

RESERVE BANK INFORMATION AND TRANSFER SYSTEM

Low Value Settlement Service

Project Update – January 2012

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Project Timetable

In the last Project Update (October 2011), the Reserve Bank confirmed the BECS LVSS Production implementation target date of 21 May 2012. At that time, it was noted that the Reserve Bank would undertake further consultation regarding the migration dates for APCS and CECS/Cashcard. This consultation is now complete and it has been decided that the deadline for the APCS LVSS migration will be extended to October 2012. The planned date for the CECS/Cashcard migration will remain as August 2012. This outcome reverses the order of migration between APCS and CECS/Cashcard. A summary timetable is below. A component timetable is attached.

Component	Task/Milestone [#]	Date(s)
BECS	Completion of initial testing with Reserve Bank	By 2 Mar 2012
	Industry-wide testing of BECS LVSS messages and 9am settlement processes	5 Mar 2012 - 27 Apr 2012
	Production implementation on APCA BECS membership change date	21 May 2012 [*]
CECS / Cashcard	Completion of initial testing with Reserve Bank	By 1 Jun 2012
	Industry-wide testing CECS LVSS messages and 9am settlement processes	4 Jun 2012 - 27 Jul 2012
	Production implementation on APCA CECS membership change date	13 Aug 2012 [*]
APCS	Completion of initial testing with Reserve Bank	By 10 Aug 2012
	Industry-wide testing APCS LVSS messages and 9am settlement processes	13 Aug 2012 - 5 Oct 2012
	Production implementation on APCA APCS membership change date	22 Oct 2012 [*]
Government Sweep	Completion of testing with Reserve Bank	By 5 Oct 2012
	Production implementation	On or before 22 Oct 2012

[#] All RITS testing will take place in the RITS Pre-Production Environment.

^{*} Production implementation dates are dependent on the successful completion of the preceding industry test phase.

Member Project Status Update

A Member Project Status Update form will be issued shortly to BECS participants requesting information on the status of Members' BECS projects and readiness for the commencement of BECS Phase 2 testing. Responses will be required by the end of January 2012.

Member Training

The Reserve Bank conducted Member training sessions in Sydney, Melbourne and Brisbane in November 2011. The sessions covered LVSS set-up requirements, changes to 9am settlement arrangements and the new LVSS functions in RITS. The training was primarily aimed at LVSS project managers and testing staff, but Members' operational staff were also invited to attend to get an early look at the LVSS and the changes that will be forthcoming.

The slides from the training, together with comprehensive notes, are available on the RITS Information Facility: [RITS LVSS Training, November 2011](#). Further training will be provided for operational staff prior to the commencement of the LVSS migration in May 2012.

Industry Update

The Reserve Bank and APCA held a further LVSS Industry Forum in November 2011. This forum focussed on industry testing arrangements, particularly for BECS in March and April, including arrangements for the establishment of small groups for Phase 2 testing, and APCA's role and reporting arrangements. It was noted that while the Reserve Bank will manage Phase 1 (standalone) testing, it was expected that APCA would co-ordinate the later phases where Members are testing with each other. Meeting participants indicated that they were keen for APCA to play a key role in organising test groups, assisting with test planning, and monitoring and reporting on test progress. APCA is proceeding with the proposed arrangements.

Participants also discussed several industry issues, including the handling and resolution of errors/settlement differences, BCP arrangements (manual entry of FSIs), use of the Settlement Method override setting and use of the Clearing File Reference field. APCA also provided an update on the status of the changes to its rules.

Meeting notes and slides from each forum are available on the [RITS Information Facility](#). The next LVSS Industry Forum is to be scheduled in February 2012.

In early November, the Reserve Bank released the [LVSS Test Program - Phase 1](#). This document contains a description of phase 1 testing, a summary listing of all mandatory and optional test cases (some are mandatory for all Members, others will only need to be completed by some Members) and the detailed test cases (parameters and expected results).

BECS Phase 2 Small Groups Testing

The RBA, with Members' input, has formed small groups for Phase 2 BECS testing. These groups are shown in the following table. APCA will contact Members to arrange a Phase 2 Testing Workshop.

Group 1	Group 2	Group 3
ANZ	Westpac	RBA
NAB	ING	Tyro
Bank of Queensland	Suncorp-Metway	CBA
BankWest	Bendigo	ASL
	Cuscal	

The Reserve Bank and APCA are currently documenting high level phase 2 test scenarios as input to the small group test planning process. This information will be available for the Phase 2 Test Workshop being arranged by APCA.

ACPA Regulations and Procedures

Members of BECS and CECS approved Regulations changes in November 2011. As previously advised, changes to the BECS Procedures and CECS Manual have also been agreed by the respective APCA Management Committees. The agreed changes were distributed to participating members by APCA in December 2011.

Revisions to the APCS Procedures were also approved during 2011. The associated revisions to APCS Regulations will be considered by an APCS General Meeting during 2012.

RITS Functional Enhancements for the LVSS

RITS changes to accommodate new 9am settlement processes for the LVSS, including the creation and settlement of clearing interest transactions for eligible FSIs, were promoted to the RITS Production Environment on 26 November 2011. Along with the earlier release in April 2011 of FSI processing and messaging functionality, Members are now able to test the complete life cycle of LVSS transactions covering input, validation, monitoring, transaction management, settlement and post-settlement processing.

The final LVSS-related RITS functionality release is for the manual entry and manual recall of FSIs (as described in the [Overview of LVSS Business Continuity Arrangements](#)). Current planning is for these functions, and associated enquiries and reporting, to be made available in the RITS Pre-Production Environment on 6 February 2012.

Bulking of Settlement Responses

Some Members have expressed concern about the large number of settlement response files they will receive after the completion of 9am settlement. For those Members who participate in multiple clearing systems the number of individual files received around 9:00am will be in the order of between 200 and 300.

If required, the Reserve Bank can 'bulk' these settlement responses into a single larger file. Further details on this optional capability can be obtained by contacting the Reserve Bank LVSS contacts listed below.

Enquiries

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

<u>Name</u>	<u>Phone</u>	<u>Email</u>
Warren Wise	(02) 9551 9894	wisew@rba.gov.au
Alison Clark	(02) 9551 8941	clarka@rba.gov.au

Reserve Bank of Australia
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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