RESERVE BANK
OF AUSTRALIA

Fast Settlement Service (FSS)

Information Paper for RITS Members

Version 9.0

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1. Introduction

1.1 Document Audience & Purpose

This document sets out key concepts and processes of the Fast Settlement Service (FSS), which supports settlement of payments from the New Payments Platform (NPP). The FSS is owned and operated by the Reserve Bank of Australia (RBA) and forms part of the Reserve Bank Information & Transfer System (RITS).

The aim of this document is to draw attention to the various settlement-related requirements that FSS Participants need to consider when integrating their internal systems with the FSS.

All times stated in this document are Australian Eastern Standard Time/Australian Eastern Daylight Time (AEST/AEDT, i.e. local time in Sydney, NSW).

A glossary of key terms used in this document may be found in Chapter 11.

1.2 Related Documents

This document should be read in conjunction with other relevant documents, including the following documents which are available from the RITS Information Facility (login may be required for some documents):

- FSS Message Specifications;
- FSS Participant Setup Guide;
- RITS Member Contingency Procedures (available when logged on the RITS Information Facility);
- FSS Release Guide; and
- User guides and training presentations on the RITS Information Facility.

NPP Procedures, Participant Back Office Design Considerations and other relevant documents are available to NPP participants on the New Payments Platform (NPP) Portal (login required).

1.3 Further Information

For more information, contact the RITS Help Desk on 1800 659 360 (or from outside Australia, +612 9551 8930) or rits@rba.gov.au. The Help Desk is staffed continuously.

2. Overview

2.1 Overview of the FSS

The FSS settles NPP transactions between Exchange Settlement Accounts (ESAs) on a real-time gross settlement basis. The FSS is a part of RITS, but processes transactions separately from the RITS System Queue, which tests and settles other RITS transactions (RITS cash transfers, SWIFT PDS, Austraclear, batches).

The FSS does not use a queuing mechanism; payments processed through the FSS are tested only once, and either settled or rejected. The ES Funds of FSS Participants are split between a balance which is available for the testing and settlement of existing RITS transactions (the RITS Balance), and a balance which is available for the testing and settlement of FSS transactions (the FSS Balance).

A range of messages, reports, alerts and liquidity management tools is available to FSS Participants. The extent to which FSS Participants utilise those tools and features is, for the most part, at their discretion.

2.2 Participant Access to RITS and FSS Settlement Information

FSS Participants may access RITS and FSS settlement information in the following ways:

- **Via the NPP**

    o Settlement Notifications are sent to the sending and receiving NPP clearing participants, that is, the paying and receiving ESA Holders or their nominated agents. ESA Holders may elect to include the resulting FSS Balance in the notification for each Back Office (BO) Service they participate in.

    o Optional Periodic FSS Balance Notifications may be sent to ESA Holders at 10 minute intervals. The notification is sent to one BIC-11 address as nominated by the ESA Holder. The FSS Balance relates to the settlement of the last transaction in that 10 minute period. (This last transaction is included on the Notification, and may be an Allocation Transfer between the ESA Holder's RITS Balance and FSS Balance.)

    o Optional Allocation Transfer Settlement Notifications may be sent to ESA Holders. The notification is sent to one BIC-11 address as nominated by the ESA Holder. Details of the Allocation Transfer and the resulting FSS Balance are included in the message.

- **Via RITS -** the RITS user interface includes FSS information, including FSS-specific enquiries, reports and data downloads. The RITS user interface provides online access to the FSS Balance, status of transactions and various other settlement related information. Additionally, FSS Allocation Transfer functions are available to ESA Holders to manage the settings that control the movement of ES Funds between the ESA Holder's RITS Balance and FSS Balance.

- **Via RITS Help Desk –** participants have access to the RITS Help Desk (phone or email) on a 24x7 basis to assist with participant enquiries and resolve settlement issues. The RITS Help Desk is the coordination point for change management, settlement related incidents and information about the status of the FSS during incidents.

- **Via Email and SMS –** optional alerts and notifications relating to FSS activity are available via email and SMS.

- **Via the SWIFT global network –**

  o SWIFT MT950 ESA Statements – RITS-only MT950 statements (i.e. 888 & 999) generated shortly after 10.00 pm on RITS business days include the RITS leg of Allocation Transactions as well as opening and closing RITS Balances. MT950 statements (i.e. 111 & 222) generated shortly after midnight daily, containing opening and closing ESA balances, are available after midnight and include line items representing the net value of settled FSS Allocation Transactions and the net NPP movement for each calendar day (individual FSS settlements are not listed). See section 9 for details.

  o Participants may elect to receive a Post-Settlement Advice for the RITS leg of an Allocation Transfer via the RITS Automated Information Facility (AIF) with messages received over SWIFT FIN.

  o Participants may elect to receive file-based FSS transaction reports over SWIFT FileAct (also used for LVSS and LVCS exchanges).

- **Via COIN –** Participants may elect to receive file-based FSS transaction reports via the Telstra COIN (also used for LVSS and LVCS exchanges). The delivery protocol supported by the RBA over COIN is Connect Direct.

Figure 1 below provides a summary of the interfaces (refer blue lines) that Participants have with RITS and FSS.

Figure 1: Participant Interfaces with RITS/FSS
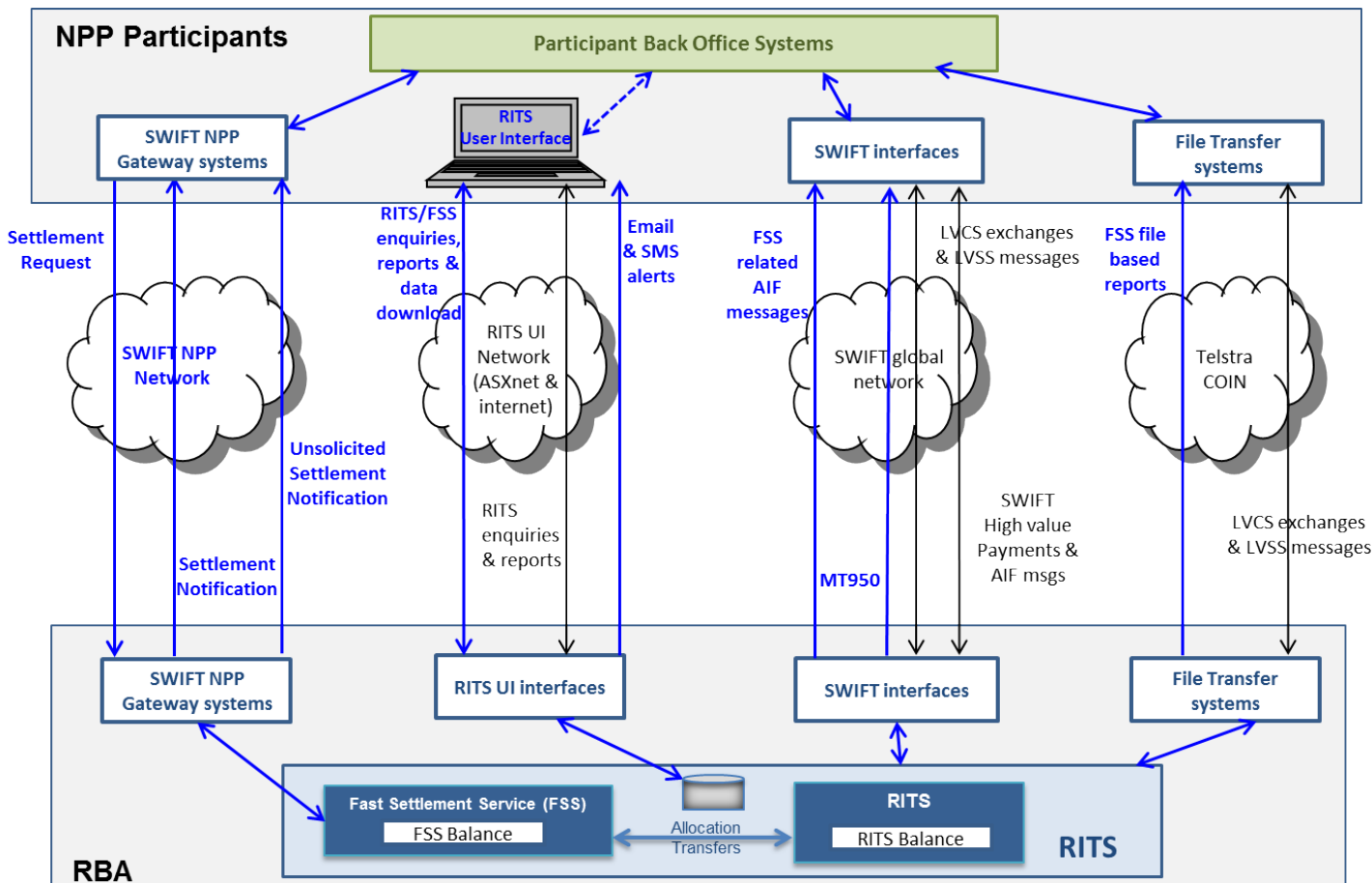
3. FSS Settlement Processing

3.1 Settlement Process

Each eligible FSS Settlement Request, irrespective of its value, is validated and tested for settlement by the FSS against the Payer ESA Holder's FSS Allocation of ES Funds (the FSS Balance). If a Settlement Request fails due to insufficient funds or any other validation error, it will be rejected, without the settlement being completed. There is no provision for a failed Settlement Request to be queued and retested within the FSS.

