

THE TAMIL NADU STATE APEX COOPERATIVE BANK

SAFE DEPOSIT LOCKER POLICY

1. Introduction:

- ❖ Safe Deposit Locker facility is one of the ancillary services extended by our bank at our Head Office and Branches.
- ❖ The Locker units will be leased out to customers after obtaining adequate KYC documents.
- ❖ The relationship between the Banker and the Customer of a locker is that of lessor and lessee.
- ❖ Safe Deposit Lockers will be available to any person, having contractual capacity i.e. capacity to enter into a contract. Thus, Locker can be hired by an individual single and/or two or more individuals jointly, as well as HUFs, firms, Limited Companies, Societies, Associations, Clubs etc.
- ❖ Lockers cannot be allotted to minors, either singly or jointly with others.

2. Customer due diligence:

- ❖ The Customers of the Bank, who have made an application for locker facility and who are fully compliant with the CDD criteria under Master Direction - Know Your Customer (KYC) Directions, 2016 (as updated from time to time), may be given the facilities of Safe Deposit Locker, subject to on-going compliance.
- ❖ The Customers, who are not having any other banking relationship with the Bank, may also be given the facility of locker, after complying with the CDD criteria under Master Direction - Know Your Customer (KYC) Directions, 2016.

- ❖ The Locker-hirer shall not keep anything illegal or any hazardous substance in the Safe Deposit locker allotted to them. A clause in the locker agreement has been incorporated that the locker-hirer shall not keep anything illegal or any hazardous substance in the Locker.
- ❖ If branch suspects about the deposit of any illegal or any 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.
- ❖ The branches shall obtain recent passport size photographs of Locker-hirer(s) to operate the locker and preserve in the records pertaining to locker-hirer being maintained in the Branch.
- ❖ Branches will carry out customer due diligence for both new and existing customers, at least to the levels prescribed for customers classified as medium risk. If the customer is classified in a higher risk category, customer due diligence, as per KYC norms applicable to such higher risk category, should be carried out.
- ❖ Where the lockers have remained in-operated for more than three years for medium risk category or one year for a high risk category, branches should immediately contact the locker-hirer and advise him to either operate the locker or surrender it.
- ❖ This exercise will have to be carried out, even if the locker hirer is paying the rent regularly. Further, branches will ask the locker hirer to give in writing, the reasons as to why he/she did not operate the locker.
- ❖ In case the locker-hirer has some genuine reasons, as in the case of NRIs or persons who are out of town due to a transferable job etc., branches will allow the locker hirer to continue with the locker operations. In case the locker-hirer does not respond nor operate the locker, branches will consider opening the lockers after giving due notice to him. This clause is included in the locker agreement.

3. Allotment of locker:

- ❖ Allotment of lockers shall be based on the duly filled in application of the prospective hirers on the printed format provided by the Bank.
- ❖ Lockers will be allotted by the Branches on first-come-first-serve basis. Due diligence of KYC norms, will be duly applied, before allotment of locker.
- ❖ In order to facilitate customers making informed choices, Bank will 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 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.

4. Locker Agreement:

- ❖ The Bank must have a Board approved locker agreement for safe deposit lockers. This agreement shall be in conformity with the revised instructions and the directions issued by the Reserve Bank of India and the Hon'ble Supreme Court of India in this regard.
- ❖ At the time of allotment of the locker to a customer, the branch shall enter into an agreement with the customer to whom the locker facility is provided, on a paper duly stamped. Original Agreement shall be retained with the branch where the locker is situated.
- ❖ Branches will give a copy of the agreement to the locker-hirer at the time of allotment of the locker, if preferred by the customer.

5. Addition/Deletion of the Hirer(s):

- ❖ Branches may, at the request of all the Locker hire(s), allow addition or deletion of joint hirer or allow an individual hirer to add the name of another person as a joint hirer. However, such addition/deletion of locker hirer should not result in the total change of the original hirer.
- ❖ For addition of joint hirer, KYC document of new hirer, need to be provided to Branch and a fresh agreement to be executed by all the hirers. Mode of Operation of the locker has to be clearly mentioned in this agreement.

6. Locker Rent:

- ❖ Locker Rent and service charges will be decided by the Bank, depending on their size from time to time. The rent tariff and related service charges will be publicized among the customers, suitably.
- ❖ One year minimum Locker rent should be collected in advance and as far as possible, future collection of the rent should be automatically made from operative account linked with the Locker.
- ❖ Locker rent will be recovered on annual basis. The lease period of one year will start from the date of hiring the locker and will continue till the preceding day of the corresponding date in the subsequent year.
- ❖ Branches should demand rent in advance and advise the customers to keep sufficient balance in their CASA Account or make arrangement for remitting locker rent regularly.
- ❖ 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.
- ❖ To ensure prompt payment of locker rent, at the time of allotment, a minimum fixed deposit is obtained which would cover 3 years' rent and the charges for breaking open the locker in case

of an eventuality. Branches, however, shall not insist on such Term Deposits from the existing locker holder or those who have satisfactory operative account. The packaging of allotment of Locker facility with placement of term deposits beyond what is specifically permitted above will be considered as a restrictive practice.

