E-Conveyancing and Interbank Settlement in RITS

Addendum to Information Note for Members

February 2021

The Information Note *E-Conveyancing and Interbank Settlement in RITS* was issued in November 2014 in preparation for the commencement of a new batch stream in RITS relating to property settlements. An updated Information Note may be released in due course.

Please note that the contact details in section 11 are no longer relevant. Instead, Members should contact ritsmembership@rba.gov.au for business-related enquiries in relation to property settlements in RITS, or the RITS Help Desk for operational setup and other enquiries (phone: 1800 659 360 or email: rits@rba.gov.au).

E-Conveyancing and Interbank Settlement in RITS

Information Note for Members

Payments Settlements Department
Reserve Bank of Australia

November 2014

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1   Introduction

This paper discusses arrangements for Property Settlements in RITS using the 'Reservation of ES Funds model', including enhancements to the RITS User Interface. This model was developed by the RBA in consultation with Property Exchange Australia Limited (PEXA Ltd) and the industry for the settlement of interbank property transactions under Release 2 of PEXA Ltd's electronic conveyancing and settlement project.[1]

2   Scope

Arrangements considered in this document are relevant to Release 2 of PEXA Ltd's e-conveyancing solution. Where interbank settlement of property transactions is conducted outside of this solution, other factors may be relevant.

3   Property Settlement Processing Times

3.1   Property Settlement Processing – Normal Days

Property Settlements will not occur during the Morning Settlement Session, due to the restricted settlement arrangements that apply during that session, which is primarily for funding and settlement of the previous day's low value clearings.

RITS will perform Property Settlements after the commencement of the Daily Settlement Session at 09:15. Settlement Institutions involved in a Property Settlement are able to control the time that Property Settlements are sent to RITS via the Settlement Target Time parameter in PEXA.

While RITS is capable of settling property transactions until 22:00, the RBA supports the request by banks' cash desk staff that settlement of Property Settlements should be completed prior to the close of cash market at 18:30 AEST/20:30 AEDT.

Currently, banks' cash desks know their end of day position with certainty at 18:05 AEST/20:05 AEDT, which is the cut-off time for input of new SWIFT transactions. This allows them to square up before the close of the cash market at 18:30 AEST/20:30 AEDT. To enable this to continue, cut-off times of 18:05 AEST/20:05 AEDT for new reservations and 18:30 AEST/20:30 AEDT for settlement or recall of Property Settlements will apply. At 18:30 AEST/20:30 AEDT RITS will release any ES funds that are reserved, and will not settle any Property Settlements after this time.

Note that the 25 minute period between the latest time a new reservation can be made and the latest that a settlement or recall of a Property Settlement can take place may be extended (with the Reservation End Time brought forward), depending on operational experience.

On any given day, PEXA Ltd may request an extension to the reservation and/or settlement cut-off times. Any extensions will be granted at the discretion of the RBA. If this occurs, Members will be notified via an email to their RITS operational and liquidity contacts.

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[1] PEXA Ltd was previously known as National E-Conveyancing Development Limited (NECDL).

3.2   Property Settlement Processing - NSW Bank/Public Holidays

On the NSW Bank Holiday in August and the NSW Labour Day public holiday in October, RITS is open but the hours of operation for the SWIFT PDS and the Austraclear Feeder systems are shortened, enabling the cash market to close earlier than usual at 17:35. Unsettled SWIFT and Austraclear transactions are removed from the RITS Queue at 17:35 on these days. The Property Settlement day will likewise be shortened on these days, to ensure that Property Settlements are finalised before the close of the cash market. The end time applied to new reservations will be 17:10 and the end time for settling or recalling Property Settlements will be 17:35 (these times are subject to change, based on operational experience).

NSW and Victoria both observe the Queen's Birthday Public Holiday in June, and therefore RITS is closed on this day. This is not a national public holiday (it is not observed in WA). Interbank settlement of Property Settlements through RITS cannot occur on this day, even if the local Land Titles Office is open.

4   Evening Agreed Arrangements

The end time for new reservations and the end time for settlement or recall of Property Settlements will apply to all Property Settlements regardless of the evening agreed statuses of the participating Settlement Institutions. RITS transactions involving one or more non-evening agreed RITS Members are generally removed from the RITS Queue at the start of the RITS Interim session. However, this will not apply to Property Settlement transactions. Similarly, existing reservations that are intact at the start of the RITS Interim session will not be released at that time, regardless of the evening agreed statuses of the participating Settlement Institutions. This allows non-evening agreed institutions to participate in Property Settlements after 17:15 (which is 14:15 in Western Australia for part of the year) without needing to become evening agreed and therefore accept and process SWIFT payments after 17:15.

For those RITS Members that have a preference to complete interbank settlement of Property Settlements by the end of RITS Settlement Close Session (i.e. by 17:15), the latest scheduled Settlement Target Time available in the PEXA system would be 16:00. This will ensure that Reservation Requests for such Property Settlements arrive in RITS prior to the end of RITS Day Session (i.e. by 16:30) at the latest, with settlement (or reservation recall, if required) occurring shortly afterwards.

5   Management of E-conveyancing Transactions in RITS

Given the opportunity to control e-conveyancing transaction settlement through pre-settlement activities in PEXA, and the instantaneous settlement of property transactions on the RITS Queue due to the prior reservation of funds, participants are not expected to undertake active monitoring and management of these transactions in RITS. Reservations, and the aggregate amount of reserved funds, will be visible in various RITS enquiries (see Section 10). Reservations will not be visible in the RITS Queued Payments Management screens, as reservations are not queued transactions.

Following the receipt of a Settlement Request from PEXA, property transactions will be placed on the RITS Queue for settlement and will settle almost immediately as all payer institutions will have

sufficient ES funds due to prior reservation. Property transactions are therefore not expected to be visible on participants' RITS Queued Payments Management screens.

Note that property transactions will arrive on the RITS Queue with ESA, Credit and Cash Account Statuses of Priority. It will not be possible to change these statuses by use of override statuses or bulk update functionality.

