

SOP - SAFE DEPOSIT LOCKERS

A. Conditions to be fulfilled while hiring Locker

1. Documents:

- a. Written application as per Bank's format from the customer requesting for hiring a locker.
 - b. Bank shall have a Board approved agreement for safe deposit lockers. For this purpose, banks may adopt the model locker agreement framed by IBA (As per RBI directives). This agreement shall be in conformity with the revised instructions and directions of the Hon'ble Supreme Court in this regard. Banks shall ensure that any unfair terms or conditions are not incorporated in their locker agreements. Further, the terms of the contract shall not be more onerous than required in ordinary course of business to safeguard the interests of the bank. Banks shall also renew their locker agreements with existing locker hirers by January 1, 2023.
 - Specimen signature card duly signed by the locker hirer(s) and individual(s) authorized by locker hirer(s) to operate the locker.
 - Locker Nomination form and passport size photo of the nominee attested by the customer
 - Two recent passport size photos of the locker-hirer(s) and individual(s) authorised by locker hirer(s) to operate the locker.
 - Ensure Completion KYC of the locker-hirer(s) and individual(s) authorised by locker hirer(s) to operate the locker.
2. Bank shall not insist on any Term Deposits from the existing locker holders or those who have satisfactory operative account. However, to ensure prompt payment of locker rent, the bank 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 said term deposit shall be invested for one year and the Bank's lien shall be noted on the receipt. The deposit will be renewed every year along with interest. In case

of default in payment of locker rent, such rent shall be recovered from the deposit / interest and the remaining deposit will be renewed.

3. The locker hirer shall maintain a savings bank or current account with the Branch and a Mandate shall be obtained from the hirer to debit amount of locker rent every year to his said savings bank or current account. If the hirer is not maintaining the account with our Bank, a new account will be opened after obtaining necessary documents including KYC.
4. While allowing the institutes / societies to hire safe deposit locker, the Bank should obtain specimen signatures, Photos etc., of all the locker hirers and ensure that the account is KYC compliant.
5. Bank will take one year locker rent in advance and also recover adhesive stamp charges as per Government Rules along with other charges, if any.
6. The Hirer(s) should personally sign in Locker Key Register in the presence of Bank official.
7. Bank 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.
8. 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.
9. The banks shall obtain recent passport size photographs of locker-hirer(s) and individual(s) authorised by locker hirer(s) to operate the locker and preserve in the records, pertaining to locker-hirer being maintained in the bank's branch.
10. 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 two newspapers (including one 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.
11. The area housing the lockers should remain adequately guarded at all times. The banks shall install Access Control System, if required, as per Bank's risk assessment, which would restrict any unauthorized entry and create digital record of access to locker room with time log. As per Bank's internal security policy, bank may cover the entry and exit of the strong room and the common areas of operation 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. The security procedures shall be well-documented and the staff concerned shall be properly trained in the procedure. The internal auditors shall verify and report the compliance to ensure that the procedures are strictly adhered to.
 12. Bank 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.
 13. Bank 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.

B. Locker Operations

1. Operations of lockers shall be allowed during the working hours of the Bank.
2. Only a person authorised to operate the locker will be permitted to enter in the locker room, Other than the said person / hirer, no person should be allowed to enter in the locker room.
3. 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. The noting will also be done in CBS. The bank shall maintain a record of all 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 duly verified by the Bank's official.

4. The locker hiring charges will be recovered in advance, in the month of April of every financial year. In case of non-receipt of the rent, a suitable letter / email /SMS will be sent to the locker hirer and the recovery will be made.
5. In case the locker hirer is defaulter in paying yearly rent, he will be allowed to operate the locker only after payment of defaulting rent.
6. The Locker Rent Register, Locker Key Register, Locker Operating Register will be kept in the possession of the Branch Manager.
7. At the time of hiring of locker, a review of details of the locker-hirer shall be taken and then will be categorized as under: -
 - Low Risk Locker Hirer
 - Medium Risk Locker Hirer
 - High Risk Locker Hirer
8. Bank 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. The bank's officer authorizing the locker-hirer to access the locker, after unlocking the master key shall not remain present when the locker is opened by the locker-hirer.
10. There shall be a system of interchange of locks whenever the locker is surrendered by the hirer. The keys of vacant lockers shall be kept in sealed envelopes. The duplicate master keys shall be deposited with another branch of the bank.
11. 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.
12. The bank custodian shall check whether the locker is properly closed post locker operation. If the same is not done, the locker must be immediately closed, and the locker-hirer shall be promptly intimated so that he may verify any resulting discrepancy in the contents of the locker. 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.

C. Conditions to be fulfilled at time of Surrender of Locker

1. For surrender of locker, the hirer shall submit an application for surrendering the locker mentioning a reason thereof.
2. The arrears of rent, if any, will be recovered before surrender of the locker.
3. While surrender of locker, Bank shall ensure that a suitable remarks regarding surrender of locker are put on the Locker Register, specimen signature and signatures of locker hirer are obtained thereon. Also, proper noting is taken in the books of the Bank.
4. While returning the locker, full monthly rent should be charged to the locker holder in proportion to the annual rent for the period for which the locker is used. 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.
5. It is necessary to change the lever / lock of the surrendered locker at the time of allotment of the said surrendered locker to a new hirer.

