Indian Overseas Bank Central Office 763, Anna Salai Chennai - 600 002		Ref No: **Misc./216 /2024-25** Date: **01.04.2024** Department: **Banking Operations**

To All Indian Branches/Regional Offices/CO Departments/Other Offices

STANDARD OPERATING PROCEDURE(SOP) ON SAFE DEPOSIT LOCKERS AND SAFE DEPOSIT ARTICLES

PREAMBLE

Reference is invited to BOD Circular Ref No. Misc/85/2023-24 dated 25.08.2023 wherein we have issued the Policy of Safe Deposit Lockers/Safe Deposit Article Facility based on the revised Guidelines of RBI approved by the Board.

To facilitate the branches/ROs, detailed Standard Operating Procedure (SOP) on Safe Deposit Lockers and Safe Deposit Articles is being issued.

OPERATIONAL INSTRUCTIONS

The detailed Standard Operating Procedure on Safe Deposit Lockers and Safe Deposit Articles is enclosed as annexure and Branches/ROs may refer our Bank's Policy/Book of Instructions for any further details.

CONCLUSION

Branches and Regional Offices are advised to bring this circular to the notice of each staff member and acquainted with the Operating Procedure.

(Hari Raman)
Deputy General Manager

Banking Operations Dept., C.O. Chennai

-----**Annexure**

STANDARD OPERATING PROCEDURE(SOP) ON SAFE DEPOSIT LOCKERS AND SAFE DEPOSIT ARTICLES:

SAFE CUSTODY:

- Shares, Securities, and sealed articles (packets, boxes etc.) should be accepted for safe custody only from the constituents of the Bank.
- Safe custody service undertaken by the Bank is a Contract of Bailment and the legal relationship between the bank and the customer is that of a **bailee and bailor** (Section 148 of the Indian Contract Act). In discharge of its obligation as a bailee, the bank should take the same degree of care and precautions for the safety of the articles, as a man of ordinary prudence would take in respect of his own goods of the same description. Certifying that the contents are unknown (in the case of packages and boxes) does not lessen the responsibility of the Bank in this regard.
- All Safe deposit of securities, shares or articles should be accompanied by a **covering letter** from constituent whose signature thereon should be **verified** with the specimen on record. The enclosures should be checked with the details in the covering letter by the Manager / Deputy Manager, who should initial it with the word "verified" before the letter is passed on to the Official of the department concerned.
- Shares and securities, except those which are already in the name of the Bank, should stand **in the name of the depositor** or in the name of one of the depositors. Government Promissory Notes, unless they stand in the name of the bank, should be examined to see that the depositor is either the registered holder or one who derives his title to them by a valid chain of endorsements. If the Promissory Notes are in any way defective or the applicant's title is not apparently free from doubt, they should be returned with a request to have the defects rectified or have the bonds renewed in his name.
- In the case of safe custody accounts in joint names of more than one person, the **mode of operation** such as 'Either or Survivor', 'Anyone or Survivors', both or All or Survivor/s should be **clearly indicated** at the time of acceptance of the safe custody. In the absence of definite instructions, the account should be treated and marked as "Joint Operation".
- In the case of accounts in the names of more than one person, **written instructions** should be obtained naming one of the depositors (generally the first named person) to whom all correspondence on that account should be addressed. Instructions regarding collection and disposal of interest and dividends by the bank should be obtained in writing from all the depositors and recorded in the Safe Custody Ledger.

