



Policy on Safe Deposit Locker Facility

History of Revisions

Version	Summary of Revisions	Date of Approval
2.0	Periodic Review	29.09.2023
1.0	Policy Formulation	31.12.2021

Table of Contents

- 1. Preamble3
 - Scope of the Policy: The policy covers the details of the locker availability, wait time of allotment, and the operational instructions.3
- 2. Regulatory Framework - Applicable Regulations3
 - 2.1 RBI Circular on Safe Deposit Locker/ Facility provided by the banks - Revised Instructions dated August 18, 20213
 - 2.1.1 Customer Due Diligence (CDD) for Lockers3
 - 2.1.2 Locker Allotment4
 - 2.1.3 Infrastructure and Security Standards5
 - 2.1.4 Locker Operations6
 - 2.1.5 Nomination Facility and Settlement of Claims7
 - 2.1.6 Closure and Discharge of locker items9
 - 2.1.7 Compensation Policy / Liability for Banks11
 - 2.1.8 Risk Management, Transparency and Customer Guidance12
- 3. ESFB Policy framework13
- 4. Provisions in policy over and above but in consonance with RBI guide lines – None.....20
- 5. Changes to the Policy20
- 6. Periodicity of Review of the Policy20

1. Preamble

Objective of the Policy: Safe Deposit Locker is an extended service provided by the bank in select branches. This is an ancillary service and is based on many factors like feasibility, space etc. The locker units placed in the strong room of the bank branch are leased out to customers after obtaining the requisite KYC documents. The bank is the lessor of the locker and the customer is the lessee.

Scope of the Policy: The policy covers the details of the locker availability, wait time of allotment of locker, operational instructions and the aspects involving allotment, operations, surrender, and execution of agreement and breaking open of the lockers. The bank is not providing services of Safe Custody Article and hence this policy is restricted to Safe Deposit Locker facility only. However, in case there is a breaking open of the locker, the contents of the locker are kept under the custody of the bank till such time the Hirer or the nominees collect the same.

2. Regulatory Framework - Applicable Regulations

2.1 [RBI Circular on Safe Deposit Locker/Safe Custody Article Facility provided by the banks - Revised Instructions dated August 18, 2021](#)

The banks are advised to frame their own Board approved policy/ operational guidelines in this regard taking into account the revised instructions. (Clause 2 of the circular).

The revised instructions shall come into force with effect from January 1, 2022 (except where otherwise specified) and be applicable to both new and existing safe deposit lockers and the safe custody of articles facility with the banks. (Clause 3 of the circular)

2.1.1 Customer Due Diligence (CDD) for Lockers

2.1.1.1 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) may be given the facilities of safe deposit lockers/ safe custody article subject to on-going compliance.

2.1.1.2 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.

2.1.1.3 Banks shall incorporate a clause in the locker agreement that 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.

2.1.1.4 The banks shall obtain recent passport size photographs of locker-hirer(s) and individual(s) authorised by locker hirer(s) to operate the locker and preserve in the records pertaining to locker-hirer being maintained in the bank's branch (Part I to Annex of Circular)

2.1.2 Locker Allotment

2.1.2.1 In order to facilitate customers making informed choices, banks shall maintain a branch wise list of vacant lockers as well as a wait-list in Core Banking System (CBS) or any other computerized system compliant with Cyber Security Framework issued by RBI, for the purpose of allotment of lockers and ensure transparency in allotment of lockers. The banks 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.

2.1.2.2 Model Locker Agreement

- a) Banks shall have a Board approved agreement for safe deposit lockers. For this purpose, banks may adopt the model locker agreement to be framed by IBA. This agreement shall be in conformity with these revised instructions and the directions of the Hon'ble Supreme Court in this regard. Banks shall ensure that any unfair terms or conditions are not incorporated in their locker agreements. Further, the terms of the contract shall not be more onerous than required in ordinary course of business to safeguard the interests of the bank. Banks shall renew their locker agreements with existing locker customers by January 1, 2023.
- b) At the time of allotment of the locker to a customer, the bank shall enter into an agreement with the customer to whom the locker facility is provided, on a paper duly stamped. A copy of the locker agreement in duplicate signed by both the parties shall be furnished to the locker hirer to know his/her rights and responsibilities. Original Agreement shall be retained with the bank's branch where the locker is situated.