ESA Holders are encouraged to ensure that there is always a sufficient level of ES Funds available for FSS settlement. Unlike RITS, there are no queuing facilities in the FSS to change the order or priority of Settlement Requests.

Upon successful settlement, the Payee ESA Holder's FSS Balance is credited simultaneously with the debiting of the Payer ESA Holder's FSS Balance. Real-time settlement removes credit risk to the receiving ESA Holder, when posting on settlement.

The FSS provides a number of responses and notifications in relation to the settlement process, including Settlement Notifications and Periodic FSS Balance Notifications.

For more information on Settlement Requests and FSS responses and notifications, see the FSS Release Guide and FSS Message Specifications (available when logged on the RITS Information Facility).

3.2 FSS Validations

The FSS performs a number of technical and business validations. See FSS Message Specifications (available when logged on the RITS Information Facility) for more information.

3.3 Settlement Notification Time-out – 'Settlement Unresolved' State

In some rare technical failure circumstances, it is possible that the exchange of settlement messages may time-out. This could be caused due to technical problems with the components involved in the settlement exchange, including the Payer PAG, Payer infrastructure, BI network, FSS PAG or FSS.

For more information, see the NPP's Participant Back Office Design Considerations document.

3.4 FSS Participant Considerations

Each FSS Participant needs to determine how it will use the Settlement Notification and Periodic FSS Balance Notification messages (see section 6 of the FSS Message Specifications, available when logged on the RITS Information Facility) in its internal systems, including:

- for management and monitoring of the movements in the FSS Balance

- for internal reconciliation and reporting

- whether or not to elect to receive the optional:

  o Periodic FSS Balance Notification
  o FSS Balance within the Settlement Notification for NPP Payments
  o FSS Allocation Transfer Settlement Notification

- how to handle successful and exception settlement process flows e.g. Settlement Notifications with a reject reason code (see section 7 of the FSS Message Specifications)

Guidance around the handling of Settlement Notification timeouts and out-of-order receipt of messages is provided in NPPA's Participant Back Office Design Considerations document available on the NPP Portal (login required).

4. FSS Operational Standards

4.1 Overview

As the FSS forms part of RITS, it is treated by the RBA as part of its critical payments infrastructure. The FSS has been built to have:

- high availability – the FSS core settlement functionality will remain operational even if the RITS functionality for high-value settlement is temporarily unavailable. The key industry business requirement for the FSS is 99.995% availability, which equates to 26 minutes of downtime (planned and unplanned) per annum, or no more than 2 minutes per month.

  Note: The FSS availability of 99.995% excludes the following two components, which have lower levels of availability:

  o RITS user interface – the RBA targets a RITS user interface uptime of 99.9% for FSS-related functionality

  o Allocation Transfers - the key operational target is for core RITS (including RITS settlement of Allocation Transfers) to be available to its participants in excess of 99.95% of the time. Availability is measured relative to the total number of hours that the system is open for settlement

- high performance – the RBA targets a very high Transactions Per Second (TPS) capability to provide line-by-line settlement while meeting response time requirements - around 1,000 TPS (a single transaction involves processing a Settlement Request and returning Settlement Notifications to the FSS PAG). Note that response times to Participants' systems are subject to the performance of the SWIFT PAG solution

- a high degree of security

- scalability to meet growth in payments volumes.

In addition, the RITS Help Desk is available to respond to queries, monitor systems and manage incidents on a 24x7 basis at both RBA operational sites.

Business continuity plans for the FSS aim for settlement to continue, including in the event of a wide-scale disruption, and rapid recovery of operations in the event of an outage. The RBA has implemented a highly resilient architecture with high availability and no single point of failure across multiple sites.

4.2 FSS Contingency Events

The RBA will advise participants of any FSS issues or outages via email and SMS as soon as possible. The RBA will also closely liaise with SWIFT and NPPA and look to ensure that arrangements are aligned to the NPPA Incident Management Framework.

See section 6 of the RITS Member Contingency Procedures (available when logged on the RITS Information Facility) for more details.

4.2.1 FSS Unavailability

The FSS may become unavailable due to problems with the SWIFT systems (DMC, PAG, network, HSMs) and/or the RBA's own infrastructure. The RBA is responsible for monitoring the FSS application and for using SWIFT's systems to quickly notify Participants of a change in FSS status.

This enables Payer PAGs to commence queueing all outstanding and new Settlement Requests until the problem is rectified.

In the event a problem is detected in the FSS application (e.g. it is experiencing significant delays or has failed completely), the RBA sets the FSS PAG heartbeat status to 'FSS offline' via the SWIFT-provided command line interface. This instructs the BI to operate in a 'degraded' mode.[1]

The Participant PAGs are responsible for monitoring the heartbeat of all FSS PAGs. If the FSS PAGs become unavailable, the Participant PAGs will cease to detect any heartbeat and will consider the FSS to be offline. The Participant PAGs will then transition to a 'degraded' mode. As the PAGs transition into (and out of) a 'degraded' mode, Participant Back Offices are notified via the MQ delivery mechanism. Additionally, the RBA will send an SMS and/or email to nominated contacts as per incident management procedures.

During an FSS outage, it is possible for NPP clearing to continue for a period of time. A value limit on transactions may apply during a protracted FSS outage.

Upon FSS processing resumption, the Payer PAGs will send new transactions as normal, while queued Settlement Requests will be sent in a controlled manner to avoid flooding systems and delaying new transactions.

See section 7.7 of the NPP Procedures for more details.

4.2.2 Inability to Transfer Funds to RITS

If there is an FSS outage at the time of RITS opening, then an FSS Participant's ES Funds will be locked in FSS until the FSS is able to be restarted. In this event, Participants will have the option of obtaining ES Funds in RITS by taking out additional intraday RBA repos. This option can be used to obtain liquidity during the RITS settlement day if the FSS is unavailable. The normal processes for intraday RBA repos apply.

When the FSS becomes available again, an automatic Allocation Transfer to RITS will be generated returning the FSS Balance to the nominated reset point. The calculated Allocation Transfer amount will be based on the very latest FSS Balance and trigger point settings in RITS.

4.2.3 Allocation Transfers Unavailability

See section 6 of the RITS Member Contingency Procedures (available when logged on the RITS Information Facility).

4.2.4 RITS Unavailability

See section 8 of the RITS Member Contingency Procedures (available when logged on the RITS Information Facility).

4.2.5 RITS User Interface Unavailability

See section 9.2 of the RITS Member Contingency Procedures (available when logged on the RITS Information Facility).

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[1] The time required to transition to the 'degraded' mode will be less than the prescribed 9-minute window for a business timeout at the Payer PAG.

4.3   FSS Participant Considerations

Each FSS Participant needs to consider:

- internal revised operational standards for managing systems and operations on a 24x7 basis

- how to handle receipt of an NPP notification advising of a full FSS outage (and FSS resumption)

- how to handle a prolonged FSS outage. This may include introducing value limits and changing customer funds availability arrangements. It may also include increasing trigger point values in RITS in advance of the resumption of FSS. This would be to cater for significantly increased settlement flows at this time

- the capability to receive an 'interbank' NPP payment (pacs.008/002/009 orchestration) from the RBA in a contingency event.

More guidance on contingency situations (e.g. FSS outages) is provided in the RITS Member Contingency Procedures (available when logged in to the RITS Information Facility).