6   RITS Branches/Cash Accounts

Property Settlements will be set up as a new batch stream in RITS. Settlement Institutions must use separate branches and cash accounts for the Property Settlement batch stream (Batch Stream ID 'PEXA'). This will allow Settlement Institutions to isolate management of other RITS feeder transactions (e.g. SWIFT, Austraclear) from the property batch stream. It is suggested that the branch mnemonic take the format XXXX2P, where XXXX is the Member's RITS mnemonic. Settlement Institutions should note that this will likely have flow on effects within their systems.

The required forms and information to set up a new branch/cash account are available on the RITS Information Facility (http://www.rba.gov.au/rits/info/). This process can be expected to take around one week.

7   RITS Fees

RITS volume and value transaction fees will be applied to Property Settlement transactions as per usual billing practices. They will apply to settled Property Settlements only; there are no fees applicable to the reservation of funds.

As with existing batch streams, property batch settlement fees will be shown as separate line items to other batch settlements (e.g. the CHESS batch) on Settlement Institutions' RITS invoices and billing enquiries.

8   Failure to Settle

The reservation of funds process will not give the net receiving Settlement Institutions a right or entitlement over funds held in another institution's ESA, regardless of whether Lodgement has successfully proceeded or not. Settlement Institutions will need to give consideration as to the consequences of the failure of a Settlement Institution between reservation and settlement.

9   RITS and PEXA Interaction

9.1   Property Settlement

- PEXA will initiate a Property Settlement in RITS by sending to RITS a Reservation Request comprising a group of net interbank settlement positions.

- A Property Settlement is NOT necessarily equivalent to a Workspace. The group of interbank settlement instructions in a Property Settlement will represent the *net* of transactions resulting from a single Workspace, or a group of Workspaces. Refer to Figure 1 for an example of a net settlement position calculation.

- Each individual transaction in a Property Settlement will represent a net settlement position for one Settlement Institution. A Settlement Institution will have a single net settlement position in a Property Settlement.

- The net settlement position will be positive for Settlement Institutions who are net receivers of funds. The net settlement position will be negative for Settlement Institutions who are net payers of funds. Although unlikely, a net settlement position of $0 is also possible for Settlement Institutions who have payments and receipts exactly equal in value.

- The net settlement position for each Settlement Institution in a Property Settlement will comprise some or all of the following:

  o the amount owed as a Funds Provider (including mortgage funds, purchaser's equity)

  o amounts owed as settlement agent for non-direct settling Funds Providers

  o funds sourced from practitioner/conveyancer trust accounts

  o the amount to be received as a Beneficiary Institution (including mortgage funds, vendor's equity, other disbursements)

  o amounts to be received as settlement agent for non-direct settling Beneficiary Institutions

  o (for one institution) the amount to be received as PEXA's 'transactional' banker

- As noted above, RITS will receive information only on each Settlement Institution's net obligation. This may represent the institution's obligation on behalf of its own customer and obligations for other institutions for which it acts as a settlement agent. RITS is not advised of those components and therefore is unable to provide participants with information on the split.

- The net settlement positions in a Property Settlement will sum to $0.

- Separate Property Settlements will not be linked in RITS; each Property Settlement is independent. Note that it is possible for Property Settlements to have a dependency in PEXA.

- Each Property Settlement will have a PEXA-assigned unique identifier called the Batch Identification Number (BIN). For each Property Settlement received by RITS, subsequent messages (exchanged between PEXA and RITS) will identify that Property Settlement by the BIN.

- A BIN must be unique within the last 14 days.

- Prior to participation in a Property Settlement, a Settlement Institution must be set up in RITS as a member of the Property Settlement batch stream. A Property Settlement containing a Settlement Institution that has not been appropriately set up in RITS will be rejected.

Figure 1 illustrates how the settlement schedule in the workspace is converted into the set of net settlement obligations for the Property Settlement Reservation Request sent by PEXA to RITS.

Figure 1. Workspace Settlement Schedule and Property Settlement Details

Workspace Settlement Schedule					Property Settlement		
Sett. Inst.	Role/Account	Value ($ '000)			Sett. Inst.	Net position ($ '000)	
Bank A	Purchaser's Mortgagee	400	DR		Bank A	400	DR
Bank B	Purchaser Equity	50	DR		Bank B	295	CR (345-50)
Bank C	Stamp Duty (PEXA Account)	3	CR	→	Bank C	5	CR (3+1+1)
Bank C	Lodgement Fee (PEXA Account)	1	CR		Bank D	100	CR
Bank C	Council Rates (PEXA Account)	1	CR		Net Total	0	
Bank D	Vendor's Equity	100	CR				
Bank B	Vendor's Mortgagee	345	CR				

9.2 Reservation of ES Funds

- After the receipt of a Reservation Request for a Property Settlement from PEXA, RITS will validate the request and then attempt to reserve ES funds accordingly.

- Where RITS deems an incoming Reservation Request from PEXA to be invalid (for example, due to inclusion of an institution that it does not recognise or the individual net settlement positions not adding to $0), RITS will immediately send PEXA a Reservation Response message notifying the unsuccessful reservation and advising the reason for reject.

- RITS will store relevant details from the Property Settlement (paying Settlement Institutions, Receiving Settlement Institutions, settlement amounts etc). These details will be used for settlement of the Property Settlement when the associated Settlement Request is received from PEXA.

- Reservation of funds for a Property Settlement will be successful if all payers in that Property Settlement have sufficient ES funds. In determining whether a paying Settlement Institution has sufficient ES funds, RITS will test against that institution's Available Balance, which is equal to ESA Balance less current Reserved Funds. If Available Balance – funds to be reserved ≥ 0, then the Settlement Institution has sufficient ES funds.

- If the reservation attempt is unsuccessful due to one or more of the payers having insufficient funds, RITS will reject the Reservation Request. PEXA will be able to view, via the RITS UI, which Settlement Institution had insufficient ES funds and is consequently preventing reservation from being completed.