- ❖ If the locker is hired in the name of the staff member, either singly or jointly with his/her spouse, a 50% concession will be allowed for Locker Types A, B, C and D only. Staff concession is not applicable for other types of lockers.
- ❖ The staff member is eligible to hire any number of Lockers. However, the concession of 50% is allowed only for one Locker.
- ❖ In the event of locker rent remaining unpaid, when due, the Bank will have the right to refuse access to the locker and without prejudice to Bank's right to break open the locker.

7. Locker Rent Overdue:

- ❖ Access to Locker will be denied if the rent is overdue. The same is included as a clause in the existing locker agreement.
- ❖ On revision of the locker rent, if any, intimation of locker rent, along with the new rent payable, shall be intimated to all the existing safe deposit locker hirers.
- ❖ In case annual rent is not remitted on due date, the hirer should be reminded of rent due over phone immediately and subsequently by a letter followed by a registered letter demanding the locker rent. Another set of email and SMS will also be sent to the customers who has not remitted rent on due date.
- ❖ The Branch should take all possible efforts to trace the customer and intimate the customer about the break open of locker, if rent is not paid for three consecutive years.
- ❖ Branch should inform the customer the specified date of break opening, by a registered notice, if the rent is overdue for three years in a row.

- ❖ Break opening should be in the presence of two independent customers, who should witness the contents of the locker. The Banker has lien on the valuables recovered from the locker.
- ❖ Hence, full expenses, including the cost and charges for changing the key system, should be recovered from the valuables from the locker.

8. Operations of Safe Deposit Lockers:

- ❖ The Locker-hirer shall be permitted to operate the locker after proper verification of their identity by the officials concerned of the Branch.
- ❖ The Branch shall maintain register for recording check-in and check-out time, date and time on which they have opened and closed the locker and obtain their signatures/initials.
- ❖ The Officer authorizing the locker-hirer to access the locker, after unlocking the first key, shall not remain present, when the locker is opened by the locker-hirer. The branches shall ensure that there is adequate privacy to the locker-hirers in the operations, when customer's access the lockers at the same time.
- ❖ The Bank shall send an SMS alert to the registered 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.
- ❖ The Hirer/s can operate the Safe Deposit Locker only on the Bank's working days and during the business hours of the Bank.
- ❖ In case of joint accounts, instruction regarding operation of the locker may be obtained in any of the following forms.

The Locker will be operated upon and/or surrendered by:

"Either of us or survivor"

"Any one of us or survivors or survivor"

"Both of us jointly or survivor"

- ❖ Such instructions should be authenticated by all the hirers under their signatures. If special instructions regarding operation of lockers held on joint names are cancelled by any one of the hirers, further access to the lockers should be allowed only, if all the hirers give their consent in writing jointly.
- ❖ In case of locker let out to a partnership concern, care should be taken to get specific instructions signed by all the partners, as to whether access to the lockers should be granted to any one or more of them or to all of them jointly.
- ❖ In case letting out of locker to a Limited company, Clubs or Associations, a copy of resolution, duly signed by the Secretary and President/Chairman, should be obtained, complete in all respects.
- ❖ Further, the access of Locker by the customer shall be restricted to a maximum of 24 times per annum and one time in a day. For the access of locker, more than 24 times per year or more than one time in a day, is chargeable at the rate fixed by the Bank, from time to time.

9. Nomination Facility:

- ❖ Bank is offering nomination facility, in case of safe deposit locker in accordance with the provisions of section-45ZC to 45-ZF of the Banking Regulation Act, 1949 and Cooperative Banks (Nomination) Rules, 1985.
- ❖ Nomination, cancellation or variation in existing nomination can be made either at the time of hiring of the locker or subsequently at any time during occupancy of the locker. It is advised to verify the existing locker accounts and wherever the nomination is not registered, the hirer may be advised to register nomination.
- ❖ The prescribed form of nomination or cancellation/variation of nomination, as the case may be obtained from hirer/s duly completed in all respects, which will be recorded in a register maintained with the Bank and an acknowledgement given to the hirer.

- ❖ In case the nominee is a minor, the same procedure, as prescribed for the Bank accounts, shall be followed. Where the hirer/s prefers not to nominate, the same will be recorded in the application form.