5. Agency Arrangements for Settlement Instructions

5.1 Appointing an Agent

An ESA Holder may wish to have its NPP settlement instructions submitted to the FSS by a third party (agent/service provider). For this to be effective, the ESA Holder must formally authorise the RBA to accept FSS settlement instructions from its nominated agent/service provider. This is consistent with LVSS arrangements. Agency relationships can also be specific to each Business Service, as appropriate.

As part of its settlement processing, the FSS will check that an authorised agency relationship exists where the instructing party and the organisation owning the ESA to be debited are different.

Where an FSS Participant has appointed an agent/service provider(s), the Settlement Notification and other relevant FSS notification messages are sent to the agent/service provider. Also, the resulting FSS Balance can be optionally included in the Settlement Notification message sent to the agent/service provider.

Note: ADIs that sit 'behind' other ADIs for the processing and settlement of NPP payments, that is, indirect clearers and indirect settlers, are not subject to any specific RBA FSS requirements.

5.2 FSS Agency Routing and Validations

As noted in section 5.1, the FSS will validate that an authorised agency arrangement exists for the specific Business Service (where applicable) prior to settlement. The FSS maintains its own table of authorised agency relationships for this purpose. The same FSS table is also used to determine the routing of Settlement Notification messages to Payer and Payee Participants.

To facilitate a change to an agency arrangement that may impact on settlement processing, the FSS allows an FSS Participant to have more than one agency arrangement in place at a time, if required (e.g. for an overlap period around the time of a changeover).

Settlement processing and the routing of Settlement Notification messages are based on the content of the Settlement Request (pacs.009) received by the FSS. The main validations/checks the FSS performs are as follows:

1. That the entity in the 'From' party field of the BAH (head.001) is authorised to act on behalf of the Debtor [paying ESA Holder] entity in the pacs.009 – note that the FSS will send the (payer) Settlement Notification pacs.002 to this 'From' party.

2. That the entity in the 'Creditor Agent' field of the pacs.009 is authorised by the Creditor [receiving ESA Holder] to receive the payee Settlement Notification pacs.002.

   [The two underlined entities represent the clearing PAG parties.]

Note: NPPA maintains a reference data table primarily for use by NPP Participants and SWIFT for clearing, settlement and routing purposes. As with all Participant SWIFT PAGs, the FSS PAG stores this reference data table to allow the subsequent verification and validation of routing arrangements by SWIFT. Procedural controls ensure that the table used by the RBA for settlement agency validation and the NPPA representation table are always aligned.

5.3   FSS Participant Considerations

If appropriate, an FSS Participant would:

- advise the RBA if it is intending to use an agent to provide settlement instructions to the FSS on its behalf

- execute a RITS legal agreement to appoint the agent

- consider arrangements between itself and the agent for the passing on of Settlement Notifications (if required), including whether or not the option to include the FSS Balance in the NPP Payment Settlement Notification should be selected.

6. Management of ES Funds and Allocation Transfers

6.1 Overview

FSS Participants allocate their ES Funds between settlement of NPP transactions in the FSS (FSS Balance) and settlement of other RITS transactions (RITS cash transfers, SWIFT PDS, Austraclear, batches) on the RITS System Queue (RITS Balance).

The RITS and FSS Balances combined constitute the total ES Funds balance.

The movement of ES Funds from RITS to the FSS, or from the FSS to RITS, is called an 'Allocation Transfer'. Allocation Transfers change the amount of ES Funds available in RITS and in the FSS – they do not change the overall ES Funds balance. FSS participants need to ensure they have sufficient precautionary balances allocated to the FSS. RITS provides tools to assist with this process.

FSS Participants can set Upper and Lower Trigger Points for Allocation Transfers to automatically allocate ES Funds to or from the FSS (see Figure 2 below) so that:

- if the FSS Balance falls below the Lower Trigger point (in the example below, $10 million), RITS will automatically initiate a top-up from the RITS Balance to restore the FSS Balance to a FSS Participant-nominated Reset Point (which must be between the Upper and Lower Trigger Points)

- if the FSS Balance rises above the Upper Trigger point (in the example below, $50 million), funds above the Reset Point will be automatically withdrawn from the FSS Balance and those ES Funds will be added to the RITS Balance.

The use of Upper and Lower Trigger Points to automatically top-up or withdraw funds between RITS and the FSS only occurs during RITS settlement hours. This helps ensure that funds are available for RITS settlement during RITS operating hours while maintaining a sufficient FSS Balance for settlement of NPP transactions. Outside RITS settlement hours, that is, at night, at the weekend, and on days which are public holidays in both NSW and Victoria, all ES Funds are transferred to the FSS.

During RITS hours, ESA Holders can manually request that their FSS Balance be returned to their Reset Point, via the RITS user interface.

Figure 2: ES Funds Allocations between FSS and RITS
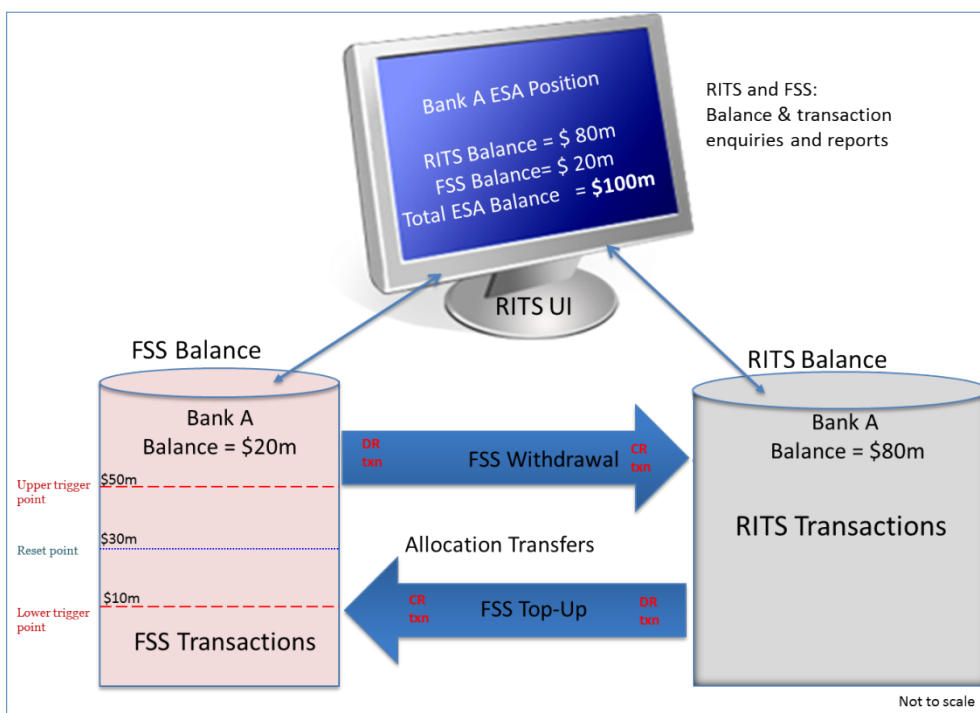
6.2 Allocation Transfer Processes

FSS Participants should be aware of the following arrangements in respect to the processing of Allocation Transfers:

6.2.1 No Allocation Transfers during RITS Non-Settlement Hours

During RITS non-settlement hours i.e. from the start of the RITS Reports session at 10.00 pm until the commencement of the RITS Morning Settlement Session at 7.30 am the following business day, an FSS Participant's entire ES Funds balance is held in the FSS Balance. No Allocation Transfers occur during this period. That is, during the evening, at weekends and on public holidays when RITS is closed, the FSS Balance is the ESA Holder's entire ES Funds balance.

6.2.2 RITS Start of Day

Prior to the opening of RITS, the RITS Balance for each FSS Participant is $0.00. At the start of the RITS Morning Settlement Session, at approximately 7.30 am, the FSS Balance that is above the nominated Reset Point is transferred to the RITS Balance via a Start-of-Day Allocation Transfer. This provides funds for RITS settlements.

FSS Participants should note that some RITS payments may remain on the System Queue for a few seconds until the RITS Start of Day Allocation Transfers are complete. FSS Participants should also note that some RITS transactions e.g. RBA BECS Government File settlements lodged overnight, and warehoused payments from non-FSS participants, may settle ahead of the Start-of-Day Allocation Transfer.