- Following successful reservation of all funds for a Property Settlement, RITS will notify PEXA via a Reservation Response message. Reserved ES funds will remain in the net paying

Settlement Institutions' ESAs, but will be 'partitioned'; these funds will only be able to be used for settlement of Property Settlements for which the Reservation Request was earlier received and will not be available for other settlements, as demonstrated in Figures 2(a) through 2(c) and Table 1 below.

- PEXA will be able to request RITS to release funds reserved for a Property Settlement by sending a Reservation Recall Request.

- Reservations will not 'time-out' in RITS. Reserved ES funds will remain 'partitioned' until the associated Settlement Request is received from PEXA, the reservation is recalled by PEXA or the end of the Property Settlement day is reached (see Section 3.1).

- If a Settlement Institution is suspended in RITS, any existing reservations in which that Settlement Institution is a party will not be able to be settled and any outstanding Property Settlements will be rejected. RITS will reject any new Property Settlements that include the suspended Settlement Institution.

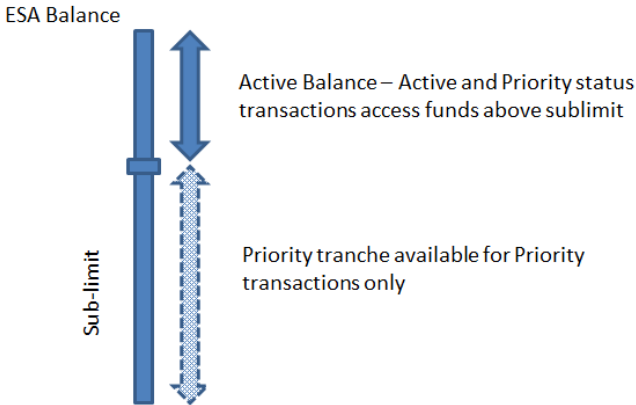**Figure 2(a). ESA Balance with a Sub-limit**

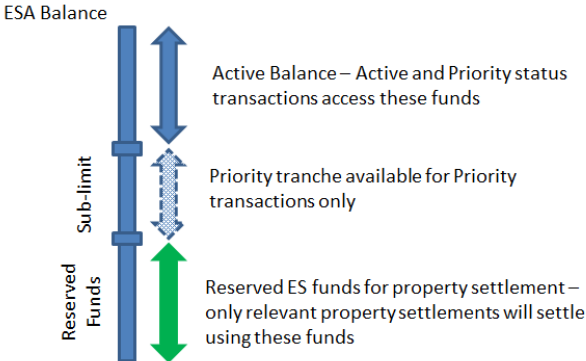**Figure 2(b). ESA Balance with a Sub-limit and Funds Reservation**

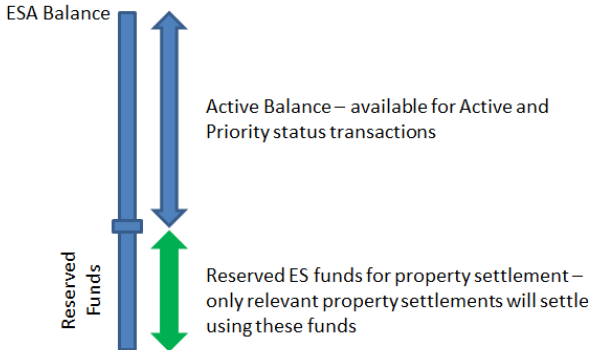**Figure 2(c). ESA Balance with No Sub-limit and Funds Reservation**

Table 1. Scenarios of ESA Balances with Reserved Funds

	No sub-limit	Sub-limit below ESA balance	Sub-limit above ESA balance
ESA Balance	100	100	100
Reserved funds	10	10	10
Sub-limit	n/a	50	200
Available Balance (for Priority ESA Status transactions)	90	90	90
Active Balance (for Active ESA Status transactions)	90	40	-110

9.3   Lodgement

- PEXA will attempt to lodge the property title(s) transfer/change with the relevant Land Titles Office(s) after it has received confirmation from RITS that underlying reservations have been completed successfully.

- Where Lodgement of property title(s) transfer/change with the relevant Land Titles Office(s) is unsuccessful, and therefore settlement is not required, PEXA will request RITS to release underlying reserved funds by sending a Reservation Recall Request.

9.4   Settlement

- If lodgement of the property title transfer/change is successful, PEXA will send a Settlement Request to RITS.

- Immediately after the receipt of a valid Settlement Request from PEXA, RITS will attempt settlement of the Property Settlement. The property batch transactions will be placed on the RITS Queue with ESA, Credit and Cash Account statuses of *Priority*. These statuses cannot be changed, including via the RITS User Interface (such as the setting of override statuses or use of the bulk update functionality). Settlement is expected to be almost instantaneous as ES funds for the Property Settlement will already have been reserved.

- Settlement will effectively occur using the reserved funds in the net paying Settlement Institutions' ESAs. When settlement occurs, the net paying Settlement Institutions' ESAs will be debited, and the ESAs of net receiving Settlement Institutions' will be credited. The reservation amounts for that settlement are released from net payers' reserved funds balances at the same time. Reserved inward funds of net receivers is also updated.

- For linked Workspaces (eg where the settlement of a Workspace is dependent on settlement of another), PEXA will need to control the order and timing of input of Reservation and Settlement Requests to RITS.

9.5   RITS - PEXA Messaging Summary

The following table summarises the messages that will be exchanged between PEXA and RITS to facilitate Property Settlements, including the message content.

