

# **RESERVE BANK INFORMATION AND TRANSFER SYSTEM**

## **Low Value Settlement Service LVSS Migration Plan – BECS**

### **RITS Low Value Feeder Project**

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**Final**

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## 1. Introduction

The Reserve Bank released specifications for the RITS Low Value Settlement Service (LVSS) in November 2010<sup>1</sup>. Since this time, all institutions participating in the RITS 9:00 am Settlement of low value clearings have been undertaking projects to meet LVSS requirements. Migration to the LVSS will occur on a clearing system by clearing system basis during 2012.

The purpose of this document is to provide details of the production LVSS Migration Plan for the APCA Bulk Electronic Clearing System (BECS). BECS settlement obligations will migrate to the LVSS commencing with the exchanges of 21 May 2012.

Further information on the LVSS more generally can be found on the [RITS Information Facility](#).

### 1.1 Scope

This document provides detailed information on the BECS migration plan for RITS Members that participate in the BECS settlement. It includes an outline of the LVSS migration approach for BECS and a detailed timeline covering the tasks/activities in the period between 18 May and 22 May 2012.

Also provided is information relating to production connectivity and verification testing, RBA support arrangements, RITS settlement hours for the initial migration period, and RBA contact details. An LVSS migration checklist for participants is also included.

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<sup>1</sup> Minor revisions to these specifications were released in June 2011.

## 2. BECS Migration

### 2.1 Overall Strategy

During 2011, industry participants agreed that migration to the LVSS would take place on a clearing system by clearing system basis. For each clearing system, all participants will migrate to the new arrangements on the same agreed date.

For BECS, the agreed migration date for commencing to send File Settlement Instructions (FSIs) to the Reserve Bank is 21 May 2012. The first interbank BECS settlements under LVSS will take place in RITS on 22 May.

### 2.2 Pre-requisites

The following is a summary of the pre-requisites for the production (live) operation of LVSS for BECS settlement obligations:

- LVSS testing by all Members for BECS is successfully completed (covering all end to end processes).
- Industry testing is successfully completed.
- Internal project signoffs have been completed.
- All Members have promoted their systems changes to their production environments.
- All Members have completed their production connectivity setup with the Reserve Bank for LVSS file transfers.
- All Members have completed their RITS setup activities, as set out in the [LVSS Participant Set-up Guide](#).

### 2.3 Outline of Migration Approach

This section provides a brief outline of the migration approach. This information is repeated in tabular form further below.

#### **Non-government file exchanges**

Existing settlement arrangements will be used for non-government file exchanges on Friday 18 May. The one exception will be the 22:30 file exchange on this day, as this exchange has a payment (or customer value) date of Monday 21 May and settlement occurs on Tuesday 22 May at 9.00 am. The settlement obligations that arise from this exchange will need to be entered into RITS on Monday 21 May. This will be done around 9.00 am on Monday 21 May. Bank of Queensland, which sends null files in the 10.30 pm exchange, will not submit \$0 FSIs for files exchanged on Friday 18 May.

Participants will exchange BECS non-government files and will create/submit exchange summaries to the Collator on the Friday evening as normal. Those figures will be included in the 9am Settlement on Monday 21 May.

BECS non-government files exchanged on Monday 21 May will be settled via the LVSS using the BECN payment service. When participants exchange these files on the Monday, they will also create and send FSIs to RITS. These obligations will be included in the 9am Settlement of 22 May.

## Government file exchanges

Existing settlement arrangements will be used for government file exchanges that occur on Friday 18 May. Interbank settlement for these file exchanges will occur (as now) via an RBA GDES payment or a RITS cash transfer prior to 8.15am on 21 May. Those participants who send a 'Pending Debits' file to the Collator will do so for the last time on Friday evening/Saturday morning. Participants that do not use a 'Pending Debits' file will input cash transfers for the settlement of their government direct entry obligations on Monday morning during the RITS Morning Settlement Session.

BECS government files exchanged on Monday 21 May will be settled the next day via the LVSS, but not as part of the 9am Settlement. As participants exchange their government files on Monday, they will also create and send FSIs to RITS, which will settle on Tuesday 22 May prior to 8.15am.