2.1.2.3 Locker Rent

- a) Banks may face potential situations where the locker-hirer neither operates the locker nor pays the rent. To ensure prompt payment of locker rent, banks are allowed to obtain a Term Deposit, at the time of allotment, which would cover three years' rent and the charges for breaking open the locker in case of such eventuality. Banks, however, shall not insist on such Term Deposits from the existing locker holders 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.
- b) 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.
- c) If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, the bank shall give public notice in two newspapers (including one local daily in vernacular language) in this regard and the customers shall be intimated at least two months in advance along with options for them to change or close the facility. In case of unplanned shifting due to natural calamities or any other such emergency situation, banks

shall make efforts to intimate their customers suitably at the earliest. (Part II to Annex of Circular)

2.1.3 Infrastructure and Security Standards

2.1.3.1 Security of the Strong Room/Vault

- a) Banks 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. Banks shall have a single defined point of entry and exit to the locker room/vault. 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. The banks, as per their policy, shall conduct necessary engineering / safety verification regularly to identify the risks and carry out necessary rectification.
- b) The area housing the lockers should remain adequately guarded at all times. The banks shall 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 their internal security policy, banks may cover the entry and exit of the strong room and the common areas of operation under CCTV camera and preserve its recording for a period of not less than 180 days. In case any customer has complained to the bank that his/her locker is opened without his/her knowledge and authority, or any theft or security breach is noticed/observed, the bank shall preserve the CCTV recording till the police investigation is completed and the dispute is settled.
- c) The security procedures shall be well-documented and the staff concerned shall be properly trained in the procedure. The internal auditors shall verify and report the compliance to ensure that the procedures are strictly adhered to.

2.1.3.2 Locker Standards

- a) All the new mechanical lockers to be installed by the banks shall conform 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) Banks offering electronically accessed lockers should be fully aware of the safety and security features of such lockers satisfying appropriate industry standards. In case the lockers are being operated through an electronic system, the bank shall take reasonable steps to ensure that the system is protected against hacking or any breach of security. The customers' personal data, including their biometric data, shall not be shared with third parties without their consent. Further, banks shall ensure that the electronically operated lockers are compliant with the Cyber Security Framework prescribed by the Reserve Bank. The system should be capable of maintaining unalterable log of locker activities. The banks shall comply with the relevant statutory / regulatory guidelines/requirements applicable for IT / data protection. Further, the banks shall also devise a standard operating procedure for issue of new password

in lieu of lost passwords to customers in a safe and secure manner in case of electronically operated lockers.

- c) Banks shall ensure that identification Code of the bank / branch is embossed on all the locker keys with a view to facilitating identification of lockers / locker ownership by law enforcement agencies in case of need. Further, the custodian of the locker shall, regularly/periodically, check the keys maintained in the branch to ensure that they are in proper condition. Banks shall permit the locker-hirer to operate the locker only with the key provided by the bank, although there is no restriction in allowing the customer to use an additional padlock of her /his own if there are such provisions in lockers. (Part III to Annex of Circular)

2.1.4 Locker Operations

2.1.4.1 Regular Operations by Customers

- a) 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 officials concerned of the bank. The bank 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 banks' staff shall be maintained to record the movement of individuals in the Vault Room area with their signatures at appropriate place in the records.
- b) The bank's officer 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 banks shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.
- c) Banks 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.

2.1.4.2 Internal Controls by banks

- a) There shall be a system of inter change of locks whenever the locker is surrendered by the hirer. The keys of vacant lockers shall be kept in sealed envelopes. The duplicate master keys shall be deposited with another branch of the bank. There shall be proper record of joint custody of master keys. Banks shall conduct surprise periodic verification of surrendered/vacant lockers and their keys by an officer of the bank who is not connected with their custody and proper record shall be maintained as a proof of such verification.
- b) Banks shall ensure that the Locker Register and the Locker Key Register are maintained in CBS or any other computerized system compliant with the Cyber Security Framework issued by the Reserve Bank. The Locker Register shall be updated in case of any change in the allotment with complete audit trails.