Table 2. RITS – PEXA Messaging Summary

Message	Originator	Purpose	Content
Reservation Request	PEXA	Provides details of a Property Settlement for which RITS is requested to reserve funds.	• Batch Identification Number (BIN) • Settlement date (today) • For each Settlement Institution: ○ RITS mnemonic ○ Net settlement position ○ Debit or credit indicator
Reservation Response	RITS	Notifies PEXA about status of a Reservation Request.	• BIN • File name of the file containing the Reservation Request • Date and time reservation or rejection was effected • Successful or unsuccessful • If unsuccessful, reject code and reason for reject
Settlement Request	PEXA	Requests RITS to settle a Property Settlement for which funds have been reserved previously.	• BIN
Settlement Response	RITS	Notifies PEXA about status of a Settlement Request.	• BIN • File name of the file containing the Settlement Request • Date and time settlement was effected in RITS, or rejection was effected • Successful or unsuccessful • If successful, for each Settlement Institution: ○ RITS mnemonic ○ RITS-assigned transaction ID • If unsuccessful, reject code and reason for reject
Reservation Recall Request	PEXA	Requests RITS to release funds currently reserved for a Property Settlement.	• BIN
Reservation Recall Response	RITS	Notifies PEXA about status of a Reservation Recall Request.	• BIN • File name of the file containing

Message	Originator	Purpose	Content
			the Reservation Recall Request • Date and time recall or rejection was effected • Successful or unsuccessful • If unsuccessful, reject code and reason for reject
Reservation Unwound	RITS	Notifies PEXA about funds reserved for a Property Settlement having been released by RITS not on PEXA request.	• BIN • File name of the file containing the Reservation Request that was unwound • Date and time the unwind was effected in RITS • Code and reason for release of reservation

Figure 3 provides the high-level details of process flows in RITS to effect reservation and settlement of property transactions. Note that requests and responses are exchanged between RITS and PEXA in files.

Figure 3. RITS Property Settlement Process Flows
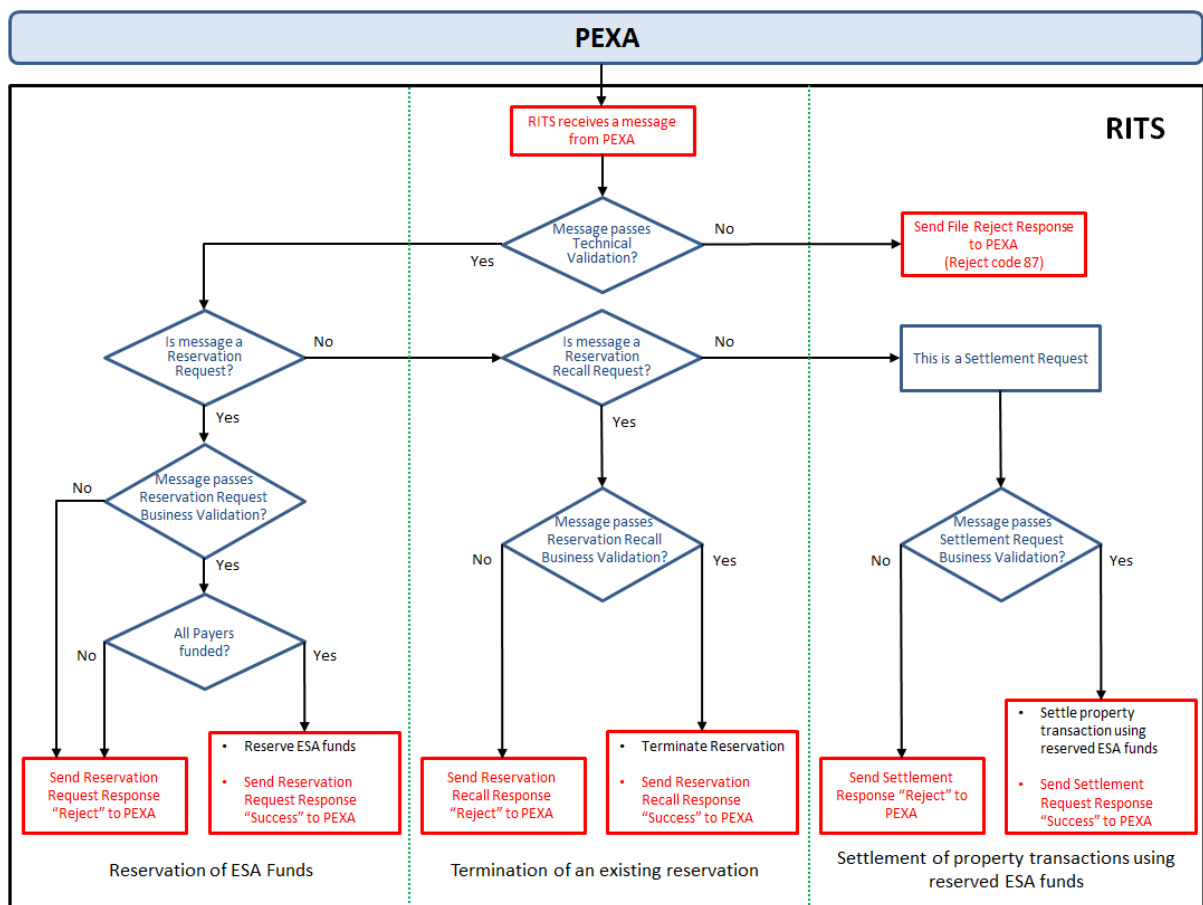
10 RITS Enquiries and Advices

RITS will provide Settlement Institutions with information on funds reservations and settled property transactions. This information will be available via the RITS User Interface and existing AIF messages. No new AIF messages will be provided, nor are there to be any changes to existing AIF messages.

Settlement Institutions will be able to access information via the RITS user interface about ES funds currently reserved for Property Settlements. A Settlement Institution may act as a settlement agent to settle property transactions on another institution's behalf. In this case ES funds currently reserved for the Settlement Institution may comprise its own obligations and those of the institution for which its acts as agent. RITS receives only the consolidated obligation for the Settlement Institution and is unable to show the split of own/agency obligations.

Settlement Institutions will be able to view and download settled property transactions in existing RITS enquiry screens, such as Settled Payments Enquiry and Transaction Enquiry. These enquiries will allow participants to filter to view/download property transactions only, and contain details such as transaction ID, time settled and settlement amount.

