

Enhanced Batch Processing in RITS

Information Paper

Reserve Bank of Australia

January 2020



Version 3.0.2

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1. INTRODUCTION

1.1. Document purpose

This document explains the framework for batch processing in RITS. It outlines the two models for batch settlement that are available and sets out their key principles and concepts.

1.2. Document audience

This document is intended for business and technical management and staff in organisations interested in using the batch settlement facility in RITS.

1.3. Document scope

This document provides:

- a description of the batch functionality and how it applies to the two models for batch settlement available in RITS;
- a general outline of the responsibilities of a Batch Administrator and the requirements of the Reserve Bank of Australia (RBA) in respect of Batch Administrators;
- a summary of the message flows associated with each batch settlement model;
- an outline of the message content of messages exchanged between RITS and Batch Administrators for each batch settlement model; and
- high-level details of the functionality available in RITS for participant Members to manage transactions in respect of the batch processing in RITS.

The details of messages exchanged between Batch Administrator, participant Members, and any operator of an Upstream Business are outside the scope of this document.

See the glossary at the end of this document for key terms.

2. OVERVIEW OF BATCH SETTLEMENT IN RITS

2.1. Batches in RITS

RITS's batch settlement facility offers two models of batch settlement:

- **Settlement-only Batch:** In this model, a batch comprising a group of interbank debits and credits is sent to RITS for settlement by a Batch Administrator. In settling the batch, RITS checks if the paying Members have sufficient funds in their Exchange Settlement Accounts (ESAs). If so, RITS settles the batch by simultaneously debiting the ESAs of the paying Members and crediting the ESAs of the payee Members in the batch.
- **Reservation Batch:** In this model, funds are first reserved in the ESAs of the Members who are payers in the batch. Following completion of further upstream processing, the Batch Administrator requests settlement of the Reservation Batch. RITS then settles the batch. In doing so, it simultaneously debits the ESAs of the paying Members for the amounts previously reserved and credits the ESAs of the payee Members. Settlement of the batch is almost instantaneous due to prior reservation of ES funds.

In batch processing, the settlement instructions that make up each batch are settled simultaneously. Both models require that all paying and receiving participants in every batch are Members (active ESA holders).

In this document, where principles concerning both models of batch settlement are discussed, the term 'Batch' is used. Where a specific model of batch settlement is discussed, the relevant term, i.e., 'Settlement-only Batch' or 'Reservation Batch', is used.

2.2. Responsibilities of the Batch Administrator

The responsibilities of a Batch Administrator in relation to an Upstream Business, participant Members, and RITS are set out below. Note that the model upon which this discussion is based may not be applicable to all businesses.

The **Upstream Business Operator** would assemble the financial transactions arising from an Upstream Business and make these available to the Batch Administrator. The Upstream Business Operator might also be responsible for coordination with related parties.

The **Batch Administrator** (who may also be the Upstream Business Operator) receives data on financial transactions from the Upstream Business Operator and produces for each batch to be settled across RITS:

- a schedule of individual settlements (i.e., at the customer level), arising from the Upstream Business, for each participating financial institution. This is sent to each institution at an agreed time prior to the agreed batch settlement time;
- the net settlement position (obligation to pay or receive) of each financial institution arising from the above schedule, which would be sent to each financial institution with the schedule. For a Member, this figure would be its net position to be settled across RITS. For a financial institution without an ESA, this would be its position

with its Member (or its settlement agent in RITS), and would have been included on the schedule of that Member as a customer entry; and

- a schedule containing the net interbank obligation for each participant Member that is to be settled via a batch. Depending on the business arrangements for each batch, these figures would be entered into RITS by the Batch Administrator to be settled simultaneously via one of the two batch settlement processes available in RITS: Settlement-only Batch or Reservation Batch.

The Batch Administrator is also responsible for other communications with the Upstream Business Operator and financial institutions.

RITS accepts and validates the batch data and effects interbank settlement. It provides settlement confirmations to Batch Participants (via screen enquiries and, optionally, SWIFT Post-Settlement Advices from the RITS Automated Information Facility (AIF)) and the Batch Administrator and provides functionality for Members to monitor and manage their ESA positions and interbank obligations, including those in batches.

Members manage their Settlement-only Batch obligation in RITS in the same way that they manage other payments in RITS within the agreed operational arrangements for settlement. Reservation Batch processing does not allow Members to control the timing of settlement in RITS. These batches settle almost instantaneously due to prior reservation of ES funds.

Upon receipt of advice that the batch has settled, Members and other participant financial institutions post the upstream transactions to customers' accounts.

For a non-Member financial institution, its net obligation will be included in the position of its Member to be settled across RITS.

2.3. RBA Requirements of the Batch Administrator

Batch Administrators must obtain the approval of the RBA. In order to obtain approval, prospective Batch Administrators must:

- be sanctioned by the Upstream Business Operator and Batch Participants to perform this function;
- provide evidence of operational capacity to manage and implement the provision of:
 - netted interbank obligations to RITS, by any of the methods approved by the RBA; and
 - advice of obligations of Batch Participants to those participants in the manner stipulated in the operating procedures for that batch arrangement;
- prove their operational capacity with satisfactory testing results of the batch arrangement with the RBA, Batch Participants and any Upstream Business Operator;
- satisfy the RBA that appropriate operational and contingency procedures will be in place to ensure the efficient operation of the batch arrangement; and
- satisfy the RBA that appropriate business rules and other legal arrangements will be in place to support the batch arrangement.

In order to obtain approval, prospective Batch Administrators must satisfy stated criteria and requirements that will be advised by the RBA and may vary depending on the nature of the batch. Refer to the information on the RBA's website, the [Eligibility Criteria for the Batch Administrator](#).

3. DESCRIPTION OF BATCH FUNCTIONALITY

This section provides a high-level description of the RITS batch processing functionality that pertains to both Settlement-only Batches and Reservation Batches.

3.1. What is a Batch in RITS?

A Batch is a group of interbank ESA credits and debits that the Batch Administrator submits to RITS for settlement via one of the two batch settlement processes available in RITS (Settlement-only Batch and Reservation Batch). The group of payment obligations must sum to \$0 (i.e., the sum of the debits equals the sum of the credits).

All of the obligations that make up a Batch are settled simultaneously and irrevocably, as credit and debit postings to the ESAs of the Members who are participants in the Batch.

Both batch processing models supported by the RITS batch settlement facility operate on the basis of an ‘all or nothing’ principle: a Batch cannot settle unless all of the payment obligations in the Batch are fully funded.

For Settlement-only Batches, funds availability for all participating Members is checked during settlement testing on the RITS System Queue. Settlement of the Settlement-only Batch can only occur if funds are available for *all* paying Members participating in the Settlement-only Batch.