- c) The bank custodian shall check whether the lockers are properly closed post locker operation. If the same is not done, the lockers must be immediately closed, and the locker-hirer shall be promptly intimated through e-mail, if registered or 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 shall 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 shall carry out a physical check of the locker room at the end of the day to ensure that lockers are properly closed, and that no person is inadvertently trapped in the locker room after banking hours. (Part IV to Annex of Circular)

2.1.5 Nomination Facility and Settlement of Claims

2.1.5.1 Nomination Facility

- a) The banks 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. In case the nominee is a minor, the same procedure as prescribed for the bank accounts shall be followed by the banks. 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.
- b) 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.
- c) Banks 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.
- d) Banks shall devise a proper system of acknowledging the receipt of duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement shall be given to all the customers irrespective of whether the same is demanded by the customers or not.

2.1.5.2 Settlement of Claims in case of death of a Customer

- a) Banks shall have a Board approved policy for settlement of claims. The policy shall be in conformity with the regulatory instructions and the Model Operational Procedure (MOP) for settlement of claims of the deceased constituents formulated by the IBA.
- b) Banks shall have a Board approved policy for nomination and release of contents of safety lockers / safe custody article 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.
- c) In order to ensure that the articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, banks shall devise their own claim formats, in terms of applicable laws and regulatory guidelines.

- d) Time limit for settlement of claims: Banks 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.
- e) Banks shall report to the Customer Service Committee of the Board, at appropriate 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 therefor. Customer Service Committee of the Board of the banks shall 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.

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

- a) 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 banks 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 "former or survivor" or according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the banks shall follow the mandate in the event of death of one or more of the joint locker-hirers.
- b) Banks 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.
- c) The banks 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 banks 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.

- d) The bank 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.
- e) While giving access to the survivor(s) / nominee(s) of the deceased locker hirer/depositor of the safe custody articles, banks may avoid insisting on the production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee(s), unless there is any discrepancy in nomination. In this regard, banks shall take note of our instructions under para b).
- f) 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, banks shall adopt a Board approved policy to facilitate access to legal heir(s) / legal representative of the deceased locker hirer. In this regard, banks shall take note of our instructions under para b).

Similar procedure shall be followed for the articles under safe custody of the bank. (Part V to Annex of Circular)

2.1.6 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.

Banks shall have a clear Board approved policy together with a Standard Operating Procedure (SOP) for breaking open the lockers for all possible situations keeping in view the relevant legal and contractual provisions.

2.1.6.1 Discharge of locker contents at the request of customer

- a) 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 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.

- b) The opening of the locker has to 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.
- c) The operation shall be done in the presence of the customer/s and an authorized official of the bank. 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.

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

- a) 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 banks shall co-operate in execution and implementation of the orders.
- b) 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 may be forwarded to the customer to the address available in the bank's records or handed over to the customer against acknowledgement.
- c) Banks 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.

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

- a) Banks 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 may be incorporated in the locker agreement to this effect.
- b) 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. In case of electronically operated lockers (including Smart Vaults), the use of 'Vault Administrator' password for opening of locker shall be assigned to a senior official and complete audit trail of access shall be preserved. Further, banks 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. Banks shall also ensure that the details of breaking open of locker is documented in CBS or any other computerized systems compliant with the Cyber Security Framework issued by RBI, apart from locker register. After breaking open of locker, the contents shall 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 shall invariably be maintained. While returning the contents of the locker, the bank shall obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.

- c) Banks shall ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate forms as provided at the end of this circular or as near thereto as circumstances require. Further, banks 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.