If there are insufficient ES Funds in the FSS (i.e. the FSS Balance is lower than the nominated Reset Point) then no Start-of-Day Allocation Transfer takes place. This leaves the RITS opening balance at $0.00. Consequently, transactions on the RITS System Queue remain unsettled until ES Funds are obtained e.g. via an intraday RBA repo, or a RITS Cash Transfer with another RITS Member, or an inbound payment.

6.2.3   RITS End of Day

At the end of the RITS settlement day i.e. at the commencement of the RITS Reports Session at 10.00 pm, the entire RITS Balance for each FSS Participant is transferred to its FSS Balance via an end-of-day Allocation Transfer. This leaves the closing RITS Balance for each FSS Participant at $0.00.

6.2.4   Only One Allocation Transfer at a Time

At all times during RITS settlement hours an FSS Participant can only have one Allocation Transfer in progress at any one time. These normally occur in a few seconds assuming sufficient funds are available. FSS Participants should set a sufficiently high Lower Trigger Point to ensure that the buffer between the Lower Trigger Point and a zero FSS Balance is not exhausted while an Allocation Transfer is in progress.

6.2.5   Settlement of FSS Allocation Transactions

FSS Allocation Transactions (i.e. the FSS Transaction leg of an Allocation Transfer) are sent to the FSS for settlement testing. FSS Withdrawals debit the FSS Participant's FSS Balance. FSS Top-Ups credit the FSS Participant's FSS Balance. The chance of an FSS Withdrawal being rejected due to insufficient funds in the FSS Balance is very small, as the time gap between checking the FSS Balance to determine if an Allocation Transfer is needed, and creation of the FSS Withdrawal, is very short, and because the Reset Point should provide a 'buffer' of funds.

As noted earlier, the RBA provides an FSS Allocation Transfer Settlement Notification via the NPP when the FSS Balance changes as a result of an Allocation Transfer.

6.2.6   RITS Queue Processing of an Allocation Transfer

RITS Allocation Transactions (i.e. the RITS Transaction leg of an Allocation Transfer) are processed on the RITS System Queue with a *Priority* ESA, Credit and Cash Account Status **at all times** throughout the RITS business day, including the 9am settlement period (8.45 am to 9.15 am) and the Interim Session (5.15 pm to around 5.20 pm). This means that the RITS Balance may change during the period immediately preceding the 9am settlement.

It is not possible for FSS Participants to change the *Priority* statuses of RITS Allocation Transactions.

6.2.7   FSS Top-Up and Sufficient RITS Balance

A RITS Allocation Transaction for the RITS Transaction leg of an FSS Top-Up will remain unsettled on the RITS System Queue if there is an insufficient RITS Balance to settle the transaction. The Allocation Transfer will remain pending until the RITS Allocation Transaction settles, is recalled in RITS by the FSS Participant, or is automatically deleted as unsettled from the RITS System Queue at end-of-day[2]. If an Allocation Transaction remains on the RITS System Queue for an extended period, it is possible that the FSS Participant's FSS Balance may deplete further resulting in payments being rejected due to insufficient funds.

6.2.8   Recall an FSS Top-Up from the RITS Queue

Prior to recalling a pending RITS Allocation Transaction from the RITS System Queue, the FSS Participant should consider whether it needs to adjust its FSS triggers to ensure that any subsequent RITS Allocation Transactions are able to settle. For example, the FSS Participant might wish to lower its Reset Point to reduce the FSS Top-Up amount.

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[2]   While it is possible to recall an Allocation Transaction on the RITS System Queue, it is not possible to recall an Allocation Transfer in the FSS settlement engine, since the FSS settles or rejects very quickly and has no queue management facilities.

6.2.9   Allocation Transfers - Maximum Amount

Allocation Transfers are subject to a maximum amount limit of $9.9 billion. If the calculated Allocation Transfer amount exceeds this limit, the system will process a transaction only for a maximum $9.9 billion amount. Additional Allocation Transfers would then be generated, while the FSS Balance remains outside the FSS trigger range.

If the closing RITS Balance is greater than $9.9 billion at end-of-day, a series of single, consecutively-generated Allocation Transfers will be generated until the RITS Balance moves to $0.00.

6.2.10   FSS Triggers

FSS Participants enter Upper and Lower Trigger Point values into the RITS user interface using the FSS Allocation Management function (refer sample screen in Figure 3 below).

Figure 3: FSS Allocation Management screen

On-screen functionality will auto-populate the midpoint into the Reset Point field once Upper and Lower Trigger Point values are entered. FSS Participants have the ability to overwrite this value and set a 'custom' Reset Point, subject to validations on the spread between these values (see Section 6.2.11 below).

The FSS Allocation Management function allows an FSS participant to return its FSS Balance to the nominated Reset Point during RITS settlement hours. Selecting the 'Return to Reset Point' button will trigger the creation of an Intraday FSS Top-Up or FSS Withdrawal Allocation Transfer.

FSS Participants may set an optional 'authorisation' on the FSS Allocation Management function. This means that changes only take effect once they have been authorised by a second user.

There are no restrictions on when FSS Allocation triggers can be amended (apart from the RITS user interface availability). However, although changes can be applied immediately, in practice they will only take effect during RITS settlement hours when Allocation Transfers are processed.

A manual change by an FSS Participant to either the Lower or Upper Trigger may result in the creation of a new Allocation Transfer. This will occur where a change is made during RITS settlement hours and the FSS Balance at the time changes take effect is not within the newly set trigger range.

A change of the Reset Point by itself will not initiate an Allocation Transfer as it is only the FSS Allocation moving outside the Upper and Lower Triggers that will initiate Allocation Transfers.

6.2.11   FSS Trigger Validations

Certain RITS validations apply to FSS Participant-defined triggers entered via the RITS user interface to ensure that Upper and Lower Triggers are sufficiently apart. These validations also ensure that a custom Reset Point (if chosen by an FSS Participant over the default midpoint) falls sufficiently far from the Upper and Lower Trigger Point values.

For illustrative purposes Figure 4 below uses 25% above the Lower Trigger value as the minimum difference permitted between the Upper and Lower Triggers and 10% of the Lower Trigger value as the minimum difference between the Upper and Lower triggers as the range that a 'custom' Reset Point must be set within.

Figure 4: FSS Trigger Validations
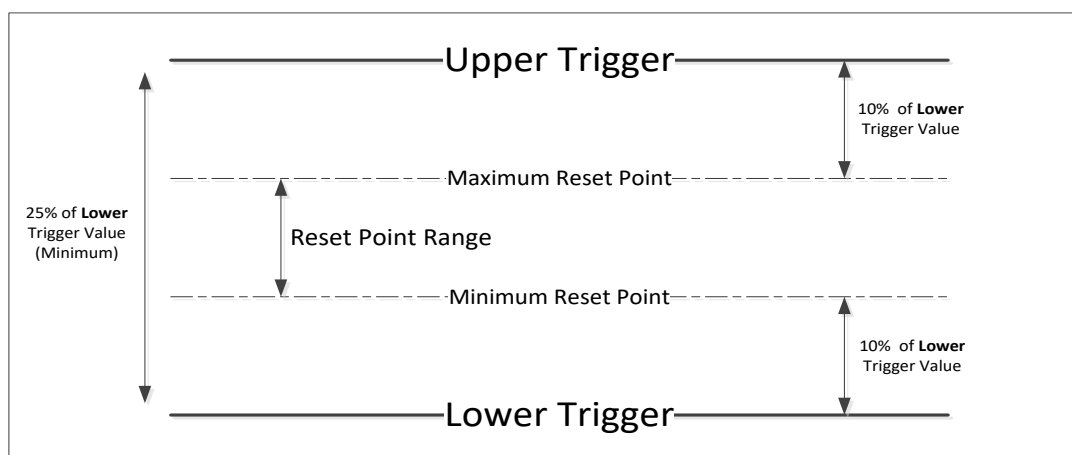
6.2.12   Allocation Transfer Counterparty

An Allocation Transfer is an intra-bank payment, so the counterparty for all Allocation Transfers is be the FSS Participant itself. The RITS Member Code of the FSS Participant is shown in all relevant RITS enquiry screens and reports.

6.2.13   Transactions Types

Shown in all relevant RITS enquiry screens and reports, there are two Transaction Types for Allocation Transfers:

- FSSTU - for an FSS Top-Up

- FSSWD - for an FSS Withdrawal.

6.2.14   New RITS Cash Account and Branch

To facilitate the processing of Allocation Transfers, each FSS Participant must set up a dedicated RITS Branch and Cash Account. These are used in all relevant RITS and FSS on-line enquiries and reports.