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- A Memorandum of Securities deposited in Form 64.(a) should ordinarily be issued to **all** constituents lodging securities or shares with the bank whether in safe custody or as security for advances. This Memorandum need not be returned to the bank when the securities or share are withdrawn or otherwise disposed off
- Safe Custody Receipt in Form 109 should be issued to the constituents (upon their special request), for securities and shares deposited by them in safe custody, and the Bank's regulations regarding such receipts should be **explained to them** viz.
- Safe Custody Receipts must be returned to the bank before the relative securities or shares can be delivered. When a part delivery is required, the Safe Custody Receipt must be tendered at the Bank for correction and a separate acknowledgement given by the constituent on Form 109.B. When securities or shares are sold or redeemed or when securities are converted into a new loan, the Safe Custody Receipt will be called for by the bank for cancellation or amendment. There must be no delay however, in acting upon selling orders pending the return of the Safe Custody Receipt. The constituents' instructions in the matter and any acknowledgement of proceeds must be carefully preserved. Whenever securities are sent for conversion, renewal or redemption the securities should be entered in Securities and Shares Ex-custody Registers. When an advance other than a temporary one, is required against securities or shares in safe custody the relative receipt must be returned to the Bank.
- Serial numbers of Safe Custody Receipts issued must be entered in red ink in the relative column in the **S**afe **C**ustody **L**edger against the securities and shares to which they relate, and the supervising Official-in-charge will see that the procedure laid down in the preceding paragraph is followed when dealing with such securities and shares. Surrendered Safe Custody Receipts will be filed with the account holder's acknowledgement and receipts.
- If a constituent loses a Safe Custody Receipt, he must ordinarily sign a stamped **Indemnity** in Form 109.C before he is given a duplicate receipt or delivery of the scrip. In special circumstances, however, Managers may use their discretion to effect delivery on the written instructions of the depositor provided they are satisfied that the Bank's interests are fully protected, and need not insist on an Indemnity when the scrip is sold by the Bank. In all cases when an Indemnity is not taken the circumstances should be reported to Regional Office / Central Office and also placed on record at the branch.
- Constituents wishing to take delivery of their securities or shares in safe custody should be requested to receive them personally and their receipt must be taken on Form 109.B. However, when securities or shares are sold, redeemed or converted by the Bank under the written instructions of the constituent, the receipt from the constituent need not be taken.

- Delivery of securities and shares to a **third party** may be made only on the undoubted authority of the constituent. In such cases the receipt of third

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party, who should be identified, should be taken and the constituent advised directly of the delivery, by sending a Form 109.B duly filled in requesting the constituent to sign and return the same for the Bank's records.

- Only items held in **personal names** and not in any representative capacity (as holder of an Office or otherwise), are eligible for nomination. Nomination for Safe Custody can be made in favour of only one individual at a time. The nomination facility is not available in respect of persons jointly depositing the articles for safe custody.
- Where nominee is a minor, the person who makes the nomination may appoint another individual not being a minor, to receive the items on behalf of the nominee during the latter's minority.
- A nomination may be cancelled or varied during the currency of safe custody contract, at the instance of the depositor.
- Branch should accept Form SC.1, SC.2 and SC.3 for acceptance / cancellation / variation of nominations, respectively. Upon receipt of SC.1, SC.2 or SC.3, branch should verify the signature of the person making such a change of nomination or cancellation of nomination and act upon the same only if the signature tallies with the specimen available in branch records. Branch should record the fact of nomination, variation, or cancellation against the relative entry in the Safe Custody Register.

Safe Deposit Articles:

- Safe Deposit of Articles should be accepted only from the **constituents** of the Bank. Particulars of articles taken into Safe custody should be recorded in the Safe Deposit Register. In the case of deposits made by two or more persons, they must be advised to submit Form 64.B or Form 64.C depending on whether they wish to withdraw the article by any of their number or jointly as the case may be. The forms obtained should be numbered with the safe deposit numbers and filed in a separate file, the number of each form being recorded with Safe Deposit Register.
- Safe Deposit Receipt in Form 64.D should be issued to the constituent. Where there are two or more persons depositing the articles, their instruction regarding the mode of withdrawal such as Either or Survivor, Joint etc., should be recorded in the receipt and register under the authentication of the official signing the Receipt
- All articles lodged in Safe Deposit should be sealed with the depositor's own seal bearing his initials, name or monogram. In case where it is not clear that the seal used is that of the depositor, a brief description of the seal should be incorporated in the relative Safe Deposit Receipt and the Safe Deposit Register.
- Papers should be enclosed in stout cloth-lined envelopes which must be securely sealed. Each envelope should bear the Bank's Safe Deposit number and the name of the depositor who may write the nature of contents on it.
- When the enclosure is said to be a Will, the depositor should also write on the envelope the words -"In the case of my death this packet is to be delivered to Mr. / Mrs. / Miss............................on his/ her written application", which he should sign and date; he must also repeat these instructions in a separate letter to serve as a record after the cover has been delivered. The signature should be verified and attested by the Manager / Deputy Manager.