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

a) 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 bank shall follow the procedure as prescribed in paragraph 2.1.6.3 b) and 2.1.6.3 c) above. Banks shall ensure that the procedure to be followed by them for disposal of the articles left unclaimed for a reasonably long period of time as mentioned above is incorporated in their locker agreement.

b) The banks shall ensure that appropriate terms are inserted in the locker agreement executed with the customer specifying the position in case the locker is not in operation for long period. A clause may also be incorporated in the locker agreement to discharge the bank from liability in case the locker is not in operation and the locker is opened by the bank and contents are released as per law and as per the instructions issued by the Reserve Bank and the terms and conditions prescribed in the agreement. (Part VI to Annex of Circular)

2.1.7 Compensation Policy / Liability for Banks

Liability of banks

The banks shall put in place a detailed Board approved policy outlining the responsibility owed by them for any loss or damage to the contents of the lockers due to their negligence as banks owe a separate duty of care to exercise due diligence in maintaining and operating their locker or safety deposit systems. The duty of care includes ensuring proper functioning of the locker system, guarding against unauthorized access to the lockers and providing appropriate safeguards against theft and robbery. Further, banks shall adhere to the Master Directions on Frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.

2.1.7.1 Liability of banks 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. Banks shall, however, exercise appropriate care to their locker systems to protect their premises from such catastrophes.

2.1.7.2 Liability of banks 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 banks to take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It has the responsibility to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission. As banks 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. (Part VII to Annex of Circular)

2.1.8 Risk Management, Transparency and Customer Guidance

2.1.8.1 Branch Insurance Policy

Banks, with the approval of their Board, shall have 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.

2.1.8.2 Insurance of locker contents by the customer

Banks shall clarify in their locker agreement that as they do not keep a record of the contents of the locker or of any articles removed therefrom or placed therein by the customer, they would not be under any liability to insure the contents of the locker against any risk whatsoever. Banks shall under no circumstances offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.

2.1.8.3 Customer guidance and publicity

- a) The banks shall display the model locker agreement with all the Terms & Conditions and the Standard Operating Procedures (SOPs) on various aspects on their websites and/or at branches (if official website is not available) where locker facility is being provided by them for public viewing. The banks shall ensure that the customers are made aware of the bank's terms and conditions to avail those facilities.
- b) Banks shall display updated information on all kinds of charges for safe deposit lockers and safe custody articles on their websites.
- c) Banks shall place on their websites, the instructions together with the policies / procedures put in place for giving access of the locker/safe custody article to the nominee(s) / survivor(s) / legal heir(s) of the deceased locker hirer/safe custody article. Further, a printed copy of the same shall also be given to the nominee(s) / survivor(s) / legal heir(s).

2.1.8.4 Board approved policies and SOPs

Banks shall put in place a comprehensive revised Board approved policy and SOPs on safe deposit locker facility/safe custody article as per the revised instructions mentioned herein. (Part VIII to Annex of Circular)

[2.2 RBI Circular on Safe Deposit Locker/Safe Custody Article Facility provided by banks dated January 23, 2023](#)

2.2.1. In terms of paragraph 2.1.1 of RBI circular DOR.LEG.REC/40/09.07.005/2021-22 dated August 18, 2021, banks were required to renew their locker agreements with existing locker customers by January 1, 2023. However, it has come to the notice of the Reserve Bank that large number of customers are yet to execute the revised agreement and are facing difficulties in doing the same. In many cases, the banks are yet to inform the customers about the need for renewal of agreements before January 1, 2023. Further, there is a need for revision in the Model Agreement drafted by the Indian Banks' Association (IBA) to fully comply with the revised instructions.

2.2.2 Considering the above aspects, the deadline for banks is being extended in a phased manner to December 31, 2023. Banks are advised to notify all their customers of the revised requirements by April 30, 2023 and ensure that at least 50 per cent and 75 per cent of their existing customers have executed the revised agreements by June 30 and September 30, 2023 respectively. Banks shall report the status of compliance with these instructions on the DAKSH supervisory portal of the Reserve Bank on a monthly basis.