For Reservation Batches, funds availability for paying Members participating in a given Reservation Batch is checked at the time of reservation. Reservation can only occur if funds are available for *all* paying Members participating in the Reservation Batch. Those funds are set aside at the time of reservation. When the Reservation Batch is subsequently placed on the RITS System Queue for settlement testing, it settles almost instantaneously as the funds required from paying Members have been reserved previously.

In both batch processing models, if a batch is recalled, none of the payments in the batch is settled. Multiple batches can be settled in one day.

3.2. Batch Stream

The enhanced batch processing facility has the capacity to accept and process batches from a number of upstream businesses. Each upstream business that is channelled into RITS by a Batch Administrator is termed a **Batch Stream**.

A Batch Stream is defined in RITS in such a way that batches in the stream are processed independently of other Batch Streams and other transactions, and RITS business rules can be independently applied to each stream.

Each Batch Stream is identified in RITS by a four-character alphanumeric **Batch Stream ID**. This Batch Stream ID is used to identify batches in the enquiry function in RITS and in reports.

In defining the Batch Stream, the RITS System Administrator records the details of the Batch Administrator, the type of batch (central party or multilateral; see below) and the name of the central party, if applicable, as well as session eligibility for batches.

3.3. The Batch Administrator submits the Batch

The Batch Administrator is the party that sends Batches for a given Batch Stream to RITS to settle. The Batch Administrator must be a Member. The Batch Administrator sends Batch information to RITS, in the form of a message appropriate to the batch process used, which contains the net interbank obligation for each Member participating in the Batch. Depending on the business arrangements for each Batch, these figures are submitted to RITS by the Batch Administrator as either a central party or multilateral batch (see below).

3.4. Who can participate in a Batch

The group of Members that the Batch Administrator has assessed as eligible to participate in its service offering, and thus to be paying or receiving participants in Batches submitted to RITS, constitute a Closed User Group. Only the Members that have been set up by the RBA in RITS as members of the Closed User Group can participate in the Batches submitted by the Batch Administrator for a particular Batch Stream.

Not all financial institutions that might participate in a Batch's Upstream Business are Members. Interbank settlement in RITS only occurs across ESAs – and so the interbank payment obligations that make up a Batch, which are sent to RITS for settlement together as a Batch, can only involve Members. For a financial institution that does not have (or chooses not to use) an ESA to participate in the Batch, its net obligation would be included in the position of a Member with which the financial institution has an appropriate arrangement in order for the amount to be settled across ESAs in RITS.

The RBA maintains a list of Members in RITS.

RITS ensures that only transactions of institutions in the relevant Closed User Group can be entered into RITS via a Batch.

3.5. Multilateral and central party Batches

Both multilateral and central party batches can be processed in RITS. A Batch Administrator for a Batch Stream must elect to use one of these two methods. A Settlement-only Batch can be defined as either a multilateral or central-party batch. Reservation Batches can only be multilateral batches.

If a central party is used, the Batch Administrator provides details of the central party in RITS when the Batch Stream is defined. The central party must hold an ESA. In a Settlement-only Batch that requires a central party, the individual Batch settlement instructions are between the central party and each participating Member. In a Settlement-only Batch or Reservation Batch that does not use a central party, individual payment obligations occur between the participating Members and the 'system': this is a multilateral Batch. When a Batch is submitted, RITS extracts payment details and constructs the individual settlement instructions.

3.6. Data entry conventions

Members may wish to be advised by RITS when a batch has settled. RITS will show no record in User Interface (UI) enquiries, and the Post-Settlement Advice (over the AIF) will not be generated, for a Member that is not included in the Batch message.

To generate a record in the enquiry functions in RITS and to trigger a Post-Settlement Advice, the following entry conventions will need to be applied by the Batch Administrator:

- \$0.00 to be entered for a Batch Participant if its net position in the Upstream Business nets to zero; and
- for non-zero net amounts in the Batch, that amount is entered.
- no entry is to be performed for Batch Participants that have no position (intra- or inter-bank) in the Upstream Business and therefore are not participants in that Batch.

3.7. Zero sum

The amounts submitted for a Batch must **sum to zero**. Batches that do not sum to zero are rejected by RITS.

3.8. How Batches arrive at RITS

The Batch Administrator submits the Settlement-only Batch via a SWIFT message, or enters it directly into RITS via the RITS User Interface.

Requests relating to Reservation Batches are submitted by the Batch Administrator to RITS as XML-formatted messages transferred in a file over the Community of Interest Network (COIN).¹ It is possible to send many requests in a single file, though each file may contain only one type of request. Each request message within a file concerns a single Reservation Batch.

In a contingency affecting file transfers via the COIN, the Batch Administrator may upload request files into RITS via the RITS User Interface and may manually request, via the RITS User Interface, that one or more batches in a status of reserved be settled.

3.9. Validation on entry to RITS

Batches are validated against message content and business rules when they are received by RITS.

An error in a Reservation Batch or a message-entered Settlement-only Batch is indicated to the Batch Administrator in the response message, which contains an appropriate reject code.

For Settlement-only Batches entered in RITS directly via the User Interface, errors are indicated on screen and RITS will not accept the Batch until corrections have been made.

Batches are again validated against the session access rules when received by the RITS System Queue for settlement testing.

¹ Community of Interest Network (COIN) is a network for secure transmission of payments files and messages between payment participants. The COIN is administered by the Australian Payments Clearing Association (APCA).

3.10. No warehoused Batches

Batches must be submitted to RITS on the day of settlement. Batches submitted for other settlement dates are rejected by RITS.

3.11. Batch Identification Number

Each individual batch is given a **Batch Identification Number (BIN)**. It is the responsibility of the Batch Administrator to generate BINs.

The BIN is a 16-character alphanumeric value. The first 4 characters must be the Batch Stream ID and the last 12 characters are a free-form identifier for the particular Batch.

RITS validates the BIN to ensure that it is unique within the last 14 days.

If RITS identifies a non-unique BIN, the batch is rejected.

3.12. Access to RITS

The terms of access to RITS for Batches from a particular Batch Stream must be agreed with the RBA.

If a Batch arrives at RITS during a session in which it is not eligible to settle, it will be rejected. There is an exception to this rule: if a Settlement-only Batch that is defined as ineligible for settlement in the Morning Settlement Session (i.e. from 7:30am – 8:45am) arrives at RITS during this session, it will not be rejected, but will be queued for settlement testing in the Daily Settlement Session.

Any Batches that remain unsettled on the RITS System Queue at the end of the processing day for that Batch Stream (which may vary, depending on agreed access for that Batch Stream) will be removed. Reservation Batches for which a Settlement Request has not been received by end-of-day are ‘unwound’, meaning funds reserved in the ESAs are released and are no longer set aside to be used for Reservation Batches.

