



POLICY ON SAFE DEPOSIT LOCKER FACILITY

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Reserve Bank of India advised Bank to frame their own Board approved policy / operational guidelines with regard to Safe Deposit Locker facility applicable to both new and existing safe deposit locker facility with the Bank with immediate effect. Accordingly, in exercise of the powers conferred by Section 35A and Sections 45ZC to 45ZF of the Banking Regulation Act, 1949, read with Section 56 of the Act ibid and all other provisions of this Act or any other law enabling the Reserve Bank in this regard, the revised instructions are issued in supersession of the earlier instructions issued in this regard.

REFERENCES:

Subject to the provisions under Bye Laws, J&K Cooperative Societies Act/Rules and the directions /guidelines of the Reserve Bank of India, following shall constitute the rules and regulations governing customer policy. In these rules unless there is anything repugnant to the act and/or Rules in subject or context.

1. The "BANK" means "THE CITIZENS' COOPERATIVE BANK LTD."
2. "BOARD" means, "The Committee constituted to manage the affairs of the Bank and with whatsoever name it may be called or referred to.
3. "Customer" means:
 - (i) a person or entity that maintains an account and/or has a business relationship with the Bank.
 - (ii) One on whose behalf the account is maintained (i.e. beneficial owner)
 - (iii) Beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors etc. as permitted under law, and
 - (iv) Any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

PART I: Customer Due Diligence (CDD) for Lockers

- 1.1 The existing customers of a bank who have made an application for locker facility and who are fully compliant with the CDD criteria under the Master Direction - Know Your Customer (KYC) Directions, 2016 (as updated from time to time) will be given the facilities of safe deposit lockers subject to on-going compliance.
- 1.2 Customers who are not having any other existing banking relationship with the bank need to open a Savings Account or Current account with the Bank in order to avail the facilities of safe deposit locker 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.
- 1.3 The locker-hirer/s are advised 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 have the right to take appropriate action against such customer as it deems fit and proper in the circumstances.

1.4 The bank will obtain recent passport size photographs of locker-hirer(s) and individual(s) authorised by locker hirer(s) to operate the locker and preserve in the records pertaining to locker hirer being maintained in the bank's branch.

2. PART II: Locker Allotment

2. In order to facilitate customers making informed choices, bank maintains a branch wise list of vacant lockers as well as a wait-list in the 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 bank will 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.

2.1 Model Locker Agreement

2.1.1 Bank has a Locker agreement which the customer needs to submit duly signed with the requisite stamp duty paid in order to avail the locker facility. This agreement has been devised to ensure fair terms or conditions for the Bank as well as the customer.

Note: As per RBI guidelines (DOR.LEG.REC/40/09.07.005/2021-22 dated August 18, 2021), a model locker agreement will be released by Indian Banker's Association (IBA). The Bank's locker agreement will be updated and based on the model agreement and approved by the Board subsequently. All customers availing Locker Facility (existing as well as new), will be required to enter into a new locker agreement by January 01, 2023. Bank will intimate the customer regarding the same as and when the model locker agreement is released by RBI/IBA and all customers will need to enter into a new agreement by the stipulated timeline.

2.1.2 At the time of allotment of the locker to a customer, the bank will enter into an agreement with the customer to whom the locker facility is provided, on a paper duly stamped. A copy of the locker agreement in duplicate signed by both the parties shall be furnished to the locker-hirer to know his/her rights and responsibilities. Original Agreement shall be retained with the bank.

2.2 Locker Rent

2.2.1 In order to ensure prompt payment of locker rent, Bank at its discretion may require a customer to create a Term Deposit, at the time of allotment, which would cover three years' rent and the charges for breaking open the locker. The Fixed Deposit will be utilised to recover the locker rent in case the customer does not pay the same or in case of break open of the locker due to non-operation. The Fixed Deposit amount will be limited to cover the afore mentioned costs only.

2.2.2 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, excluding GST, will be refunded to the customer.

2.2.3 If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, the bank will give public notice in two newspapers (including one local daily in vernacular

language) in this regard and the customers will 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 will intimate the customers suitably at the earliest.

PART III: Infrastructure and Security Standards

3.1 Security of the Strong Room/Vault

- 3.1.1 Bank will 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 will be assessed and kept on record. Bank will have a single defined point of entry and exit to the locker room/vault. The place where the lockers are housed will 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 will also be assessed and minimized. The bank will conduct necessary engineering / safety verification regularly to identify the risks and carry out necessary rectification.
- 3.1.2 **Bank branches having lockers will remain adequately guarded at all times. The bank will install Access Control System, if required as per their risk assessment, which would restrict any unauthorized entry and create digital record of access to locker room with time log. As per the internal security policy, bank will cover the entry and exit of the strong room and the common areas of operation under CCTV camera and preserve its recording for a period of not less than 180 days. In case any customer has complained to the bank that his/her locker is opened without his/her knowledge and authority, or any theft or security breach is noticed/observed, the bank will preserve the CCTV recording till the police investigation is completed and the dispute is settled.**
- 3.1.3 The security procedures will be documented, and the staff concerned will be properly trained in the procedure. The internal auditors will verify and report the compliance to ensure that the procedures are strictly adhered to.

