

# **RESERVE BANK INFORMATION AND TRANSFER SYSTEM**

## **Low Value Settlement Service LVSS Migration Plan Government Sweeps (GABS)**

### **RITS Low Value Feeder Project**

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**FINAL**

**July 2012**

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## 1. Introduction

The Reserve Bank released specifications for the RITS Low Value Settlement Service (LVSS) in November 2010<sup>1</sup>. 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 and CECS/Cashcard obligations are due to migrate in August 2012.

The purpose of this document is to provide details of the production LVSS Migration Plan for Government Sweeps (GABS). The LVSS timetable allows this LVSS migration to occur at a time agreed between each relevant institution and the Reserve Bank, subject to completion on or before 22 October 2012.

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

Information more generally on requirements relating to Government Sweep processing is provided on the Department of Finance's website under [Agency Banking](#). In particular, the [Instructions for Transactional Bankers](#) document sets out the expected requirements. Members should note that the Department of Finance is in the process of updating this documentation. This update will include references to LVSS processing requirements, and will be consistent with the information previously provided by the Reserve Bank in its LVSS documentation.

### 1.1 Scope

This document provides information on the migration plan for RITS Members that participate in the Government Sweep settlement process. It includes an outline of the LVSS migration approach and provides a timeline covering the tasks/activities that need to be completed during the changeover period.

For the GABS payment service, there will be one FSI sent each day by each government banker to RITS. The RBA will always be the counterparty in this FSI. This transaction will be included in the 9am Settlement. As the GABS LVSS migration can occur on a date agreed between each Member and the Reserve Bank, the timelines in this document are more generic than those outlined in earlier BECS and CECS/Cashcard LVSS Migration Plans.

This document also provides information relating RBA support arrangements and contact details. An LVSS migration checklist for participants is also included. It is likely that many of the activities in this checklist will have been completed as part of the earlier LVSS migrations.

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<sup>1</sup> Minor revisions to these specifications were released in June 2011.

## 2. GABS 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 was Government Sweeps, where each Member is able to select their own migration timing as long as this is on or before 22 October 2012.

### 2.2 Pre-requisites

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

- LVSS testing by each Member for GABS is successfully completed (covering all end to end processes). This includes sending GABS FSIs to the RBA.
- 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](#).

### 2.3 Outline of Migration Approach

This section provides a brief outline of the migration approach. It is expected that any changeover will occur over a weekend, in a similar manner to other migrations.

Existing settlement arrangements will be used on the Friday before the changeover. Participants will submit their normal government sweep files [Aggregated Account Type Balances (File 1) and Agency Daily Balances (File 2)] during the evening as normal. The Reserve Bank calculates the settlement figure due from these files and this figure is included by the Collator in the 9am Settlement on the Monday.

On the Monday night (or early Tuesday morning), each participant will submit their normal government sweep files [Aggregated Account Type Balances (File 1) and Agency Daily Balances (File 2)] during the evening as normal. **In addition**, each participant will submit an FSI for the value that is due. This obligation will be included in the 9am Settlement on the Tuesday.

### 2.4 Detailed Migration Timeline

The following table sets out the GABS migration timeline. Generic days are used rather than specific dates. The text in blue indicates that these processes repeat each subsequent day.

Date/Time	Event	Comment
Friday 22:00 to Saturday 04:00	Participants send their existing government sweep files to the RBA  The RBA determines the settlement obligation and includes it in the Collator figures	

