



RESERVE BANK OF AUSTRALIA



RITS Low Value Settlement Service

Industry Forum Slides

26 April 2012

Agenda

1. Opening Remarks
2. BECS Testing Status Update
3. BECS Migration Plan
4. RBA LVSS Update
5. Industry LVSS Issues
6. Industry LVSS Testing - CECS

Opening Remarks

- Welcome
- Status of RITS Changes
- Overall Project timetable

LVSS INDUSTRY COMPONENT TIMETABLE – ISSUED JANUARY 2012

2012

| | February | March | April | May | June | July | August | September | October | |
|------------------------|---|--|---|--|--|--|--|--|--|---|
| BECS | Phase 1 Start by Wed 1 Feb End Fri 2 Mar | Phase 2 Start Mon 5 Mar End Thu 5 Apr | Phases 3 & 4 Start Tue 10 Apr End Fri 27 Apr | Spare Weeks of: 30/4, 7 & 14/5 | Go Live Monday 21 May | | | | | |
| CECS / Cashcard | | | | Phase 1 Start by Mon 30 Apr End Fri 1 Jun | Phase 2 Start Mon 4 Jun End Fri 6 Jul | Phases 3 & 4 Start Mon 9 Jul End Fri 27 Jul | Spare Weeks of: 30/7, 6/8 | Go Live Monday 13 Aug | | |
| APCS | | | | | | Phase 1 Start by Mon 9 Jul End Fri 10 Aug | Phase 2 Start Mon 13 Aug End Fri 14 Sep | Phases 3 & 4 Start Mon 17 Sep End Fri 5 Oct | Spare Weeks of: 8 & 15/10 | Go Live Monday 22 Oct |
| GABS | | | | | | | Phase 1 Start by Mon 3 Sep End by Fri 5 Oct | | Spare Weeks of: 8 & 15/10 | Go Live By Monday 22 Oct |

- Phase 1** Testing with the RBA
- Phase 2** Industry Testing in Small Groups
- Phase 3** Industry Wide Testing - Settlement Reconciliation
- Phase 4** Industry Wide Testing - Simulated Production Days

BECS - Bulk Electronic Clearing System
CECS - Consumer Electronic Clearing System
Cashcard - Cashcard Closed User Group
APCS - Australian Paper Clearing System
GABS - Government Agency Banking Sweeps

Agenda Item 2

BECS Testing Status Update

BECS Industry Testing Update

Summary

- Phases 1, 2 and 3 of testing have all been successfully completed
- Two cycles of industry settlement reconciliation testing (phase 3) were completed during April. All Members were able to reconcile their BECS positions for each test day
- For the 2nd cycle, RITS processed 3,500 files (750 FSIs, 1460 advices and 1290 responses)

Agenda Item 3

BECS Migration Plan

BECS Migration Plan

Migration Approach

- Settlement for BECS clearing files exchanged on Friday 18 May (except 10.30pm) will occur as per current processes on Monday 21 May
- Submission of FSIs to RITS will commence in conjunction with BECS clearing file exchanges on Monday 21 May
- The first settlements of LVSS transactions will occur in RITS on Tuesday 22 May (BECG from RITS opening and BECN as part of 9am Settlement)

BECS Migration Plan

Government File Exchanges

- Government files are sent by only 5 institutions. Other participants are receivers.

| Exchange Date | Settlement Date | Settlement Process |
|----------------------|------------------------|--|
| 18 May | 21 May | Current - RBA GDES payments or RITS cash transfers prior to 8.15am |
| 21 May | 22 May | LVSS - FSIs are to be submitted per counterparty per outward exchange using the BECG payment service |

BECS Migration Plan

Non-government File Exchanges

| Applies to | Exchange Date | Settlement Date | Settlement Process |
|------------------------------|----------------------|------------------------|---|
| All exchanges except 10.30pm | 18 May | 21 May | Current - via Collator Exchange Summary |
| 10:30pm exchange only | 18 May | 22 May | LVSS - Special transition arrangements will apply. Settlement instructions will need to be manually entered into RITS during Monday 21 May for settlement on Tuesday 22 May. Note that only a small number of institutions participate in this late exchange. \$0 obligations from this exchange do not need to be manually entered into RITS |
| All exchanges except 10.30pm | 21 May | 22 May | LVSS - FSIs are to be submitted per counterparty per outward exchange using BECN payment service |
| 10.30pm exchange | 21 May | 23 May | LVSS - FSIs are to be submitted per counterparty using BECN payment service |