FSS Participants may nominate a Cash Account that is a real bank account set up in their internal banking system or general ledger system. This would assist with end of day processing (including cash account balance posting, if performed) and reconciliation processes. Alternatively, a "dummy" cash account number can be nominated.

6.3   **FSS Participant Considerations**

Each FSS Participant conducting settlements in the FSS needs to:

- assess its Upper and Lower Trigger points and its Reset Point, based on expected liquidity needs, NPP payment volumes and patterns of customer activity over time. Participants should ensure a sufficient liquidity buffer below the Lower Trigger point is maintained. Participants will need to manage their Upper Trigger Point more closely during contingency events e.g. Payer Participant outage, Payee Participant outage or FSS outage. This is due to the larger volume of payments that may occur following recovery of systems.

- have arrangements in place to monitor its RITS and FSS Balances and manage its FSS triggers and RITS liquidity appropriately to facilitate timely settlement of payments in both systems. To assist with these arrangements, RITS will create and send an alert to the FSS participant if a RITS Allocation Transaction is not immediately settled when it is sent to the RITS System Queue (see section 10).

- determine the staff that are responsible for:

    o the setting and maintenance of the Upper and Lower Trigger point, and the Reset Point via the RITS user interface. These staff will need to be allocated the necessary role by their RITS Password Administrator. The FSS Participant will also need to determine whether to place an authorisation on this action

    o submitting a request to return the FSS Balance to the nominated Reset Point when required. These staff will need to be allocated the necessary role by their RITS Password Administrator. The FSS Participant will also need to determine whether to place an authorisation on this action

    o recalling a RITS Allocation Transaction leg (if required). These staff will need to be allocated the necessary role by their RITS Password Administrator. The FSS Participant will also need to determine whether to place an authorisation on this action.

- liaise (in due course) with the RITS Help Desk to establish a new RITS Branch and its associated Cash Account for the processing of Allocation Transfers, and consider the need to open any matching internal bank account or general ledger account.

7. Liquidity Arrangements

7.1 Overview

FSS Participants that meet the RBA's eligible counterparties criteria may be able to contract Open Repos under the RBA's Standing Facilities to support their liquidity needs on a 24 x 7 basis.

More information on these arrangements, including ESA interest arrangements, is available on the RBA website[3].

7.2 Provision of Liquidity under Open RBA Repo

Open Repos have a common use to create a liquidity buffer to facilitate payments. Each ESA holder that is eligible to contract Open Repos has been advised of a maximum amount that it may contract at a pricing rate equal to the rate on surplus ESA balances (as set by the Reserve Bank Board).

An ESA holder that is a Tier 1 BECS (direct settling) participant and/or NPP participant is required to maintain a minimum ESA balance to facilitate the settlement of after-hours payments arising from these payments systems. While maintaining a minimum Open Repo position for this purpose is not mandatory, eligible ESA holders are able to source additional ESA funds from these repos if they choose to do so.[4] Note that, ESA holders that are neither a Tier 1 BECS nor an NPP participant, may also be able to contract an amount of Open Repos with the agreement of the RBA.

The associated maximum Open Repo amount and minimum ESA balance requirements are formally reviewed by the RBA in consultation with participating ESA Holders on an annual basis and there is scope to amend the values (at any time depending on circumstances and developments when deemed appropriate).

7.3 Squaring Up at End of Day

It is expected that ESA holders maintain an ESA balance as at midnight that is at least equal to their applicable minimum ESA balance requirement plus net receipts arising from after-hours DE and NPP payments. An ESA holder's applicable minimum ESA balance requirement is the greater of:

- The minimum level of ESA balances that the Reserve Bank has determined that the ESA holder is required to hold to meet their after-hours payments obligations.

- An ESA holder's position in Open Repos contracted at a pricing rate equal to the rate on surplus ESA balances.

The commencement time for the calculation of Late NPP payments (as well as of Late DE payments) is currently 4.45 pm.

7.4 9am Settlement

The processing of the 9am Settlement occurs immediately after the close of the RITS Morning Settlement Session. The 9am Settlement obligation of each RITS Member is locked at 8.15 am

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[3] https://www.rba.gov.au/mkt-operations/resources/tech-notes/standing-facilities.html

[4] https://www.rba.gov.au/publications/bulletin/2021/dec/recent-changes-to-the-reserve-banks-liquidity-operations.html

ESA Holders should be aware that the ES Funds held in their FSS Balance are not available to fund their 9am Settlement obligation. Only the RITS Balance is used to test for sufficient funds when the 9am Settlement period commences.

In addition, FSS Participants should be aware that automated Allocation Transfers between RITS and the FSS occur at all times during RITS settlement hours, including the RITS closed settlement period between 8.45 am and 9.15 am that is used exclusively for 9am Settlement. This means that the RITS Balance may change during the period immediately preceding the 9am settlement. Additional monitoring is likely to be required in this period to ensure that sufficient funds remain available in RITS to meet the 9am Settlement obligation.

7.5 LCR Monitoring

The Liquidity Coverage Ratio (LCR) as defined in the APRA *Prudential Standard APS 210 Liquidity* requires locally-incorporated '*LCR ADIs*' to maintain an LCR of not less than 100 per cent "on a continuous basis" (per paragraph 55 of APS 210). However, that does not equate to a requirement to be able to undertake an LCR calculation at any point in time, including intra-day or over the weekend.

Nevertheless, it is expected that 'LCR ADIs' will maintain a sufficient liquidity buffer above the 100 per cent minimum such that after-hours payments would not, in normal conditions, risk tipping them below 100 per cent. If an ADI ended the day with a reasonable buffer but then experienced unusually large on-line withdrawals, then this might be considered by APRA to be a "situation of financial stress" (per paragraph 55 of APS 210). In those circumstances the ADI's obligation is to contact and inform APRA.

7.6 Calculation of Daily ESA Interest

ESA interest is calculated on the basis of total end-of-day ES Funds balance, at midnight, seven days a week. ES Funds in both the RITS Balance and FSS Balance are included in the end-of-day calculation. NPP payments settled after 4.45 pm on business days are considered 'Late NPP Payments'. In calculating ESA interest, the end-of-day ES Funds balance is adjusted for the net receipts from the settlement of 'Late NPP Payments'. As a result, no interest penalties arise from 'Late NPP' payments or receipts settled across an ESA Holder's FSS Balance. Detailed information about the calculation of ES interest is available on the RBA website[5].

Interest is accrued daily and paid monthly in arrears on the first business day of the next month.

7.7 FSS Participant Considerations

Each FSS Participant needs to:

- consider use of value limits in situations where there may be liquidity constraints, for example a limit on outward customer payments; this is one potential risk mitigant for participants in the event of a liquidity issue

- monitor pending liquidity needs over extended weekends and peak processing periods and consider approaching the RBA to adjust its Open RBA Repo amount

- assess if any procedural changes are required for ensuring the 9am Settlement obligation is met under the new arrangements

- be aware that daily ESA interest figures are based on the closing (midnight) ES Funds balance held in the FSS for each calendar day

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[5] https://www.rba.gov.au/mkt-operations/resources/tech-notes/standing-facilities.html

- consider implications on its own interest accrual and banking ledger arrangements – e.g. timing of account balance cut-offs for interest calculations, monitoring of customers who move money between banks late to try and take advantage of different interest cut-off times, use of AEST/AEDT for ESA interest, and any daylight savings implications

- ensure that, if ESA accruals are performed to the general ledger on a daily basis, existing processes are able to handle different ESA interest accrual amounts for each calendar day (including RITS non-settlement days)

- adjust any processes used to reconcile daily ESA interest accruals and monthly ESA interest payments as necessary.

8. Online Enquiries

8.1 Overview

FSS Participants have access to a number of real-time enquiry functions related to their FSS activity via the RITS user interface. Access to the functions is controlled via allocation of roles.

For more information, see the FSS Release Guide.

During any planned and advised downtime of the RITS user interface, users may not have access to online enquiry functions (for example, balance enquiries), and email and SMS alerts may not be functioning. ESA Holders should ensure sufficient ES Funds are available for FSS processing.

9. RITS/FSS Reports and AIF Advices

9.1 Overview

FSS transactions that have been processed by the FSS (successful and rejected) are available via RITS online enquiry functions. FSS participants may receive notifications in relation to FSS transactions as detailed in section 2 of this document and the FSS Message Specifications (available when logged in to the RITS Information Facility).