Batches received by RITS outside the agreed hours are rejected.

3.13. Processing on the RITS System Queue

All of the necessary message format and business validations are completed before the Batch is passed to the RITS System Queue for settlement testing.

However, on arrival at the RITS System Queue, the Batch is validated again in case some of the parameters used to initially validate the payments have changed. All transactions in the Batch are tested and if one transaction cannot be funded, the Batch is rejected. A response message is generated with the relevant reject code for transmission to the Batch Administrator.

If the Batch type is ‘central party’, transactions are two-sided and the central party is automatically made the counterparty in all of the transactions in the Batch.

If the Batch type is ‘multilateral’, there is no counterparty and individual obligations are against the system.

For Settlement-only Batches the RITS System Queue applies default ESA, Credit, and Cash Account statuses set by Members in RITS. For Reservation Batches the RITS System Queue always applies ESA, Credit and Cash Account status of *Priority*.

Pre-Settlement Advices (MT198 SMT028, MT198 SMT029 and MT198 SMT 041) are generated for individual transactions if requested by a participant Member (regardless of the Batch type, i.e., Reservation or Settlement-only). A central party may elect to receive these advices. For details about these Advices, see [RITS/SWIFT Interface User Guide](#).

For Settlement-only Batches when all transactions in the batch have *Active* or *Priority* ESA, Credit, and Cash Account statuses the RITS System Queue tests each payment against the Cash Account Sub-limit or Limit and the ESA Sub-limit and Limit. For Reservation Batches, the RITS System Queue settles the transactions using previously reserved funds.

All transactions that make up a specific Batch are tested as a group. If one transaction is not able to settle, then the entire Batch cannot settle. If all transactions pass settlement testing, all transactions are settled simultaneously. For Reservation Batches, settlement is almost instantaneous due to prior reservation of funds.

Upon settlement, the ESAs of all participating Members are updated.

If selected by a participant Member, Post-Settlement Advices (MT198 SMT036 and MT198 SMT037) are generated for individual transactions (regardless of the Batch type, (i.e., Reservation or Settlement-only). For details about these Advices, see the [RITS/SWIFT Interface User Guide](#).

3.14. Enquiring on Batch and payment status

The Batch Administrator can obtain status updates on Batch progress by using enquiry functions accessible in the RITS User Interface. For further information on enquiry functions, see the [Batch Administrator User Guide](#).

Settlement-only and Reservation Batch data submitted to RITS by the Batch Administrator are available via the RITS User Interface for the current day and the last five business days.

The Batch Administrator can view details of all data the Batch Administrator has entered and Members can view their own transactions. Batch Administrators do not have access to information concerning an individual Member participant's ESA balance.

Member participants can enquire on their own payments in the RITS User Interface. Once the Batch has been sent to the RITS System Queue, payments are also displayed in the queued transactions enquiry functions available to Members.

Depending on the Member's settings, they can receive updates by AIF message, for example, the Post-Settlement Advice.

3.15. Reports

Reports are available to the Batch Administrator and participant Members.

For the Batch Administrator:

- The RITS Member Report ‘Batch Administrator Transactions Enquiry Report’ shows the transactions in the Batch and the status for each Batch entered by the Batch Administrator.
- The ‘Batch Feeder Audit Report’ tracks user actions in relation to Settlement-only Batches (but not Reservation Batches).

For participant Members:

- The RITS Member Report ‘Batch Participant Transactions Enquiry Report’ shows details of the participant’s transaction in each Batch.

4. SETTLEMENT-ONLY BATCH

A Settlement-only Batch represents a group of interbank ESA credits and debits that a Batch Administrator submits to RITS for simultaneous settlement. Funds availability is checked as part of the settlement testing of the batch. If funds are available for all participating paying Members, the batch will settle on the RITS System Queue.

The Batch Administrator may submit a Settlement-only Batch via a SWIFT message (for details see [RITS/SWIFT Interface User Guide](#)) or enter it directly into RITS via the RITS User Interface (for details see [Batch Administrator User Guide](#)).

4.1. Activation time for Settlement-only Batches

The Activation Time allows the Batch Administrator to send a Settlement-only Batch to RITS before it is required to be tested for settlement. When the Activation Time is reached, the Settlement-only Batch is sent to the RITS System Queue for settlement testing.

The Batch Administrator can enter an Activation Time directly in RITS when manually submitting the Settlement-only Batch, or in the SWIFT message when the Settlement-only Batch is submitted to RITS. The Batch Administrator cannot view a message-based Settlement-only Batch to amend the Activation Time; the Activation Time can only be amended for manually-entered Settlement-only Batches. It is not possible to change the Activation Time once the Settlement-only Batch has been placed on the RITS System Queue.

The Batch Administrator may choose to submit the Settlement-only Batch without setting an Activation Time. In this case, the system inserts the current time and the Settlement-only Batch is sent immediately to the RITS System Queue for settlement testing.

If the Activation Time entered in a Settlement-only Batch has already passed before it is received by RITS, the system ignores the time and the Settlement-only Batch is immediately sent to the RITS System Queue for settlement testing.

4.2. Management and recall of Settlement-only Batches: Batch Administrator

Settlement-only Batches that are awaiting the Activation Time to be reached or on the RITS System Queue may be recalled.

The Batch Administrator is able to recall Settlement-only Batches singly or all Settlement-only Batches in the Batch Stream via:

- the RITS User Interface, or
- by sending a SWIFT message (Batch Recall Request).

RITS does not allow Batch Administrators to manage individual payments in the Settlement-only Batch.

4.3. Management of payments: Participating Members

Members are able to manage their payments in the Settlement-only Batch by instructing the Batch Administrator to enter any of three statuses (ESA, Credit, and Cash Account statuses) in the SWIFT batch entry messages. Members can also set override/default statuses for the branch through which their payments are channelled.

When a Settlement-only Batch is sent to the RITS System Queue, regardless of whether it was message-entered or entered via the RITS UI, the payments in the Settlement-only Batch are assigned the override statuses that were set in RITS by the paying Member. If no status is contained in the message and no override is set in RITS, the system default of 'Active' is applied.