3.2 Locker Standards

- 3.2.1 All the lockers installed in the bank are conformed to the 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.
- 3.2.2 Identification Code of the bank / branch is embossed on all the locker keys with a view to facilitating identification of lockers / locker ownership by law enforcement agencies in case of need. Further, the custodian of the locker will, regularly/periodically, check the keys maintained in the branch to ensure that they are in proper condition. Bank will permit the locker-hirer to operate the locker only with the key provided by the bank.

PART IV: Locker Operations

4.1 Regular Operations by Customers

- 4.1.1 The locker hirer and/or the persons duly authorized by him/ her only will be permitted to operate the locker after proper verification of their identity

and recording of the authorization by the officials concerned of the bank. The bank will maintain a record of all individuals, including the locker-hirers, who have accessed the lockers and the date and time (both check-in and checkout 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 bank's staff will be maintained to record the movement of individuals in the Vault Room area with their signatures at appropriate place in the records.

4.1.2 The bank's officer authorizing the locker-hirer to access the locker, after unlocking the first key / password will not remain present when the locker is opened by the locker-hirer. The bank will ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.

4.1.3 **Bank will send 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.**

4.2 Internal Controls by bank

4.2.1 Bank has a system of inter change locks whenever the locker is surrendered by the hirer. The keys of vacant lockers will be kept in sealed envelopes. The duplicate master keys will be deposited with another branch of the bank. There shall be proper record of joint custody of master keys. Bank will conduct surprise periodic verification of surrendered/vacant lockers and their keys by an officer of the bank who is not connected with their custody and proper record will be maintained as a proof of such verification.

4.2.2 **Bank will ensure that the Locker Register and the Locker Key Register are maintained in computerized system compliant with the Cyber Security Framework issued by the Reserve Bank.**

The Locker Register will be updated in case of any change in the allotment with complete audit trails.

4.2.3 The bank custodian will check whether the lockers are properly closed post locker operation. If the same is not done, the lockers will be immediately closed, and the locker-hirer will be promptly intimated through SMS, if mobile number is registered or through letter so that they may verify any resulting discrepancy in the contents of the locker. The bank custodian will record the fact of not closing the locker properly in the register and its closure by the bank with the date and time. Further, the custodian of the locker room will carry out a physical check of the locker room at the end of the day to ensure that lockers are properly closed, and that no person is inadvertently trapped in the locker room after banking hours.

PART V: Nomination Facility and Settlement of Claims

5.1 Nomination Facility

5.1.1 The bank offers nomination facility in case of safe deposit lockers 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 will be followed by the bank.

- 5.1.2 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) will be required to be attested by two witnesses. Signatures of the account holders will not be attested by witnesses.
- 5.1.3 Bank has appropriate systems and procedures in place to register the nomination, cancellation and / or variation of the nomination made by the locker hirers.
- 5.1.4 Bank will provide an acknowledgement of the receipt of duly completed form of nomination, cancellation and / or variation of the nomination to all the customers.

5.2 Settlement of Claims in case of death of a Customer

- 5.2.1 The Board approved Comprehensive Deposit Policy will be applicable for settlement of deceased claims.
- 5.2.2 Bank has a Board approved Comprehensive Deposit Policy for nomination and release of contents of safety lockers to the nominee and protection against notice of claims of other persons in accordance with the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.
- 5.2.3 In order to ensure that the contents of lockers are returned to the genuine nominee, as also to verify the proof of death, bank has devised a claim form, in terms of applicable laws and regulatory guidelines.
- 5.2.4 Bank will settle the claims in respect of deceased locker hirers and will 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.
- 5.2.5 Bank will report to the Board, at quarterly intervals, on an ongoing basis, the details of the number of claims received pertaining to deceased locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, with reasons there for. The Board of the bank will review the settlement of claims and make suggestions to ensure that the claims are settled as early as possible unless there is any litigation pending before the Courts or any difficulty is being faced in identifying the true claimant with reference to nomination.

5.3 Access to the articles in the safe deposit lockers / return of safe custody articles

- 5.3.1 If the sole locker hirer nominates an individual to receive the contents in the locker, in case of his/her death, after verification of the death certificate and satisfying the identity and genuineness of such individual approached, the bank will 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 will give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s) after an inventory was taken in the prescribed manner. In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the bank will follow the mandate in the event of death of one or more of the joint locker-hirers.

- 5.3.2 Bank will, 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 will not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.
- 5.3.3 The bank will 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 bank will 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.
- 5.3.4 The bank will 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.
- 5.3.5 While giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, bank does not insist 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.
- 5.3.6 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 will be given to one or more of the survivors by a clear survivorship clause, Bank will facilitate access to legal heir(s) / legal representative of the deceased locker hirer as below (as per para 5.3.2 above):

- a. In the event of death of one (or more but not all) of the locker hirers, the surviving hirer(s) and legal heirs of the deceased hirer (or a person mandated by them) would be jointly allowed to access the locker and remove the contents.
- b. In the event of death of both / all the joint locker hirers, all the legal heirs (or any one of them as mandated by all legal heirs) would be allowed to access the locker and remove the contents.

