

General Direction No. 01 of 2013 - Operations of the Common ATM Switch

Payment and Settlement Systems Act, No. 28 of 2005

General Direction made by the Monetary Board of the Central Bank of Sri Lanka under section 44 of the Payment and Settlement Systems Act, No. 28 of 2005.

Nivard Ajith Leslie Cabraal
Chairman of the Monetary Board and
Governor of the Central Bank of Sri Lanka

Colombo

31 May 2013

General Direction No. 01 of 2013 - Operations of the Common ATM Switch

This direction may be cited as the General Direction No. 01 of 2013 - Operations of the Common ATM Switch and shall apply to LankaClear (Pvt.) Ltd. (LCPL) and the Members of the Common ATM Switch and shall come into operation on 31 May 2013.

2. Definitions

In this Direction, unless the context otherwise requires:

- 2.1** “ATM” or “Automated Teller Machine” means a cardholder activated terminal that uses PIN verification and is online for all transactions.
- 2.2** “CBSL” means the Central Bank of Sri Lanka established under the Monetary Law Act, No. 58 of 1949 (Chapter 422).
- 2.3** “CAS” or “Common ATM Switch” means an electronic payment system operated by LCPL, which facilitates the communication and processing of cash withdrawals, balance inquiries and any other ATM services and shall include LCPL systems, processes, and procedures for the electronic data transfer and authorization of payments sought to be effected by a CAS Member.
- 2.4** “CAS Member” means a Primary Member and a Secondary Member of CAS.
- 2.5** “Clearing Cycle” means the time duration from one settlement time to the next immediate settlement time which are predefined by LCPL.

- 2.6 “Operational Procedure Manual”** means the document prepared by LCPL containing the procedures laid down for the guidance of LCPL and CAS Members as regards to the operations of CAS.
- 2.7 “Primary Member”** means any licensed commercial bank which is a participant in the RTGS System and approved by CBSL and LCPL to be a CAS Member.
- 2.8 “RTGS System”** means the Real Time Gross Settlement System, which is a fully automated payment system owned and operated by CBSL.
- 2.9 “Secondary Member”** means any legal entity authorized by a Primary Member to execute CAS transactions and to settle net balances through the RTGS account of such Primary Member and approved by CBSL and LCPL to be a CAS Member.
- 2.10 “Membership Agreement”** means an agreement entered into by a CAS Member with LCPL.

3. Responsibilities of LCPL and a CAS Member:

- 3.1** Every CAS Member and LCPL shall enter into a Membership Agreement relating to participation in and operations of CAS.
- 3.2** Every CAS Member and LCPL shall adhere to the arrangements between them in respect of operations of CAS, including those in the form of rules, procedures and such other arrangements prescribed by LCPL from time to time.
- 3.3** Every CAS Member and LCPL shall agree to follow the stipulations and guidelines of the Operational Procedure Manual.
- 3.4** Every CAS Member and LCPL shall comply with the limits imposed by CBSL, if any, on fees chargeable in respect of CAS transactions.

4. Responsibilities of LCPL

- 4.1** LCPL shall be the sole operator of CAS.
- 4.2** LCPL shall be responsible for;
- 4.2.1** operating CAS on around the clock basis every day;

- 4.2.2 granting Primary and Secondary Memberships in CAS to eligible entities with the approval of CBSL;
- 4.2.3 setting out clear and comprehensive System Rules with the approval of the Director, Payments and Settlements (D/PSD) of CBSL. The System Rules issued by LCPL shall stipulate, among other things, powers, rights, duties and obligations of LCPL and CAS Members, conditions for participation including joining, withdrawal, termination and suspension, operational requirements, dispute resolution mechanisms and conditions for maintaining confidentiality of information;
- 4.2.4 defining the specifications, standards, security features and audit compliances which are applicable to the operations of CAS;
- 4.2.5 making available to CBSL,CAS multilateral net settlement batch files setting out the net position of every CAS Member on or before the cut-off times set out by CBSL;
- 4.2.6 entering into and termination of agreements and contracts with any service provider relating to the operations of CAS;
- 4.2.7 adopting a uniform fees and penalties structure which may be amended by LCPL from time to time subject to the clause 3.4 hereof;
- 4.2.8 complying with reporting requirements of CBSL in respect of the operations of CAS and related matters.