Information relating to both government and non-government file clearing and settlement arrangements, both before and after migration, is summarised in the table below:

Type of Exchange	Applies to	Exchange Date	Settlement Date	Settlement Process
Government Files	All exchanges	18 May	21 May	Current RBA GDES payments or RITS cash transfers prior to 8.15am
Non-government Files	All exchanges except 10.30pm	18 May	21 May	Current Via Collator Exchange Summary
Non-government Files (BECN)	10:30pm exchange only	18 May	22 May	LVSS Special transition arrangements will apply. Settlement instructions relating to this exchange will need to be manually entered into RITS during Monday 21 May for settlement on 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.
Government Files (BECG)	All exchanges	21 May	22 May	LVSS FSIs are to be submitted per counterparty per outward exchange
Non-government Files (BECN)	All exchanges except 10.30pm	21 May	22 May	LVSS FSIs are to be submitted per counterparty per outward exchange
Non-government Files (BECN)	10.30pm exchange	21 May	23 May	LVSS FSIs are to be submitted per counterparty

## 2.4 Detailed Migration Timeline

The following table sets out the BECS migration timeline in greater detail. The text in blue indicates that these processes repeat each subsequent day.

Date/Time	Event	Comment
Friday 18 May At normal exchange times	Participants exchange government and non-government clearing files	
Friday 18 May 22:30 exchange	Outward non-government clearing file exchange	Settlement figures for this exchange would normally be included in Monday's Collator exchange summary  These settlement figures will be manually entered as FSIs into RITS by the sending participant on Monday 21 May (for settlement at 9am on Tuesday 22 May)
Friday 18 May 21:00 to 23:00	Participants create Collator exchange summaries for Friday's non-government exchanges and send to Collator as normal	As now, this includes Thursday's 22:30 exchange (if applicable)  Excludes Friday's 22:30 exchange
Friday 18 May 21:00 to 23:15	Collator sends provisional and final faxes for BECS exchange summaries	Collator exchange summaries for other clearing systems are lodged as normal
Saturday 19 May 03:00 to 04:00	Collator sends Net Obligations files/faxes with 9am Settlement obligation for Monday 21 May	Data includes BECS non-government obligations
Saturday 19 May 02:00 to 04:00	CBA, NAB, WBC send 'pending debits' files to Collator as advice of settlement obligations for BECS government files exchanged on Friday	If pending debits are not sent, these obligations will be settled via manually entered RITS cash transfers on the Monday morning
Monday 21 May 07:00 - 08:45	RITS opens (earlier <sup>2</sup> ) for settlement  Participants can view their 9am Settlement positions (this includes Friday's BECS non-government file exchanges)  Pending Debits/cash transfers for BECS government files exchanged on Friday settle  Participants fund their 9am Settlement position	There are no LVSS transactions on the RITS System Queue, as the Queue only shows settlement transactions for that day. There are, however, some FSIs lodged in RITS (i.e. the 7am government file exchange) and these can be viewed via LVSS enquiry functions.
Monday 21 May 08:45 - 09:15	9am Settlement (including Friday's BECS non-government file exchanges)	

<sup>2</sup> RITS will open earlier, at 7.00 am, for the first two weeks of the new BECS settlement arrangements (i.e. from Monday 21 May 2012 to Friday 1 June 2012).

Date/Time	Event	Comment
Monday 21 May During business hours	CBA/WBC will manually input FSIs into RITS for Friday's 22:30 outward exchange to other participants	Payment date is Monday and settlement date is Tuesday  CBA and WBC are the only identified institutions who send in the late exchange with settlement value
Monday 21 May 14:00	Industry Conference Call Telephone: 1800 850 672 Conference Code: 7036866119	See section 3.3
Monday 21 May 07:00, 18:15, 20:00	Participants exchange BECS government files  Sending participants create BECG FSIs and submit to RITS - Settlement Method of "I" (Individual) and settlement date of Tuesday	Sending participants monitor that FSIs are received and validated by RITS  Receiving participants reconcile settlement instructions in RITS against clearing files received
Monday 21 May 10:00, 13:00, 16:00, 18:30, 20:15	Participants exchange BECS non-government files  Sending participants create BECN FSIs and submit to RITS - Settlement Method of "M" (Multilateral) and settlement date of Tuesday	Sending participants monitor that FSIs are received and validated by RITS  Receiving participants reconcile settlement instructions in RITS against clearing files received  Similar processes exist for any other non-official exchanges including BPAY
Monday 21 May 22:30	Participants who send in this non-government exchange send the clearing files  Sending participants create BECN FSIs and submit to RITS - Settlement Method of "M" (Multilateral) payment date of Tuesday and settlement date of Wednesday	Sending participants monitor that FSIs are received and validated by RITS  Receiving participants reconcile settlement instructions in RITS against clearing files received
Monday 21 May 21:00 to 23:00	Participants <b>DO NOT</b> send exchange summaries for non-government files to the Collator	If a file is sent to the Collator accidentally, it will not be processed by the Reserve Bank  Participants will not receive BECS provisional or final advice files
Tuesday 22 May 02:00 to 04:00	Participants <b>DO NOT</b> send Pending Debits files for government file exchange settlement to the Collator	If a file is sent to the Collator accidentally, it will not be processed by the Reserve Bank

