

**CITY UNION BANK LIMITED, CENTRAL OFFICE
KUMBAKONAM**



**POLICY ON
EXTENSION OF/ACCESS TO SAFE DEPOSIT LOCKERS/
SAFE CUSTODY ARTICLES**

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POLICY ON **EXTENSION OF/ACCESS TO SAFE DEPOSIT LOCKERS/** **SAFE CUSTODY ARTICLES**

INTRODUCTION:

It goes without saying that the extension of Safe Deposit Locker / Safe Custody Articles facilities to the customers 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. It is therefore imperative for the bank to put in place a Comprehensive Policy on Extension of and Access to Safe Deposit Lockers/Safe Custody Articles so as to enable the customers to avail of these facilities with ease. As such, this Policy on Extension of / Access to Safe Deposit Lockers /Safe Custody has been formulated in tune with the recommendations of the Committee on Procedures and Performance Audit on Public Services (CPPAPS) and the Guidelines of Reserve Bank of India furnished in their circular DBOD No.Leg.BC.18/09.07.006/2011-12 Dated 1st July,2011.

A) SAFE DEPOSIT LOCKERS

I EXTENSION OF SAFE DEPOSIT LOCKER FACILITY

1) A Safe Deposit Locker, a cabinet which contains several compartments at different sizes shall be kept in a special room shall be made available at the branches of the bank. This Locker shall be extended to a person who makes an application in the prescribed format to avail of such facility from the bank, provided he/she fulfills the KYC norms and agrees to abide by the terms and conditions stipulated by the Bank. Rent shall be charged based on the size of the locker allotted to him/her.

- 2) The Locker can be hired by
- (i) Individual or
 - (ii) Two or more persons jointly or
 - (iii) Two or more persons with E or S or F or S clause

3) A minor cannot hire a locker

4) The relationship between the Bank and the Hirer is a Lessor –Lessee relationship.

5) The Hirer/s can operate the Safe Deposit Locker only on the Bank's working days and during the business hours of the Bank.

6) Two different keys shall be available for each locker i.e. one key is for the Bank called Master Key and other one is for the customer called Hirer's Key.

7i) The Locker can be operated only by the Hirer/s and it can be operated by him any number of times in a day provided it is within the business hours of the Bank.

8ii) Before operating the locker the hirer/s should sign the attendance register which shall be kept at the bank.

9) The Locker can be surrendered at any time without any damage. Hirer's signature shall be obtained in the locker ledger and the deposit if any, should be refunded on production of the receipt already issued by the bank after collection of rental dues if any.

10) In the case of locker keys reported lost by the hirer, a written declaration shall be obtained from him/her. The bank shall obtain from the manufacturing company a fresh set of lock and key. It shall be delivered by the company in a sealed box through its technical representative. The technical representative shall open the box in the presence of the Branch Manager and the Hirer and then in their presence the locker shall be broken open. The contents shall be removed safely and a new lock shall be fitted thereon. Then the NEW key shall be handed over to the hirer after collecting the charges for fitting the new lock and key.

11) The bank shall prescribe uniform rentals for Lockers as per the Guidelines of Reserve Bank of India from time to time. The present rates effective from 01.11.2007 are as follows:

Size of Locker	Rent per year (Rs.)
Small	1500
Medium	2000
Big	3000
Extra Large	3000

II ALLOTMENT OF LOCKERS

1) Linking of Allotment of Lockers to placement of Fixed Deposits

The Bank shall not link the Locker Facility with placement of any other deposits at any point of time except that of Fixed Deposits as Security for Locker to cover 3 years rent and the charges for breaking open the locker in case of an eventuality.

2) Fixed Deposit as Security for Lockers

There may be situations where the locker-hirer neither operates the locker nor pays rent. To ensure prompt payment of locker rent, the bank shall at the time of allotment, obtain a Fixed Deposit which would cover 3 years rent and the charges for breaking open the locker in case of an eventuality. However, the bank shall not insist on such Fixed Deposit from the existing locker-hirers.

3) Wait List of Lockers

The Branches shall maintain a Wait List for the purpose of allotment of lockers and ensure transparency in allotment of lockers. All applications received for allotment of locker shall be acknowledged and provided a Wait List number.