- Small boxes should be locked and enclosed in cloth preferably of a light colour, which must be sewn up and securely sealed with the depositor's seal. The name of the depositor and the Safe Deposit number must be clearly written in ink on the covering of each box. The seals must be affixed in such a way that the impressions are clear and will not easily be defaced or broken and care must be taken to avoid this happening.
- Boxes not covered by cloth should be securely locked by the depositors with their own locks. The locks should be wrapped in cloth and sealed with the depositor's seal. The names of the depositors and the Safe Deposit numbers must be painted or pasted on the boxes.
- Packets said to contain keys should not be accepted for safe deposit unless they are tendered by the persons authorised to withdraw them or by their accredited representatives whose signatures are known to the Bank and are forwarded duly attested at time of deposit.
- The Bank must admit no cognisance of the contents of sealed packets or locked boxes left with it in safe deposit. All receipts must state that " The contents are unknown". On no account may any article be sealed with the Bank's seal or locked with Bank's padlock. No key of a box in Safe Deposit may be held by the Bank.
- Branches should not accept any large box / boxes from anybody, including staff members for safe deposit.

SAFE DEPOSIT LOCKERS:

INSTALLATION AND MAINTENANCE OF LOCKERS:

- Branches having specially built strong rooms may install safe deposit lockers provided there is good local **demand** and possibility of **securing** other remunerative business to our fold. In a composite strong room, sufficient space should be apportioned for installing the lockers with easy accessibility and providing strict **privacy** to the locker hirers when they operate the lockers. SDL must have a partition door with auto lock between locker units and Bank's cash/Jewel Safe(s). Vibration sensor must be fixed on edges of the walls inside the Strong Room. It is to be ensured that Passive Infra-Red Sensor (PIR) is fixed to cover the Strong Room entrance.
- Branch **not** having the specially built strong rooms may also install safe deposit locker units which have the strong steel safe door, similar to cash safes provided the branches have adequate space **to be partitioned** for the purpose, in order to **ensure** easy **accessibility and strict privacy** for the locker hirers. SDLs kept inside Safe Room must be of Defender type only, vibration sensor to be fixed on to the edges of the walls inside the Safe Room and Passive Infra-Red Sensors are to be fixed inside and outside safe room.
- The corners and edges of the lockers should be kept scrupulously **clean** and frequently sprayed with insecticides. The fittings thereon should be polished at regular intervals to impart a neat appearance. A table and preferably a cushioned chair should be provided to enable the hirers to sit comfortably and examine the contents at the lockers. It should be ensured that courteous service and assistance are extended to the hirers in the operation of the lockers, without any delay

WHO CAN HIRE LOCKERS:

- Lockers can be rented to **I**ndividuals — Singly or jointly including non-resident Indians, Trusts, Hindu Undivided Family concerns, **S**ocieties, Clubs and Associations, **P**roprietary concerns, **P**artnership Firms, **L**imited companies , **G**overnment Departments, Courts etc. where the nature of their work/business involves safe keeping of articles/documents etc, **I**lliterate customers , **S**taff members of our Bank.

- The existing customers of the 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. Customers can avail "ONLINE ALLOTMENT OF SAFE DEPOSIT LOCKER FACILITY" those who intend to avail the facility at the place of their choice by ensuring its availability by clicking a button in their system.

- 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.
- The branches 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 branch.
- Lockers should **not** be rented **to minors.** Lockers should be rented to **Trusts** only with the **prior permission** of the **R**egional **O**ffice.
- In the case of accounts of individuals in joint names, any one of them can have access to the lockers, unless instructions are given to the contrary in writing. However, mandates for operation of the lockers viz. "Either or Survivor" or "Anyone or Survivor", "jointly by all" etc., should **be obtained** and the operations should be strictly in accordance with the mandate.
- Lockers should **not be hired with "Former or Survivor"** clause.
- The Partnership deed in the case of Partnership firms, Trust deed and Resolution in the case of Trust Accounts, the Hindu undivided family letters for HUF Accounts, the Rules and Bye laws along with Resolution in the case of clubs, Societies and Associations, Memorandum and Articles of Association, Certificate of Incorporation and Board Resolution in the case of Accounts of Limited companies should be obtained.
  The Resolutions and other relevant documents should, in clear terms, **specify** the person or persons permitted to operate the lockers. The operations should generally be jointly by at least **two Office bearers** of the Society/Club /Association /Trust etc. , two Partners in the case of Partnership Firm, two authorised Officials in the case of Limited Companies, Government Departments and Courts.
- **No** person(s) other than those authorised by the hirers should be allowed to operate the lockers. As and when the authorised persons are removed from