<b>Date/Time</b>	<b>Event</b>	<b>Comment</b>
Tuesday 22 May 07:00 – 08:15	RITS opens earlier at 7am Participants view their projected 9am Settlement position covering all clearing systems (including new BECN FSIs) BECG sending participants ensure their obligations are settled by 8.15am All BECN participants manage their queued transactions to ensure they are settlement ready before 08:15	7.30am Information screen only displays Collator information. BECN figures are no longer shown on this screen  Participants must not use the '9am Batch Amount' figure shown on this screen as this no longer includes BECS obligations
Tuesday 22 May 07:45	Industry Conference Call Telephone: 1800 850 672 Conference Code: 7036866119	See section 3.3
Tuesday 22 May 08:15	Start Time of Multilateral Run. All eligible queued LVSS BECN transactions and Collator obligations for other clearing systems are locked into a Multilateral Group. Clearing interest transactions are created as part of this process and included as part of the overall 9am obligation.  Participants can view their final 9am Settlement positions	
Tuesday 22 May 08:15 – 08:45	Participants finalise funding of their 9am Settlement positions	
Tuesday 22 May 08:45 – 09:15	9am Settlement occurs. Selected responses are sent to participants.	
Tuesday 22 May 07:00, 18:15, 20:00	Participants exchange BECS government files Sending participants create BECG FSIs and submit to RITS (Settlement Method of I and settlement date of Wednesday)	Sending participants monitor that FSIs are received and validated by RITS  Receiving participants reconcile settlement instructions in RITS against clearing files received
Tuesday 22 May 10:00, 13:00, 16:00, 18:30, 20:15	Participants exchange BECS non-government files. Sending participants create BECN FSIs and submit to RITS (Settlement Method of M and settlement date of Wednesday)	Sending participants monitor that FSIs are received and validated by RITS  Receiving participants reconcile settlement instructions in RITS against clearing files received  Similar processes exist for any other non-official exchanges including BPAY
Tuesday 22 May 12:00	Industry Conference Call Telephone: 1800 850 672 Conference Code: 7036866119	See section 3.3



## 2.5 Important Points

In summary, Members should note the following important points regarding the BECS LVSS migration:

- No Collator Exchange Summaries should be sent to the Reserve Bank for non-government BECS obligations after the conclusion of processing for the work of 18 May (for settlement on 21 May). Files sent accidentally will not be processed. The Reserve Bank will turn off BECS Collator functionality after this time.
- No Pending Debit files should be sent to the Reserve Bank for government BECS obligations after the conclusion of processing for the work of 18 May (for settlement on 21 May). Files sent accidentally will not be processed. The Reserve Bank will turn off the processing of Pending Debit files after this time.
- No RITS cash transfers should be created/authorised in relation to the normal settlement of government direct entry obligations after Monday 21 May.
- RBA GDES payments with a 6am timestamp in RITS will no longer be made. These will be replaced by BECG FSIs for each outward RBA government file exchange. These will settle when RITS opens for settlement processing each morning.
- All BECG FSIs representing government payments should be settled prior to 8.15am, as is the case now.
- The RITS '7.30am Information' screen will no longer display BECS obligations. The 'Bilateral Position Summary' enquiry function in RITS should be used instead.
- From 22 May, the '9am Batch Amount' shown in the '7.30am Information' screen will represent only those clearing system obligations which have yet to migrate to the LVSS. It will not include BECS obligations. Other RITS enquiry functions (e.g. ESA Position) should be used instead to view the 9am settlement position.