10. Death of the Locker Hirer and Settlement of claim:

- ❖ Notice of knowledge of the death of a hirer or a surviving hirer in the case of ' E or S' hirers (accompanied by valid proof) will be recorded in the Locker Register with date and source of information under the initials of an officer.
- ❖ As a further precaution, a slip reading "hirer deceased' will be pasted on the locker. Thereafter access to the locker should be allowed on production of legal representation.
- ❖ In case of demise of the hirer, Branches has to promptly intimate nominee. After collecting a copy of the death certificate, the locker may be opened and contents may be delivered to the nominee in the presence of two independent witnesses.
- ❖ Access may, however, be allowed, for making an inventory of the contents with a view to obtaining the necessary legal representation to known heirs of the deceased in the presence of their lawyers/solicitors or to persons authorized by a court for this purpose.
- ❖ Where authority has been given to the survivor or survivors to operate the locker in writing, specifically at the time of lease of the locker, in the case of joint account, the question of legal representation does not arise unless the survivor also dies.
- ❖ Section 45ZE of the Banking Regulation Act, 1949 does not preclude a minor from being a nominee for obtaining delivery of the contents of a locker. However, the responsibility of the branches, in such cases, will be to ensure that when the contents of a locker were sought to be removed on behalf of the minor nominee, the articles were handed over to a person who, in law, was competent to receive the articles, on behalf of the minor.

- ❖ Arrears of the rent may be recovered at the time of closing the Locker account.
- ❖ The Locker claim settlement to be settled within 15 days from the date of receipt of claim form, from the survivors, legal heir and nominees, as the case may be.

11. Access to the safe deposit lockers (with survivor / nominee clause):

- ❖ If the sole locker hirer nominates a person, bank will allow such nominee, access of the locker and liberty to remove the contents of the locker in the event of the death of the sole locker hirer.
- ❖ In case the locker was hired jointly with the instructions to operate it under joint signatures and the locker hirer(s) nominates person, in the event of death of any of the locker hirers, the bank should give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s).
- ❖ In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given over to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause, bank will follow the mandate, in the event of the death of one or more of the locker-hirers.
- ❖ However, the following precautions will have to be taken before handing over the contents:
 - ✚ Branches will 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;
 - ✚ Branches will make diligent effort to find out, if there is any order from a competent court restraining the bank from giving access to the locker of the deceased; and

- ✦ Branches will make it clear to the survivor(s)/ nominee that access to locker is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to him shall not affect the right or claim which any person may have against the survivor(s)/nominee to whom the access is given.
- ❖ Bank will note that since the access given to the survivor(s)/ nominee (s), subject to the foregoing conditions, would constitute a full discharge of the bank's liability, insistence on production of legal representation is superfluous and unwarranted and only serves to cause entirely avoidable inconvenience to the survivors / nominee (s) and would, therefore, invite serious supervisory disapproval. In such case, therefore, while giving access to the survivor(s) /nominee(s) of the deceased locker hirer, the bank will desist from insisting on production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee(s).

12. Access to the safe deposit lockers (without survivor/nominee clause)

- ❖ There is an imperative need to avoid inconvenience and undue hardship to legal heir(s) of the locker hirer(s). 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, the bank will adopt a customer-friendly claim procedure, drawn up, then and there, for giving access to legal heir(s) /legal representative of the deceased locker hirer.
- ❖ The Bank shall also be guided by the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Cooperative Banks (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.
- ❖ Further, in case the nominee/ survivor(s) / legal heir(s) wishes to continue with the locker, banks may enter into a fresh contract with nominee/survivor(s) / legal heir(s) and also adhere to KYC norms in respect of the nominee/ legal heir(s).

13. Discharge of Locker Content:

13.1 At the request of customer: (Loss of Locker Key)

- ❖ If the key of the locker, supplied by the Branch is lost by the Locker-hirer, the customer 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 Branch.
- ❖ All charges for opening the locker, changing the locker and replacing the lost key may be recovered from the locker-hirer.
- ❖ The charges applicable for replacement of lost key and issue of new key shall be communicated to the customer.
- ❖ The opening of the locker has to be carried out by the Branch 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.
- ❖ The operation shall be done in the presence of the customer(s) and an authorized official of the Branch.
- ❖ 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.

13.2 By Bank, due to Non-Payment of Locker Rent:

- ❖ Branches shall have the discretion to break open any locker following due procedure if the rent is not 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 will be incorporated in the locker agreement to this effect.

- ❖ Before breaking open the locker, the branch shall give due notice to the locker-hirer through a letter and through email and SMS alert to the registered email ID and phone number.
- ❖ If the letter is returned undelivered or the locker-hirer is not traceable, the Branch 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 persons who has interest in the contents of locker to respond.
- ❖ The locker shall be broken open in the presence of an officer of the Branch and two independent witnesses.
- ❖ Further, Branches 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.
- ❖ After breaking open of locker, the contents shall be kept in sealed envelope with detailed inventory inside fire proof safe in a tamper proof way until customer claims it.
- ❖ While returning the contents of the locker, the Branches shall obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.
- ❖ Branches shall ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate forms, as provided. 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 hirer(s), unless required by law.