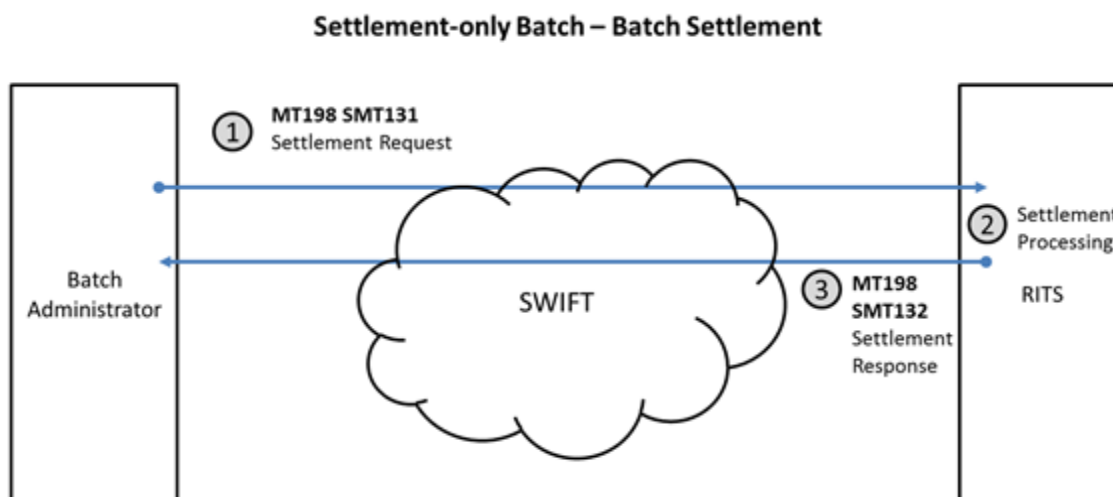
Members can also change the statuses of a queued batch transaction directly in the RITS User Interface, or via an AIF command.

Members cannot recall their Settlement-only Batch payments from the RITS System Queue, but can prevent settlement by applying a 'Deferred' status to their payments.

4.4. Settlement-only Batch Message Flows

See the table in Section 4.5 for information on the fields that are contained in each message flow shown below.

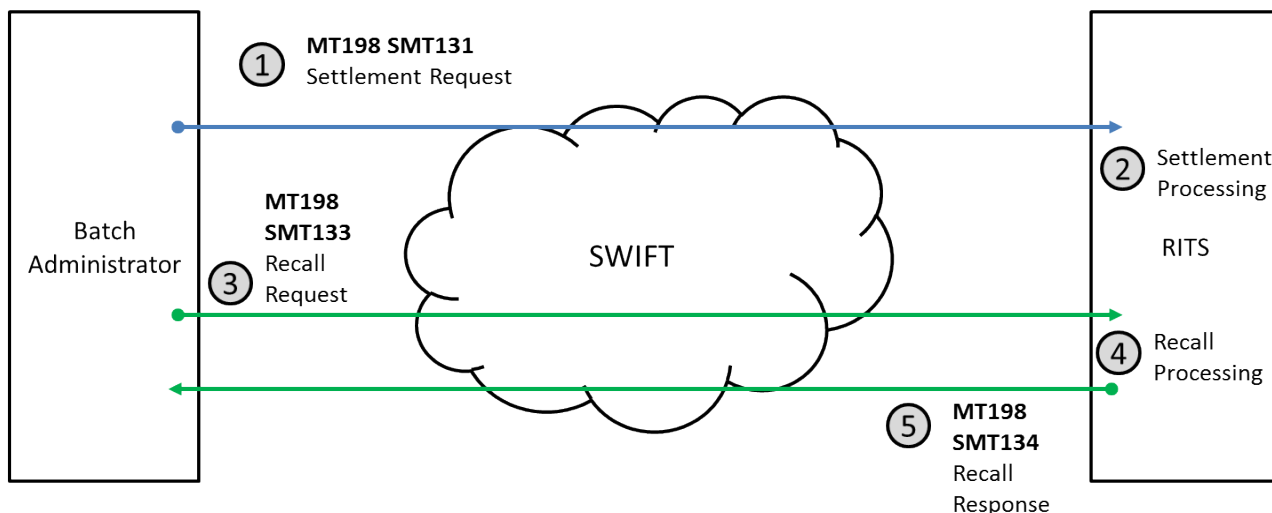
4.4.1. Settlement Request



Ref.	Description
1	<p>The Batch Administrator sends a Batch Settlement Request (MT198 SMT131) to RITS via SWIFT.</p> <p>This message contains all of the details necessary to enter the batch into RITS. In most circumstances only one message will be required. However, if the batch contains a large number of entries, two or more Settlement Requests can be sent. RITS does not process the batch until all messages have been received.</p>
2	<p>RITS performs technical and business validations on the Batch Settlement Request.</p> <p>If the Batch Administrator has entered an Activation Time for the batch, the batch is passed to the RITS System Queue for settlement testing when the Activation Time is reached. If no Activation Time is set, or the Activation Time has already passed, the batch will be passed to the RITS System Queue immediately.</p> <p>The RITS System Queue settles the batch. Postings are made to accounts in RITS.</p>
3	<p>RITS sends a Settlement Response (MT198 SMT132) to the Batch Administrator.</p>

4.4.2. Recall Request

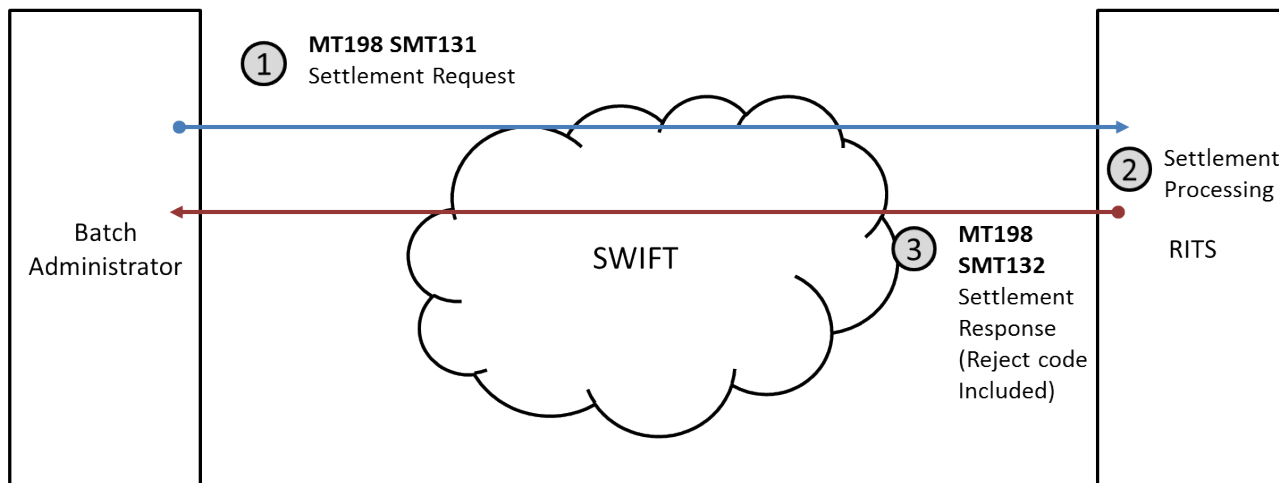
Settlement-only Batch – Recalling a Batch