Office or there be any change in the constitution etc., the bank should **be notified** and a fresh Resolution has to be passed regarding operations of the lockers mentioning the names and designations of the Officials who are authorised to operate the lockers. New specimen signatures from them should be forwarded duly attested and kept by the branch in their records. In the case of Government Departments, Courts etc., a letter should be obtained at the time of allotting the locker stating the **purpose** for which the locker is required. Further a letter authorising the new official to operate the locker should contain the specimen signature of the new official duly attested by the head of the office along with the outgoing officials. The new Official should sign a fresh Form 125 AX. Branch should retain the new Form 125 AX and the letter authorising the new Official to operate the locker along with the old Form 125 AX.

- Branch should **send a letter of acknowledgement** to the Government Department / Court etc., by post, advising them about the receipt of the changed operational instructions and confirm to them that the changed instructions will be effective from the date of receipt of the Letter of Authorisation.

Locker hired by illiterate customers:

- Renting of lockers to illiterate customer involves potential risk and hence should be **restricted** to exceptional cases only, and where the branch Manager **is satisfied** about the genuineness of the need and the bonafides of the customer. Such requests may be entertained by the branch Manager only where the connection is valuable to the Bank. Such accounts should be opened only with the **prior approval** of **r**egional **o**ffice.

  The following procedure should be adopted whenever a safe deposit locker is rented to an illiterate customer:

  a) The hirer should be suitably **introduced** to the Bank

  b) His/her left-hand thumb impression should be affixed on the **Form 125 AX** and the specimen signature sheet

  c) The manager must **attest** the left hand thumb impression of the hirer both on the Form 125 AX and the specimen signature sheet.

  d) A **record** should be made on the Form 125 AX that the contents have been read and explained to the applicant in a language known to him/her and duly understood by him/her.

  e) A recent passport size **photograph** of the accountholder should be pasted on Form 125 AX, the relevant folio of the Locker Access Register and the specimen signature sheet.

  f) All photographs should be **attested** by the Manager under his signature.

  g) The cost of the photographs shall be recovered from the locker hirer wherever necessary.

  h) Fresh photographs should be obtained after some time but not generally before the expiry of three years.

  i) Wherever the illiterate hirer comes to operate the locker, his/her left hand thumb impression must be obtained in the **L**ocker **A**ccess **R**egister (R.134). The photograph affixed thereon should be compared with the person and after verification, the Officer-in-charge should initial in the Locker Access Register. Operation of the locker should be permitted only after completion of all the above formalities.

LOCKER FACILITY TO VISUALLY IMPAIRED CUSTOMERS (VICs) :

- Branches are permitted to extend Locker facility to the VICs. While considering extension of Locker facility to VICs, branches should ensure that the Rules relating to Hiring, Operations, Payment of rent, Importance of safe-keep of Locker-keys, etc., have been **duly explained** to the VICs who have submitted Application for Hiring a Locker (in the prescribed format), in the presence of a witness the signature of whom for having done so must be obtained on the Application itself
- Branch should ensure that the following risks **are** duly explained to VIC while hiring a Locker and he/she should be requested to co-operate with the bank to check the risk factors
  a) Withdrawal from the VIC-hirer's locker without his/her knowledge by others.
  B) Inability to satisfy himself / herself (VIC) about the correctness of placement of articles in the Locker and taking-out the articles from the Locker.
  c) The possibility of being cheated by those who may pretend to help the VIC-hirer in operating the Locker, with an intention of cheating him/her (VIC)
- Branch should continue to allot Lockers as per the allotment procedure including compliance to KYC procedures prescribed by Central Office.
- When the VIC – Locker applicant calls on branch with Locker Allotment Letter, branch should obtain F.125 AX (Locker Agreement) duly executed by the VIC. The text of F.125 AX should be read over and explained to the VIC-locker-hirer in the presence of an independent witness. The witness may be a customer of branch or a person known to the branch but should **not be** related to VIC.A letter (As per BOI-2018-Vol-I-Chapter-5-A.3.3.6.-Specimen.2) should be obtained from the witness while getting F.125 AX duly executed by the VIC-Locker-hirer.
- The initial Locker-rent should be collected from the hirer. After the locker is let-out and the receipt of Locker key is acknowledged by the VIC hirer, he/she should be advised to sign the Locker Access Register and access should be allowed for the first operation.
  The VIC-hirer should **be guided** appropriately regarding the procedures for operating the locker, the Locker Number, Key Number, the importance of locking the Locker each time on completion of operation, etc.
- Locker operations by VIC hirer is permitted in his/her sole capacity and must be made in-person only. In order to facilitate locker-operations, VICs are allowed to utilize the **assistance of a person** (without visual impairment) of his/her choice. VIC should, at each time of locker-operation, submit a letter as per the following format. Based on this letter, with the prior approval of First Line Manager of branch, VIC will be allowed to take the assistant inside the Locker Room for operating the Locker.