For the information of Members, all RITS LVSS production changes have already been implemented by the Reserve Bank. In particular, the 9am Settlement process has been performed by the new LVSS multilateral run process since November 2011 and LVSS functions are available on the RITS menu. On the migration weekend, the Reserve Bank will be activating various LVSS related configurations within RITS to enable actual LVSS operations to commence formally on Monday, 21 May.

Members should also note that there will be **no reversion to Collator arrangements** once LVSS processing commences. In the event that a Member experiences a systems issue that prevents the automatic lodgement of FSIs into RITS, the fallback will be to perform the manual entry of these obligations directly into RITS.

## 3. Other Migration Information

### 3.1 Production Connectivity testing

The Reserve Bank will require each Member to perform production connectivity tests prior to the actual go-live date of 21 May. The scope of this testing is to prove file transfer connectivity between each Member and the Reserve Bank in the production environment for file processing<sup>3</sup>. The connectivity tests will cover both sending and receiving files over the COIN or SWIFT networks as applicable.

Members should note that the purpose of this testing is to ensure files can be sent and received between the Member and the Reserve Bank's production file transfer management system. The connectivity test will not include the on-sending of files to RITS for settlement or the receiving of files from RITS (refer footnote 3). If an agent is used, this test only needs to be performed once by the agent.

This testing can take place after a Member has implemented its LVSS production file transfer changes. It can occur at a mutually agreed time. At the very latest, the tests must be scheduled on the production cutover weekend (20 May or 21 May).

The proposed process is as follows:

- The Member and the Reserve Bank will agree on the test file and filename(s) to be used (in each direction).
- A Member would then send this one file to the Reserve Bank at the agreed time.
- On receipt the Reserve Bank will send the same file back to the Member (renamed if necessary).

Members are requested to contact the RITS Help Desk on 1800 659 360<sup>4</sup> ([rits@rba.gov.au](mailto:rits@rba.gov.au)) to arrange an appropriate time this production connectivity test.

### 3.2 RITS Production Verification prior to go-live

The Reserve Bank is willing to accommodate Members who may wish to perform RITS LVSS production verification prior to go-live. This will be done in a controlled manner with each proposed arrangement separately discussed and agreed between the Reserve Bank and the Member.

As a guide, Members may choose to:

- Send an FSI into RITS as a trial payment. This FSI could be for \$0 or a small amount of \$1. The counterparty to the FSI **must** agree to the arrangement and also advise the Reserve Bank.
- Receive an accepted advice (FSA1) in relation to the trial payment.
- Recall the FSI prior to settlement or allow the FSI to settle. If the latter option is chosen, Members should note that the Reserve Bank requires all trial payments to settle with the Settlement Method of 'I' (Individual). No trial payments may be included in the 9am Settlement.

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<sup>3</sup> The full RITS production environment for LVSS uses a file management system (used already for production LVCS file transfers) that connects to the core RITS processor. The connectivity test only involves the file management system.

<sup>4</sup> Recorded line.

- Receive a settled response (FSRS).

Members should note that only limited production verifications should occur. All Member setup arrangements must be completed (by both Originator/Counterparty) prior to any trial payments being initiated. If required, RBAA can be a counterparty for this purpose.

These types of verifications are optional and at the discretion of each Member. If a Member does wish to perform any of the verifications mentioned above, it should make a formal request via email to the RITS Help Desk setting out the scope and timing of the proposed verification. The counterparty to the FSI must similarly advise the RITS Help Desk. All such requests should be received with at least one week's notice. The RITS Help Desk will then advise each party if the proposed production verification can proceed.

### **3.3 RBA Migration Support**

The Reserve Bank will endeavour to support each Member with their BECS migration. This will include connectivity and production verification testing as agreed with each Member.

The RITS Help Desk will convene three industry conference calls for Members as part of the commencement of LVSS in production, as follows:

- At 2.00 pm on Monday, 21 May after the completion of the early BECS exchanges and the initial lodgement of FSIs into RITS.
- At 7.45 am on Tuesday, 22 May, after the initial settlement of BECG payments and prior to the formation at 8.15am of the 9am Settlement multilateral group.
- At 12.00 pm (midday) on Tuesday, 22 May, after the completion of the first 9am Settlement including LVSS transactions and initial reconciliations.

