5.2.1.1

Locker Policy

The Coastal Urban Co-operative Bank Ltd No 3036 , Kollam

CR NO 1099 Dtd 17.02.2023

I. Objective of the Policy:

- Safe Deposit Lockers 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 is leased out to customers after obtaining the requisite KYC documents.
- Extension of Safe Deposit Locker facilities to the customer plays a pivotal role in meeting the growing demands of the customers, expanding the customer base and augmenting the non-interest income of the Bank.
- The bank is the lessor of the locker and the customer is a lessee.
- 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. In case there is a breaking open of locker the contents of the locker are kept under the custody of the bank till such time Hirer OR the nominees collect the same.
- 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.

II. Customer Due Diligence (CDD) for Lockers

- 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.

- 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 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.

- 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.

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

III. Locker Allotment

- 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.
- 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 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.

❖ Model Locker Agreement

✓ 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.

✓ 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.

❖ Locker Rent

✓ To ensure prompt payment of locker rent a Term Deposit which would cover three years' rent and the charges for breaking open the locker in case of any eventuality.

✓ 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.

- ✓ 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, efforts to intimate the customers suitably at the earliest should be made.

IV. Locker Operations

❖ Regular Operations by Customers

- 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 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.
- 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.

❖ Internal Controls by banks

- 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. Surprise periodic verification of surrendered/vacant lockers and their keys by an officer of the bank who is not connected with their custody will be conducted and proper record shall be maintained as a proof of such verification.
- 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.
- 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.

V. Nomination Facility and Settlement of Claims

❖ Nomination Facility

- Nomination facility is offered 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. A passport size photo of the nominee attested by the customer may be obtained from the customers, at his/her option and preserved in the records.
- For the various Forms (Forms SC1, SC2 and SC3 for Articles left in Safe Custody and Forms SL1, SL1A, SL2, SL3 and SL3A for Safety Lockers) prescribed under Banking Companies (Nomination) Rules, 1985, only Thumb-impression(s) shall be required to be attested by two witnesses. Signatures of the account holders need not be attested by witnesses.
- 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.
- 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.

VI. SETTLEMENT OF CLAIMS

1.Access to the articles in case of death of locker hirer:

A. Death of sole locker hirer:

✓ 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 Bank 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.

B. Locker is hired jointly with the instructions to operate it under joint signatures:

- ✓ In case the locker is 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 is taken in the prescribed manner.

C. Locker is hired jointly with survivorship clause-

- ✓ In case the locker is hired jointly with survivorship clause and the hirers instructed that the access of the locker shall 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 shall follow the mandate in the event of death of one or more of the joint locker-hirers.

- ✓ In the case of lockers hired jointly with and with any of the above mode of operations, nomination would be permissible. However, such nomination would be in favour of only one person.

- ✓ Bank shall, however, ensure the following before giving access of the contents to the nominee / survivor:

- ✓ 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.

- ✓ 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

- ✓ 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.
- ✓ The Bank 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.

B.Death claim settlement process wherein nomination is registered-

- ✓ The nominee shall have the access and the liberty to remove the contents of the locker upon the death of sole locker holder or in the event of death of all surviving locker holders under survivorship clause.
- ✓ Upon death of a locker holder who has made a nomination, the death certificate shall be obtained along with KYC of nominee who is the claimant.
- ✓ The Bank shall prepare an inventory of the articles in the presence of two

independent witnesses, one official of the bank and the claimant, who may be a nominee or an individual receiving the articles, on behalf of a minor.

- ✓ A copy of the inventory shall be kept on record and the other shall be handed over to the nominee.
- ✓ In case the key is not traceable or lost, the locker will be broke opened in the presence of the nominee, 2 witnesses one each from both sides, manufacturer of locker and Banks's lawyer. A copy of the same shall be given to the Nominee along with the contents of the locker. The charges of break open shall be borne by the nominee. When a nominee (with or without any joint survivor) wishes to continue to hold the locker, a fresh agreement shall be entered, and other formalities followed as in the of case of renting a new locker.

- ✓ The Bank shall obtain a separate letter from the nominee or the person competent to receive articles on behalf of the minor, as the case may be, that all the contents in the locker are received and the locker is empty, and they have no objection to allotment of the locker to any other locker holder as per norms. The nominee shall surrender the key of the locker and hand over the letter of discharge to the Bank officials.

- ✓ As access given to the survivors / nominees, as above constitutes a full discharge of the Bank's liability and hence production of legal representation, Succession Certificate, Letter of Administration or Probate, any bond of indemnity or surety etc. from the survivors / nominees shall not therefore be asked for giving them access to the locker, unless there is any discrepancy in nomination.

- ✓ It shall be made clear to the nominee(s) that access to the locker is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to 15 15 him/them shall not affect the right or claim which any person may have against the survivors / nominees to whom the access is given.

