

RESERVE BANK INFORMATION AND TRANSFER SYSTEM

Low Value Settlement Service LVSS Migration Plan - APCS

RITS Low Value Feeder Project

September 2012

Table of Contents

- 1. INTRODUCTION 1**
 - 1.1 Scope..... 1
- 2. APCS MIGRATION 2**
 - 2.1 Overall Strategy 2
 - 2.2 APCS Participants 2
 - 2.3 Pre-requisites..... 2
 - 2.4 Outline of Migration Approach 3
 - 2.5 Important Points 5
- 3. OTHER MIGRATION INFORMATION 6**
 - 3.1 Production Connectivity testing 6
 - 3.2 RITS Production Verification prior to go-live 6
 - 3.3 RBA Migration Support 6
 - 3.4 RITS and Support Hours 7
 - 3.5 List of RBA Contacts..... 7
- 4. MIGRATION CHECKLIST 8**

1. Introduction

The Reserve Bank released specifications for the RITS Low Value Settlement Service (LVSS) in November 2010¹. Since this time, all institutions participating in the RITS 9:00 am Settlement of low value clearings have been undertaking projects to meet LVSS requirements. Migration to the LVSS will occur on a clearing system by clearing system basis during 2012. BECS settlement obligations successfully migrated to the LVSS in May 2012. The CECS and Cashcard LVSS migrations occurred in August 2012.

The purpose of this document is to provide details of the production LVSS Migration Plan for the APCA Australian Paper Clearing System (APCS). Settlement obligations under APCS have three separate streams. These are:

- Electronic Presentment and Dishonour (EP&D) exchanges – the related File Settlement Instructions (FSIs) will use the APCE payment service under LVSS.
- Regional 'for-value' exchanges – there are six different state-based regions and the related FSIs will use the APCR payment service.
- Tier 1A/Tier 1B settlements – the settlement obligation due to or from an APCS Tier 1B member will be submitted by their appointed Tier 1A representative using the payment service of APCT.

The LVSS timetable allows the Government Sweep (GABS) migration to occur at a time agreed between each relevant institution and the Reserve Bank, subject to completion by 22 October 2012. Information on migration arrangements for GABS obligations have been separately provided.

Members should note that the activities outlined in this document are consistent with those undertaken in the earlier LVSS migrations.

Further information on the LVSS more generally can be found on the [RITS Information Facility](#).

1.1 Scope

This document provides detailed information on the migration plan for RITS Members that participate in APCS as Tier 1 members. It includes an outline of the LVSS migration approach for the three APCS payment services and a detailed timeline covering the tasks/activities to be performed in the period between 19 October and 23 October 2012.

Also provided is information relating to optional verification testing, RBA support arrangements and RBA contact details. An LVSS migration checklist is also included.

¹ Minor revisions to these specifications were released in June 2011.

2. APCS Migration

2.1 Overall Strategy

During 2011, industry participants agreed that migration to the LVSS would take place on a clearing system by clearing system basis. For each clearing system, all participants will migrate to the new arrangements on the same agreed date. The exception to this is Government Sweeps, where each Member will select their own migration timing as long as this is completed by 22 October 2012.

For APCS, the agreed migration date for commencing to send FSIs to the Reserve Bank is Monday 22 October 2012. The first interbank APCS settlement under LVSS will take place in RITS on Tuesday 23 October.

2.2 APCS Participants

The table below shows the list of APCS Tier 1 participants for each of the three settlement components:

Institution			CS1							APCT
			APCE	APCR						
APCA Code	RITS Code	Name	EP&D	NT	NSW	VIC	QLD	SA	WA	T1A/ 1B
ANZ	ANZB	Australia and New Zealand Banking Group	✓	✓	✓	✓	✓	✓	✓	
ARA	ARAB	Arab Bank Australia Limited								✓
BQL	BQLQ	Bank of Queensland	✓				✓			✓
BWA	BKWA	Bank of Western Australia	✓	✓	✓	✓	✓	✓	✓	
CBA	CBAA	Commonwealth Bank of Australia	✓	✓	✓	✓	✓	✓	✓	
CTI	CITI	Citibank Pty Limited								✓
NAB	NABL	National Australia Bank	✓	✓	✓	✓	✓	✓	✓	✓
RBA	RBAA	Reserve Bank of Australia	✓	✓	✓	✓	✓	✓	✓	
WBC	WPAC	Westpac Banking Corporation	✓	✓	✓	✓	✓	✓	✓	

✓ indicates a Tier 1B Participant who is a Counterparty only in LVSS.