FSS Participants can also request Automated Information Facility (AIF) Post-Settlement Advices for the RITS Allocation Transaction leg of the Allocation Transfers.

RITS also generates a number of end-of-day reports for transactions settled in the FSS, including a daily listing of all settled NPP transactions and all settled Allocation Transfers, and an FSS Cashlist report.

ESA Statements sent at Interim and Reports Sessions are 'RITS only' statements. Consolidated end-of-day ESA Statements (SWIFT MT950s) which also include line items representing the net value of settled FSS Allocation Transaction legs of Allocation Transfers and the net value of settled NPP transactions for each calendar day are sent seven days a week shortly after midnight.

Figure 5 below shows the various timeframes during the RITS and FSS day during which reports and alerts are made available respectively. Alerting arrangements are covered in more detail in section 10.

Figure 5: RITS and FSS Day – Reporting and Alerts
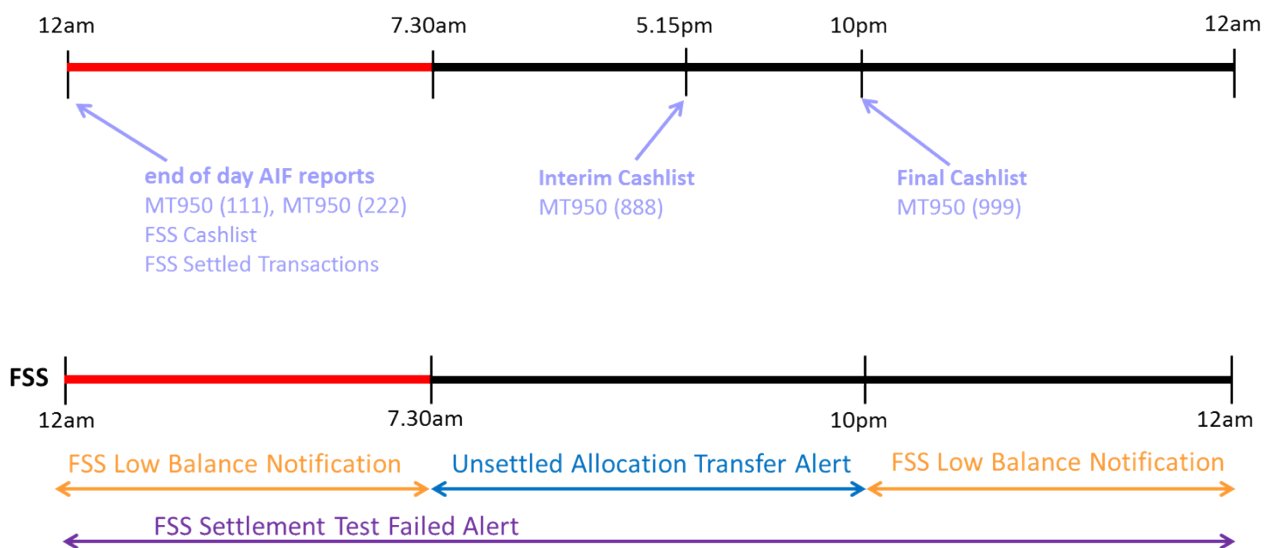
9.2 Daily End-of-Day FSS Settled Transactions Report

RITS produces a daily (7 days a week) end-of-day FSS Settled Transactions Report, created shortly after midnight. This report contains all FSS Transactions settled by the FSS for the previous calendar day including the FSS Allocation Transaction leg of Allocation Transfers.

FSS Participants can obtain this report in CSV format by either:

- making a formal request to the RITS Help Desk for the automatic delivery of the daily file via the existing COIN or SWIFT FileAct channels (to either itself or its appointed Agent), or

- downloading directly via the RITS user interface.

Given the potentially large size of this file, the RBA provides this report to all Participants as a compressed (zip) file for delivery via COIN or SWIFT FileAct.

For more details, see section 8 of the FSS Message Specifications (available when logged in to the RITS Information Facility).

9.3 Daily FSS Cashlist Summary Report

RITS produces a daily (7 days a week) FSS Cashlist Summary Report, created shortly after midnight. The report may be used by some FSS Participants to post internal balancing entries each day and contains:

- an entry for the net value of settled FSS Allocation Transactions (a value will only be present on RITS settlement days). This net value is shown against the Cash Account for the RITS Allocation Transfer branch nominated by the FSS Participant

- an entry for the net value of settled NPP transactions in the FSS. FSS Participants are asked to nominate a Cash Account for these transactions to be 'recorded against' i.e. shown on this report

- the total for the daily Net FSS movement i.e. the sum of the above two entries.

This report is available via the RITS user interface Member System Reports screen just after midnight. It is available in both standard RITS report format and Excel format.

Figure 6 below provides an example of Daily FSS Cashlist Summary Report in Excel format.

Figure 6: Daily FSS Cashlist Summary Report

15-APR-2015 00:05	RESERVE BANK OF AUSTRALIA DAILY FSS CASHLIST SUMMARY for 14-APR-2015	
Bank A		
	BSB & A/C Number	Net Balance
Net FSS Allocation Transactions	935-001 2222222	$330,000.00
Net FSS NPP Transactions	935-001 3333333	$2,150.00
Total Net FSS movement		$332,150.00

9.4 ESA End of Day Statements (MT950)

An End of Day ESA Statement is produced and sent seven days a week shortly after midnight (designated the **MT950 SMT222**). This statement is sent to RITS Members that have elected to receive it. The content of this statement is similar to the RITS-only MT950s described below, but the opening and closing balances are consolidated ES Funds balances (i.e. FSS and RITS Balances) and the statements include two additional line items that represent the net value of settled FSS Allocation Transactions and the net value of settled NPP transactions for that calendar date.

The RITS-only SWIFT MT950 End of Day ESA Statement (designated the **SMT999**) is generated shortly after 10.00 pm on each RITS business day.[6] This statement is sent to RITS Members that have elected to receive it. Some RITS Members do not have activity across their ESAs after 5.15 pm. These Members can elect to receive a RITS-only MT950 statement from RITS at this time (designated the **SMT888**). These reports do not show any FSS-specific information, such

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[6]   Please refer to the RITS/SWIFT User Guide on the RITS Information Facility for more information on the End of Day SWIFT AIF (MT950 SMT999) Statement.

as information on NPP settlements or the FSS Allocation Transaction leg of Allocation Transfers, but do include a line item for each settled RITS leg of Allocation Transfers. The opening and closing balances on the RITS-only SMT888 and SMT999 statements are the RITS Balances, i.e. for FSS Participants, an opening balance of $0.00 and a closing balance of $0.00 (SMT999) or the RITS Balance at the time the statement is produced (SMT888).

FSS Participants that elect to receive the 'RITS only' 10.00 pm MT950 SMT999 statement and not the MT950 SMT222, may wish to select an ESA Statement End of Day Summary Advice (**MT950 SMT111**), sent seven days a week shortly after midnight. This advice does not duplicate the full listing of the day's RITS transactions, but provides an opening and closing consolidated ES Funds balance as well as entries for the net value of settled FSS Allocation Transactions and the net NPP movement.

RITS Members should be aware that delays to the receipt of post-midnight MT950 statement messages may occasionally occur due to planned SWIFT maintenance windows.

9.4.1   End of Day ESA Statement MT950 SMT222 – Example

Figure 7 below is an example of an ESA Statement End of Day Advice (designated the MT950 SMT222) for Bank A (BNKA) on a RITS business day. Fields 60F and 62F contain the Opening and Closing ES Funds Balances respectively for the calendar day (red boxes). Each instance of field 61, except for the last two instances in the Statement, refers to a settled RITS transaction. The Start of Day Allocation Transfer to move funds from the FSS to RITS is shown in the purple box. Intraday FSS Top-Ups and Withdrawals are displayed in the blue boxes. An FSS Top-Up is a debit to Bank A's RITS Balance; an FSS Withdrawal is a credit to Bank A's RITS Balance. The End of Day Allocation Transfer to move entire RITS Balance to the FSS is shown in the orange box.

The following instance of field 61 (black box) contains the net NPP movement for the calendar day. The RITS Transaction ID component of this field will always contain 'NETNPPMOVEMENT'; the Time Settled component of this field will always contain '000000'; the Other Bank Mnemonic component of this field will display the first four characters of the ESA Holder's own SWIFT BIC (or its RITS Member Code if it does not have a SWIFT BIC); and the RITS Tran Type component of this field will always display 'NPNET'.