<b>Date/Time</b>	<b>Event</b>	<b>Comment</b>
Saturday 03:00 to 04:00	Collator sends Net Obligations files/faxes summarising obligations for settlement on the Monday – this includes the government sweep obligation	
Monday 07:30 - 08:45	RITS opens for settlement at 7.30 am Participants can view their 9am Settlement positions (this includes Friday's GABS collator obligation) Participants fund their 9am Settlement position	
Monday 08:45 - 09:15	9am Settlement occurs	
Monday 22:00 to Tuesday 04:00	Participants send their existing government sweep files to the RBA In addition, each participant creates a single GABS FSI and submits this to RITS – Counterparty of RBAA, Settlement Method of "M" (Multilateral), Payment Date of Monday and Settlement Date of Tuesday	The Reserve Bank will ensure that there is no Collator obligation produced for the Government Sweep entry
Tuesday 07:30 – 08:15	RITS opens for settlement at 7.30 am Participants can view their 9am Settlement positions (this includes the GABS obligation) Participants manage their queued transactions (including the GABS transaction) to ensure they are settlement ready before 08:15	7.30am Information screen only displays Collator information for those clearing systems yet to migrate to the LVSS Participants must not use the '9am Batch Amount' figure shown on this screen as this does not include obligations that have migrated to the LVSS
Tuesday 08:15	Start Time of Multilateral Run. All eligible queued LVSS transactions and remaining Collator obligations are locked into a Multilateral Group. Clearing interest transactions are created as part of this process (including for GABS) and form part of the overall 9am obligation Participants can view their final 9am Settlement positions	
Tuesday 08:15 – 08:45	Participants finalise funding of their 9am Settlement positions	
Tuesday 08:45 – 09:15	9am Settlement occurs. Responses are sent to participants, as selected.	

## 2.5 Important Points

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

- The existing files sent to the Reserve Bank for government sweep processing must still be sent. The FSI for GABS is additional.
- The RITS '7.30am Information' screen will no longer display the Government Sweep obligation. The 'Bilateral Position Summary' enquiry function in RITS should be used instead.
- 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. 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 GABS. In the event that a Member experiences a systems issue that prevents the automatic lodgement of this FSI into RITS, the fallback will be to perform the manual entry of this daily obligation directly into RITS.

### 3. Other Migration Information

#### 3.1 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.
- 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 prior to any trial payments being initiated.

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. All such requests should be received with at least one week's notice. The RITS Help Desk will then advise if the proposed production verification can proceed.

#### 3.2 RITS and Support Hours

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.

#### 3.3 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 659 360<sup>2</sup>

Email: [rits@rba.gov.au](mailto:rits@rba.gov.au)

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<sup>2</sup> Recorded line.

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

<b>Name</b>	<b>Phone</b>	<b>Email</b>
Warren Wise	(02) 9551 9894	<a href="mailto:wisew@rba.gov.au">wisew@rba.gov.au</a>
Alison Clark	(02) 9551 8941	<a href="mailto:clarka@rba.gov.au">clarka@rba.gov.au</a>

Specific enquiries relating to government sweep processing may be directed to the following Reserve Bank staff.

<b>Name</b>	<b>Phone</b>	<b>Email</b>
Joanne Johnson	(02) 9551 9976	<a href="mailto:johnsonj@rba.gov.au">johnsonj@rba.gov.au</a>
Chris Parsonage	(02) 9551 9975	<a href="mailto:parsonagec@rba.gov.au">parsonagec@rba.gov.au</a>



## 4. Migration Checklist

The table below provides a summary checklist of the LVSS setup tasks that need to be completed ahead of the chosen GABS migration date. 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. All setup activities listed in the table below should be completed and verified at least a week prior to go live.

Member Task	Reference/Comment
Advise routing arrangements for all LVSS advices and responses, including the mandatory reject responses (if not already advised)	RITS Help Desk will action on receipt of authorised <a href="#">LVSS Message Delivery Form</a> (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 <a href="#">LVSS Message Delivery Form</a> (section 6)
Add new LVSS branches and cash accounts (as necessary)	RITS Help Desk will action on receipt of authorised <a href="#">Feeder, Batch and Other Branches</a> form
Nominate the RITS branches to be used for GABS	RITS Help Desk will action on receipt of authorised <a href="#">LVSS Branch Allocation</a> form
Set up new RITS users (as necessary)	RITS Help Desk will action on receipt of authorised <a href="#">User Access Request</a> 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 <a href="#">Member Authorisation Maintenance</a> 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
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 GABS Readiness Declaration to the RITS Help Desk	This declaration will be separately provided to Members for completion