2.3 Pre-requisites

The following is a summary of the pre-requisites for the production (live) operation of LVSS for APCS settlement obligations:

- LVSS testing by all Members for each applicable APCS payment service is successfully completed (covering all end to end processes).
- Industry testing is successfully completed.
- Internal project signoffs have been completed.

- All Members have promoted their systems changes to their production environments. [If this is not the case, and a Member intends to use the manual entry functionality in RITS, the Reserve Bank must be advised.]
- All Members have completed their RITS setup activities, as set out in the [LVSS Participant Set-up Guide](#).

2.4 Outline of Migration Approach

This section provides a brief outline of the migration approach. This information is repeated in tabular form further below.

Existing settlement arrangements will be used for APCS clearings on Friday 19 October. Participants will process their electronic and regional paper-based clearings in the usual way and will create/submit exchange summaries to the Collator before the respective cut-off times of each of the separate of APCS settlement components (i.e. EP&D, the six regions and Tier 1A/Tier 1B). These figures will be included in the 9am Settlement on Monday 22 October.

APCS clearings for Monday, 22 October will be settled via the LVSS using the payment services of APCE, APCR and APCT. Participants will exchange as normal on the Monday and will additionally create and send FSIs to RITS for each of the exchanges they participate in. These obligations will form part of the 9am Settlement on Tuesday 23 October.

Information relating to APCS clearing and settlement arrangements, both before and after migration, is summarised in the table below:

Date/Time	Event	Comment
Friday 19 October At normal exchange times	Participants exchange electronic (EP&D) clearing files and physical 'for-value' paper in each region	
Friday 19 October 20:30 to Saturday 20 October 04:00	Participants determine settlement figures with each other based on: <ul style="list-style-type: none"> • EP&D exchanges • Regional 'for-value' exchanges • Tier 1A/Tier 1B positions Participants create Collator Exchange Summaries for work of 19 October and send to Collator as normal	
Friday 19 October 20:30 to Saturday 20 October 04:00	Collator sends provisional and final files for each type of APCS exchange	
Saturday 20 October 03:00 to 04:00	Collator sends Net Obligations files/faxes summarising the Collator-based figures to be included in the overall 9am Settlement obligation on Monday 22 October	Data excludes obligations which have already been migrated to the LVSS

Date/Time	Event	Comment
Monday 22 October 07:30 - 08:45	RITS opens for settlement Participants can view their 9am Settlement positions Participants fund their 9am Settlement position	LVSS transactions for clearing systems that have already migrated are managed in accordance with LVSS requirements
Monday 22 October 08:45 - 09:15	9am Settlement takes place and amounts settled include Friday's APCS settlement positions lodged via the Collator	
Monday 22 October 19:30 to Tuesday 23 October 04:00	<p><u>EP&D</u></p> <p>Participants exchange EP&D files at agreed times</p> <p>Sending participants create APCE FSIs and submit these to RITS - Settlement Method of "M" (Multilateral) and settlement date of Tuesday.</p> <p><u>Regional Exchanges</u></p> <p>Participants attend 'for-value' paper regional exchanges. Participants create APCR FSIs for their outward paper items and submit these to RITS - Settlement Method of "M" (Multilateral) and settlement date of Tuesday.</p> <p><u>Tier 1A/Tier 1B</u></p> <p>The Tier 1A participant determines the settlement obligation for the Tier 1B participant it acts for. The Tier 1A creates an APCT FSI and submits this to RITS - Settlement Method of "M" (Multilateral) and settlement date of Tuesday.</p>	<p>Sending participants monitor that FSIs are received and validated by RITS</p> <p>Receiving participants reconcile settlement instructions in RITS against clearing files received</p> <p>EP&D processes cover the 'value' files in each EP and ED cycle (i.e. transmissions A, B, D and E)</p> <p>Participants DO NOT send APCS exchange summary files to the Collator. If a file is accidentally sent, it will not be processed by the Reserve Bank</p> <p>Participants will not receive APCS provisional or final advice files</p> <p>Participants will not receive Net Obligation faxes or files from the Collator</p> <p>Participants should contact the RITS Help Desk if they experience problems relating to the lodgement of FSIs during this period.</p>
Tuesday 23 October 07:00 – 08:15	<p>RITS opens at 7.30am</p> <p>Participants view their projected 9am Settlement position covering all clearing systems</p> <p>All APCS participants manage their queued transactions to ensure they are settlement ready before 08:15</p>	7.30am Information screen only displays Opening and Closing ES Balance information. Collator figures are no longer shown on this screen
Tuesday 23 October 07:45	<p>Industry Conference Call</p> <p>Telephone: 1800 850 672</p> <p>Conference Code: 7036866119</p>	See section 3.3