D. Breaking open of Locker

Breaking open of locker may be done under following conditions:

a. Loss of Key

- Bank shall obtain a Request letter from locker hirer along with Indemnity Bond and a copy of FIR / Police complaint letter.
- Bank official shall verify the signature of hirer and ensure that the locker will not be opened till new lock is installed.
- Bank will inform / advise the hirer the procedure of breaking open of locker and shall obtain consent letter for payment of all charges,
- In case of loss of key of the locker, a service charge of Rs.750/- plus GST (may change as per Bank's norms) shall be recovered from the hirer, besides the expenditure incurred for breaking open the locker and changes of the Supplier.

- An undertaking shall also obtain from the customer that the lost key, if found in future, will be handed over to the bank without fail.
- The opening of locker has shall be carried out by the bank or its authorized technician only in presence of the Bank's officials / employees and the concerned locker hirer(s). Proper recording of the fact of loss of key and written authorization by the customer for breaking open the locker along with his acknowledgement for receiving new locker key shall be obtained and kept on Bank's record.

b. Default in payment of rent for continuous 3 years

- Bank shall send a Notice to the locker hirer to pay the overdue locker rent within 15 days of receipt of the Notice, failing which, the Bank will debit the amount to his Savings Bank / current account maintained with the Bank.
- If the hirer fails to pay the overdue rent even after 15 days' Notice, Second Notice shall be sent to the hirer stating that if he fails to pay the arrears of rent within 7 days of receipt of the Notice, his locker will be broken open and the charges towards braking open will be recovered from him.
- After 7 days of receipt of 2nd Notice, the locker shall be broken open in the presence of an officer of the Bank and two independent witnesses.
- After break-open, Bank shall prepare a list of contents (inventory) of the locker, a copy of which will be sent to the locker hirer by registered post.
- The details of breaking open of locker shall be documented in Bank's System as well as in locker register. The contents of break open locker shall be kept in sealed envelope along with detailed inventory.
- If the registered letter sent to the hirer returned undelivered due to any reason, the same shall be kept on record un-opened.
- In case, the registered letter returned undelivered due to death of the locker hirer, it will be informed to his legal heirs of the hirer.

- Before breaking open of the locker, bank shall issue public notice in two newspaper 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.

c. Attachment and recovery of contents in a Locker of the bank by any Government Enforcement Authority

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 of the bank. The customer (locker-hirer) shall be informed by letter / e-mail / SMS to his registered email id/mobile phone number. 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 his address available in the bank's records or handed over to the customer against acknowledgement. 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.

d. 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.

- Two Notice shall be sent to the locker hirer at the interval of 15 days to return the locker to Bank,
- If the hirer does not return the locker to Bank even after 2nd Notice mentioned above, Bank shall inform the hirer that if he fails to return the locker in further 7 days, the locker will be broken open and the charges will be recovered from the hirer.
- After completion of the period mentioned above, the locker shall break open in presence of the Bank Official / employee and two independent witnesses and the inventory shall be recorded in Bank's Register over the signatures of the Branch Manager and the two witnesses.

- A copy of the inventory will be forwarded to the customer to his recorded address.

If the locker remains inoperative for a more than 7 years

- 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 in a transparent manner. If necessary, Bank may take legal advice for breaking open of such locker.

E. Nomination Facility and Settlement of Claims in case of death of a Customer

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. At the time of hiring of locker, Bank will impress upon the importance of Nomination. 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. Banks shall devise a proper system of acknowledging 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.

- **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.
 - ii. 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.

- iii. 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.

Bank shall, however, ensure the following before giving access to the contents to nominee / survivor:

- i. 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;
- ii. 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
- iii. 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.

(Similar procedure shall be followed for return of articles placed in the safe custody of the bank).

- 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. The bank shall return the Safe Custody articles to the nominees or the survivor after preparing inventory of the articles as per RBI circular No.UBD.BR.767/B-1-84/85 dated 29.03.1985.
- vi. Bank shall have a Board approved policy for settlement of claims. The policy shall be in conformity with the regulatory instructions and the Model Operational Procedure (MOP) for settlement of claims of the deceased constituents formulated by the IBA.
- vii. 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 devise their own claim formats, in terms of applicable laws and regulatory guidelines and include the same in Bank's Deceased Depositor / Locker holder Claim Settlement Policy;
- viii. The bank shall put in place a detailed Board approved policy outlining the responsibility owed by them for any loss or damage to the contents of the lockers due to their negligence as bank owe a separate duty of care to exercise due diligence in maintaining and operating their locker or safety deposit systems.
- ix. 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. Bank shall, however, exercise appropriate care to their locker systems to protect their premises from such catastrophes.
- x. 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 shortcomings, negligence and by any act of omission/commission. As bank 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.

Banks shall place on their websites, the instructions together with the policies / procedures put in place for giving access of the locker/safe custody article to the nominee(s) / survivor(s) / legal heir(s) of the deceased locker hirer/safe custody article.

As on now, Banks are permitted to take only one nominee at a time from the locker holder. However, in the month August, 2024, Government of India proposes to increase the nominees. **The Banking Laws (Amendment) Bill, 2024** proposes to facilitate a large number of nominees for payment of depositors' money, release of contents of safety lockers, and return of articles kept in safe custody with banks. Some of the features are given below:

- **Two options:** The change in nominees will come with some conditions. There will be two options of choosing four nominees. The primary holder (s) has to give priority to all four or mention the share of each nominee. If the depositor chooses priority, the nomination will be effective only in favor of one person in the order of priority. This means the nomination of the first nominee will be effective if she/he survives the person(s) who made the nomination. After the death of the first, second or third, the next nominee will become effective. The priority mechanism will also be made available for nomination made in case of lockers and safe custody.

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