Ref.	Description
1	The Batch Administrator sends a Batch Settlement Request (MT198 SMT131) to RITS via SWIFT. This message contains all of the details necessary to enter the batch into RITS.
2	RITS performs technical and business validations on the Batch Settlement Request, and places it on the RITS System Queue after the Activation Time is reached, or immediately if Activation Time is not used or has passed.
3	Before the Batch is settled on the RITS System Queue (i.e., while awaiting the Activation Time or while being settlement tested), the Batch Administrator sends a Batch Recall Request (MT198 SMT133). This message is sent by the Batch Administrator to recall a single batch or recall all batches currently at RITS in a nominated Batch Stream.
4	RITS performs technical and business validations on the Batch Recall Request. On passing the validations, RITS removes the Settlement-only Batch from the RITS System Queue.
5	RITS sends a Batch Recall Response (MT198 SMT134) to the Batch Administrator.

4.4.3. Rejection of a Settlement-only Batch

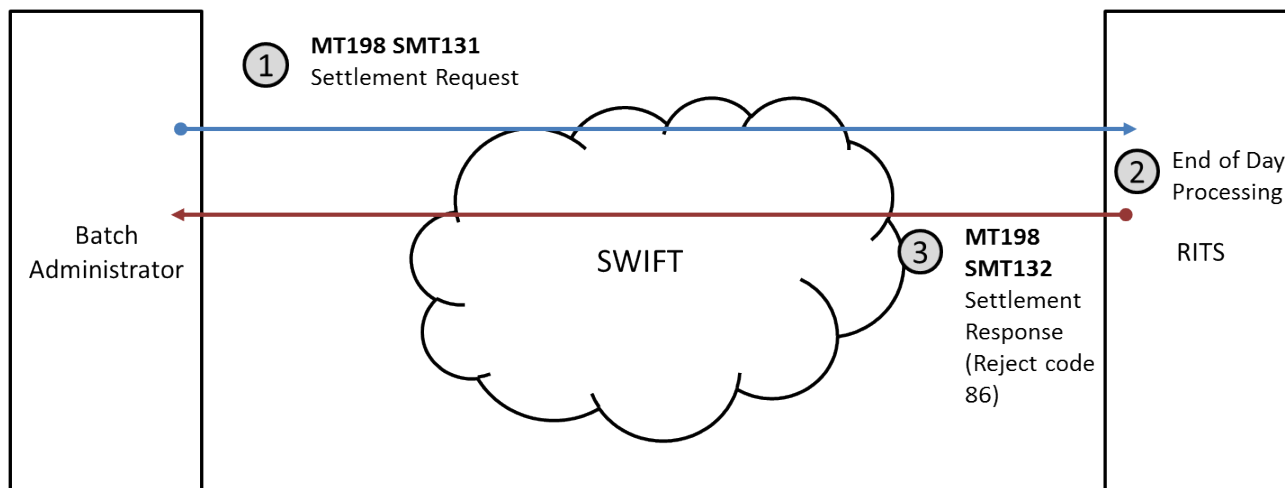
Settlement-only Batch – Batch Rejection



Ref.	Description
1	The Batch Administrator sends a Batch Settlement Request (MT198 SMT131) to RITS via SWIFT.
2	RITS performs technical and business validations on the Batch Settlement Request. The Batch Settlement Request fails the business validations and is rejected.
3	RITS sends a Settlement Response (MT198 SMT132) to the Batch Administrator that indicates the reason for rejection (in the form of a reject code and description).

4.4.4. End of Day Processing

Settlement-only Batch – End of Day Processing



Ref.	Description
1	The Batch Administrator sends a Batch Settlement Request (MT198 SMT131) to RITS via SWIFT.
2	RITS performs technical and business validations on the Batch Settlement Request. The End of Day for the Batch Stream is reached. The Settlement-only Batch is still on the RITS System Queue undergoing settlement testing (e.g., one of the payers has insufficient ES funds). RITS removes the Batch from the RITS System Queue as Unsettled at End of Day.
3	RITS sends a Settlement Response (MT198 SMT132) to the Batch Administrator that indicates 'message unsettled at end of day' as the reason for rejection and the associated reject code (86).

4.5. Settlement-Only Batch Message Content

The following table outlines the business content of messages that are exchanged between RITS and the Batch Administrator of the Batch Stream concerning Settlement-only Batches. Refer to the [RITS/SWIFT Interface User Guide](#) for specific information concerning the RBA's requirements for these messages (e.g., field size, mandatory/optional, allowable values).

Message	Originator	Purpose	Business content
Batch Settlement Request (MT198 SMT131)	Batch Administrator	Sent to RITS to submit a Settlement-only Batch for settlement.	<ul style="list-style-type: none"> • Transaction Reference Number (TRN) • Batch Stream identifier • Batch Identification Number (BIN) • Number of expected messages for the Settlement-only Batch • Settlement date • Batch Activation Time, if used • Total payments in the Settlement-only Batch • For each participating RITS Member: <ul style="list-style-type: none"> ▪ Participating RITS Member ▪ Currency code and amount ▪ Debit or credit indicator ▪ ESA, Credit, and Cash Account statuses in RITS
Batch Settlement Response (MT198 SMT132)	RITS	Advises the Batch Administrator whether the Batch Settlement Request was settled or rejected.	<ul style="list-style-type: none"> • TRN • Batch Stream identifier as it appeared in Batch Settlement Request • BIN as it appeared in the Batch Settlement Request • Successful or unsuccessful • If successful: settlement date and time indicator • If unsuccessful: reason for rejection
Batch Settlement Recall Request (MT198 SMT133)	Batch Administrator	Sent to RITS to recall a Settlement-only Batch.	<ul style="list-style-type: none"> • TRN • Batch Stream identifier • BIN of the Settlement-only Batch to be recalled (or 'CALL' for recall of all unsettled Settlement-only Batches in the Batch Stream) • Settlement date

Message	Originator	Purpose	Business content
Batch Settlement Recall Response (MT198 SMT134)	RITS	Advises the Batch Administrator whether the recall request was successful.	<ul style="list-style-type: none">• TRN• Related reference: the TRN of the Batch Settlement Recall Request• Successful or unsuccessful• If unsuccessful: reason for rejection

5. RESERVATION BATCH

A Reservation Batch represents a group of interbank ESA credits and debits that a Batch Administrator submits to RITS, involving a two-step process. First the Batch Administrator submits a file containing one or more Reservation Requests to RITS requesting funds to be reserved in the ESAs of those Members who are payers in the batches. The Reservation Request contains full details of the batches to enable validation by RITS and reservation of funds. Funds availability is checked as part of reservation processing; a Reservation Request is only successful if funds are available in the ESAs of all participating paying Members. If funds are available, they are reserved. Reserved funds cannot be used to settle any other transactions. Following completion of further upstream processing, the Batch Administrator submits a file containing one or more Settlement Requests to RITS. RITS then settles those batches. In doing so, it simultaneously debits the ESAs of the paying Members for the amounts previously reserved and credits the ESAs of the payee Members, while extinguishing the reservation. Settlement of the Batch is almost instantaneous due to prior reservation of ES funds.