4) Providing a copy of the Agreement to the Locker Hirer

The Branches shall provide a copy of the agreement regarding operation of the locker to the locker-hirer at the time of allotment of the locker.

III SECURITY ASPECTS RELATING TO SAFE DEPOSIT LOCKERS

1) Operations of Safe Deposit Vaults/Lockers

The Bank shall exercise due care and necessary precaution for the protection of the lockers provided to the customer. The Bank shall review the systems in force for operation of safe deposit vaults / locker at all the branches on an on-going basis and take necessary steps. The security procedures shall be well-documented and the staff concerned shall be properly trained in the procedure. The internal inspectors shall ensure that the procedures are strictly adhered to.

2) Customer due diligence for allotment of lockers / Measures relating to lockers which have remained unoperated

In view of the risks involved in renting safe deposit lockers, the bank shall take the following measures:

(i) The Bank shall carry out customer due diligence for both new and existing customers at least to the levels prescribed for customers classified as medium risk. If the customer is classified in a higher risk category, customer due diligence as per KYC norms applicable to such higher risk category shall be carried out.

(ii) Where the lockers have remained unoperated for more than three years by medium risk customers or one year by the high risk customers, the bank shall immediately contact the locker-hirer and advise him/her to either operate the locker or surrender it. This exercise shall be carried out even if the locker hirer is paying the rent regularly. Further, the bank shall ask the locker hirer to give it in writing, the reasons why he / she did not operate the locker. In case the locker-hirer has some genuine reasons as in the case of NRIs or persons who are out of town due to a transferable job etc., the bank may allow the locker hirer to continue with the locker. In case the locker-hirer does not respond nor operate the locker, the bank shall consider opening the lockers after giving due notice to him/her. In this context, the bank shall incorporate a clause in the locker agreement that in case the locker remains unoperated for more than one year, the bank would have the right to cancel the allotment of the locker and open the locker, even if the rent is paid regularly.

(iii) The Bank shall adopt the following procedure for breaking open the Lockers and taking stock of Inventory.

3) Embossing Identification Code:

The bank shall ensure that identification Code of the bank / branch is embossed on all the locker keys with a view to facilitate Authorities in identifying the ownership of the locker keys.

IV PROCEDURE FOR BREAKING OPEN THE LOCKERS

The following procedure shall be followed by the branches for breaking open the lockers where Locker Rent is in arrears for more than 3 years and where the Hirer has not responded to the notices sent by the branches

- 1) A notice shall be sent to the hirer stating that the locker rent advance would be adjusted towards rent arrears if the rent is not paid within 15 days.
- 2) If there is no response, the rent advance Shall be adjusted on the next day of the date specified in the above letter. After that, a letter shall be sent to the hirer informing the fact of adjustment of rent advance and demanding payment of balance of arrears of rent if any, within 15 days.
- 3) If the hirer does not turn up, then another letter shall be sent to the hirer to vacate the locker/pay the arrears of rent within seven days failing which the locker would be broken open on or after that date and that the charges/expenses would have to be borne by the hirer.
- 4) The Locker would be broken open on or after the date mentioned above, in the presence of a Notary Public and the articles would be recorded item wise/ number wise in a ledger duly notarizing the same.
- 5) Then a letter shall be sent to the hirer informing that the contents of the locker and the items would be auctioned on (date).....at(time)..... for recovery of the arrears of rent, charges and expenses incurred for breaking open the Locker. The auction date would be fixed after 15 days from the date of notice.
- 6) Only such items, the value of which is sufficient to recover the arrears, charges and expenses, including the auction expenses and paper publication shall be chosen for auction.
- 7) One week after the issue of notice paper publication shall be given in a local daily informing the date and time of auction together with the details of item/s that are going to be auctioned.
- 8) The auction shall be conducted on the date and time specified and the amount fetched in the auction shall be adjusted towards arrears of rent, charges and expenses incurred and balance, if any, shall be kept in the Accounts Payable account.
- 9) Then a letter shall be sent to the Hirer informing the details of the auction and advising him/her to receive the balance amount and the remaining contents of the locker.
- 10) If the contents/remaining contents of the locker are not claimed, the same shall be kept in the safe deposit room duly locked/sealed under the joint custody of the Branch Manager and the Cashier.
- 11) If the contents are not claimed for more than three years they will be handed over to the Police Authorities after prior intimation to the Central Office by the branches.