BECS Migration Plan

Points to Note

- All Friday's activities (apart from 10.30pm exchange) use current processes
- First FSIs are due to be lodged in RITS by around 7am on Monday 21 May – these represent RBA GDES payments due for settlement on Tuesday 22 May
- Friday 10.30pm outward exchange obligations will require use of RITS manual entry functionality. These can be entered on Monday 21 May
- BECS Exchange Summaries and Pending Debit files cease after processing is completed for work of Friday 18 May
- The '9am Batch Amount' shown on the '7.30am Information' screen will not include BECS figures
- Member fallback, if required, is to use RITS manual entry functionality

BECS Migration Plan

Production Connectivity Test

- This test must be performed by all Members (or their agent) prior to go-live
- The scope of the test is prove production file transfer connectivity between the Member's and the RBA's file management transfer systems
- Contact the RITS Help Desk to arrange

RITS Production Verification

- Members may optionally choose to send (receive) LVSS messages to (from) RITS Production prior to go-live in a controlled and agreed manner
- Small value trial payments can be sent and settled (as Individual) or recalled
- Member setup arrangements in RITS must be completed by both parties before verification can proceed
- Contact the RITS Help Desk to arrange (if required)

BECS Migration Plan

RITS/RBA Arrangements

- Migration support will endeavour to be provided to Members as required, including on the migration weekend
- RITS will open earlier (at 7.00 am) from Monday 21 May for at least 2 weeks. This will provide additional time for transaction management by Members
- Three teleconferences have been scheduled by the RBA

Members should also note that:

- There is an overnight processing window when RITS user access is temporarily unavailable – this will be scheduled well outside BECS activity times. The processing of inbound FSIs is also delayed during this time
- User permissions in RITS need to be (re)set at the start and end of the Overnight Session. At these times, users are logged out and they will be required to login again. Members should ensure that no update activity (e.g. Manual FSI entry) is in progress in the 10 minute period before the Overnight Session commences or ends

BECS Migration Plan

Member discussion / feedback / comments

Migration Checklist

- Message routing arrangements
- RITS LVSS setup (branches, cash accounts, message selection)
- RITS user setup (roles, including for manual entry)
- Completion and lodgement of authorised forms to RITS Help Desk is required by 7 May
- Readiness Declaration – this will be distributed by RBA next week

Agenda Item 4

RBA LVSS Update

RBA LVSS Update

a) RITS Regulations

- LVSS changes have been in place for around a year
- Minor update is due for issue shortly

b) RBA support

- Once LVSS commences the RITS Help Desk will provide support covering all hours of LVSS activity
- Normal administration arrangements will continue to apply, including for overnight activities. As now, the RITS Help Desk will act only on a Member's authorised instruction
- Note that the Member's own RITS Password Administrator is generally the first contact point for user-related issues (passwords, roles, etc)

RBA LVSS Update

c) Member Training

- Separate sessions have been arranged in Sydney, Melbourne and Brisbane for cash desk and operational users of RITS

| Location | Date | Time | Audience |
|--|-----------------|-------------------|-----------------|
| Sydney (Ground Floor East, 65 Martin Place) | Monday 7 May | 10:00am – 11.30am | Operations |
| | Monday 7 May | 1.30pm – 2.30pm | Cash Desk |
| | Tuesday 8 May | 1.30pm – 3.00pm | Operations |
| | Wednesday 9 May | 1.30pm – 2.30pm | Cash Desk |
| Melbourne (Level 13, 60 Collins St) | Thursday 3 May | 11.00am – 12.30pm | Operations |
| | Thursday 3 May | 1.30pm – 2.30pm | Cash Desk |
| Brisbane (Level 7, 12 Creek St) | Friday 11 May | 11.00am – 12.30pm | Operations |
| | Friday 11 May | 1.30pm – 2.30pm | Cash Desk |

Agenda Item 5

Industry LVSS Issues - APCA

Agenda Item 6

Industry LVSS Testing - CECS

Industry LVSS Testing - CECS

- Phase 1 Test Cases for all clearing systems were issued by the RBA in November 2011
- Phase 1 testing preparations are underway and are due for completion by 1 June
- APCA has scheduled a workshop on 8 May to discuss CECS industry testing
- As with BECS industry testing, RITS session times can be adjusted by the RBA as necessary for specific testing phases. Two additional multilateral settlement runs have been recently added in RITS Pre-Production to facilitate testing