A new enquiry screen Reservation Batch Rejections will be introduced in RITS which will display those Property Settlements that have been rejected due to insufficient ES funds being available for the reservation to take place. Where the viewing Settlement Institution itself caused the failure, this information will be visible. However, a Member will not be able to view the identity of another Settlement Institution that had insufficient ES funds for a reservation to take place.

Existing AIF Post-settlement Advices - Interbank Debit (MT198, SMT036) and Interbank Credit (MT198, SMT037) - will be available to be selected for property transactions. These advices will show, amongst other details, the PEXA-assigned BIN, transaction ID, time settled, settlement amount and the RITS cash account across which settlement occurred. No change will be made to the content of these advices.

Existing ESA Statements (MT950) will automatically include a separate statement line for each settled property transaction. The statement line includes the transaction ID, time settled, settlement amount and the RITS cash account across which settlement occurred.

Note that the Post-settlement Advices and ESA Statement will not contain PEXA Workspace-related information.

The following sections of this chapter provide examples of RITS enquiry screens, post-settlement advices and ESA Statements showing details of property transactions. Where they are included, the PEXA-assigned and RITS-assigned IDs, that Settlement Institutions may use for reconciliation purposes, are highlighted.

10.1 Example Property Settlement

Figure 4(a) shows an example Reservation Request for a Property Settlement sent from PEXA to RITS.

The BIN for the Property Settlement Batch is shown in red. Note that the first four characters of the BIN identify the batch stream and will be the same for all property transactions – 'PEXA'. The RITS Member column displays the four character RITS mnemonic of each participating Settlement Institution. The Amount column displays each Settlement Institution's net settlement position. The Debit/Credit Indicator column shows whether the Member is a payer or receiver of funds. The net settlement positions of all institutions sum to $0.

It should be noted that a Settlement Institution will not be able to view another Settlement Institution's net settlement position in a Property Settlement.

Figure 4(a). Example Property Settlement

Batch Identification Number (BIN) PEXA14214598701
Settlement Date 11/08/2014

RITS Member	Amount	Debit/Credit Indicator
XXXX	$805,000.00	DR
DEFG	$1,000,000.00	CR
YYYY	$55,000.00	CR
ABCD	$250,000.00	DR
Total	**$0.00**	

In processing a Property Settlement, RITS will assign each net settlement position a unique RITS Tran ID, as shown in Figure 4(b).

Figure 4(b). Example Property Settlement with RITS Transaction IDs

Batch Identification Number (BIN) PEXA14214598701
Settlement Date 11/08/2014

RITS Member	Amount	Debit/Credit Indicator	RITS Tran ID
XXXX	$805,000.00	DR	RITS12659382
DEFG	$1,000,000.00	CR	RITS12659384
YYYY	$55,000.00	CR	RITS12659385
ABCD	$250,000.00	DR	RITS12659383
Total	**$0.00**		

These Property Settlement details are used in the sample RITS screens and messages in the following sections.

10.2 Reservation Batch Summary

A new Reservation Batch Summary screen will be introduced in RITS to provide summary information on reserved Property Settlements, as displayed in Figure 5. A Settlement Institution will be able to view its: total value of outwards reserved funds and the number of Property Settlements in which it is a paying participant; total value of inwards reserved funds and the number of Property Settlements in which it is a receiving participant; and its net position in reserved Property Settlements (the net of reserved inward and reserved outward).

Note that 'Reserved Inward' funds represents the aggregate of the Settlement Institution's net settlement positions in Property Settlements in which its position is net receiver and that are in a status of Reserved. These funds are not in the Settlement Institution's ESA; inward funds are only credited upon settlement.

Figure 5. Reservation Batch Summary

Batch Stream Id	Reserved Outward	No.	Reserved Inward	No.	Net Position
PEXA	-$1,000,000.00	2	$500,000.00	1	-$500,000.00

10.3 Batch Enquiry

Settlement Institutions may use this enquiry to view their Property Settlement obligations. This screen will show obligations in Property Settlements that are reserved as well as those that have settled or have been recalled. A new 'Status' filter will be introduced to the existing RITS Batch Enquiry screen. Property Settlements that are currently reserved will have the status 'Reserved', those that have been settled will have the status 'Settled' and those that have been recalled or rejected will have the status 'Deleted'.

Figure 6 displays the Batch Enquiry screen for RITS Member ABCD. The 'PEXA' Batch Stream ID, which will apply to all Property Settlements, is shown (orange box). The BIN for each Property Settlement (red box) is unique. In this example, Settlement Institution ABCD is a payer in two reserved Property Settlements and a receiver in another. One batch in which ABCD is a receiver has already settled. Three batches have the status Deleted due to having been rejected, or having been reserved and then recalled.

Figure 6. Batch Enquiry Showing Property Transactions

Settlement Date	Activation Time	Batch Stream Id	BIN	Payer	Receiver	Batch Amount	Status
11-Aug-2014		PEXA	PEXA14002142801		ABCD2P	$300,000.00	Deleted
11-Aug-2014		PEXA	PEXA14012596701	ABCD2P		-$750,000.00	Deleted
11-Aug-2014		PEXA	PEXA14012596702	ABCD2P		-$750,000.00	Reserved
11-Aug-2014		PEXA	PEXA14036983601	ABCD2P		-$11,000,000.00	Deleted
11-Aug-2014		PEXA	PEXA14562893101		ABCD2P	$500,000.00	Reserved
11-Aug-2014		PEXA	PEXA14214596701		ABCD2P	$500,000.00	Settled
11-Aug-2014		PEXA	PEXA14214598701	ABCD2P		-$250,000.00	Reserved

10.4 ESA Position Enquiry

The existing ESA Position enquiry screen has been amended to display funds reserved for Property Settlements. Note that there is no change to the existing 'squaring up' arrangements at the end of the day, as no Property Settlements will occur after the close of the cash market (see Section 3.1).

