

RESERVE BANK INFORMATION AND TRANSFER SYSTEM

Low Value Settlement Service LVSS Migration Plan CECS and Cashcard

RITS Low Value Feeder Project

FINAL

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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 purpose of this document is to provide details of the production LVSS Migration Plan for the APCA Consumer Electronic Clearing System (CECS) and the Cashcard Closed User Group (CSHD).

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 October 2012. Information on migration arrangements for GABS obligations will be provided separately.

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 the CECS and Cashcard settlement processes. It includes an outline of the LVSS migration approach for each of these payment services and a detailed timeline covering the tasks/activities in the period between 10 August and 14 August 2012.

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

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

2. CECS and Cashcard 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 CECS/CSHD, the agreed migration date for commencing to send File Settlement Instructions (FSIs) to the Reserve Bank is Monday 13 August 2012. The first interbank CECS/CSHD settlements under LVSS will take place in RITS on Tuesday 14 August.

2.2 Pre-requisites

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

- LVSS testing by all Members for CECS/CSHD 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 production connectivity setup with the Reserve Bank for LVSS file transfers (many will have completed this in May, prior to the BECS migration; it does not need to be repeated).
- All Members have completed their RITS setup activities, as set out in the [LVSS Participant Set-up Guide](#).

2.3 Outline of Migration Approach

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

CECS

Existing settlement arrangements will be used for consumer payments clearings on Friday 10 August. Participants will process their ATM/EFTPOS clearings in the usual way and will create/submit exchange summaries to the Collator by 4.00 am Saturday morning as normal. As part of this process, ANZ and CBA will advise respective participants of their Visa and MasterCard settlement figures, which will be incorporated within the CECS exchange summaries in the normal way. These figures will be included in the 9am Settlement on Monday 13 August.

Consumer electronic clearings for Saturday 11, Sunday 12 and Monday 13 August will be settled via the LVSS as part of the 9am Settlement on Tuesday 14 August. At least one participant (CBA) will be sending separate FSIs for values cleared on Saturday and Sundays. Other participants will aggregate Saturday, Sunday and Monday clearing

figures into a single FSI that they will send to RITS by 4.00 am Tuesday morning. These figures will not include MasterCard or Visa obligations.

CBA will send separate FSIs for MasterCard settlement values on Monday. ANZ will send separate FSIs for Visa settlement values also on the Monday. These obligations will form part of the 9am Settlement on Tuesday 14 August. Participants should note there are no changes to the current value dating of Visa and MasterCard settlements.

Cashcard

Cashcard Australia will send its normal settlement figures for Cashcard Closed User Group members for consumer transactions processed via Cashcard Australia on Friday 10 August to the Collator by 4.00 am on Saturday morning for inclusion in the 9am Settlement on Monday 13 August.

Cashcard Australia will send FSIs for Cashcard Closed User Group members for consumer transactions processed via Cashcard Australia on Saturday 11, Sunday 12 and Monday 13 August by 4.00 am Tuesday morning. These will settle as part of the 9am Settlement on Tuesday 14 August.

Information relating to ATM/EFTPOS, Visa, MasterCard and Cashcard obligations and settlement arrangements, both before and after migration, is summarised in the table below:

Type of clearing	Transaction Date	Exchange Summary "Work of" Date/ FSI Payment Date	Settlement Date	Settlement Process
MasterCard	9 August*	10 August	13 August	Current Figure advised by CBA to each other MasterCard settlement participant. Both parties include on CECS Collator Exchange Summary for Friday 10 August
Visa	9 August*	10 August	13 August	Current Figure advised by ANZ to each other Visa settlement participant. Both parties include on CECS Collator Exchange Summary for Friday 10 August
ATM/EFTPOS (CECS)	10 August	10 August	13 August	Current Include on CECS Collator Exchange Summary for Friday 10 August
Cashcard CUG	10 August	10 August	13 August	Current Advised by Cashcard Australia on Cashcard Collator Exchange Summary for Friday 10 August

Type of clearing	Transaction Date	Exchange Summary "Work of" Date/ FSI Payment Date	Settlement Date	Settlement Process
MasterCard	10 August*	13 August	14 August	LVSS FSIs are to be submitted per counterparty by CBA for the net obligation due
Visa	10 August*	13 August	14 August	LVSS FSIs are to be submitted per counterparty by ANZ for the net obligation due
ATM/EFTPOS (CECS)	11, 12, 13 August	13 August	14 August	LVSS FSIs are to be submitted by Originator per counterparty for items acquired (excludes Visa and MasterCard obligations)
Cashcard CUG	11, 12, 13 August	13 August	14 August	LVSS FSIs are to be submitted per counterparty by Cashcard Australia for the net obligation due

* These transaction dates reflect the existing settlement lags for these transactions. The FSIs will have a Payment Date of the weekday prior to settlement.