13.3 By Bank, due to 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 Branch shall be at liberty to transfer the contents of the locker to their nominee/legal heir or dispose of the articles in a transparent manner, as the case may be.

- ❖ Before breaking open the locker, the Branch shall follow the procedure as prescribed as same as the break open procedure, when the non-payment of locker rent.
- ❖ A Clause regarding the procedure to be followed in case of locker is not operated for a reasonable long period of time as mentioned above has been incorporated in the Locker Agreement.

14. Registers:

- ❖ **14. 1. Locker Register:** Entire details of the locker holder, rent collected and movement of locker keys with key number has to be noted in this register at the time of issuing or surrendering of locker.
- ❖ **14.2 Locker Transactions Register:** Daily transaction of lockers has to be noted in this register.

Maintaining locker registers are also mandatory even though everything is captured in CBS. Reserve Bank of India clearly instructs to verify the signature and so both to be maintained.

15. Surrender of Locker:

- ❖ Locker can be surrendered by the hirer/s at any time during the contract period through a written application and handing over of keys to the Bank Officials.
- ❖ Bank can also request for surrender of locker with due notice.
- ❖ In cases where the hirer wishes to surrender the locker before expiry of existing lease period, surplus of rent over the 12 months' tenure, if any, will be refunded.
- ❖ Surrender of the locker after expiry of the lease period, will be allowed on payment of arrears of locker rent, at the stipulated rate structure.

16. Breaking open of Locker:

- ❖ Break-open of locker may happen either at the request of the hirer/s or by the bank for defaults in payment of prescribed charge or for any other reasons. Break Open charges shall be recoverable from the hirer/s.
- ❖ When the break-open of locker is done at the request of the hirer, the same shall take place in the presence of the hirer or his nominee, as the case may be.
- ❖ Bank shall engage the suppliers of the locker unit to break open the lockers.
- ❖ When the break-open of locker is done at the instance of the bank, the customer shall be provided notices in advance as per the internal procedures and then it will be broken open by the representative of the manufacturers/suppliers in the presence of two respectable non-staff independent witnesses, in addition to the officers of the branch.
- ❖ Without prejudice to any of the remedies, the Bank may have all rights to the use of the locker shall, at the option of the Bank, be forfeited upon non-payment of rental and/or upon breach of any of the terms and conditions mentioned in the agreement obtained from the customer, at the time of opening of Locker. The Bank shall also be at liberty to break open the locker, without being liable for any loss or damage caused to the contents thereby, sell the contents thereof by public auction or private sale and recover arrears of rent and/or charges, expenses of breaking open the locker out of sale proceeds of the said contents. The inventory of the contents prepared by the Bank at the time of such breaking open the locker shall be conclusive and binding on the hirer. On realization of the arrears etc., as above, if any surplus is available, the Bank may, at its discretion, either forward (by insured post parcel or other reasonable means and at hirer's risk) the surplus contents of the locker to the hirer(s) at the last address given by him/her or remove the contents, retain and keep the same, including articles remaining, if any, in such other locker, safe or any place as the Bank may think fit, at hirer's risk and responsibility. In case the contents other than cash are hold with the Bank, the rent payable for the same shall be twice the normal rent of the locker from which the articles were removed.

17. Stoppage of Locker access:

If prohibitory order from a competent authority or a Court in respect of the Locker is received by the Branch, the Bank will have the statutory powers to stop the access of the specified locker immediately. This will be marked physically on the Locker as well as in the Branch records.

18. Appropriation of Key Deposit:

- ❖ In cases of break-open of lockers carried out by the Bank for non-payment of locker rent, the Caution amount deposited by the hirer/s, will be appropriated for recovery of expenses incurred by the Bank in,
 - (i) Breaking open the locker,
 - (ii) Replacement of lock, and
 - (iii) Recovery of Bank's dues on account of overdue locker rent.

19. Attachment 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 Branch 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 Branch shall cooperate in execution and implementation of the orders.
- ❖ The Branch 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 Branch. The customer (locker-hirer) shall be informed by letter as well as email/SMS to the registered email id/mobile number that the Government Authorities have approached for attachment and recovery or seizure of the locker or articles deposited for safe custody.
- ❖ Branch shall also record a video of the break-open process and the inventory assessment, whatever legally permissible and preserve the video to produce as evidence in case of any dispute or Court or fraud case in future.

- ❖ 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 Branch and shall be signed by all. A copy of the inventory may be forwarded to the customer to the address available in the Branch records or handed over to the customer against acknowledgment.

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