The ESA Position screen in Figure 7(a) shows Settlement Institution ABCD's Reserved Funds and Available Balance in the ESA Balance part of the screen (red box). The Reserved Funds amount is the sum of ABCD's 'debit' net settlement positions in Property Settlements currently in a status of Reserved (i.e. pending a Settlement Request from PEXA). In this example the Reserved Funds balance of $1,000,000 reflects the sum of $750,000 and $250,000, which are ABCD's net settlement positions in the Property Settlements in which it is a payer (as listed in Figure 6, above).

The Available Balance = ESA Balance – Reserved Funds, and is the amount of funds available for the settlement of other Priority ESA status transactions.

The Sub-Limit and Active Balance continue to be displayed, but Active Balance is now defined as

> ESA Active Balance = Available Balance – ESA Sub-limit

Note also that there has been a change to the LVSS Multilateral Run (MR) part of the screen. The 'projected' position displayed is now the Projected *Available Balance* (i.e. net of Reserved Funds) after MR Posting.

The Calculated Net ESA Position, Calculated Net ESA Position (Adjusted for Late DE) and Projected ESA Surplus/Shortfall figures now take into account inward and outward reserved funds. Inward and outward reserved funds are included in the Queued In, Queued Out, Adjusted Queued In and Adjusted Queued Out figures in the Details panels (Figure 7(b)) even though Property Settlements in a status of Reserved are not on the RITS Queue. The No. of Transactions figures in these panels also include reservations.

Figure 7(a). ESA Position Showing Reserved ES Funds

ESA Position

ESA Balance

ESA Balance	$10,000,000.00
Reserved Funds	$1,000,000.00
Available Balance	$9,000,000.00
ESA Sub-Limit	$2,000,000.00
ESA Active Balance	$7,000,000.00

Change ESA Sub-Limit

LVSS Multilateral Run (MR)

Current LVSS MR Position	-$1,300,000.00
Projected Available Balance after MR Posting	$7,700,000.00

Intraday RBA Repos Completed Today

First Leg	$0.00
Second Leg[1]	$0.00
Current Net Position	$0.00

Indicative Position in Open RBA Repos Contracted at Cash Rate Target

Overnight Position	$0.00
Completed Today[2]	$0.00
Indicative Position	$0.00

ESA Position Summary

Calculated Net ESA Position	$9,000,000.00

Calculated Net ESA Position (Adjusted for Late DE)	$9,000,000.00
Projected ESA Surplus/Shortfall[3]	$9,000,000.00

[1] Figures for outstanding Intraday RBA Repos will be misleading if there are overnight repos carried forward from the previous day.

[2] The position in Open RBA Repos contracted at the Cash Rate Target is indicative only as the settlement consideration for transactions 'Completed Today' may not be the same as the change to the Open RBA Repo position.

[3] 'Calculated Net ESA Position (Adjusted for Late DE)' less 'Indicative Position in Open RBA Repos Contracted at Cash Rate Target'.

Figure 7(b). Details Panels of ESA Position Screen

Calculated Net ESA Position Details

Calculated Net ESA Position	=	ESA Balance	+	Queued In[4]	-	Queued Out[4]	-	Outstanding 2nd leg Intraday RBA Repos
$9,000,000.00		$10,000,000.00		$1,300,000.00		$2,300,000.00		$0.00
(No. of transactions)				2		3		

[4] Queued In and Queued Out include Reservation Batch transactions.

Calculated Net ESA Position Details (Adjusted for Late DE)

Calculated Net ESA Position	=	ESA Balance	+	Queued In[4]	-	Queued Out[4]	-	Outstanding 2nd leg Intraday RBA Repos
$9,000,000.00		$10,000,000.00		$1,300,000.00		$2,300,000.00		$0.00
(No. of transactions)				2		3		

Late DE	=	Settled Late DE	+	Queued In Late DE	-	Queued Out Late DE
$0.00		$0.00		$0.00		$0.00
(No. of transactions)				0		0

Calculated Net ESA Position (Adjusted for Late DE)	=	Adjusted ESA Balance	+	Adjusted Queued In[4]	-	Adjusted Queued Out[4]	-	Outstanding 2nd leg Intraday RBA Repos
$9,000,000.00		$10,000,000.00		$1,300,000.00		$2,300,000.00		$0.00
(No. of transactions)				2		3		

[4] Queued In and Queued Out include Reservation Batch transactions.

10.5 Queued Payments Management – Summary Screen

Changes have been made to the Summary panel of the existing Queued Payments Management – ESA/Credit Status/LVSS Settle Method screen to show a Settlement Institution's reserved inward and outward funds. Figure 8 displays this screen for Settlement Institution ABCD. Note that Property Settlements in a status of Reserved are not queued transactions, and are therefore not listed in the results panel.

Figure 8. Queued Payments Management

10.6 Reservation Batch Rejections

A new enquiry screen Reservation Batch Rejections will be introduced in RITS, as shown in Figure 9. It will display to the viewing Settlement Institution its net settlement position in those Property Settlements in which the Settlement Institution is a participant that have been rejected due to insufficient ES funds being available for the reservation to take place. If the viewing Settlement Institution was itself the participant that caused the reject, its Property Settlement branch mnemonic will be displayed in the Insufficient ES Funds column. If another Settlement Institution has caused the rejection of the reservation due to insufficient ES funds, the viewing Settlement Institution will not be able to see which participant caused the rejection (the Insufficient ES Funds column will be blank for these batches). This enquiry screen will not display a Property Settlement that was rejected for a reason other than insufficient ES funds.

Figure 9. Reservation Batch Rejections

Date	Time Received	BIN	Status	Insufficient ES Funds	Amount
11-Aug-2014	11:36:48	PEXA14002142801	Rejected		$300,000.00
11-Aug-2014	11:09:01	PEXA14036983601	Rejected	ABCD2P	-$11,000,000.00

10.7 Settled Payments Enquiry

Figure 10 shows the RITS Settled Payments enquiry screen for RITS Member ABCD. Settlement Institutions may use this enquiry to view or download their settled Property Settlements.