Date/Time	Event	Comment
Tuesday 23 October 08:15	Start Time of Multilateral Run. All eligible queued LVSS transactions (now covering all clearing systems) are locked into a Multilateral Group. Clearing interest transactions are created as part of this process and included as part of the overall 9am obligation. Participants can view their final 9am Settlement positions	
Tuesday 23 October 08:15 – 08:45	Participants finalise funding of their 9am Settlement positions	
Tuesday 23 October 08:45 – 09:15	9am Settlement occurs. Selected responses are sent to participants.	
Tuesday 23 October 12:00	Industry Conference Call Telephone: 1800 850 672 Conference Code: 7036866119	See section 3.3

2.5 Important Points

In summary, Members should note the following important points regarding the APCS LVSS migration:

- No Collator Exchange Summaries should be sent to the Reserve Bank for APCS after the conclusion of processing for the work of 19 October (for settlement on 22 October). Files sent accidentally will not be processed. The Reserve Bank will turn off APCS Collator functionality after this time.
- No provisional, final or Net Obligation fax/files will be sent by the Collator after the conclusion of processing for the work of 19 October (for settlement on 22 October). Members should inform relevant operational areas that these advices will no longer be sent.
- The RITS '7.30am Information' screen will no longer display APCS, BECS, CECS, GABS or Cashcard CUG obligations. The 'Bilateral Position Summary' enquiry function in RITS should be used instead.
- From 23 October, the '9am Batch Amount' shown in the '7.30am Information' screen no longer be shown as all former Collator components have now migrated to the LVSS. Other RITS enquiry functions (e.g. ESA Position) should be used instead to view the 9am settlement position.

Members should also note that there will be **no reversion to Collator arrangements** once LVSS processing commences for APCS obligations. In the event that a Member experiences a systems issue that prevents the automatic lodgement of FSIs into RITS, the fallback will be to perform the manual entry of these obligations directly into RITS.

3. Other Migration Information

3.1 Production Connectivity testing

The earlier LVSS migrations required all Members to complete production connectivity tests with the RBA prior to going live. All APCS participants have already completed these tests. As such, there is no requirement for a production connectivity test to be performed as part of the APCS LVSS migration.

3.2 RITS Production Verification prior to go-live

The Reserve Bank is willing to accommodate Members who may wish to perform RITS LVSS production verification prior to go-live. This will be done in a controlled manner with each proposed arrangement separately discussed and agreed between the Reserve Bank and the Member.

As a guide, Members may choose to:

- Send an FSI into RITS as a trial payment. This FSI could be for \$0 or a small amount of \$1. The counterparty to the FSI **must** agree to the arrangement and also advise the Reserve Bank.
- Receive an accepted advice (FSA1) in relation to the trial payment.
- Recall the FSI prior to settlement or allow the FSI to settle. If the latter option is chosen, Members should note that the Reserve Bank requires all trial payments to settle with the Settlement Method of 'I' (Individual). No trial payments may be included in the 9am Settlement.
- Receive a settled response (FSRS).

Members should note that only limited production verifications should occur. All Member setup arrangements must be completed (by both Originator/Counterparty) prior to any trial payments being initiated. If required, RBAA can be a counterparty for this purpose.

These types of verifications are optional and at the discretion of each Member. If a Member does wish to perform any of the verifications mentioned above, it should make a formal request via email to the RITS Help Desk setting out the scope and timing of the proposed verification. The counterparty to the FSI must similarly advise the RITS Help Desk. All such requests should be received with at least one week's notice. The RITS Help Desk will then advise each party if the proposed production verification can proceed.