2.2.3 IBA is being advised separately to review and revise the Model Agreement to ensure that it complies with the requirements of circular dated August 18, 2021 and circulate a revised version to all banks by February 28, 2023. There may be instances, where the revised agreements already executed in pursuance of circular dated August 18, 2021 are at variance with this revised IBA Model Agreement. In such cases, all the provisions of the said circular of the RBI, in particular Part VII thereof on compensation policy/liability of banks, shall continue to apply to banks even if not explicitly stated in the agreements already executed. Further, in such cases, banks shall have the option to execute fresh agreements or revise them through supplementary agreements. The cost of stamp paper in such cases may be borne by the banks.

2.2.4. Banks are advised to facilitate execution of the fresh/supplementary stamped agreements with their customers by taking measures such as arranging stamp papers, franking, electronic execution of agreement, e-stamping, etc. and provide a copy of the executed agreement to the customer. Where operations in lockers have been frozen for non-execution of agreement by January 1, 2023, the same should be unfrozen with immediate effect.

3. ESFB Policy framework

The below is the ESFB Safe Deposit Locker Policy:

3.1 Customer Due Diligence (CDD) for Lockers:

- 3.1.1 Customers who have fully complied with the KYC requirements including Customer Due Diligence can avail the facility of Safe Deposit Lockers from the bank.
- 3.1.2 Bank will incorporate a clause in the locker agreement that 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 Hirer/s in the safe deposit locker, the bank shall have the right to take appropriate action against such Hirer/s, as it deems fit and proper in the circumstances.
- 3.1.3 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 maintained in the bank's branch.

3.2 Locker Agreement:

The model locker agreement drafted by the Bank is forming part of this policy as appendix I & II. This locker agreement will be reviewed from time to time and suitable amendments will be made, based on regulatory amendments, business requirements, etc. All amendments made will be applicable for existing lockers as well unless specified in agreement. Any adverse impact to Hirer/s will be informed to Hirer/s with a 30 days advance notice. Copy of the draft agreement will be made available in bank branches and on the website of the bank. Further, the Bank will renew the locker agreements with existing locker customers by January 1, 2023 or such other extended timeline as may be stipulated by RBI from time to time.

- 3.2.1 All hirer/s of the locker need to sign and submit an agreement as per the banks format. A copy of the locker agreement signed by both the parties will be furnished to the locker-hirer to know his/her rights and responsibilities.

3.3 Locker Rent:

- 3.3.1 Bank at its discretion may obtain a Term Deposit, at the time of allotment, which would cover three years' rent and the charges for breaking open the locker in case of such eventuality. Bank will not insist on Term Deposit from the hirers of the locker for more than 3 years rent.
- 3.3.2 Bank will not insist on such Term Deposits from the existing locker holders or those who have satisfactory operative accounts.
- 3.3.3 All such Fixed deposits placed with 3 years rental for locker will be placed under a special product code and will be lien marked to the locker account and the withdrawal will be permitted only on successful payment of locker rent due if any.
- 3.3.4 If locker rent is collected in advance, in the event of surrender of a locker by a Hirer/s, the proportionate amount of advance rent collected will be refunded to the Hirer/s. Such appropriation will be done based on number of months utilized. In case unutilized tenor is less than one month or 30 days, no refund shall be processed.

- 3.3.5 If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, Bank will give public notice in two newspapers (including one local daily in vernacular language) in this regard and the Hirer/s 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, bank shall make efforts to intimate their Hirer/s suitably at the earliest.

3.4 Infrastructure and Security Standards:

- 3.4.1 The lockers facility will be housed in the strong room specifically allotted for safe keeping of lockers and its contents and prevent break-ins. Additionally the Bank will also ensure to check the risk of any accessibility of allotted locker from any side without the involvement of the hirer and ensure to keep the same on record, if any.
- 3.4.2 The locker strong room will have a single defined point of entry and exit. 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, as per their policy, will conduct necessary engineering / safety verification regularly to identify the risks and carry out necessary rectification.
- 3.4.3 The area housing the lockers will remain adequately guarded at all times during banking hours. 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. Bank on best effort basis will ensure to 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 Hirer/s 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.
- 3.4.4 The security procedures will be well-documented and approved by the customer service committee and proper training will be imparted to the staff in the branches concerned. The same shall be subject to internal audit for verification and report will be submitted on the compliance.
- 3.4.5 Bank will ensure that identification Code of the bank / branch is embossed on all the locker keys with a view to facilitating identification of lockers / locker ownership by law enforcement agencies in case of need. Further, the custodian of the locker 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, although there is no restriction in allowing the Hirer/s to use an additional padlock of her /his own if there are such provisions in lockers.