C.Death claim settlement process wherein nomination is not registered

- ✓ In the event of death of sole locker hirer or all the locker hirers, where nomination is not registered and in absence of any surviving locker hirer/s, access to the locker can be allowed to known legal heirs of the deceased for making an inventory of the contents of the locker for the purpose of obtaining necessary legal representation (by way of Succession certificate/ Probate/ Letter of Administration, Legal Heirship Certificate etc) in the presence of Banks advocate/ Notary public or the persons authorized by the court of law in this regard.
- ✓ A request to prepare an inventory of the contents of the locker to obtain legal representation to the estate of a deceased locker holder may be acceded to upon proper identification and production of proof of death of the locker

holder/s.

- ✓ The Inventory of the contents of the locker shall be made in the presence of the person claiming to obtain legal representation, Bank's lawyer/ Notary public, Valuer, 2 independent witness and 2 branch officials (Custodian and other official).

- ✓ The contents shall then be kept back in the locker after verifying with the inventory and the locker shall be locked. The contents of the locker shall be recorded by way of Pachanama in triplicate which will be signed by all the above persons. One copy shall be furnished to the claimant and other copies will be kept with the Bank.

- ✓ Before settling the claim, the branch shall recover arrears of rent and locker break open charges and other applicable charges if any, from the claimant.

VII. 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), after obtaining sanction from managing committee 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.

- 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.

VIII. 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:
- if the hirer loses the key and requests for breaking open the locker at her /his cost; or
- 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
- 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.

❖ Discharge of locker contents at the request of customer

- 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.

- 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.
- 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.

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

- In case of attachment and recovery of the contents in a locker of a customer or the articles left by a customer for safe custody of the bank by any Authority acting either under the orders of a Court or any other competent authority vested with the power to pass such orders, the banks shall co-operate in execution and implementation of the orders.

- The bank shall verify and satisfy itself about the orders and the connected documents received for attachment and recovery of the contents in a locker or articles in the safe custody of the bank. The customer (locker-hirer) shall be informed by letter as well as by email/SMS to the registered email id/mobile phone number that the Government Authorities have approached for attachment and recovery or seizure of the locker or articles deposited for safe custody. An inventory of the contents of locker and articles seized and recovered by the Authority shall be prepared in the presence of such Government Authorities, two independent witnesses and an officer of the bank and shall be signed by all. A copy of the inventory may be forwarded to the customer to the address available in the bank's records or handed over to the customer against acknowledgement.

- 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.

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

- 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.

- 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., 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.

- 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 in RBI 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.

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

- If the locker remains inoperative for a period of seven years and the locker-hirer cannot be located, even if rent is being paid regularly, the bank shall be at liberty to transfer the contents of the locker to their nominees/legal heir or dispose of the articles in a transparent manner, as the case may be. Before breaking open the locker, the bank shall follow the procedure as prescribed above.

- 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.

IX. LIABILITY OF THE BANK

- The Bank shall exercise due diligence in maintaining and operating their locker or safe deposit system. The Bank shall ensure proper functioning of the locker system, guarding against unauthorized access to the lockers and providing appropriate safeguards against theft and robbery. Further, the Bank shall adhere to the Master directions on frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.

- 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 locker holder. Bank shall, however, exercise appropriate care to their locker systems to protect their premises from such catastrophes.

- The Bank shall take all the steps for the safety and security of the premises in which the safe deposit vaults are housed. Although the Bank has no knowledge of the contents of the locker, it shall exercise reasonable care and precaution of the vault and the lockers, as a man of ordinary prudence would take of his own locker. Entry of unauthorized persons in the vault shall be carefully prevented to obviate any risk. The Bank will, in no way, be responsible / liable for the contents kept in the locker by the hirer. 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.

For instance, where loss of contents of locker are due to incidents mentioned above (fire, theft, burglary, dacoity, robbery or building collapse occurred in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission) 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.

X. Risk Management, Transparency and Customer Guidance

- 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.
- 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 there from 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.
- 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.
- Bank will display updated information on all kinds of charges for safe deposit lockers on their websites.
- Bank will place on the websites, 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) Provisions in policy over and above but in consonance with RBI guide lines.

XI. Changes to the Policy

- Not Applicable

XII. 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.

C.R. No. 1099 | 17.02.23.

For The Coastal Urban Co-operative Bank Ltd. No:3036,Kollam

Chairman

For The Coastal Urban Co-op. Bank Ltd.No. 3036,Kollam

Chief Executive Officer

For The Coastal Urban Co-op. Bank Ltd. No. 3036, Kollam

Vice Chairman

For The Coastal Urban Co-operative Bank Ltd.No.3036,Kollam

Director