The Batch Administrator may submit a Reservation Batch via an XML-formatted file across the COIN (for details see the relevant Interface Message Specification). If file transfer across the COIN is not available, the Batch Administrator may upload request files via the RITS User Interface or manually request settlement of a batch in a status of reserved via the RITS User Interface (for details see [Batch Administrator User Guide](#)).

Activation Time is not used for Reservation Batches.

There is currently no provision for a Reservation Batch to be structured as a central-party batch; Reservation Batches must be multilateral.

5.1. Management and recall of Reservation Batches: Batch Administrator

The Batch Administrator is able to recall a Reservation Batch for which funds are currently reserved and for which a Settlement Request has not been received (and processed successfully) by sending a Reservation Recall Request message to RITS. A successful Recall Request results in the ‘unwinding’ of the reserved funds, i.e., the reserved funds are released and are now available for settlement of other transactions.

It is not possible to recall a Reservation Batch for which a Settlement Request has been received and accepted by RITS.

Batch Administrators cannot manage individual payments in the Reservation Batch.

5.2. Management of payments: Participating Members

Members are not expected to need to manage payments in the Reservation Batches as Reservation Batches settle almost immediately on arrival on the RITS Queue due to prior reservation of funds.

Following the receipt of the Settlement Request from the Batch Administrator, payments in Reservation Batches are always sent to RITS System Queue with an ESA, Credit and Cash Account status of Priority. It is not possible for Members participating in a Reservation Batch to change these statuses via either the use of override status or queue

management. When the Reservation Batch arrives on the RITS System Queue, it will settle immediately, as funds were already secured at the time of reservation.

A Member cannot recall its Reservation Batch payments, whether the Reservation Batch is awaiting a Settlement Request from the Batch Administrator or is being settlement tested on the RITS System Queue.

5.3. Selecting Reservation Batches for Settlement via RITS

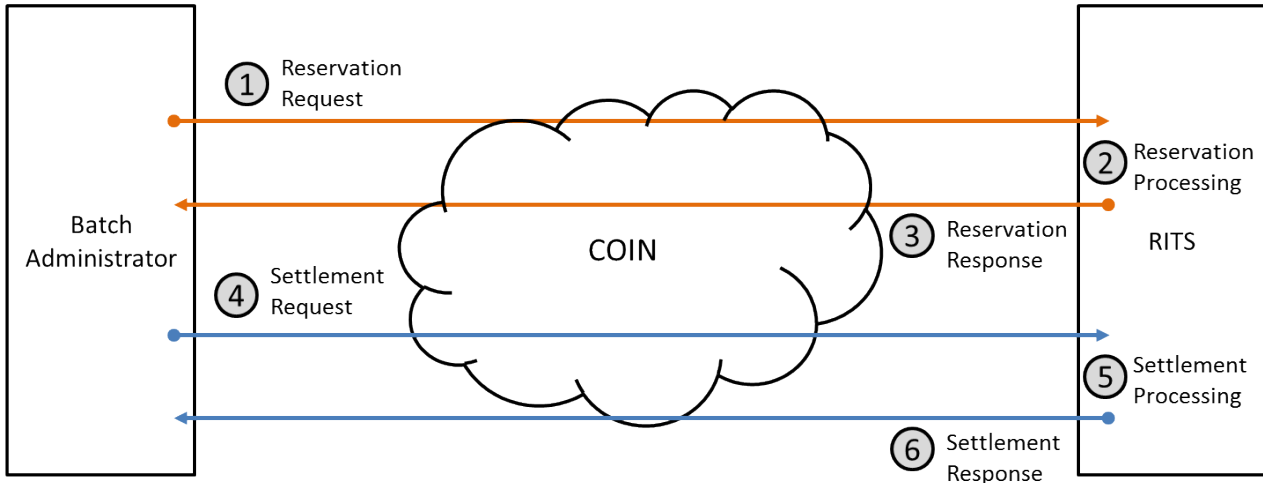
It is possible for the Batch Administrator to select Reservation Batches for settlement via the RITS User Interface. This approach is used in a contingency situation where the Batch Administrator cannot submit Settlement Requests via messages to RITS. Only Reservation Batches for which funds are currently reserved and for which Settlement Requests have not yet been received (and processed successfully) can be settled using the RITS UI function. It is not possible to enter or select new Reservation Requests or Reservation Recall Requests via this functionality.

5.4. Reservation Batch Message Flows

See the table in Section 5.5 for information on the fields that are contained in each message flow shown below.