3.5 Regular Operations by customers –

- 3.5.1 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. 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 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 bank' staff will be maintained to record the movement of individuals in the Vault Room area with their signatures at appropriate place in the records.
- 3.5.2 Bank's 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. Bank shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.
- 3.5.3 Bank will send an email and SMS alert to the registered email ID and mobile number of the Hirer/s 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.

3.6 Internal Controls by bank:

- 3.6.1 Bank will inter change the 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. The master keys will be in joint custody and a proper record of the same will be maintained. There will be surprise periodic verification of surrendered/vacant lockers and their keys by an officer of the bank who is not connected with their custody and proper record shall be maintained as a proof of such verification
- 3.6.2 Bank will ensure that the Locker Register and the Locker Key Register are maintained in CBS. The Locker Register will be updated in case of any change in the allotment with complete audit trails.
- 3.6.3 The bank custodian will check whether the lockers are properly closed post locker operation. If the same is not done, the locker will be immediately closed, and the locker-hirer will be promptly intimated through e-mail, or through SMS, or through letter for the hirers to 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.

3.7 Nomination Facility and Settlement of Claims:

- 3.7.1 Bank will offer 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, a guardian needs to

be assigned to the nominee. A passport size photo of the nominee attested by the Hirer/s may be provided by the Hirer/s, at his/her option for records.

- 3.7.2 For the various Forms (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.
- 3.7.3 Bank will allow and update systems to register the nomination, cancellation and / or variation of the nomination, made by the locker hirers.
- 3.7.4 Bank will also provide acknowledgement of duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement will be given to all the Hirer/s irrespective of whether the same is demanded by them or not.

3.8 Settlement of Claims in case of death of a Customer :

- 3.8.1 Bank has a Board approved policy for settlement of claims and all claims (Deposit Policy) will be settled as per the policy. Bank also has a Board approved policy for nomination (Deposit Policy) and release of contents of safe Deposit 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.
- 3.8.2 In order to ensure that the contents of lockers are returned to the genuine nominee, and to verify the proof of death, all claims need to be routed through the branch where the locker is situated and all formats as per the banks policy needs to be duly filled and submitted along with the documents.
- 3.8.3 Bank will 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 along with the submission of proof of death of the locker-hirer and suitable identification of the claimant(s) with reference to nomination, to the bank's satisfaction.
- 3.8.4 Bank will report to the Customer Service Committee of the Board, at quarterly intervals, on an ongoing basis, the details of the number of claims received pertaining to deceased locker-hirers accounts and those pending beyond the stipulated period, with reasons therefor. Customer Service Committee of 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.

3.9 Discharge of locker contents at the request of customer

- 3.9.1 If the key of the locker, supplied by bank is lost by the locker-hirer, the customer (locker hirer) shall notify the bank immediately. Hirer/s must provide an indemnity for the key lost, and 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 borne by the hirer. The charges applicable for replacement of lost keys shall be as per actuals including tax as applicable and will be communicated to the locker hirer.
- 3.9.2 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 Hirer/s for breaking open the locker.
- 3.9.3 The operation will be done in the presence of the Hirer/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.
- 3.9.4 Bank has a Standard Operating Procedure (SOP) for breaking open the lockers for all possible situations keeping in view the relevant legal and contractual provisions and the related process of breaking open of the lockers is being covered in this Policy.