5. Responsibilities of CAS Members

Every CAS Member shall;

- 5.1 be responsible for procuring hardware, software and network infrastructure that are fully compliant with LCPL specifications;
- 5.2 be responsible for proper maintenance of its ATMs and ensuring that sufficient cash is available in each of its ATMs at all times;
- 5.3 be responsible to safeguard CAS system and conform to and observe all security features and instructions issued by LCPL;
- 5.4 adhere to technical, administrative and other requirements specified by LCPL from time to time;

- 5.5 ensure that adequate funds are available in its RTGS settlement account to settle CAS multilateral net settlement batch in the RTGS System at the cut-off times specified by CBSL;
- 5.6 be responsible for making regular backups of databases and all its information and data relating to the operations of CAS and establishing and maintaining recovery procedures in the event of system failure or data corruption or loss;
- 5.7 reconcile the daily transaction reports and inform LCPL in writing of any discrepancy within 24 hours of receipt of the settlement report;
- 5.8 adhere to the System Rules of CAS set out by LCPL;
- 5.9 comply with fees and penalties structure notified by LCPL.

6. Business Continuity Planning

- 6.1 LCPL and CAS Members shall have a well defined business continuity plan for the operations of CAS approved by the respective Boards of Directors to ensure availability of CAS service at all times.
- 6.2 LCPL and CAS Members shall have a fully equipped Disaster Recovery Site (DRS) and well trained disaster management and business recovery teams to ensure uninterrupted operations.
- 6.3 LCPL shall have a skilled and trained backup staff in respect of core functionalities of CAS to be deployed in contingency situations, including labour disputes, in order to ensure carrying out operations without any interruption.
- 6.4 If LCPL experiences any technical or operational problem that prevents from performing its functions of CAS, such problem shall be conveyed to CBSL immediately after becoming aware of such problem. In the event of an unrecoverable failure at the primary site, LCPL shall immediately inform CBSL and commence operations at DRS and submit the CAS multilateral net settlement batch file to CBSL from DRS. In the event of a prolonged unrecoverable failure at both primary site and DRS, LCPL shall inform CBSL immediately and shall use alternative methods to derive the CAS multilateral net settlement for the time period from the last clearing cycle to the time of the failure of the system and shall make available the same to CBSL.

7. Confidentiality

- 7.1** LCPL and CAS Members shall maintain confidentiality in respect of all data, information and records and shall ensure that its officers, employees, agents and/or any person employed in any capacity at all times maintain confidentiality in accordance with applicable laws.
- 7.2** LCPL and CAS Members shall subject themselves jointly and severally to the control, supervision, regulation and oversight of CBSL in the exercise of any or all of its functions and powers from time to time vested by law or otherwise, on the operations of CAS and shall comply with all instructions, orders and directions of CBSL.
- 7.3** In furtherance of and without prejudice to the foregoing, D/PSD of CBSL may from time to time and at any time require LCPL and CAS Members to provide such information in respect of the operations of CAS and LCPL and CAS Members shall provide such information to D/PSD of CBSL.
- 7.4** All reports and information from LCPL and CAS Members to D/PSD of CBSL in respect of the operations of CAS shall be accurate and correct.

8. General

- 8.1** This direction is in addition to and not in derogation of any other written law, and rules, regulations, terms and conditions to which LCPL and CAS Members are subject to and/or may be subject to from time to time.
- 8.2** Without prejudice to the generality of the above paragraph, this direction shall not be construed to limit any obligation or responsibility imposed by the Payment and Settlement Systems Act, No. 28 of 2005.