PART VI: Closure and Discharge of locker items

6. 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.

6.1 Discharge of locker contents at the request of customer

- 6.1.1 If the key of the locker, supplied by bank is lost by the locker-hirer, the customer (locker hirer) shall notify the bank immediately. An undertaking will 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 will be recovered from the hirer. The charges applicable for replacement of lost keys will be communicated to the locker hirer.
- 6.1.2 The opening of the locker will be carried out by the bank or its authorized technician only after proper identification of the hirer, proper recording of the fact of loss and written authorization by the customer for breaking open the locker.
- 6.1.3 The operation will be done in the presence of the customer/s and an authorized official of the bank. The contents of the lockers will not be exposed to any individual other than the locker hirer during the break-up or restoration process.

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

- 6.2.1 In case of attachment and recovery of the contents in a locker of a customer 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 will co-operate in execution and implementation of the orders.
- 6.2.2 The bank will 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) will be informed by letter as well as by SMS to the registered 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 will be signed by all. A copy of the inventory may be forwarded to the customer to the address available in the bank's records or handed over to the customer against acknowledgement.

6.2.3 Bank will 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.

6.3 Discharge of locker contents by bank due to non-payment of locker rent

6.3.1 Bank has 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 will 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.

6.3.2 Before breaking open the locker, the bank will give due notice to the locker-hirer through a letter and SMS alert to the registered mobile phone number. If the letter is returned undelivered or the locker-hirer is not traceable, the bank will 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 will be broken open in the presence of an officer of the bank and two independent witnesses.

Further, bank will 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. Bank will also ensure that the details of breaking open of locker is documented in computerized systems compliant with the Cyber Security Framework issued by RBI, apart from locker register.

After breaking open of locker, the contents will be kept in sealed envelope with detailed inventory inside fireproof safe in a tamper-proof way until customer claims it. A record of access to the fireproof safe will invariably be maintained. While returning the contents of the locker, the bank will obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.

6.3.3 Bank will ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate forms as provided. Bank will not open sealed/closed packets found in locker while releasing them to the nominee(s) and surviving locker hirers, unless required by law.

6.4 Discharge of locker contents if the locker remains inoperative for a long period of time

6.4.1 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 will be at liberty to transfer the contents of the locker to their nominees/legal

heir or dispose of the articles in a transparent manner, as the case may be. Before breaking open the locker, the bank will follow the procedure as prescribed in paragraph 6.3.2 and 6.3.3 above. Bank will ensure that the procedure to be followed for disposal of the articles left unclaimed for a reasonably long period of time as mentioned above is incorporated in the locker agreement.

- 6.4.2 In case of non-operation of the Safe Deposit Locker for One (1) year irrespective of the fact that the Locker Holder is paying the rent regularly, the Bank shall notify and call upon the Locker Holder to either operate the Safe Deposit Locker or surrender it within a specified period.

The Bank will require the Locker Holder to provide reasons for non-operation of the Safe Deposit Locker in writing. The Bank may allow the Locker Holder (s) to continue holding the Safe Deposit Locker if the reason/s for non-operation provided by the Locker Holder (s) is/are found to be genuine. Bank will have the sole discretion to decide genuineness of the reason and the decision taken by the Bank in this regard will be final.

In the event the Locker Holder (s) does not provide reason for non-operation of the Safe Deposit Locker or the reason is found not be genuine, nor operate the Safe Deposit Locker within the specified period, Bank will after giving due notice to the Locker Holder (s) at his/ her last known address as available in the records of the Bank, proceed with cancellation of the allotment of the Safe Deposit Locker to the Locker Holder and break open the Safe Deposit Locker. In case, where Safe Deposit Locker remained inoperative for a long period of time, and the Locker Holder cannot be located, the Bank reserves a right to transfer the contents of the Locker to their nominees/legal heirs or dispose of the articles in a transparent manner.

PART VII: Compensation Policy / Liability for Bank

7. Liability of bank

- 7.1 Liability of bank arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer. The bank will 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 will, however, exercise appropriate care to it's locker systems to protect it's premises from such catastrophes.
- 7.2 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. In instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the bank's

liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

PART VIII: Risk Management, Transparency and Customer Guidance

8.1 Branch Insurance Policy

Bank has a branch insurance policy to minimize the loss due to incidents like robbery, fire, natural calamities, loss during shifting/merger of branch, etc., affecting contents of lockers.

8.2 Insurance of locker contents by the customer

As the Bank does not keep a record of the contents of the locker or of any articles removed therefrom or placed therein by the customer, Bank would not be under any liability to insure the contents of the locker against any risk whatsoever. Bank does not offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.

8.3 Customer guidance and publicity

8.3.1 The current Locker Agreement and Standard Operating Procedures (SOPs) is made available with the Branches/Ext. counters of the Bank.

8.3.2 Schedule of charges for safe deposit lockers are available on website.

8.3.3 Bank will place on the website, the instructions together with the policies / procedures put in place for giving access of the locker to the nominee(s) / survivor(s) / legal heir(s) of the deceased locker hirer.
