witnessed. Their left-hand thumb impression shall be affixed on the documents (application form and agreement) in the presence of the Branch Manager. Whenever they operate the Locker, their Left Thumb Impression (LTI) will be obtained.

**17. Internal Controls by Institution** There shall be a system of interchanging locks whenever a locker is surrendered by the hirer. Keys of vacant lockers shall be kept in sealed envelopes and maintained under dual custody. Duplicate master keys shall be deposited with another branch/institution. Proper records of joint custody of master keys shall be maintained. Branches shall conduct surprise periodic verification of surrendered/vacant lockers and their keys by an officer not connected with their custody, and proper records maintained as proof of such verification. The Inspection & Vigilance Department must confirm this during branch inspection.

The Locker Register and the Locker Key Register shall be 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 with complete audit trails in case of any change in allotment.

The branch custodian shall check whether lockers are properly closed after locker operation. If not, the lockers must be immediately closed, and the locker-hirer shall be promptly intimated via email (if registered), SMS (if mobile number is registered), or letter, so they may verify any resulting discrepancy in the locker contents. The locker custodian shall record the fact of improper locker closure in the register and its closure by the branch, along with the date and time. Furthermore, the custodian of the locker room shall carry out a physical check of the locker room at the end of the day to ensure lockers are properly closed and no person is inadvertently trapped after banking hours.

**18. Nomination Facility and Settlement of Claims** **18.1 Nomination Facility** The Institution offers nomination facility for safe deposit lockers and safe custody of articles, in accordance with the provisions of relevant legislation (e.g., Section 45-ZC to 45-ZF of the Banking Regulation Act, 1949 and Banking Companies (Nomination) Rules, 1985/Co-operative Banks (Nomination) Rules, 1985). If the nominee is a minor, the same procedure as prescribed for bank accounts shall be followed. A passport-size photo of the nominee, attested by the customer, may be obtained from customers (at their option) and preserved in records.

For various prescribed forms (e.g., Forms SC1, SC2, SC3 for Safe Custody Articles and Forms SL1, SL1A, SL2, SL3, SL3A for Safety Lockers) under the relevant Nomination Rules, only thumb impression(s) shall be required to be attested by two witnesses. Signatures of account holders need not be attested by witnesses.

In case of the hirer's demise, branches must promptly intimate the nominee. After collecting a copy of the death certificate, the locker may be opened and contents delivered to the nominee in the presence of two independent witnesses. Arrears of rent may be recovered when closing the locker account. If the nominee requests a locker, a fresh application must be taken, and all formalities for issuing a new locker observed. It is advised to verify existing locker accounts, and where nomination is not registered, the hirer should be advised to register nomination.

Branches shall have appropriate systems and procedures to register the nomination, cancellation, and/or variation of the nomination in their books, as made by the locker hirers. Branches shall devise a proper system for acknowledging receipt of duly completed forms for nomination, cancellation, and/or variation. Such acknowledgment shall be given to all customers, regardless of whether it is demanded.

**18.2 Settlement of Claims in Case of Death of a Customer** Upon report of the hirer's death through any authentic source (with valid proof) or by any survivor in a joint locker (with valid proof), it will be recorded in Institution records. In case of the hirer's demise, the nominee must be promptly intimated. The locker will be sealed and a sticker affixed noting the hirer's death. Arrears of rent may be recovered when closing the locker account.

Time limit for settlement of claims: Branches shall settle claims for deceased locker hirers and release locker contents to survivor(s)/nominee(s), as applicable, within a period not exceeding 15 days from the date of claim receipt, subject to production of proof of death and suitable claimant identification with reference to nomination, to the branch's satisfaction. Branches/Regional Offices shall report to the Customer Service Committee of the Board, at appropriate intervals, ongoing details of claims received for deceased locker-hirers/depositors of safe custody article accounts and those pending beyond the stipulated period, with reasons. The Customer Service Committee of the Board shall review claim settlements and make suggestions to ensure claims are settled as early as possible unless there is litigation pending or difficulty in identifying the true claimant with reference to nomination.

The Institution's Board-approved policy for claim settlement shall conform to regulatory instructions and the Model Operational Procedure (MOP) for deceased constituent claim settlement formulated by the IBA, and in the case of State and Central Co-operative Banks, MOP formulated by NABARD. The Institution shall have a Board-approved policy for nomination and release of safety locker/safe custody article contents to the nominee, and protection against notice of other persons' claims, in accordance with relevant legislative provisions (e.g., Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985/Co-operative Banks (Nomination) Rules, 1985) and the relevant provisions of the Indian Contract Act and Indian Succession Act. To ensure that safe custody articles and locker contents are returned to the genuine nominee, and to verify proof of death, branches should use the Institution's own claim formats, in terms of applicable laws and regulatory guidelines. For settlement of claims of deceased locker hirers' heirs, the procedure detailed in relevant circulars (e.g., Circular No.281/LD-GEN/5/09-10 dated 17/11/2009) should be followed.

**19. Access to the Articles in the Safe Deposit Lockers/Return of Safe Custody Articles** If the sole locker hirer nominates an individual to receive locker contents in case of death, after verification of the death certificate and satisfying the individual's identity and genuineness, branches shall grant locker access to such nominee with liberty to remove contents after an inventory is taken in the prescribed manner. If the locker was jointly hired with instructions to operate under joint signatures, and the locker hirer(s) nominate other individual(s), in the event of any locker hirer's death, the branch shall grant access and liberty to remove contents jointly to the survivor(s) and nominee(s) after an inventory is taken. If the locker was jointly hired with a survivorship clause (e.g., "either or survivor," "anyone or survivor," "former or survivor," or any other permissible clause under the Banking Regulation Act, 1949), branches shall follow the mandate in the event of death of one or more hirers.