



**THE BANASKANTHA MERCANTILE CO-OPERATIVE
BANK LTD. PALANPUR.**

**POLICY ON SAFE DEPOSIT LOCKER/SAFE CUSTODY
ARTICLE FACILITY PROVIDED BY THE BANK**

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The Policy on Safe Deposit Locker/Safe Custody Article Facility provided by the bank is prepared to follow RBI guidelines issued vide Ref. No. DOR.LEG.REC/40/09.07.005/2021-22 Dated - August 18, 2021.

1. The Banaskantha Mercantile Co-Operative Bank Ltd., is a Non-Scheduled Co-operative Tier II Bank. The area of operation is whole Gujarat state. As per the extant guidelines issued by the Reserve Bank of India, Policy on “Safe Deposit Locker/Safe Custody Article Facility provided by the bank” is prepared.
2. **Applicability.** These guidelines are applicable to our Bank w.e.f. January 1, 2022 and onwards in respect of both new and existing safe deposit lockers and the safe custody of articles facility with the banks.
3. **Customer Due Diligence for Safe Deposit Locker/Safe Custody Article Facility.**
 - I. 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) may be given the facilities of safe deposit lockers/ safe custody article subject to on-going compliance.
 - II. Customers who are not having any other banking relationship with the bank may be given the facilities of safe deposit locker / safe custody article 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 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.
 - III. As per the Locker agreement, the locker-hirer/s shall not keep anything illegal or any hazardous substance in the Safe Deposit locker. If the bank suspects the deposit of any illegal or hazardous substance by any customer in the safe deposit locker, the bank shall have the right to take appropriate action against such customer as it deems fit and proper in the circumstances.
 - IV. Locker hirer(s) shall submit recent passport size photographs of locker-hirer(s) and individual(s) authorized by locker hirer(s) to operate the locker and preserve in the records pertaining to locker-hirer being maintained in the bank's branch.

4. **Locker Allotment:** - In order to facilitate customers making informed choices, banks shall maintain a branch wise list of vacant lockers as well as a wait-list in Core Banking System (CBS) or any other computerized system compliant with Cyber Security Framework issued by RBI, for the purpose of allotment of lockers and ensure transparency in allotment of lockers. The banks shall acknowledge the receipt of all applications for allotment of locker and provide a wait list number to the customers, if the lockers are not available for allotment.
5. **Model Locker Agreement:** - Bank have a Board approved agreement for safe deposit lockers. For this purpose, banks have adopted the model locker agreement framed by IBA. This agreement has been in conformity with these revised instructions and the directions of the Hon'ble Supreme Court in this regard.

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 bank's branch where the locker is situated.

6. Locker Rent.

- I. Banks may obtain a Term Deposit, at the time of allotment, which would cover three years' rent and the charges for breaking open the locker in case of such eventuality. The interest on FDR paid by the bank at the ROI decided by the BoDs.
- II. If locker rent is collected in advance, in the event of surrender of a locker by a customer, the proportionate amount of advance rent collected shall be refunded to the customer.
- III. If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, the bank shall give public notice in newspapers in local daily in vernacular language in this regard and the customers shall be intimated at least two months in advance along with options for them to change or close the facility. In case of unplanned shifting due to natural calamities or any other such emergency situation, banks shall make efforts to intimate their customers suitably at the earliest.

7. Infrastructure and Security Standards.

- I. **Security of the Strong Room/Vault:** - The area in which the locker facility is housed is properly secured to prevent criminal break-ins. The risks of accessibility of an allotted locker from any side without involvement of the locker-hirer concerned may be assessed and kept on record. The Locker room/vault shall have a single defined point of entry and exit. The place where the lockers are housed must be secured enough to protect against hazard of rain / flood water entering and damaging the lockers in contingent situations. The fire hazard risks of the area should also be assessed and minimized. The necessary engineering/safety verification of Locker room/Vault shall be conducted regularly to identify the risks and carry out necessary rectification.
- II. As per the internal security policy, the entry and exit of the strong room and the common areas of operation shall be covered under CCTV camera and preserve its recording for a period of not less than 180 days. In case any customer has complained to the bank that his/her locker is opened without his/her knowledge and authority, or any theft or security breach is noticed/observed, the bank shall preserve the CCTV recording till the police investigation is completed and the dispute is settled.

8. Locker Standards :-

- I. All the lockers shall conform to basic standards / benchmarks for safety and security as prescribed by Bureau of Indian Standards (BIS) or any other enhanced industry standards applicable in this regard.
- II. The identification Code of the bank/branch shall be 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. Banks 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 padlock of her /his own if there are such provisions in lockers.

9. Locker Operations

- I. The locker hirer and/or the persons duly authorized by him/ her only shall be permitted to operate the locker after proper verification of their identity and recording of the authorization by the officials concerned of the bank. The bank shall maintain a record of all individuals, including the locker-hirers, who have accessed the lockers and the date and time (both check-in and check-out time) on which they have opened and closed the locker and obtain their signature.
- II. The bank's 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. The banks shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.
- III. Banks shall send an email and SMS alert 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.