The final instance of field 61 (green box) contains the net of the FSS leg of Allocation Transfers for the calendar day. The RITS Transaction ID component of this field will always contain 'NETFSSAT'; the Time Settled component of this field will always contain '000000'; the Other Bank Mnemonic component of this field will display the first four characters of the ESA Holder's own SWIFT BIC (or its RITS Member Code if it does not have a SWIFT BIC); and the RITS Tran Type component of this field will display 'ATNET'.

Figure 7: End of Day ESA Statement MT950 222

```
{4:
:20:U70591195
:25:092-002-AAAAA-2
:28C:140/1
:60F:C150414AUD6000000,00
:61:150414C5000000,00NMSCRITS87777777
072934BNKAFSSWD935-001-2222222
:61:150414C410000,00NMSCRITS87777788
114329BNKAFSSWD935-001-2222222
:61:150414C330000,00NMSCACLR19999999
154455ABCDACLR 935-001-1111111
:61:150414C2400000,00S2021504140304444444
155254ABCDSWIFT935-001-11-11111
:61:150414D250000,00NMSCRITS87777799
155816BNKAFSSTU935-001-2222222
:61:150414D1400000,00NMSCACLR19323000
160557DEFGACLR 935-001-1111111
:61:150414C340000,00NMSCRITS88888888
160559BNKAFSSWD935-001-2222222
:61:150414D1000000,00NMSCRITS20010001
180500BNKBRITS 935-001-1111111
:61:150414D5830000,00NMSCRITS889999999
220000BNKAFSSTU935-001-2222222
:61:150414C2150,00NMSCNETNPPMOVEMENT
000000BNKANPNET935-001-3333333
:61:150414C330000,00NMSCNETFSSAT
000000BNKAATNET935-001-2222222
:62F:C150414AUD6332150,00
-}
```

9.4.2   End of Day Summary Advice MT950 111– Example

The ESA Statement End of Day Summary Advice (designated the MT950 SMT111) contains only the Opening and Closing ES Funds Balances (red boxes in Figure 8 below), the net NPP movement (black box) and the net FSS Allocation Transfers (green box). Settled RITS transactions are not listed in the summary advice.

The content of field 61 in the MT950 SMT111 is as described for the additional FSS related lines in the MT950 SMT222 in section 9.4.1.

Figure 8: End of Day Summary Advice MT950 111

```
{4:
:20:U70591321
:25:092-002-AAAAA-2
:28C:140/1
:60F:C150414AUD6000000,00
:61:150414C764,44NMSCNETNPPMOVEMENT
000000BNKANPNET935-001-3333333
:61:150414C330000,00NMSCNETFSSAT
000000BNKAATNET935-001-2222222
:62F:C150414AUD6330764,44
-}
```

9.5   RITS Start of Day Balance Advice (MT941)

Currently, a SWIFT MT941 Start of Day Advice is sent on RITS business days at the start of the Morning Settlement Session (about 7:30 am) to RITS Members who elect to receive it. The

balances within this Advice refer only to RITS Balances; no FSS-related information is included. For FSS Participants, the Opening and Closing Balances contained in the advice are $0.00, as the advice is generated before Start of Day Allocation Transfers have settled. The Closing Available Balance field displays the RITS Active Balance at the time the advice is generated, calculated as RITS Available Balance less Sub-limit. Because the Available Balance for an FSS Participant is $0.00 at the time the advice is generated, this field will contain the negative of the sub-limit (if one has been set) or $0 (if no sub-limit has been set).

For further information on the RITS Start of Day Balance Advice, please refer to the RITS/SWIFT User Guide on the RITS Information Facility.

Figure 9 below shows an example MT941 RITS Start of Balance Advice for FSS Participant Bank A. The example assumes no sub-limit has been set.

Figure 9: RITS Start of Day Balance Advice MT941

```
{4:
:20:U54888999
:25:092-002-AAAAA-2
:28:00100/1
:13D:1504140244+1000
:60F:C150414AUD0,00
:62F:C150414AUD0,00
:64:C150414AUD0,00
-}
```

9.6   Post-Settlement Advices

If an FSS Participant is a member of the RITS AIF closed user group, it may elect to receive Post-Settlement Advices for some or all of its RITS settlements. These advices include the resulting ES Funds balance after settlement of the transaction has occurred. The resulting balance notified in all Post-Settlement advices is the resulting RITS ES Funds Allocation i.e. it does not include the portion of ES Funds held in the FSS Allocation.

9.7   SWIFT Post-Settlement Advice for RITS Allocation Transaction Settlement

If an FSS Participant is a member of the RITS AIF closed user group, it may elect to be notified of the settlement of a RITS Allocation Transaction via an existing SWIFT Post-Settlement Advice. The following Post-Settlement Advices can be selected for the 'FS' branch:

- Intrabank Debit (**MT198 SMT936**) - for a RITS Allocation Transaction leg of an FSS Top-Up

- Intrabank Credit (**MT198 SMT937**) - for a RITS Allocation Transaction leg of an FSS Withdrawal.

Note: The MT198 SMT936/SMT036 and MT198 SMT937/SMT037 are for the purpose of differential selection of advices between interbank and intrabank transactions. Where MT198 SMT936 is selected, the advice sent is the Interbank Debit (MT198 SMT036). Where MT198 SMT937 is selected, the advice sent is Interbank Credit (MT198 SMT037).

The Trans Type field is populated with either:

- **FSSTU** - for an FSS Top-Up (including at end of day), or

- **FSSWD** - for an FSS Withdrawal (including at start of day).

The balance field in the Post-Settlement Advices will reflect the resulting RITS Balance.

Please refer to the RITS/SWIFT User Guide on the RITS Information Facility for more information on existing SWIFT AIF Post-Settlement Advices.

Figure 10 shows separate examples of MT198 SMT036 and MT198 SMT037 generated for Bank A (BNKA) for settled RITS Allocation Transactions associated with an FSS Top-Up and Withdrawal.

Figure 10: Post-Settlement Advices for RITS Allocation Transactions

Interbank Debit (MT198 SMT036)   Interbank Credit (MT198 SMT037)

```
{4:
:20:U5588609
:12:036
:77E:
:21:RITS87777788
:905:BNKA
:25:935-001-2222222
:32A:150414AUD410000,00
:901:114329
:908:FSSTU
:62M:C150414AUD9750000,00
:62M:C150414AUD250000,00
-}
```

```
{4:
:20:U5588620
:12:037
:77E:
:21:RITS87777799
:904:BNKA
:25:935-001-2222222
:32A:150414AUD250000,00
:901:155816
:908:FSSWD
:62M:C150414AUD10000000,00
:62M:C150414AUD500000,00
-}
```

9.8   RITS AIF Time Period Advices

RITS currently produces optional Time Period Advices to Members advising when particular RITS Sessions commence or are extended. These advices are distributed in the form of SWIFT messages.

9.9   FSS Participant Considerations

Each FSS participant needs to:

- consider its usage of existing RITS reports and assess how it will use these existing reports and new reports

- determine the need to build systems capability to receive and process these reports

- nominate a new 'Cash Account' to be used for the recording and reporting by RITS/FSS of the daily net NPP movement

- if required, make a one-off selection in RITS Unsolicited Advice Selection to elect to receive the AIF Post-Settlement Advice for the RITS Transaction leg of an Allocation Transfer

- if required, make a one-off selection in RITS Unsolicited Advice Selection to elect to receive the new SWIFT MT950 (SMT111 or SMT222) messages

- consider how the reports are used for the posting of any entries, including those that may be required for activity that occurs on a Saturday or a Sunday. For example, daily closing ES Funds balances may need to be reflected for balance sheet purposes, particularly if a reporting date falls on a weekend or public holiday.

10. Alerts

10.1 Overview

A number of optional FSS alerts are available to ESA Holders via email and/or SMS. To receive an alert, a one-off selection for that alert must be made via the RITS user interface. Depending on the type of alert, it will be sent:

- on a 24x7 basis

- during RITS settlement hours only i.e. between the start of the RITS Morning Settlement Session and the close of RITS Evening Settlement Session

- during RITS non-settlement hours only i.e. between the start of RITS Reports Session and the close of RITS Overnight Enquiry Session, including weekends and public holidays.

These alerts exclude confidential information such as transaction amounts or FSS Balances.