3.10 Attachment and recovery of contents in a Locker of the bank by any Law Enforcement Authority

- 3.10.1 In case of attachment and recovery of the contents in a locker of a hirer/s 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 will co-operate in execution and implementation of the orders.
- 3.10.2 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 of the bank. The customer (locker-hirer) will 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 will 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 will be forwarded to the Hirer/s to the address available in the bank's records or handed over to the Hirer/s against acknowledgement.
- 3.10.3 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 case or fraud case in future.

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

- 3.11.1 Bank would be sending several reminders/ notices to the locker-hirer to provide reasonable time for paying the arrears and allowing the locker-hirer to remove the contents of the locker / operate the locker. Bank will have the discretion to break open any locker following due procedure if the rent has not been paid by the Hirer/s 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, after paying the dues.
- 3.11.2 Before breaking open the locker, the bank will 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 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 CBS, 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 Hirer/s claims it. A record of access to the fireproof safe will be invariably maintained. While returning the contents of the locker, the bank will obtain acknowledgement of the Hirer/s on the inventory list to avoid any dispute in future.
- 3.11.3 Bank will ensure that the inventory prepared after breaking open of the locker and during settlement of claims, is in the appropriate forms. Further, bank will 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, unless required by law.

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

- 3.12.1 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. Bank will ensure that the procedure to be followed by them for disposal of the articles left unclaimed for a reasonably long period of time as mentioned above is incorporated in their locker agreement.
- 3.12.2 Bank will ensure that appropriate terms are inserted in the locker agreement executed with the Hirer/s specifying the position in case the locker is not in operation for long period. A clause will also be incorporated in the locker agreement to discharge the bank from liability in case the locker is not in operation and the locker is opened by the bank and contents are released as per law and as per the instructions issued by the Reserve Bank and the terms and conditions prescribed in the agreement.

3.13 Compensation Policy / Liability for Bank:

- 3.13.1 Any loss or damage to the contents of the lockers due to the negligence on the part of the bank will be compensated as per the compensation policy of the bank. The max compensation will not exceed 100 times of the actual locker rent paid by the Hirer/s. In case a discount is offered to the Hirer/s, the discounted rate of locker will be considered for the compensation.
- 3.13.2 Bank will ensure proper functioning of the locker system, guarding system against unauthorized access to the lockers and will provide appropriate safeguard against theft and robbery. Further, bank will adhere to the Master Directions on Frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.

3.14 Risk Management, Transparency and Customer Guidance

- 3.14.1 Branch insurance policy to be placed for Board approval by Business to minimize the loss due to incidents like robbery, fire, natural calamities, loss during shifting/merger of branch, etc., affecting contents of lockers.
- 3.14.2 Bank will clarify in the locker agreement that as they do not keep a record of the contents of the locker or of any articles removed therefrom or placed therein by the Hirer/s, they would not be under any liability to insure the contents of the locker against any risk whatsoever. Bank will under no circumstances offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.
- 3.14.3 Bank will display the model locker agreement with all the Terms & Conditions and the Standard Operating Procedures (SOPs) on various aspects on their websites and at branches where locker facility is being provided for public viewing. Bank will ensure that the Hirer/s are made aware of the bank's terms and conditions to avail those facilities.3.14.4. Bank will display updated information on all kinds of charges for safe deposit lockers on their websites.
- 3.14.5 Bank will place on its 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. Further, a printed copy of the same will also be given to the nominee(s) / survivor(s) / legal heir(s).

4. Provisions in policy over and above but in consonance with RBI guide lines – None

5.Changes to the Policy

Clause 2.2 and 3.2 due to Regulatory change

6.Periodicity of Review of the Policy

The Board will review this policy at annual intervals and at such intervals as will be required on the regulatory and business exigencies.

Author of the Policy	Branch Banking
Reviewer of the Policy	Compliance
Name of Committee which recommended to the Board	Executive Policy Formulation Committee
Date of Board Approval	29.09.2023
Date of Next Review	18-24 months from the date of board approval / previous review

Appendix I

Locker Agreement - Single Hirer



Locker Agreement -
Single Hirer 3112202

Locker Agreement - Joint Hirer



Locker Agreement -
Joint Hirer 31122021