Safe Deposit Lockers hired by Staff Members:

- Members of Staff enjoy concessional rent at the prescribed rates by Central Office, for hiring of safe deposit lockers. Such concessional rates will be available for only **one locker** and a second locker should not be rented out to a staff member. If a member is maintaining more than one locker, arrangements should be made to terminate the hiring agreement with regard to the second locker upon expiry of the present term/contract. A **declaration** should be taken from the staff member at the time of applying for a locker that he/she is not maintaining another locker with the bank either in his/her sole name or in the joint name with other members of his/her family
- **No** member of the staff shall be permitted to hire a locker jointly with a constituent of the Bank.
- The concessional rate of locker rent being extended for one locker rented out to a Staff member shall be extended to his/her spouse if he/she is also a staff member of our Bank, provided the lockers are held only in their **individual names.** The members can indicate the spouse as nominee

Safe Deposit Lockers hired by ex-Staff Members:

- The concessionary rent on safe deposit lockers applicable to staff members can be **extended to ex-staff members** also. Ex-staff members shall **not include** employees who have resigned or were removed from the bank's services.
  Such concession will apply to lockers rented in the sole name of the ex-staff member or jointly with a member of his/her family. (Family will mean spouse, dependent children or dependent parents only).
  This concession must be **restricted to one locker** only. In respect of ex-Staff members who have already availed a locker and are paying rent at par with outsiders, concessional rent should be charged from the date of next renewal.

Locker Allotment:

- In order to facilitate customers making informed choices, branches shall maintain a list of vacant lockers as well as a waitlist 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 branches 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.

Nomination Facility:

- The bank offers 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. In case the nominee is a minor, the same procedure as prescribed for the bank accounts shall be followed by the branches. 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.

- 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, only Thumb-impression(s) shall be required to be attested by two witnesses. Signatures of the account holders need not be attested by witnesses.

- Bank has 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.

Model Locker Agreement:

- Our Bank had adopted the model locker agreement framed by IBA. At the time of allotment of the locker to a customer, branches shall enter into an agreement with the customer to whom the locker facility is provided on a paper duly stamped/**Digital Document Execution (DDE)**. 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.

Locker Rent:

- Branches should **not insist** on fixed deposits as a prerequisite for allotment of lockers. However, branches may endeavour to obtain deposits from the customers to whom lockers have been allotted, the annual interest of such deposit being at least equal to the annual rent of the locker. This could be used by the branches as a marketing tip for both the locker service and the deposit Schemes.
  The Caution Deposit is to be held under SFD with standing instructions for "Automatic Renewal" for the principal amount only for the same period and the interest earned every year may be adjusted towards locker rent for subsequent years.
- In the alternative, advance payment of locker rent for a period of three years may be collected from the locker hirers.
- When a locker is being hired, the hirer will be required to pay rent **in advance** for the period from the date of hiring upto thirtieth day of September (if hired **before** thirtieth day of September) plus the rent for a period minimum of one year from the first day of October.
  If the locker is hired **after** thirtieth day of September, then the hirer will be required to pay the rent for the period from the date of hiring till the thirtieth day of September of the succeeding year plus the rent for a period of minimum of one year from first day of October of the succeeding year. This procedure is applicable to staff members also.

- In the event of surrender of a locker by a customer, the proportionate amount of advance rent collected shall be refunded to the customer.

