

## **STANDARD OPERATING PROCEDURE SAFE DEPOSIT LOCKERS**

### **1) Introduction**

- a) Bank provides its customers with a Safe Deposit Locker facility as a Subsidiary service. Customers can avail it to store valuable items, important documents, etc.
- b) The relationship between the bank and the customer who hires a Safe Deposit Locker (henceforth referred to as “Locker”) is that of a licensor and licensee. The bank licenses (rents out) their Locker (immovable property) to the customer and gives them the right to use it.
- c) Locker is offered at designated branches of SVC Bank. Allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions as specified by the Bank in accordance with RBI guidelines issued from time to time.
- d) The policy on Safe Deposit Lockers has been drawn up within the broad guidelines issued by Reserve Bank of India vide circular ref no RBI/2021-2022/86 DOR.LEG.REC/40.09.07.005/2021-22 dated 18th August, 2021.

### **2) Applicability**

The Policy is applicable to both new and existing safe deposit lockers and safe custody of articles facility with the Bank.

### **3) Locker Issuance**

- a) The Bank shall allot locker facilities to existing customers of the bank as well as new customers who have made an application for locker facility and which are fully compliant with the CDD criteria under the Master Direction – Know Your Customer (KYC) Directions, 2016 (as updated from time to time) subject to on-going compliance.
- b) A locker shall be made available to a customer who has satisfactory banking relations with the Bank. New customers desiring to avail locker facility shall be required to have a existing / to open new savings account (for individuals) and CA (for Entities). This will enable the Bank to recover safe deposit locker rent by executing standing instruction from the customers to auto debit the operative account towards recovery of annual locker rental charges.
- c) The locker-hirer/s shall not keep anything illegal or any hazardous substance in the Safe Deposit locker. If the bank suspects the deposit of any illegal or hazardous substance by any customer in the safe deposit locker, the bank shall have the right to take appropriate action against such customer as it deems fit and proper in the circumstances.
- d) The Bank shall obtain recent passport size photographs of locker-hirer(s) to operate the locker and the same shall be pasted on Locker application form.
- e) The bank shall enter into a Locker agreement / Memorandum of hiring a Locker (framed by IBA) (draft copy attached) 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. The stamp duty charges pertaining to locker agreement shall be borne by the locker hirer/s.

- f) To ensure prompt payment of locker rent, the Bank shall obtain a Term deposit as security deposit, at the time of allotment of new lockers, which would cover three years rent and applicable charges for breaking open the locker in case of eventuality.
- g) Bank shall have the right to break open the locker if the Bank is of the view that there is a need to take back the locker as the locker hirer is not cooperating or not complying with the terms and conditions of the agreement.

#### **4) Locker Allotment**

- a) In order to facilitate customers making informed choices, Bank shall maintain a branch wise list of vacant lockers as well as a wait-list at the respective branch for the purpose of allotment of lockers and ensure transparency in allotment of lockers. The bank 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.
- b) Locker may be issued to the following constituents and necessary due diligence shall be carried out at the time of allotment of locker:
  - 1. Individuals (Singly/Jointly)
  - 2. Proprietary Firm
  - 3. Partnership Firm
  - 4. Hindu Undivided Family (HUF)
  - 5. A limited Company
  - 6. Trusts, Clubs,
  - 7. Associations, Co-operative Societies, Credit Co-operative Societies

#### **5) Security of the Strong Room/Vault**

- a) 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.
- b) Bank shall have a single defined point of entry and exit to the locker room/vault.
- c) The place where the lockers are housed must be secured enough to protect against hazard of rain / flood water entering and damaging the lockers in contingent situations. The fire hazard risks of the area should also be assessed and minimized.
- d) The bank shall conduct necessary engineering / safety verification regularly to identify the risks and carry out necessary rectification. The area housing the lockers should remain adequately guarded at all times.
- e) The bank shall install Access Control System, if required as per risk assessment, which would restrict any unauthorized entry and create digital record of access to locker room with time log. 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.

- f) 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, bank shall preserve the CCTV recording till the police investigation is completed and the dispute is settled.
- g) The internal auditors shall verify and report the compliance to ensure that the procedures are strictly adhered to.

## **6) Locker Standards**

- a) All the new mechanical lockers installed by the Bank are conformed to basic standards / benchmarks for safety and security as prescribed by Bureau of Indian Standards (BIS) or any other enhanced industry standards applicable in this regard.
- b) The 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 and as per RBI directives.
- c) Further, the custodian of the locker shall periodically check the keys maintained in the branch to ensure that they are in proper condition.
- d) The 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 locker holder to use an additional padlock of her /his own if there are such provisions in lockers.