5.4.1. Reservation and Settlement

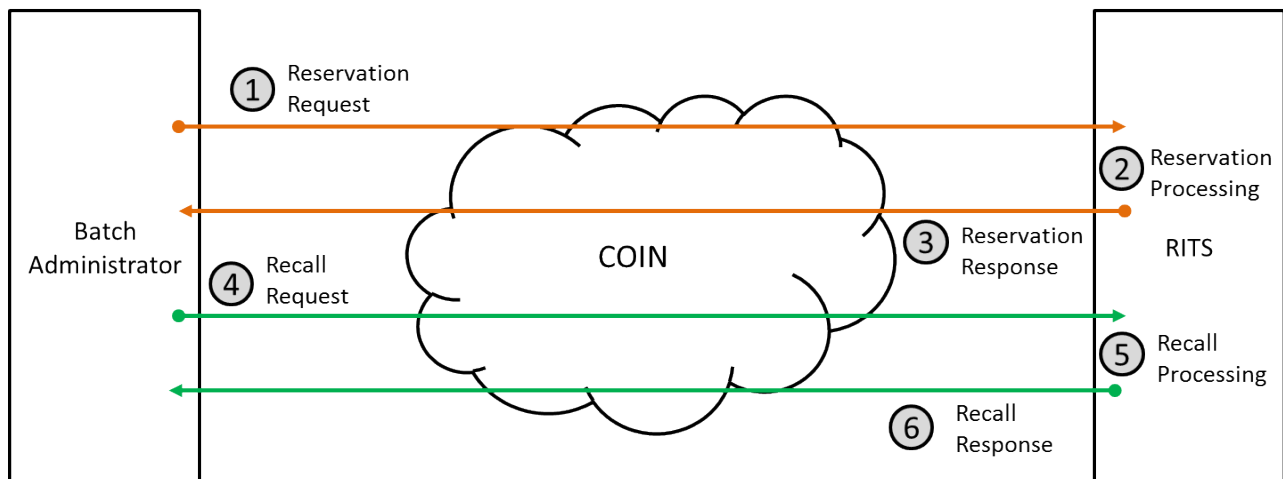
Reservation Batch – Batch Settlement



Ref.	Description
1	The Batch Administrator sends a Reservation Request to RITS via the COIN.
2	RITS performs technical and business validations on the Reservation Request. RITS reserves funds in the ESAs of Members that are payers in the Batch.
3	RITS sends a Reservation Response to the Batch Administrator.
4	The Batch Administrator sends a Settlement Request to RITS following successful completion of upstream business processing.
5	RITS performs technical and business validations on the Settlement Request. RITS passes the Reservation Batch to the RITS System Queue for settlement testing. The RITS System Queue settles the Reservation Batch. Settlement is almost instantaneous due to prior reservation of funds. Postings are made to participating Members' accounts in RITS.
6	RITS sends a Settlement Response to the Batch Administrator.

5.4.2. Recalling a Reservation Batch

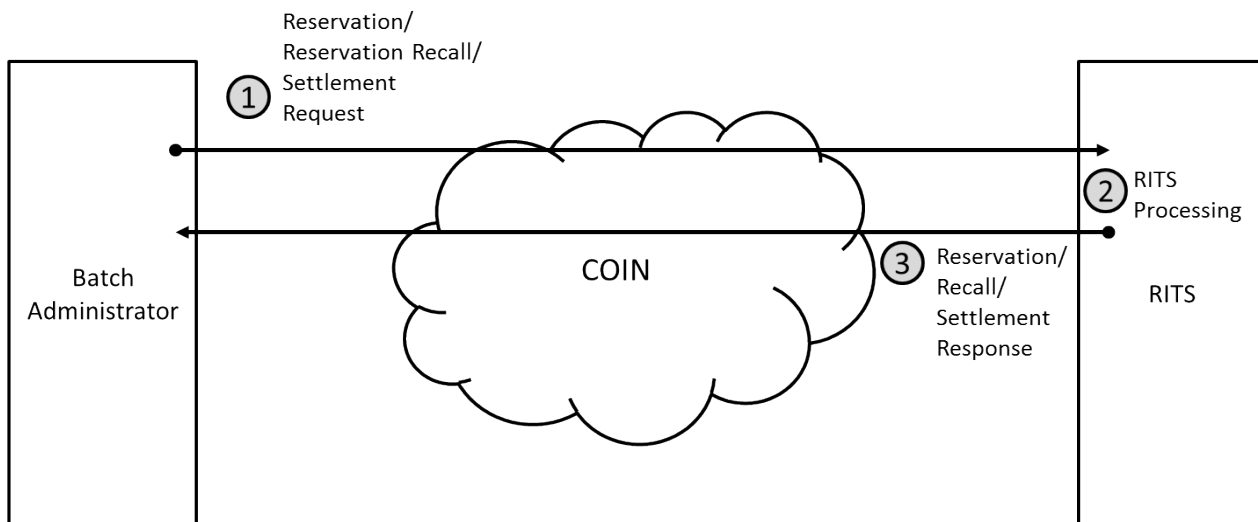
Reservation Batch – Recalling a Batch



Ref.	Description
1	The Batch Administrator sends a Reservation Request to RITS via the COIN.
2	RITS performs technical and business validations on the Reservation Request. RITS Reserves funds in the ESAs of Members who are payers in the Batch.
3	RITS sends a Reservation Response to the Batch Administrator.
4	If upstream business processing is unsuccessful and the Batch Administrator wishes to cease settlement of that Reservation Batch, the Batch Administrator sends a Reservation Recall Request to RITS.
5	RITS performs technical and business validations on the Reservation Recall Request. RITS extinguishes the reservation. As a result, reserved funds are released and are now available for settlement of other transactions.
6	RITS sends a Reservation Recall Response to the Batch Administrator.

5.4.3. Rejection of a Request concerning Reservation Batch

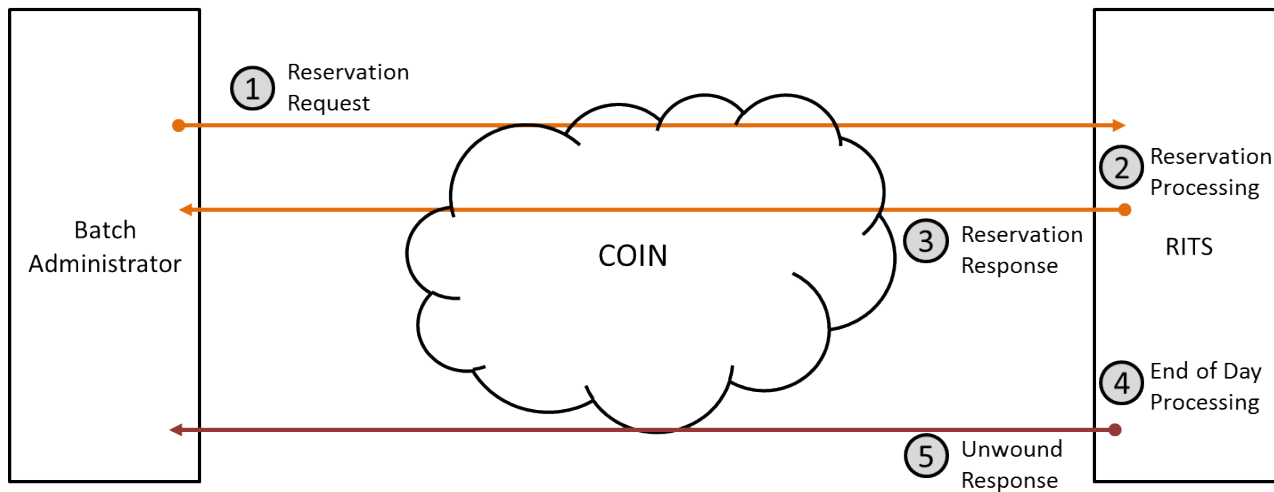
Reservation Batch – Message Rejection



Ref.	Description
1	The Batch Administrator sends a Reservation, Reservation Recall, or Settlement Request to RITS via COIN.
2	RITS performs technical and business validations on the Reservation, Reservation Recall, or Settlement Request. The Request fails the business validations and is rejected.
3	RITS sends a Reservation, Reservation Recall, or Settlement Response including the reason for rejection (in the form of a reject code and description) to the Batch Administrator.