12) All Notices / Letters shall be sent under Registered Post Acknowledgment Due to the Hirer and in respect of joint accounts, to all the joint hirers.

13) All Acknowledgement Cards received shall be kept in the Files concerned.

14) If the letters are returned for any reason they shall be kept without opening in the relevant files.

15) If the letter is returned for the reason of death of the hirer, the notice shall be issued to all the legal heirs of the hirer.

16) If the letter is returned for the reason - change of address, efforts shall be taken to locate the new address and a note thereof shall be recorded in a Register before breaking open the locker or auctioning the contents of the locker.

17) The procedure for auction shall be as follows:

i) An Auction Register shall be opened and the name and address of the participants shall be recorded and their signature shall be obtained.

ii) An upset price shall be fixed for the item/s to be auctioned.

iii) The bid made by each bidder shall be recorded in the Register.

iv) The item/s is/ are to be handed over to the highest bidder after receiving the bid amount in cash.

v) An acknowledgment from the successful bidder shall be obtained to the effect that the item/s has/have been received as is where is condition indicating the bid amount.

B) ACCESS TO THE SAFE DEPOSIT LOCKERS / RETURN OF SAFE CUSTODY ARTICLES TO SURVIVOR(S) / NOMINEE(S) / LEGAL HEIR(S)

I) Procedure for return of contents of Lockers / Safe Custody Articles to Survivor / Nominee / Legal heirs.

A procedure similar to that of handing over the proceeds of deposit accounts laid down in RBI's Circular DBOD.No.Leg. BC.95/2004-05 dated June 9, 2005 shall be adopted for return of contents of lockers / safe custody articles to Survivor / Nominee / Legal Heirs.

II) Access to the safe deposit lockers / return of safe custody articles (with survivor/nominee clause)

i) If the sole locker hirer nominates a person the bank shall give to such nominee access of the locker and liberty to remove the contents of the locker in the event of the death of the sole locker hirer.

ii) In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates person(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).

iii) In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker shall be given over to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause, the bank shall follow the mandate in the event of the death of one or more of the locker-hirers.

However, the bank shall take the following precautions before handing over the contents:

(a) The Bank shall 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;

(b) The Bank shall make diligent effort to find out if there is any order from a competent court restraining the bank from giving access to the locker of the deceased; and

(c) The Bank shall make it clear to the survivor(s) / nominee(s) that access to 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 him shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.

(d) Similar procedure shall be followed for return of articles placed in the safe custody of the bank. It should be noted that the facility of nomination is not available in case of deposit of safe custody articles by more than one person.

e) It shall be noted that since the access given to the survivor(s) / nominee(s), subject to the foregoing conditions, would constitute a full discharge of the bank's liability, insistence on production of legal representation is superfluous and unwarranted and only serves to cause entirely avoidable inconvenience to the survivor(s) / nominee(s) and would, therefore, invite serious supervisory disapproval. In such case, therefore, while giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, the bank shall 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).

III Access to the safe deposit lockers / return of safe custody articles (without Survivor/nominee clause)

i) There is an imperative need to avoid inconvenience and undue hardship to legal heir(s) of the locker hirer(s). In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, the bank shall adopt a customer-friendly procedure for giving access to legal heir(s) / legal representative of the deceased locker hirer. Similar procedure shall be followed for the articles under safe custody of the bank.

ii) The Bank shall be guided also by 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.

iii) The Bank shall prepare an inventory before returning articles left in safe custody / before permitting removal of the contents of a safe deposit locker as advised in terms of Notification DBOD.NO.Leg.BC.38/ C.233A-85 dated March 29, 1985 issued by Reserve Bank of India. The inventory shall be in the appropriate Formats set out in the above Notification or as near thereto as circumstances require. A copy of the Inventory Format is furnished in the Annexure.

iv) Further, in case, the nominee(s) / survivor(s) / legal heir(s) wishes to continue with the locker, the bank shall enter into a fresh contract with nominee(s) / survivor(s) / legal heir(s) and also adhere to KYC norms in respect of the nominee(s) / legal heir(s). The Bank 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.