## **7) Nomination Facility**

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. In case the nominee is a minor, the locker holder shall appoint another person (who is not a minor) lawfully entitled to act on behalf of the minor A Policy on Safe Deposit Lockers/Safe Custody of Articles 6 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/Co-operative Banks (Nomination) Rules, 1985, only Thumb impression(s) shall be required to be attested by two witnesses. Signatures of the account holders need not be attested by witnesses.

Bank shall have appropriate systems and procedures in place to register the nomination, Cancellation and / or variation of the nomination, in their books, made by the locker hirers.

Bank shall acknowledge 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.

## 8) Settlement of Claims in case of death of a Customer

**Time limit for settlement of claims:** Bank 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. In case of lockers without survivorship mandate / nomination the claims shall be settled in accordance with Bank's guidelines, within one month from the date on which requisite documents are submitted.

## 9) Locker Break Open:

- a) Loss of the locker key basis Customer request - Charges for key replacement will be recovered from the locker holder/s. Key replacement will be done by an authorised vendor in the presence of the locker holder/s and the bank official. Panchanama of the same need not be done.
- b) Attachment and recovery of contents by any Law Enforcement Agency: Bank shall inform the locker holder/s through a letter and on the registered email-ID/SMS that Government authorities have approached them for attachment and recovery or seizure of the locker or its articles. In case of recovery or break open, Panchanama to be conducted by enforcement and copy of the same to be held on record and shared with Locker holder/s.
- c) Non-Payment of locker Rent: Bank shall initiate the process of locker break open, if the rent has not been paid by the customers for continuous three years in a row. Panchanama to be conducted by Bank and copy of the same to be held on record and shared with Locker holder/s.
- d) Inoperative Lockers: If the locker remains inoperative for a period of seven years and the locker hirer cannot be located, even if the rent is being paid regularly, Bank shall be at liberty to transfer the contents of the locker to their nominees/legal heir or dispose of the articles in transparent manner, as the case may be.

Prior intimation will be sent by the Bank to the locker holder/s, post which, in case of no response from the locker holder/s the locker will be accessed by the Bank in case of non-payment of the locker rent and inoperative locker. If the letter is returned undelivered, a public notice shall be issued in two local leading newspapers, one of which shall be English and another in a vernacular language, giving reasonable time to the locker hirer or to any other person/s who has interest in the contents of the locker, to respond. Content of the locker (if any) will be kept in a sealed envelope, along with the detailed inventory.

## 10) Surrender of Locker

For surrendering the locker, all locker holders must visit the branch personally and submit a written request for surrendering the locker which shall be duly signed by all locker holders.

- a) If locker holder/s desires to surrender the locker, the overdue rent, if any, shall be recovered first and then the locker holder/s may be permitted to remove the contents.
- b) The normal procedure for giving access to the locker holder to the locker may be followed for this purpose.
- c) After removing the contents of the locker, the locker holder shall hand over the renter's key to the Custodian. The Custodian shall verify the key number from the record, seal it and keep in the key cabinet.
- d) If the locker is surrendered in the middle of the financial year, the proportionate amount of advance rent collected shall be refunded to the locker hirer.
- e) The security deposit kept with the Bank under Lien shall be released to the locker holder at the time of surrender of locker. The hirer may also decide for continuance of deposit till its maturity to avoid loss of interest.
- f) Once the locker is surrendered, the lock of the surrendered Locker shall be inter-changed with that of a vacant locker .Only after changing the lock of the surrendered Locker the same could be hired out to another customer.
- g) As a precautionary measure, the Bank custodian shall carry out a physical check of the locker to ensure that the lockers are properly closed. If the same is not done, the lockers shall be immediately closed and the locker holder shall be promptly intimated.

If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, the Bank shall give notice to all such locker holders at least 2 months in advance intimating about shifting of lockers to new premises and to vacate the locker before shifting. The Bank shall also send a public notice in two newspapers (including one local daily in vernacular language) in this regard and the locker holder 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, the Bank shall make efforts to intimate their locker holders suitably at the earliest.

## 11) Liability of bank

Bank shall take due care including ensuring proper functioning of the locker system, guarding against unauthorized access to the lockers and providing appropriate safeguards against theft and robbery. Further, bank shall adhere to the Master Directions on Frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.

### **a) Liability of bank arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer**

The bank shall not be liable for any damage and/or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer. Bank shall, however, exercise appropriate care to their locker systems to protect their premises from such catastrophes.

**b) Liability of bank arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank**

It is the responsibility of bank 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.

**12) Locker Content Insurance**

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

**13) Customer Guidance And Publicity**

The bank shall display the model locker agreement with all the Terms & Conditions and the Standard Operating Procedures (SOPs) on various aspects on the websites for public viewing. The bank shall ensure that the customers are made aware of the bank's terms and conditions to avail those facilities. Bank shall display updated information on all kinds of charges for safe deposit lockers and safe custody articles on their websites.

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