In this example, the Property Settlement in which ABCD was a payer of $250,000 has settled. The screen shows the settlement time. Note that Time Rec (received) is the time at which the Property Settlement arrived on the RITS Queue for settlement testing following receipt of a Settlement Request from PEXA; this is not the time at which ES funds were reserved (which will have been some time earlier).

Figure 10. RITS Settled Payments Enquiry Showing a Settled Property Settlement

10.8 Transaction Enquiry - Details

Figures 11 and 12 show the RITS Transaction Details screen for RITS Members ABCD and DEFG. Settlement Institutions may use this screen to view additional details about settled Property Settlement transactions. Figure 11 shows ABCD's debit amount of $250,000 and Figure 12 shows DEFG's credit amount of $1,000,000 in the same Property Settlement.

The screens show both the RITS-assigned Transaction IDs (labelled Ext TRN; blue and purple boxes) and the PEXA-assigned BIN (red box). The transaction types are BCHPY (batch payment) and BCHRC (batch receipt).

Figure 11. RITS Transaction Details for Settled Debit Property Settlement Transaction

Figure 12. RITS Transaction Details for Settled Credit Property Settlement Transaction

10.9 Post Settlement Advices

AIF Post-settlement advices will be sent if selected by a participant for their property branch (selection is via the existing Unsolicited Advices selection function). Figure 13 shows examples of two Post-Settlement Advices – a debit and a credit element from the same Property Settlement. The Post-Settlement Advice - Interbank Debit (MT198, SMT036) is sent to Settlement Institution ABCD. The Post-Settlement Advice - Interbank Credit (MT198, SMT037) is sent to Settlement Institution DEFG.

The RITS-assigned transaction ID for each Settlement Institution's transaction appears in Field 21 (blue and green boxes). Field 22C contains the PEXA-assigned BIN of the Property Settlement (red boxes); this field is only present in Post-settlement Advices for batch feeder transactions (for example, the existing CHESS Batch). As the two example advices shown below relate to the same Property Settlement, the BIN is the same. Fields 905 and 904 contain the first four characters of the Member's SWIFT BIC, or, if the Member does not have a SWIFT BIC, the Member's RITS mnemonic. The Batch Stream ID is provided in field 908 (orange boxes). The date and settlement amounts are provided in field 32A (purple boxes). The 62M fields display the ESA balance and Cash Account balance respectively resulting from the settlement of these transactions.

Figure 13. Post-settlement Advices for Property Settlement Transactions

```
Interbank Debit (MT198 SMT036)       Interbank Credit (MT198 SMT037)
{4:                                  {4:
:20:U5588609                         :20:U5588580
:12:036                              :12:037
:77E:                                :77E:
:21:RITS12659383                     :21:RITS12659384
:22C:PEXA14214598701                 :22C:PEXA14214598701
:905:ABCD                            :904:DEFG
:25:552-999-8031912                  :25:552-999-46999-9308
:32A:140811AUD250000,00              :32A:140811AUD1000000,00
:901:145348                          :901:145348
:908:PEXA                            :908:PEXA
:62M:C140811AUD9750000,00            :62M:C140811AUD10000000,00
:62M:C140811AUD250000,00             :62M:C140811AUD500000,00
-}                                   -}
```

Please refer to the RITS/SWIFT User Guide on the RITS Information Facility for more information on each field in these advices.

10.10 ESA Statement (MT 950)

Each Property Settlement transaction will appear in ESA Statements (MT950 – Interim & Final) and ESA Statement Intraday Response (MT942). Figure 14 shows two examples of field 61 (statement line) from ESA Statement (MT950) and ESA Statement Intraday Response (MT942) for Property Settlement transactions.

Table 3 below explains each component of field 61. The RITS-assigned transaction ID for each transaction is provided (blue and green boxes). Also note that the Batch Stream ID for the Property Settlement is present (orange boxes). The date and settlement amounts are shown (purple boxes). The 'Other Bank Code' field shows the first four characters of the Settlement Institution's own SWIFT BIC if it has one, or otherwise the Settlement Institution's own RITS mnemonic (red boxes).

Figure 14. ESA Statement Lines for Property Settlement Transactions


```
Interbank Debit (MT950 SMT999)
:61: 140811 D 250000,00 NMSC RITS12659383 145348 ABCD PEXA xxx-xxx-xxxxxxxxxxxx
Interbank Credit (MT950 SMT999)
:61: 140811 C 1000000,00 NMSC RITS12659384 145348 DEFG PEXA xxx-xxx-xxxxxxxxxxxx
```

Table 3. Description of Content of Statement Line in ESA Statement

Item	Format	Example
Date	YYMMDD	140811
Credit or Debit	1 alphabetical character	C / D
Amount	Up to 15 numeric characters	250000,00
Type of Payment (shows "NMSC" for all non-SWIFT transactions)	4 alphanumeric characters	NMSC
External TRN (RITS-assigned transaction ID)	Up to 16 alphanumeric characters	RITS12659383
Time Settled	HHMMSS	145348
Other Bank Code	4 alphabetical characters (optional)	Bank's own code If the bank has a SWIFT BIC, it's the first 4 characters of the SWIFT BIC. Otherwise, it's the Member's RITS mnemonic.
RITS Tran Type (for batch transactions = Batch Stream ID)	Message format allows up to 5 alphabetical characters Batch Stream IDs are only 4 characters	PEXA
Cash Account Number	Up to 20 alphanumeric characters	XXX-XXX-XXXXXXXXXXXX

10.11 Other AIF Advices

Settlement Institutions will be able to request Pre-Settlement Advice Credit Level (MT198 SMT028), ESA Level (MT198 SMT029), and Pre-Settlement Advice – Pending Credit (MT198 SMT041) for Property Settlements. If requested, these advices will be sent when the Property Settlement arrives on the RITS Queue for settlement testing.