C) SIMPLIFIED OPERATIONAL SYSTEMS / PROCEDURES

A comprehensive review of the bank's extant systems and procedures relating to settlement of claims of the deceased constituents (locker-hirers / depositors of safe-custody articles) shall be undertaken from time to time with the approval of the Board duly taking into account the applicable statutory provisions as also the Model Operational Procedure of Indian Banks Association.

D CUSTOMER GUIDANCE AND PUBLICITY

i) Benefits of nomination / survivorship clause

The Bank shall give wide publicity and provide guidance to locker-hirers / depositors of safe custody articles on the benefits of the nomination facility and the survivorship clause. Illustratively, it shall be highlighted in the publicity material that in the event of the death of one of the joint account holders, the right to the contents of the locker or the articles under safe custody does not automatically devolve on the surviving joint deposit account holder, unless there is a survivorship clause. The Bank shall place on its website the instructions along with the policies / procedures put in place for extending access of the locker / safe custody articles to the nominee(s) / survivor(s) / Legal Heir(s) of the deceased locker hirer / depositor of the safe custody articles. Further, a printed copy of the same shall also be given to the nominee(s) / survivor(s) / Legal Heir(s) whenever a claim is received from them.

CONCLUSION:

This Policy has taken into account various recommendations of the Committee on Procedures and Performance Audit on Public Services (CPPAPS) for easy operation of Lockers. Thus the Bank shall endeavour to provide Customer friendly Safe Deposit Locker / Safe Custody Articles facility to the customers and adopt the principles and procedures enumerated above and ensure better customer service.

ANNEXURE

FORM OF INVENTORY OF ARTICLES LEFT IN SAFE CUSTODY WITH BANKING COMPANY **(SECTION 45ZC (3) OF THE BANKING REGULATION ACT, 1949)**

The following inventory of articles left in safe custody with

_____ branch, by Shri _____ /Smt. _____
(deceased) under an agreement/receipt dated _____ was
taken on this, _____ day of _____ 20 _____.

S.No.	Description of Articles in Safe Custody	Other Identifying particulars if any

The above inventory was taken in the presence of :

1. Shri/Smt. _____ (Nominee) Shri/Smt. _____
(Appointed on behalf of minor Nominee)

Address _____ OR Address _____

Signature _____ Signature _____

I, Shri/Smt. _____ (Nominee / appointed on behalf of minor
Nominee) hereby acknowledge receipt of the articles comprised and set out in the above
inventory together with a copy of the said inventory.

Shri/Smt. _____ (Nominee) Shri/Smt. _____

Signature _____ Appointed on behalf of minor Nominee)

Date & Place _____ Signature _____

Date & Place _____

**FORM OF INVENTORY OF CONTENTS OF
SAFETY LOCKER HIRED FROM BANKING COMPANY**

(Section 45ZE (4) of the Banking Regulation Act, 1949)

The following inventory of contents of Safety Locker No. _____ located in the Safe Deposit Vault of _____, _____ Branch at _____.

* hired by Shri/Smt. _____ deceased in his/her sole name.

* hired by Shri/Smt. (i) _____ (deceased)

(ii) _____ Jointly

(iii) _____

was taken on this _____ day of _____ 20____.

S.No.	Description of Articles in Safe Custody	Other Identifying particulars if any

For the purpose of inventory, access to the locker was given to the Nominee/and the surviving hirers • who produced the key to the locker./• by breaking open the locker under his/her/their instructions.

The above inventory was taken in the presence of:

1. Shri/Smt. _____ (Nominee) _____

Address _____ (Signature) or

1. Shri/Smt. _____ (Nominee) _____

Address _____ (Signature) and

2. Shri/Smt. _____

Address _____ (Signature)

Shri/Smt. _____ Survivors Address

_____ (Signature) of joint hirers

2. Witness(es) with name, address and signature:

* I, Shri/Smt. _____ (Nominee)

* We, Shri Smt. _____ (Nominee), Shri/Smt.

_____ and Shri/Smt. _____ the survivors of

the joint hirers, hereby acknowledge the receipt of the contents of the safety locker comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. _____ (Nominee) Shri/Smt. _____ (Survivor)

Signature _____

Signature _____

Date & Place -----

Date & Place -----