2.4 Detailed Migration Timeline

The following table sets out the CECS/CSHD migration timeline in greater detail. The text in blue indicates that these processes repeat each subsequent day.

Date/Time	Event	Comment
Friday 10 August 22:00 to Saturday 11 August 04:00	<p>Participants determine settlement figures based on consumer electronic clearings (i.e. CECS ATM/EFTPOS)</p> <p>Participants incorporate settlement figures for 9 August transactions processed by Visa, as advised by ANZ</p> <p>Participants incorporate settlement figures for 9 August transactions processed by MasterCard, as advised by CBA</p> <p>Participants create CECS Collator Exchange Summaries for "work of" 10 August for ATM/EFTPOS, Visa and MasterCard transactions and send to Collator as normal</p>	

Date/Time	Event	Comment
Friday 10 August 22:00 to Saturday 11 August 04:00	Cashcard Australia calculates settlement figures for Cashcard CUG members, creates a Cashcard CUG Collator Exchange Summary for "work of" 10 August and sends to Collator as normal	
Friday 10 August 22:00 to Saturday 11 August 04:00	Collator sends provisional and final faxes for CECS Exchange Summaries	Collator Exchange Summaries for the paper clearing system (APCS) are lodged as normal
Saturday 11 August 03:00 to 04:00	Collator sends Net Obligations files/faxes summarising obligations for settlement on Monday 13 August	Data includes CECS/CSHD obligations Data excludes BECS obligations, which have already migrated to the LVSS
Saturday 11 August 22:00 to Sunday 12 August 04:00	Participants may determine settlement figures for CECS ATM/EFTPOS clearings for Saturday Participants may create CECS FSIs and submit these to RITS - Settlement Method of "M" (Multilateral), Payment Date of Monday and Settlement Date of Tuesday	Sending participants monitor that FSIs are received and validated by RITS Receiving participants may reconcile settlement instructions in RITS against clearing figures
Sunday 12 August 22:00 to Monday 13 August 04:00	Participants may determine settlement figures for CECS ATM/EFTPOS clearings for Sunday Participants may create CECS FSIs and submit these to RITS - Settlement Method of "M" (Multilateral), Payment Date of Monday and Settlement Date of Tuesday	Sending participants monitor that FSIs are received and validated by RITS Receiving participants reconcile settlement instructions in RITS against clearing figures
Monday 13 August 07:30 - 08:45	RITS opens for settlement Participants can view their 9am Settlement positions (this includes Friday's CECS/CSHD collator obligations) Participants fund their 9am Settlement position	CECS/CSHD, APCS and GABS settlement obligations are included in the collator obligation BECS settlement obligations are already in RITS as LVSS transactions
Monday 13 August 08:45 - 09:15	9am Settlement (including Friday's CECS/CSHD collator obligations)	
Monday 13 August	CBA submits FSIs for MasterCard transactions processed on 10 August for settlement on Tuesday 14 August (Payment Date is 13 August)	

Date/Time	Event	Comment
Monday 13 August	ANZ submits FSIs for Visa transactions processed on 10 August for settlement on Tuesday 14 August (Payment Date is 13 August)	
Monday 13 August 22:00 to Tuesday 14 August 04:00	<p>Participants determine settlement figures for CECS ATM/EFTPOS clearings for Monday. Saturday and Sunday clearings are also included if not submitted separately.</p> <p>Participants create CECS FSIs and submit these to RITS - Settlement Method of "M" (Multilateral), Payment Date of Monday and Settlement Date of Tuesday</p> <p>Cashcard Australia calculates settlement figures for Cashcard CUG members and submits CSHD FSIs to RITS - Settlement Method of "M" (Multilateral), Payment Date of Monday and Settlement Date of Tuesday</p> <p>Participants DO NOT send exchange summaries for ATM/EFTPOS to the Collator</p> <p>Cashcard Australia DOES NOT send exchange summary for Cashcard CUG to the Collator</p>	<p>Sending participants monitor that FSIs are received and validated by RITS</p> <p>Receiving participants reconcile settlement instructions in RITS against clearing figures</p> <p>These FSIs do not include Visa and MasterCard settlement values</p> <p>If an Exchange Summary file is sent to the Collator accidentally, it will not be processed by the Reserve Bank</p> <p>Participants will not receive CECS or Cashcard CUG provisional or final advice files</p>
Tuesday 14 August 07:30 – 08:15	<p>RITS opens for settlement at 7.30 am</p> <p>Participants view their projected 9am Settlement position covering all clearing systems (including BECN FSIs and new CECS and/or CSHD FSIs)</p> <p>All CECS and CSHD participants manage their queued transactions to ensure they are settlement ready before 08:15</p>	<p>7.30am Information screen only displays Collator information (i.e. APCS and GABS). BECN, CECS, CSHD figures are no longer shown on this screen</p> <p>Participants must not use the '9am Batch Amount' figure shown on this screen as this no longer includes BECS, CECS or CSHD obligations</p>
Tuesday 14 August 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 14 August 08:15	Start Time of Multilateral Run. All eligible queued LVSS BECN, CECS and CSHD transactions and remaining Collator obligations 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 14 August 08:15 – 08:45	Participants finalise funding of their 9am Settlement positions	
Tuesday 14 August 08:45 – 09:15	9am Settlement occurs. Responses are sent to participants, as selected.	
Tuesday 14 August 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 CECS and CSHD LVSS migrations:

- No Collator Exchange Summaries should be sent to the Reserve Bank for CECS or Cashcard CUG obligations after the conclusion of processing for the work of 10 August (for settlement on 13 August). Files sent accidentally will not be processed. The Reserve Bank will turn off CECS and Cashcard CUG Collator functionality after this time.
- The RITS '7.30am Information' screen will no longer display BECS, CECS or Cashcard CUG obligations. The 'Bilateral Position Summary' enquiry function in RITS should be used instead.
- From 14 August, the '9am Batch Amount' shown in the '7.30am Information' screen will represent only those clearing system obligations which have yet to migrate to the LVSS. It will not include BECS, CECS or Cashcard CUG obligations. 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 CECS/CSHD 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 Reserve Bank will require each new sending LVSS participant (or any new agent) to perform production connectivity tests prior to the actual go-live date of 13 August. The scope of this testing is to prove file transfer connectivity between each Member and the Reserve Bank in the production environment for file processing². The connectivity tests will cover both sending and receiving files over the COIN or SWIFT networks as applicable.

Members that are already sending production BECS FSIs with the same connectivity arrangements will not need to conduct this testing.

Relevant Members should note that the purpose of this testing is to ensure files can be sent and received between the Member and the Reserve Bank's production file transfer management system. The connectivity test will not include the on-sending of files to RITS for settlement or the receiving of files from RITS (refer footnote 2). If an agent is used, this test only needs to be performed once by the agent.

This testing can take place after a Member has implemented its LVSS production file transfer changes. It can occur at a mutually agreed time. At the very latest, the tests must be scheduled on the production cutover weekend (11 or 12 August).

The proposed process is as follows:

- The Member and the Reserve Bank will agree on the test file and filename(s) to be used (in each direction).
- A Member would then send this one file to the Reserve Bank at the agreed time.
- On receipt the Reserve Bank will send the same file back to the Member (renamed if necessary).

Relevant Members are requested to contact the RITS Help Desk on 1800 659 360³ (rits@rba.gov.au) to arrange an appropriate time this production connectivity test.

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.

² The full RITS production environment for LVSS uses a file management system (used already for production LVCS file transfers) that connects to the core RITS processor. The connectivity test only involves the file management system.

³ Recorded line.

- 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 CECS/CSHD migration. This will include connectivity and production verification testing as agreed with each Member.

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

- At 7.45 am on Tuesday, 14 August, prior to the formation at 8.15am of the 9am Settlement multilateral group containing the first CECS and CSHD FSIs.
- At 12.00 pm (midday) on Tuesday, 14 August, after the completion of the first 9am Settlement including CECS and CSHD 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 CECS/CSHD migration.

RITS Help Desk on-site support hours were extended to 9.20pm at the time of the BECS migration in May 2012. These hours will be extended further from Monday, 13 August to provide support for Members' Production CECS/CSHD LVSS activities.

From Monday, 13 August on-site RITS Help Desk support will be available to Members from 7.00am until the completion of normal LVSS activity, which is likely to be between 3am and 4am the following morning Monday to Friday. Outside of these 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 360⁴

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

⁴ 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 CECS/CSHD migration date of 13 August 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 13 August. 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, with the exception of the production connectivity test, should be completed and verified by Thursday 2 August.

Member Task	Reference/Comment
Establish and test file transfer production connectivity (if connectivity was not tested prior to the BECS migration)	Liaison with the RITS Help Desk is required
Advise routing arrangements for all LVSS advices and responses, including the mandatory reject responses (if not already advised prior to the BECS migration)	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 Payment Service (if not already advised prior to the BECS migration)	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

Member Task	Reference/Comment
Set the override LVSS Settlement Method on LVSS branches/cash accounts as required	Member – user with new 'LVSS Settlement Method – Set Override' role
Select optional LVSS advices and responses as required (if not already selected for BECS migration)	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 CECS Readiness Declaration to the RITS Help desk	This declaration will be separately provided to Members for completion