- Locker hirers must be informed of the availability of the facility of "Renters Own Lock" in the case of lockers supplied by M/s. Godrej & Boyce Manufacturing company Limited / Steelage and requested to put a lock at their own cost in the space provided for this purpose using the third keyhole available for operating with the relative key. Such locks should be returned to the hirers at the time of vacating the lockers.

Locker Operations:

- 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 concerned officials of the branch. The branch 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. The ingress and egress register for access to Vault Room by locker-hirers or any other individual including the branch staff shall be maintained to record the movement of individuals in the Vault Room area with their signatures at appropriate place in the records.
- The branch official 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 bank shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.
- Bank 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**

Addition / Deletion of names:

- Whenever locker hirers wish to **add/delete** names in the existing locker account, the locker account should be closed and a fresh contract should be entered into with all the hirers in whose names the lockers are to be rented out, in the Safe Deposit Locker Agreement (Form 125 AX).
- Since the closing / opening of the locker account is carried out only to facilitate addition/ deletion of names, branch should **ensure** that at least **one** of the original hirers continues to be a hirer in the new contract also
- Branches **need not collect** any additional rent for the purpose of such closure and opening on account of addition / deletion of names.
- Wherever nomination has been obtained for the existing locker account, branches should ensure that **fresh** nomination is obtained from the hirers under the changed Agreement.

Break Open of Lockers:

- If rent is **not paid** on due date, a reminder on Form 122 E should be sent and followed by further reminders on Form 122 F and Form 122 G at monthly intervals. If at the end of six months, the rent remains unpaid, a registered notice with acknowledgement due on Form 122 H should be sent. Further action will depend on the circumstances of each case, but should rent **remain unpaid** when the following year's rent falls due, a final Notice by registered post with acknowledgement due should be sent to the hirer advising him that unless arrears of rent are paid within a month from the date of the Notice, the locker will be broken open and the contents dealt with in accordance with the provisions contained in the Agreement with the Bank. The issue of final Notice and its outcome must be reported to **R**egional **O**ffice without whose approval **no** locker may be broken open.

- At the time of breaking open the locker there should be sufficient **evidence** to show that the hirer failed to pay the rent due in spite of registered Notices. Acknowledgement of his/her having received the notices or envelopes returned by the post office with the remark "Not known", "Not found" etc. should be carefully **preserved**, the envelope being **kept unopened.** In the case of joint hirers, notices should be sent to **all** of them separately.
- The locker should be broken open by the representative mechanic of the manufacturers in the presence of **three respectable outside witnesses and two Officers of the Bank.** A Statement on Form 122(I) in quadruplicate should be prepared and signed by them, the original should be retained at the branch and the duplicate sent to Banking Operations Department, **C**entral **O**ffice.

  The contents, if any, should be **removed to vacant locker** and kept in the joint custody of the Manager and Deputy Manager of the branch with the triplicate copy of the list of contents also deposited therein along with the articles, pending the receipt of instructions of Regional Office / Central Office regarding their disposal.
- A Registered **N**otice on Form 122 J or Form 122 K as the case may be along with the quadruplicate copy of the list of contents **should be sent to hirer(s).** In the case of joint accounts such notice should be sent to **each person.** The charges for breaking open the locker and reinstalling it to its original condition together with the cost of registered notices etc., should be **recovered** from the hirer along with the arrears of rent.
- The following guidelines / instructions are provided for the **disposal of the inventories** found in the broken open locker:
  - **i.** If the locker is **found empty**, the fact should be **recorded** in the **L**ocker **R**egister in a separate folio allotted for this purpose along with all other particulars of the hirer/s and amount of rent due plus charges to be recovered from the hirer/s as a permanent record. The hirer/s should be blacklisted. For the loss incurred by the branch by way of arrears of rent and charges, the **R**egional **O**ffice concerned **should verify** whether there was any staff lapse, like failure to follow up the arrears of rent in time, allotting locker without proper introduction etc.
  - **ii.** If **currency notes** (Rupees) are found, the same can be appropriated to our dues and charges, excess if any, after appropriation can be kept in Sundry Creditors account under intimation to hirer/s by Registered post with acknowledgement due

to the last known address as per branch records. If there is shortfall we can proceed with other articles.

iii. If **articles** having **immediate realisable value** are found and if they are

1. Inadequate to meet our dues and charges
Branches may be permitted to **auction** the entire contents after giving notices to the hirer(s) by Registered Post with acknowledgement due to the last known address as per branch records.