3.3 RBA Migration Support

The Reserve Bank will endeavour to support each Member with their APCS migration. This will include any production verification testing as agreed with each Member.

The RITS Help Desk will convene two industry conference calls for Members as part of the APCS commencement of LVSS in production, as follows:

- At 7.45 am on Tuesday, 23 October, prior to the formation at 8.15am of the 9am Settlement multilateral group containing the first APCS FSIs.
- At 12.00 pm (midday) on Tuesday, 23 October, after the completion of the first 9am Settlement including APCS LVSS transactions and initial reconciliations.

Conference call details are:

Telephone: 1800 850 672

Conference Code: 7036866119

3.4 RITS and Support Hours

RITS will open for settlement at the normal time of 7.30am during the period of the APCS migration.

On-site support hours for the RITS Help Desk were extended in August 2012 to include LVSS activities relating to CECS. These support hours cover the expected times of APCS LVSS activity. Outside the on-site support hours, the RITS Help Desk telephone number will be answered and referred to on-call personnel as appropriate.

3.5 List of RBA Contacts

The RITS Help Desk will provide support to Members for all LVSS related matters. All production enquiries should be directed to the RITS Help Desk using the following contact details:

Phone: 1800 659 360²

Email: rits@rba.gov.au

Business related LVSS enquiries can also be directed to the following Reserve Bank staff:

Name	Phone	Email
Warren Wise	(02) 9551 9894	wisew@rba.gov.au
Alison Clark	(02) 9551 8941	clarka@rba.gov.au

² Recorded line.

4. Migration Checklist

The table below provides a summary checklist of the LVSS setup tasks that need to be completed ahead of the APCS migration date of 22 October 2012. Further details on each of these setup tasks are contained in the [LVSS Participant Set-up Guide](#) which was issued in October 2011 and is available on the RITS Information Facility. The same tasks were undertaken as part of the preparation for LVSS testing using the RITS Pre-Production environment and so all Members should be familiar with the steps required.

Members should note that the checklist does not include details of any of the internal/agent tasks that also need to be completed ahead of 22 October. These tasks will vary from Member to Member and must be included as part of each Member's overall implementation planning.

All setup activities listed in the table below should be completed and verified by Monday, 15 October.

Member Task	Reference/Comment
Advise routing arrangements for all LVSS advices and responses, including the mandatory reject responses (if not already advised as part of earlier migrations)	RITS Help Desk will action on receipt of authorised LVSS Message Delivery Form (section 4)
If applicable, advise if renaming of standard file names for LVSS advices and responses is required.	RITS Help Desk will action on receipt of authorised LVSS Message Delivery Form (section 6)
Add new LVSS branches and cash accounts (as necessary)	RITS Help Desk will action on receipt of authorised Feeder, Batch and Other Branches form
Nominate the RITS branches to be used for each APCS Payment Service (if not already advised)	RITS Help Desk will action on receipt of authorised LVSS Branch Allocation form
Set up new RITS users (as necessary)	RITS Help Desk will action on receipt of authorised User Access Request form
Link users to nominated LVSS branches (as necessary)	Member – RITS Password Administrator
Allocate new LVSS roles to users, including those related to manual FSI/FRI RITS functions	Member – RITS Password Administrator
Set up authorisations on RITS LVSS functions (as necessary)	RITS Help Desk will action on receipt of authorised Member Authorisation Maintenance form
Allocate authorisations to users as required	Member – RITS Password Administrator
Ensure cash account limit processing is turned off in RITS for all cash accounts used for LVSS settlements	Member - user with 'Cash Account Limit – Set Limit' role
Set the ESA status override on LVSS branches/cash accounts as required	Member - user with 'Override ESA Status - Set Override' role
Set the override LVSS Settlement Method on LVSS branches/cash accounts as required	Member – user with new 'LVSS Settlement Method – Set Override' role

Member Task	Reference/Comment
Select optional LVSS advices and responses as required (if not already selected)	Member - user with 'Unsolicited Advices' role
Select AIF messages (e.g. Pre-settlement Advices or Post-settlement Advices) as required	Member - user with 'Unsolicited Advices' role
Complete and return APCS Readiness Declaration to the RITS Help desk	This declaration will be separately provided to Members for completion