

RBA/APCA LVSS Industry Forum

7 July 2011

Meeting Notes

This document notes the main discussion points arising from the LVSS Industry Forum held on 7 July 2011.

Agenda Item 2 - Overview of LVSS timetable and expectations

- Participants noted the revised timetable issued by the RBA in June. No additional comments were raised.

Agenda Item 3 - Overview of BCP arrangements

- Participants noted the information presented on the proposed BCP (or contingency) arrangements for the LVSS, including the scope of the forthcoming paper and the new RITS manual FSI and FRI entry capabilities.
- One participant asked if it would be possible to see in RITS which FSIs had been manually entered. The manual entry functionality will allow participants to enquire and report on manually entered FSIs, but other LVSS enquiry screens will not differentiate between file-based or manually entered FSIs.
- Discussion covered the reconciliation processes that should be adopted if manual entry is required. The use of the same system-generated TRN (if known) to prevent duplicate settlements upon recovery was also discussed. The RBA clarified that a counterparty (whose systems are working normally) will not specifically be aware of how an FSI was submitted to RITS.
- One participant suggested that the APCA PGP email contingency test for file exchanges could be extended to also cover the testing of manual FSI entry. This will need further industry discussion.
- The RBA advised that a document setting out the BCP arrangements will be available shortly on the RITS Information Facility.

Agenda Item 4 - Implications for APCA's Regulations and Procedures

- Participants noted the proposed approach to industry rule changes as presented by APCA. This includes the use of the LVSS Expert Group (and other interested parties) to help formulate the necessary rule changes.
- APCA noted that the clearing system 'big-bang' migration approach agreed by the industry did not preclude earlier migration on a bilaterally agreed basis. APCA asked anyone considering early migration to let it know as this may affect the drafting of the rule changes. Only the RBA (as a participant) indicated that it was willing to migrate early on a bilateral basis.

Agenda Item 5 - Approach to test strategy and test planning

- The RBA outlined its proposed approach to LVSS testing. There will be an initial phase of standalone Member testing designed to iron out any bugs and to allow

familiarisation with RITS functional and settlement changes. This stage will allow verification of readiness for the next phase, which is the industry testing phase.

- There was a question about the feasibility of a parallel testing phase. The RBA confirmed that some institutions had already mentioned that this might be an issue. The RBA noted that the scope and exact nature of any parallel testing period using production data need to be discussed further with the industry.
- The RBA intends to publish an LVSS Test Strategy for Members in August. The RBA also advised that a RITS LVSS Member Setup Guide will be made available shortly.
- The RBA advised that a session for RITS front office (treasury) staff will be held prior to the commencement of migration to familiarise them with the changed arrangements for 9am settlement, including new and amended RITS screens. Some project managers also expressed an interest in attending. This will be arranged in due course.
- Some participants mentioned that there may be constraints on the availability of their testing environments. Members were requested to provide the RBA and APCA with details of any constraints to assist with the planning of industry tests.
- There was a question about who performed the setup in RITS for testing. The RBA confirmed that some actions will be undertaken by the RITS Help Desk (based on Member instructions) and others will be undertaken directly by Members. A setup guide will be issued shortly with full details.
- One participant asked if they will need to submit their own test cases to the RBA. The RBA confirmed that this will not be necessary.
- The RBA confirmed that prime responsibility for the LVSS testing co-ordination rests with the Member (i.e. the ESA holder in RITS). This needs to be taken into account especially where agents are used.
- A brief overview of BECS production cutover was provided. Friday's exchanges will be advised to the Collator as normal, and settled at 9am settlement on Monday. Members will send FSIs to RITS for each of Monday's exchanges, (after each exchange). These will be dated for settlement on Tuesday, and will settle in the 9am settlement on Tuesday, along with Collator obligations for the other clearing systems.

Agenda Item 6 - Discussion of common industry issues

Reconciliation processes

- There was some discussion about reconciling a clearing file to an FSI. One option discussed was amending the Header Record in the BECS file exchange to carry additional information such as the TRN of the FSI. This was considered a reasonably significant change. Another option would be to have a common industry filename convention that would make the file exchanges more specific.
- Another participant believed it was possible to automate this reconciliation by using the combination of sender and time of exchange, with verification of the amounts. This process could have alerts generated based on agreed exception criteria (e.g. if the amounts did not match).

\$0 FSIs for null files

- It was generally agreed that a \$0 FSI should be sent if a 'null' clearing file is exchanged. This will cover some APCS and BECS clearings that currently take place. It was agreed to refer this to the APCA Expert Group to carry forward as part of the APCA rule change process.

Arrangements for Scheme settlements

- Westpac will send separate FSIs for BPAY settlements. The Payment Service will be BECN and Clearing Description field will include the time of exchange and 'BPAY'.
- ANZ will send separate FSIs for Visa settlements. The Payment Service will be CECS and the Clearing Description field will have 'Visa'.
- CBA is still considering this matter in relation to MasterCard settlements. Other participants expressed a strong preference for CBA to send separate FSIs for these settlements.

SWIFT FileAct Y-Copy

- The RBA confirmed that in Y-Copy, the SWIFT messaging effectively replaces the LVSS advices and responses, which will be suppressed to avoid duplication. The RBA confirmed that Y-copy capability can be provided for the LVSS but noted that this is not included in the initial release.

Agenda Item 7 - Future meetings

It was agreed that a further meeting should be arranged. This will be scheduled in around two months' time.