The **procedure followed** for auctioning of jewels may be followed except the procedure of paper publication. Instead, the particulars of auction should be displayed in the Branch Notice Board. Branch should also inform other customers orally in order to mobilise adequate bidders.

2. Adequate to meet our dues plus charges and more
Branch should **identify** and segregate enough articles to cover up our dues and charges and such identified articles may be auctioned in public as per the same procedure enumerated In(iii)(1)above.

The **remaining articles** should be secured in a cover duly sealed along with the list of the articles. This is to be done in the presence of two witnesses. The sealed cover shall be kept in the Safe Custody of the branch. In the auction process, if there is any excess amount after appropriating our dues and charges, the same may be kept in Sundry Creditors Account under intimation to hirer/s by registered post with acknowledgement due to the last known address as per branch records.

iv. Articles having **no immediate realisable-value** e.g. paper photos, documents like Sale Deed etc.:
Branches should be advised to **secure** the entire contents in a cover duly sealed with a list containing the details of the contents. This is to be done in the presence of two witnesses. The sealed cover will be kept in the Safe custody of the branch for a minimum period of five years. Regional Office thereafter may take up with Banking Operation Department, Central Office for further instructions for disposal for the articles kept in Safe custody.
Branch should before sealing the cover scrutinise the papers available **to gather any information** regarding the connections of the hirer/s so that we can trace out the whereabouts of the hirer/s in due course.

- While applying KYC Procedures to Locker-hirers, branches are required to exercise care in respect of those Lockers, where there is **no** operation for a long time with prompt payment / non-payment of rent. Branches are required to,
  * ensure application of KYC guidelines for the Locker-hirers (either new or existing) to the levels prescribed for medium risk or high risk categories attributed to their regular account.
  *ensure that lockers, which have remained without operation for more than

one and three years for high and medium risk categories respectively, are duly identified periodically on an on-going-basis.
* ensure that such Locker-hirers are advised to operate the lockers or surrender the lockers even if the rents are being paid regularly. In case the Locker-hirer still does not operate the Locker, branches should arrange for break-opening the Locker after complying with the above procedures prescribed by Central Office.

Lockers Remaining Not Operated:

- When a Locker remains not operated for more than one year / three years respectively viz. by High Risk category / Medium Risk category locker-hirers, branch must contact locker-hirer without loss of time and obtain in writing the reasons for not operating the locker.

- 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 branches shall follow the procedure as prescribed in above.

Loss of Key of Locker :

- the key of a locker is **reported lost** by the hirer and when it is not traceable, a letter of request to break open the locker on Form 122 C should be taken from the hirers. Arrangement should be made with the representative of the locker manufacturers to break open the locker and change the lock in the presence of the hirer and the Officer-in-charge of the lockers and the same should be advised to **R**egional **O**ffice for information.
- All costs in connection with breaking open and fixing of new padlock and key should be recovered from the hirers. In the case of lockers hired in the names of more than one person, the letter advising the loss as well as request for breaking open should be signed by all the hirers. At the time of breaking open the locker, all the joint hirers should be present or should jointly authorise one or more of them to be present.

Custody of Master Key:

- The vault containing Safe Deposit Lockers must be under the **dual custody** of the Officer-in-charge of Safe Deposit Lockers, (who should usually be the branch Manager or Deputy Manager) and the cashier. Where the vault is entirely separate from the strong room used for storing cash and other valuables and adequate staff are available, another supervising official may hold joint charge instead of the cashier. If the protective arrangements are adequate, the grill door may be kept locked during the day, in order to obviate the necessity of two officials being required to be present each time an operation takes place.