Conference call details are:

Telephone: 1800 850 672

Conference Code: 7036866119

### **3.4 RITS Settlement Hours**

RITS normally opens for settlement at 7.30am each business day. For a two week period commencing on Monday 21 May, the Reserve Bank will open RITS half an hour earlier (at 7.00 am) to provide Members with additional time to complete LVSS transaction management before the scheduled 9am multilateral run lock time of 8.15am.

The Reserve Bank will assess the need to continue with this earlier RITS start time prior to the conclusion of the two week period and advise Members accordingly.

### 3.5 List of RBA Contacts

The RITS Help Desk will provide support to Members for all LVSS related matters. All production enquiries should be directed to the RITS Help Desk using the following contact details:

Phone: 1800 659 360<sup>5</sup>

Email: [rits@rba.gov.au](mailto:rits@rba.gov.au)

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

<b>Name</b>	<b>Phone</b>	<b>Email</b>
Warren Wise	(02) 9551 9894	<a href="mailto:wisew@rba.gov.au">wisew@rba.gov.au</a>
Alison Clark	(02) 9551 8941	<a href="mailto:clarka@rba.gov.au">clarka@rba.gov.au</a>

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<sup>5</sup> Recorded line.

## 4. Migration Checklist

The table below provides a summary checklist of the LVSS setup tasks that need to be completed ahead of the BECS migration date of 21 May 2012. Further details on each of these setup tasks are contained in the [LVSS Participant Set-up Guide](#) which was issued in October 2011 and is available on the RITS Information Facility. The same tasks were undertaken as part of the preparation for LVSS testing using the RITS Pre-Production environment and so all Members should be familiar with the steps required.

Members should note that the checklist does not include details of any of the internal/agent tasks that also need to be completed ahead of 21 May. These tasks will vary from Member to Member and must be included as part of each Member's overall implementation planning.

All setup activities listed in the table below, with the exception of the production connectivity test, should be completed and verified by Monday 7 May.

Member Task	Reference/Comment
Establish and test file transfer production connectivity	Liaison with the RITS Help Desk is required
Advise routing arrangements for all LVSS advices and responses, including the mandatory reject responses	RITS Help Desk will action on receipt of authorised <a href="#">LVSS Message Delivery Form</a> (section 4)
If applicable, advise if renaming of standard file names for LVSS advices and responses is required.	RITS Help Desk will action on receipt of authorised <a href="#">LVSS Message Delivery Form</a> (section 6)
Add new LVSS branches and cash accounts (as necessary)	RITS Help Desk will action on receipt of authorised <a href="#">Feeder, Batch and Other Branches</a> form
Nominate the RITS branches to be used for each Payment Service	RITS Help Desk will action on receipt of authorised <a href="#">LVSS Branch Allocation</a> form
Set up new RITS users (as necessary)	RITS Help Desk will action on receipt of authorised <a href="#">User Access Request</a> form
Link users to nominated LVSS branches (as necessary)	Member – RITS Password Administrator
Allocate new LVSS roles to users, including those related to manual FSI/FRI RITS functions	Member – RITS Password Administrator
Set up authorisations on new RITS LVSS functions (as necessary)	RITS Help Desk will action on receipt of authorised <a href="#">Member Authorisation Maintenance</a> form
Allocate authorisations to users as required	Member – RITS Password Administrator
Ensure cash account limit processing is turned off in RITS for all cash accounts used for LVSS settlements	Member - user with 'Cash Account Limit – Set Limit' role
Set the ESA status override on LVSS branches/cash accounts as required	Member - user with 'Override ESA Status - Set Override' role

<b>Member Task</b>	<b>Reference/Comment</b>
Set the override LVSS Settlement Method on LVSS branches/cash accounts as required	Member – user with new 'LVSS Settlement Method – Set Override' role
Select optional LVSS advices and responses as required	Member - user with 'Unsolicited Advices' role
Select AIF messages (e.g. Pre-settlement Advices or Post-settlement Advices) as required	Member - user with 'Unsolicited Advices' role
Complete and return BECS Readiness Declaration to the RITS Help desk	This declaration will be separately provided to Members for completion