The RBA notes that email and SMS communication channels are not entirely reliable. This may result in alerts not being delivered to recipients in a timely manner. As such, FSS participants should also consider their own 24/7 monitoring and escalation arrangements.

The RITS Help Desk also receives a copy of all Member alerts.

10.2 Optional Notifications

Table 1 below lists the optional FSS alerts.

Table 1: Optional FSS Alerts

Notification Name	Description	Relevant Time Period
Unsettled Allocation Transfer	Notifies that RITS Systems Queue was not able to immediately settle a RITS Allocation Transaction for an FSS Top-Up (e.g. due to insufficient RITS Balance)	RITS settlement hours only
Settlement Test Failed	Notifies the paying FSS participant that the FSS rejected a Settlement Request due to insufficient FSS ES Funds.	24x7
FSS Low Balance Notification	Notifies that the FSS Balance has fallen below a nominated amount. *Only one Low FSS Balance Notification threshold will be available for selection.*	RITS non-settlement hours only

10.3 Notifications Templates

The text sent as part of email notifications to ESA Holders is provided below. The SMS version of each notification will contain the same text except for the 'Do not reply …' sentence.

10.3.1   Unsettled Allocation Transfer

Subject: RBA FSS Notification: Unsettled Allocation Transfer

At HH:MM an FSS Top-Up did not settle on the first test in RITS.

Please investigate.

Do not reply to this automatically generated email. [Not in SMS]

RITS Help Desk
rits@rba.gov.au
1800 659 360

10.3.2   Settlement Test Failed

Subject: RBA FSS Notification: Rejected Settlement(s)

The FSS rejected the settlement of XX transactions in the X minutes prior to HH:MM

Please investigate.

Do not reply to this automatically generated email. [Not in SMS]

RITS Help Desk
rits@rba.gov.au
1800 659 360

10.3.3   FSS Low Balance Notification

Subject: RBA FSS Notification: FSS Balance Threshold

Your FSS Balance at HH:MM was below your nominated out-of-hours Low Balance Threshold.

Please investigate.

Do not reply to this automatically generated email. [Not in SMS]

RITS Help Desk
rits@rba.gov.au
1800 659 360

10.4   Throttling of Notifications

To prevent the transmission of excessive (and unnecessary) notifications to ESA Holders, the following arrangements apply:

10.4.1   Unsettled Allocation Transfer

Where the RITS Transaction leg of an FSS Top-Up is not able to be settled in the first attempt, an Unsettled Allocation Transfer notification will be sent to the relevant ESA Holder (if they have elected to receive it) only once for the FSS Top-Up in question. This means any subsequent failed settlement attempts do not generate additional notifications.

A RITS/FSS process runs periodically (currently every 2 minutes) to detect if any RITS Allocation Transaction(s) did not settle on the first attempt. If detected, a notification will be sent to the relevant ESA Holder.

10.4.2   Settlement Test Failed

A RITS/FSS process runs periodically (currently every 2 minutes) to detect if any Settlement Request(s) have been rejected due to insufficient funds. If detected, a Settlement Test Failed notification will be sent to the 'paying' ESA Holder, if they have elected to receive it.

In addition, in the event of a Settlement Request rejection both parties to the transaction will be notified via a pacs.002 message sent over the SWIFT NPP network.

10.4.3   FSS Low Balance Notification

An ESA Holder's FSS Balance is checked against the nominated Low Balance Threshold on a near-continuous basis during RITS non-settlement hours. Where the FSS Balance is found to be below the nominated Low Balance Threshold a notification will be generated for transmission to the ESA Holder, if they have elected to receive it.

To prevent multiple notification messages from being sent (for example, where the FSS Balance hovers around the Low Balance Threshold), only one notification will be produced within each ten minute period.

10.5   Alert Configuration

FSS Participants can select the alerts they wish to receive and the alert recipients, as shown in Figure 11 below. As illustrated below, FSS Participants can nominate one email address and up to 10 mobile phone numbers for each selected alert.

Figure 11: FSS Notification Maintenance

10.6   FSS Participant Considerations

Each FSS participant needs to:

- select via the RITS user interface the optional FSS Alert Notifications it would like to receive. The threshold for FSS Low Balance Notification must also be set as required

- determine who is to receive the RITS SMS and/or email alerts. It is possible to nominate only one email address (expected to be an email group) for the receipt of email alerts

- enter via the RITS user interface one email address and/or up to 10 mobile phone numbers to receive these alerts

- establish procedures for the regular review and update of alert recipients

- establish internal procedures and delegations in respect to the actions that need to be taken (and by whom) on receipt of these alerts

- consider internal arrangements for exception monitoring NPP activities, including those related to the FSS.

11. FSS Glossary[7]

Allocation Transfer	The transfer of funds within an FSS Participant's ESA between its RITS Balance and its FSS Balance.
ES Funds	Funds within a Member's ESA.
Exchange Settlement Account (ESA)	An account held at the RBA by financial institutions to settle financial obligations arising from the clearing of payments.
Fast Settlement Service (FSS)	A service of RITS that provides very fast settlement processing of individual settlement requests for the New Payments Platform using ES Funds.
FSS Allocation Transaction	The FSS Allocation transaction 'leg' of an Allocation Transfer, which is tested and settled on the FSS Settlement Engine.
FSS Balance	The portion of the FSS Participant's Exchange Settlement (ES) Funds balance available to the FSS for settlement of New Payments Platform (NPP) payments.
FSS Participant	A RITS Member that has elected to participate in the RITS Fast Settlement Service to settle NPP payments using its ES Funds.
FSS Top-Up	An FSS Top-Up is a debit of ES Funds from the NPP/FSS Participant's RITS Balance and a 'top-up' credit to their FSS Balance.
FSS Withdrawal	An FSS Withdrawal is a withdrawal of ES Funds from the NPP/FSS Participant's FSS Balance and a credit to their RITS Balance.
Intraday Allocation Transfers	Allocation Transfers that are generated within RITS settlement hours (this excludes the Allocation Transfers automatically generated for RITS Start of Day and RITS End of Day).
LVCS	RITS Low Value Clearing Service
LVSS	RITS Low Value Settlement Service
NPPA	NPP Australia Limited
Payee ESA Holder	An FSS Participant that is receiving ES Funds in the settlement of an NPP payment.
Payer ESA Holder	An FSS Participant that is paying ES Funds in the settlement of an NPP payment.
Payee Participant	An institution participating in the NPP capable of receiving credit transfers for clearing and/or settlement.
Payer Participant	An institution participating in the NPP capable of initiating credit transfers for clearing and/or settlement.
Reserve Bank Information and Transfer System (RITS)	Australia's real-time gross settlement (RTGS) system, which is used by banks and other approved institutions to settle obligations arising from the exchange of payments and securities transactions. RITS shares its user interface and liquidity with the FSS. FSS is a separate 24x7 infrastructure for high speed settlement of high volume NPP payments.
RITS AIF	This service is known as the RITS Automated Information Facility (AIF). It is a set of SWIFT messages for commands, enquiries and unsolicited advices available to RITS Members that are SWIFT members, which may be set up via the RITS user interface. It is a closed user group conducted by the RBA using SWIFT FIN messages.
RITS Allocation Transaction	The RITS Allocation Transaction 'leg' of an Allocation Transfer, which is tested and settled on the RITS System Queue.
RITS Balance	The portion of the RITS Member's ES Funds balance available to RITS for RTGS settlements during RITS opening hours.

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[7] This glossary mainly includes FSS-specific terminology. Please refer to the NPP Glossary for further terminology.

Appendix—Description of ESA Statement (MT950)

Item	Format/Content	Example
Date	YYMMDD	150414
Credit or Debit	1 alphabetic character	C / D
Amount	Up to 15 numeric characters, comma separator for cents	5000000,00
Type of Payment (shows "NMSC" for all non-SWIFT transactions)	4 alphanumeric characters	NMSC
External TRN	Up to 16 alphanumeric characters Contains external TRN where one exists, otherwise RITS assigned transaction ID	RITS87777788
Time Settled	HHMMSS	072934
Other Bank Code	4 alphabetic characters Contains first 4 characters of BIC if it exists, otherwise RITS Member Code	For Allocation Transfers and net NPP movements, will show the bank's own code
RITS Tran Type	Up to 5 alphabetical characters For FSS Top-Ups will show FSSTU; for FSS Withdrawals will show FSSWD	FSSWD
Cash Account Number	Up to 20 alphanumeric characters	935-001-2222222

— End of document —