- The Custodian key (Master Key) must be retained by the Supervising Official in charge of lockers **during** the Office hours and **after** the Office hours the key must be kept in a small steel box provided to the Official. This box must be kept locked and, in the evening, **lodged inside the safe/vault under dual control**. The Custodian key should **not** be retained in the personal custody of anybody after Office hours are over or carried home overnight by any supervisory official. Movement of Master Key from one Officer to another should be **recorded** in the branch **K**ey **M**ovement **R**egister.
- The duplicate of Master Key, if any, provided by the manufacturer should be lodged in safe custody with other duplicate keys of the branch in a nearby branch/bank as per the procedure **prescribed for the custody of duplicate keys of the branch Safe.**
- All keys relating to the Safe Deposit Lockers are to be kept packed individually and sealed and the packet containing the key to a locker should be opened only at the time of handing over the key to the hirer. In other words, the seal of the individual packet should be intact until the relative locker is rented out and should be opened only in the presence of the hirer. Keys of surrendered lockers should also be kept in packets, sealed with the Bank's seal and are to be opened in the presence of the hirers when they are rented out subsequently.
- Branches having safe deposit locker facilities should have a system of surprise verification of surrendered/ vacant lockers and their keys by an officer other than the custodian of locker keys
- Uniform Branch Code (UBC-Part.I) number allotted to the respective branch by Reserve Bank Of India must be embossed on all the locker keys of locker units of the branches. In respect of surrendered lockers of the existing units before allotment to a new hirer, branches must arrange to engrave UBC-Part.I number on such locker keys. Similarly whenever a replacement of key is prescribed in case of locker break-open/ lost key, branch should arrange to engrave the UBC Code on such replacement keys.

Article found in Safe Deposit Vault /Bank Premises / Safe Deposit Lockers:

- In the case of any article(s) found in the vault, branch should contact all the locker hirers who have accessed their lockers during the day and ascertain whether the article(s) belonged to them and the same may be restored to the true owner on sufficient and satisfactory proof.
  As per the provisions of Section 169 of the Indian Contract Act, if the owner cannot be found with reasonable diligence or, if he refuses, upon demand, to pay the lawful charges of the finder of the article, the finder may sell it, **i.**when the thing is in danger of perishing or of losing the greater part of its value
  or
  ii) when the lawful charges of the finder in respect of the thing found amounts to two thirds of its value.
  This would apply to Banks also. However, branches should refer to Banking Operations Department, Central Office with full particulars for their prior approval before arrangements are made for sale of an unclaimed article / valuable found in the locker/ vault area. Till such time disposal instructions are received from Central Office, the article should be kept in an envelope, sealed

and signed by the joint Custodians viz. the Manager and Deputy Manager and held in their joint custody.

Shifting of locker units from one premises to another:

- If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, the branch 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, bank shall make efforts to intimate their customers suitably at the earliest.

Security of the Strong Room/Vault:

- Bank shall take necessary steps to ensure that 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. Bank shall have a single defined point of entry and exit to the locker room/vault. The place where the lockers are housed shall 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 shall also be assessed and minimized.
- **As per our internal security policy, branches 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 branch shall preserve the CCTV recording till the police investigation is completed and the dispute is settled.

Settlement of Claims in case of death of a Customer:

- Bank has a Board approved policy for settlement of claims in conformity with the regulatory instructions and the Model Operational Procedure (MOP) for settlement of claims of the deceased constituents formulated by the IBA. Branches should follow the guidelines for settlement of claims scrupulously.
- 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 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.
- 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 branch 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 according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the branch shall follow the mandate in the event of death of one or more of the joint locker-hirers.

- Branch 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.

- The branch 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 branch 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.

- The branch 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.

- While giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, branch shall 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.
- 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, branch shall facilitate access to legal heir(s) / legal representative of the deceased locker hirer as per the guidelines detailed in book of instructions.

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- Similar procedure shall be followed for the articles under safe custody of the bank.

Closure and Discharge of locker items:

- This part refers to the breaking open of the locker in a manner other than through the normal access by the customer using her/his original key or password under any one of the following circumstances:

  (i) if the hirer loses the key and requests for breaking open the locker at her /his cost; or
  (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; or
  (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.

Discharge of locker contents at the request of customer:

- If the key of the locker, supplied by bank is reported lost by the locker-hirer, the customer (locker hirer) shall notify the branch 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 / issue of new password shall be communicated to the locker hirer.
- The break open of the locker will be carried out by the bank with the help of the 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.
- The operation shall be done in the presence of the customer/s and an authorized official of the bank. It will 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.

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

- 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.
- 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 shall be forwarded to the customer to the 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.

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

- 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 had incorporated in the locker agreement to this effect.
- 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 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. The locker shall be broken open in the presence of an officer of the bank and two independent witnesses.
- Branches shall ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate forms as circumstances require. Further, branches 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.

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 branches shall follow the procedure as prescribed above.