

RESERVE BANK INFORMATION AND TRANSFER SYSTEM

Low Value Settlement Service

Project Update – October 2011

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Project Timetable

The Reserve Bank has recently completed a round of meetings with Members to discuss their project status updates. Most Members confirmed that their project scope was clear, resources were committed and that they were working to the timetable released by the Reserve Bank in June 2011. Based on this consultation the Reserve Bank confirms that it is still targeting the BECS LVSS Production implementation date of 21 May 2012, subject to the successful completion of industry testing.

A separate timetable issue was raised by some Members. The current timetable for the production implementation of BECS overlaps with the commencement of industry-wide APCS testing. A request was made by some Members to separate these components to allow time for operational activities relating to the BECS LVSS migration to be fully bedded down. Separate concerns were also raised about the complexity of the APCS migration. The Reserve Bank proposes to undertake further consultation with APCA and participants on this matter, including whether or not the order for the APCS and CECS/Cashcard migrations should be reversed. The Reserve Bank will also consider whether a short extension to the planned completion of the LVSS migration is merited.

Industry Update

The Reserve Bank and APCA have held two LVSS Industry Forums in recent months. The first forum, in July, covered BCP arrangements, the process for amending APCA Regulations and Procedures, and the Reserve Bank's intended approach to testing. Members also discussed reconciliation processes, the use of \$0 FSIs for null files, and scheme settlement arrangements for BPAY, MasterCard and Visa. The second forum, in September, focussed on specific issues relating to industry testing. 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 November.

In August, the Reserve Bank released the [LVSS Participant Set-up Guide](#)¹. This guide details the activities that each Member needs to complete prior to the commencement of RITS testing. In particular, the Set-up Guide contains an explanation of the various LVSS branch and cash account options that Members may choose. This is intended to help Members determine their desired RITS branch and cash account structure, taking into account their own transaction management and reconciliation requirements.

¹ Minor revisions were made to the Set-up Guide in October 2011.

In August, the Reserve Bank also issued an Overview of LVSS Business Continuity Arrangements document. This document outlines how Members will be able to manually enter FSIs into RITS if they are unable to submit FSIs via normal means. The document also covers the manual recall functionality that will be provided in RITS. Importantly, Members should assess implications associated with the proposed use of this functionality in a contingency situation, taking into account the points noted in Section 4 of the document.

In early September, the Reserve Bank released the LVSS Testing Strategy document. This document provided a proposed LVSS testing approach, listed the test phases, and set out the objectives of each test phase. Following discussions at the September Industry Forum, the proposed testing approach has been further refined. The Reserve Bank has issued an LVSS Industry Test Framework setting out the revised approach.

ACPA Regulations and Procedures

Following industry consultation, revisions to APCA Regulations and Procedures for APCS, BECS and CECS were drafted for consideration by the respective APCA Management Committees. MC2 and MC3 have respectively approved the changes to the BECS Procedures and CECS Manual, and MC1 will consider the APCS Procedures in early November. Members of each clearing system will also vote on the proposed Regulations changes in November.

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, was made available to Members in the RITS Pre-Production Environment in October. [These changes are currently targeted to be promoted to the RITS Production Environment on 26 November.] Along with the earlier release in April 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 available in the RITS Pre-Production Environment in February 2012.

Member Training

Members are reminded that the Reserve Bank is proposing to schedule RITS LVSS training sessions in Sydney, Melbourne and Brisbane in mid to late November. Dates and times for each training session are expected to be advised soon. Sessions are expected to take around two and a half hours.

Enquiries

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