Figure 15 shows examples of these advices for RITS Members ABCD and DEFG. The fields contained in these advices are similar to those for Post-Settlement Advices (see Section 10.9). In addition, field 113 displays the ESA Status, Credit Status and Cash Account Status of the Property Settlement transaction. These statuses will always be Priority for Property Settlements.

Figure 15. Pre-Settlement Advices for Property Settlement Transactions

```
Pre-Settlement Advice Credit Level (MT198 SMT028)

{4:
:20:U5588607
:12:028
:77E:
:21:RITS12659383
:22C:PEXA14214598701
:905:ABCD
:25:552-999-8031912
:32A:140811AUD250000,00
:901:145347
:908:PEXA
:113:PPP
-}
```

```
Pre-Settlement Advice ESA Level (MT198 SMT029)

{4:
:20:U5588608
:12:029
:77E:
:21:RITS12659383
:22C:PEXA14214598701
:905:ABCD
:25:552-999-8031912
:32A:140811AUD250000,00
:901:145347
:908:PEXA
:113:PPP
-}
```

```
Pre-Settlement Advice - Pending Credit (MT198 SMT041)

{4:
:20:U5588579
:12:041
:77E:
:21:RITS12659384
:22C:PEXA14214598701
:904:DEFG
:25:552-999-46999-9308
:32A:140811AUD1000000,00
:901:145347
:908:PEXA
-}
```

Settlement Institutions will be able to request Unsettled Advice at End-of-Day (MT198 038) for Property Settlements that are removed from the Queue as unsettled at the end of the Property Settlement day. These advices will usually be sent shortly after 6:30pm AEST/8:30pm AEDT.

11 RBA Contact Information

Business-related enquiries in relation to arrangements for Property Settlements in RITS using the 'Reservation of ES Funds model', including enhancements to the RITS User Interface, can be directed to the following Reserve Bank staff:

Muhammad Ismail
Manager, Business Projects
Payments Settlements Department
ismailm@rba.gov.au, (02) 9551 8921

or

Alison Clark
Senior Manager, Business Policy and Services
Payments Settlements Department
clarka@rba.gov.au, (02) 9551 8941

Members should contact the RITS Help Desk if they have any questions in relation to operational setup for Property Settlements in RITS. Contact details are as follows:

Phone: 1800 659 360
Email: rits@rba.gov.au

12 PEXA Ltd Contact Information

Questions for PEXA Ltd can be directed to:

PEXA Support Centre
Phone: 1300 084 515
Fax: (03) 9621 2182
Email: support@pexa.com.au

13   Glossary

Batch Identification Number (BIN)	A 16 character ID that is assigned to a batch by the Batch Administrator. A BIN must be unique within the last 14 days. The first four characters are fixed and reflect the Batch Stream ID.
Batch Stream ID	A four character ID used to identify batches in RITS enquiry and reports. A separate Batch Stream ID is used for each batch type (eg ASXB for CHESS Batch, PEXA for Property Settlement).
Beneficiary Institution	An ADI whose customer(s) is a recipient of funds from a Property Settlement. May be a direct settlement participant in the settlement arrangement, or may use an agent for interbank cash settlement.
CHESS Batch	A batch of multilaterally netted interbank obligations arising from equity transactions. This batch is submitted to RITS for settlement by the Batch Administrator, ASX Settlement Pty Limited.
Funds Provider	An ADI that is a source of funds for a property transaction, either as the incoming mortgagee or as the transactional banker to the purchaser (for their saved deposit). This does not refer to a bank that may hold a solicitor's trust account, as this is referred to separately. The Funds Provider may be a direct settlement participant in the settlement arrangement, or may use an agent for the interbank cash settlement leg.
Land Titles Office	The Land Titles Office in each state/territory maintains the secure system of Torrens Title in Australia. Each Office holds a register which contains title to all land under the Land Title Act, and is responsible for transfer/change of title on the register.
Linked Workspaces	Two or more Workspaces where settlement of one is dependent on settlement of another. Linking of Workspaces is possible across multiple Land Titles Offices.
	The dependence may be sequential. In this case, the second in the chain cannot proceed until the first is completed successfully. The third in the chain relies on settlement of the second, and so on. The dependence is unidirectional, that is, a Workspace earlier in the chain can settle without a subsequent Workspace settling.
	The dependence may be simultaneous. That is, the linked Workspaces must all settle simultaneously.
Lodgement	The Lodgement of a title transfer/change for registration with a state Land Titles Office.
PEXA	A system owned by PEXA Ltd that facilitates e-conveyancing, including electronic lodgement and settlement of property transactions.
PEXA Ltd	Property Exchange Australia Limited (formerly National E-Conveyancing Development Limited).
Property Settlement	A group of interbank ESA credits and debits that PEXA submits to RITS for simultaneous settlement via the reservation batch process, where funds are initially reserved in ESAs, then later settled. The group of transactions must sum to $0. The group of interbank transactions may represent settlement of a single physical property, or two or more properties which require simultaneous settlement. Each Property Settlement is identified by a unique, PEXA-assigned, Batch Identification Number (BIN).
Reservation Recall Request	A Reservation Recall Request is sent by PEXA to RITS to request that previously reserved funds for a Property Settlement are released, as settlement will not take place.

Reservation Request	A Reservation Request contains details of a Property Settlement and is sent by PEXA to RITS to request the reservation of funds in the ESAs of paying Settlement Institutions in the Property Settlement.
Settlement Institution	An ADI that participates directly in Interbank Cash Settlement. It may be a Funds Provider and/or a Beneficiary Institution to the Workspace(s). Other ADIs that are Funds Providers or Beneficiary Institutions may settle via an agent, in which case their position is combined with the Settlement Institutions own position (if any) into a single net settlement position.
Settlement Request	A Settlement Request is sent by PEXA to RITS to request interbank settlement in RITS of a Property Settlement for which funds have previously been reserved.
Settlement Target Time	The time indicated in the Workspace for settlement to occur on the intended settlement day.
Workspace	The record of an individual property transaction in PEXA, into which various parties record actions and approvals. The status of the Workspace is updated at various stages of the settlement process.

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