10. Internal Controls by banks

- I. Whenever the locker is surrendered by the hirer, locks shall be replaced by inter change. The keys of vacant lockers shall be kept in sealed envelopes. The duplicate master keys shall be deposited with another branch of the bank. There shall be proper record of joint custody of master keys. Banks 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. 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 Of India. The Locker Register shall be updated in case of any change in the allotment with complete audit trails.
- III. The bank 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 bank 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.

11. Nomination Facility and Settlement of Claims

- I. **Nomination Facility:-** The locker hirer shall nominate nominee before hiring Locker 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 banks. A passport size photo of the nominee attested by the customer may be obtained from the customers, at his/her option and preserved in the records.

- 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. Bank shall maintain records for registration of nomination, cancellation and / or variation of the nomination made by the locker hirers the CBS system as well as maintain physical records for the same.
- IV. Banks shall provide acknowledgement of receipt of duly completed form of nomination, cancellation and/or variation of the nomination to the all the Locker hirer customers irrespective of whether the same is demanded by the customers or not.

12. Settlement of Claims in case of death of a Customer

- I. The settlement of claims in case of death of a customer shall be in conformity with the regulatory instructions and the SOP for settlement of claims of the deceased constituents approved by the BoDs.
- II. In the event of death of Locker hirer, for release of contents of safe custody article/safety of lockers to the nominee and protection against notice of claims of other persons, bank shall follow the provisions of 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 Indian Contract Act and Indian Succession Act.
- III. In order to ensure that the articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, bank shall obtain claims from the nominee in the prescribed claim formats, in terms of applicable laws and regulatory guidelines.
- IV. **Time limit for settlement of claims:** Banks shall settle the claims in respect of deceased locker hirers and release contents of the locker to survivor(s)/ nominee(s), as the case may 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 depositor and suitable identification of the claimant(s) with reference to nomination, to the bank's satisfaction.
- V. Banks shall report to the BoD of the Bank, at appropriate intervals, on an ongoing basis, 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 therefore. BoD of the banks 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.

13. 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 banks 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 banks shall follow the mandate in the event of death of one or more of the joint locker-hirers.

- II. Bank shall exercise due care and caution in establishing the identity of the survivor(s)/ nominee(s) and the fact of death of the locker hirer by obtaining appropriate documentary evidence. Make diligent effort to find out whether there is any order or direction from Courts/Forums restraining it from giving access to the locker of the deceased. Make it clear to the survivor(s) / nominee(s) that access to articles in the locker / safe custody articles is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to them shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.
- III. The banks 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.
- IV. 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.
- V. While giving access to the survivor(s)/nominee(s) of the deceased locker hirer/ depositor of the safe custody articles, banks 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.
- VI. 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, banks shall,
 - (a) Exercise due care and caution in establishing the identity of the survivor(s) / nominee(s) and the fact of death of the locker hirer by obtaining appropriate documentary evidence;
 - (b) Make diligent effort to find out whether there is any order or direction from Courts/Forums restraining it from giving access to the locker of the deceased; and
 - (c) Make it clear to the survivor(s) / nominee(s) that access to articles in the locker / safe custody articles is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to them shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.

14. Closure and Discharge of locker items :-

If the hirer loses the key and requests for breaking open the locker at her /his cost; or 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; or 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. Banks shall adopt Standard Operating Procedure (SOP) for breaking open the lockers for all possible situations keeping in view the relevant legal and contractual provisions.

15. 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, shall 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 / issue of new password 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.

16. 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 banks 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. Banks 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.

17. Discharge of locker contents by banks due to non-payment of locker rent

- I. Banks 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 email 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 newspaper dailies 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, banks 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. Banks shall also ensure that the detail of breaking open of locker is 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 fireproof safe in a tamper-proof way until customer claims it. A record of access to the fireproof safe shall invariably 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. Banks shall ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate forms or as near thereto as circumstances require. Further, banks shall not open sealed/closed packets left with them 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.

18. 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 cannot 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. Before breaking open the locker, the bank shall follow the procedure as prescribed in paragraph 17. II and 17. III above. Banks shall ensure that the procedure to be followed by them for disposal of the articles left unclaimed for a reasonably long period of time as mentioned above is incorporated in their locker agreement.

19. Liability of banks arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer.

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.

20. Liability of banks arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank:-

The bank shall take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It will ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission. The liability towards loss of contents of lockers 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.

21. Branch Insurance Policy: - Bank shall have a branch insurance policy to minimize the loss due to incidents like robbery, fire, natural calamities, and loss during shifting/merger of branch, etc., affecting contents of lockers.

22. Insurance of locker contents by the customer; - Bank do not keep a record of the contents of the locker or of any articles removed there from or placed therein by the customer, bank would not be under any liability to insure the contents of the locker against any risk whatsoever. Banks shall under no circumstances offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.

REVIEW OF THE POLICY:- The policy shall be reviewed as and when RBI issues fresh instructions or as and when felt necessary by the Board.

Place: PALANPUR