5.4.4. End of Day Processing

Reservation Batch – End of Day Processing



Ref.	Description
1	The Batch Administrator sends a Reservation Request to RITS via COIN.
2	RITS performs technical and business validations on the Reservation Request. RITS reserves funds in the ESAs of Members who are payers in the Batch.
3	RITS sends a Reservation Response to the Batch Administrator.
4	The end of day for the Batch Stream is reached. RITS unwinds the reservation. As a result, reserved funds are released and are now available for settlement of other transactions.
5	RITS sends a Reservation Unwound Response to the Batch Administrator for each reservation that has been unwound.

5.5. Overview of Reservation Batch Message Content

The following table outlines the business content of messages that are exchanged between RITS and the Batch Administrator of the Batch Stream concerning Reservation Batches.

For new Batch Administrators and new Batch Streams, message content may differ from the details indicated below. The RBA will provide detailed message specifications, as agreed with the RBA and the Batch Administrator. Both the RBA and the Batch Administrator will comply with the message specifications for messages that will be submitted to RITS for a given Batch Stream.

Note: The BIN includes the Batch Stream ID. See the glossary for the definition of BIN.

Message	Originator	Purpose	Business content
Reservation Request	Batch Administrator	Sent to RITS to provide details of all settlement positions in a Reservation Batch and to request reservation of ES funds of Members that are payers in a Reservation Batch.	<ul style="list-style-type: none"> • Batch Identification Number (BIN) • Settlement date • For each participating RITS Member: <ul style="list-style-type: none"> ○ RITS mnemonic ○ Net settlement position ○ Debit or credit indicator
Reservation Response	RITS	Advises the Batch Administrator whether the Reservation Request was successful (i.e., that funds have been reserved for paying Batch Participants) or rejected.	<ul style="list-style-type: none"> • 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 rejection
Settlement Request	Batch Administrator	Sent to RITS to request settlement of an existing Reservation Batch.	<ul style="list-style-type: none"> • BIN

Message	Originator	Purpose	Business content
Settlement Response	RITS	Advises the Batch Administrator whether the Settlement Request was successful (i.e., that the Reservation Batch has settled) or rejected.	<ul style="list-style-type: none"> • BIN • File name of the file containing the Settlement Request • Date and time settlement was effected in RITS, or date and time of rejection • Successful or unsuccessful • If successful, for each participating RITS Member: <ul style="list-style-type: none"> ○ RITS mnemonic ○ RITS-assigned transaction ID • If unsuccessful, reject code and reason for rejection
Reservation Recall Request	Batch Administrator	Sent to RITS to recall a Reservation Batch.	<ul style="list-style-type: none"> • BIN
Reservation Recall Response	RITS	Advises the Batch Administrator whether the Reservation Recall Request was successful (i.e., that the Reservation Batch has been recalled) or rejected.	<ul style="list-style-type: none"> • BIN • File name of the file containing the Reservation Recall Request • Date and time recall or rejection was effected • Successful or unsuccessful • If unsuccessful, reject code and reason for rejection
Reservation Unwound Response	RITS	Advises the Batch Administrator that the Reservation Batch has been 'unwound', meaning all funds have been released and the reservation extinguished (and so the Reservation Batch will not progress to settlement).	<ul style="list-style-type: none"> • 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
File Rejected Response	RITS or Batch Administrator	Sent from RITS: Advises the Batch Administrator that a file sent to RITS has failed validations at the file level, and so the messages it contains could not be processed by RITS. (Can also be sent by Batch Administrator concerning a failed file sent by RITS.)	<ul style="list-style-type: none"> • File name of the file that was rejected • Date and time when file was rejected

6. GLOSSARY

Term	Definition
Batch	A Batch is a group of interbank ESA credits and debits that the Batch Administrator submits to RITS for simultaneous settlement via one of the two batch settlement processes available in RITS (Settlement-only Batch and Reservation Batch).
Batch Administrator	<p>A Batch Administrator is an entity that will, with the authority of participant Members, any Upstream Business Operator and the Reserve Bank, send to RITS net interbank obligations of participant Members that are to be settled simultaneously via batch settlement processing in RITS.</p> <p>The Batch Administrator may also be the Upstream Business Operator.</p>
Batch Identification Number (BIN)	A 16-character ID that is assigned to a Batch by the Batch Administrator that submits it to RITS. A BIN must be unique within the last 14 days. The first four characters are fixed and reflect the Batch Stream ID.
Batch Participant	A Member that participates in a Batch.
Batch Stream	A Batch Stream in RITS is allocated for each Upstream Business for which Batches are submitted to RITS by a Batch Administrator. RITS's batch processing facility has the capacity to accept and process Batches from a number of Upstream Businesses.
Batch Stream ID	A 4-character ID used to identify Batches in RITS enquiry and reports. A separate Batch Stream ID is used for each Batch type (e.g., 'ASXB' for CHESB Batch; 'PEXA' for Property Settlement Batch; and 'MCAU' for MasterCard Batch to settle MasterCard's domestic AUD obligations).
ESA	'Exchange Settlement Account'.
Member	An entity that is a member of RITS. The entity may be an ESA Holder or a Non-Transaction Member.
Reservation Batch	A group of interbank ESA credits and debits that a Batch Administrator submits to RITS for simultaneous settlement via the Reservation Batch process, where funds are initially reserved in ESAs, then the Batch is settled later that day.

Term	Definition
Reservation Recall Request	A Reservation Recall Request is sent by a Batch Administrator to RITS to request that previously reserved funds for a Reservation Batch are released, as settlement will not take place.
Reservation Request	A Reservation Request is sent by a Batch Administrator to RITS to request the reservation of funds in the ESAs of paying Members in the Reservation Batch.
RITS	‘Reserve Bank Information and Transfer System’, Australia’s real-time gross settlement (RTGS) system, owned and operated by the RBA.
Settlement-only Batch	A group of interbank ESA credits and debits that a Batch Administrator submits to RITS for simultaneous settlement. Funds availability is checked as part of the settlement testing of the Batch.
Settlement Request	A Settlement Request is sent by a Batch Administrator to RITS to request interbank settlement in RITS of a Reservation Batch for which funds have previously been reserved.
Upstream Business	The business activity for which the Batch Administrator submits Batches in RITS.
Upstream Business Operator	<p>The operator of the Upstream Business. May also be the Batch Administrator.</p> <p>An Upstream Business Operator or owner (dependent on business arrangements) is the entity that would collate financial transactions arising from a real or financial business and transmit these to the Batch Administrator for management of the consequential interbank settlement process.</p>