



Central Bank
of Sri Lanka



LankaSettle

RTGS System

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What is a payment?

- A payment is generally a transfer of value from one party to another to settle a financial obligation incurred on purchase of goods or services, including financial instruments. Individuals, corporates and other organizations make payments either in the form of currency or by non-cash payment means such as cheques, money orders, postal orders, wire transfers and electronic fund transfers etc. Currency is the simplest and most popular payment mode.

What is the national payment system?

- The national payment system is an arrangement which helps individuals, corporates including financial institutions and other organizations to transfer money efficiently from one to another to settle their financial obligations. It consists of:
 - Payment means/instruments;
 - Individuals and corporates who act as payees, payers and financial intermediaries;
 - Procedures, rules, terms and conditions and laws which provide sound legal infrastructure to facilitate smooth transfer of funds, banking operations and clearing and settlement system; and
 - Interbank clearing and settlement systems.
 - The main interbank clearing and settlement systems are :
 - Cheque clearing systems;
 - The Sri Lanka Interbank Payment System (SLIPS);
 - LankaSettle: a fully automated payment and settlement system which consists of the Real Time Gross Settlement (RTGS) System (which has replaced the Central Bank of Sri Lanka (CBSL) Current Accounts Settlement System), the Scripless Securities Depository System (LankaSecure); and
 - US Dollar Clearing System.
 - The Cheque clearing system and SLIPS are operated by LankaClear (Pvt.) Ltd. a company jointly managed by the Central Bank and commercial banks. SLIPS is an off-line fund transfer system that clears pre-authorized low value

payments. The participants in both systems are licensed commercial banks (LCBs). The net clearing balances of each LCB under the cheque clearing system and SLIPS are settled across Settlement Accounts of the banks in the RTGS system. The RTGS system is owned and operated by the Central Bank. It settles large value and other urgent rupee payments, including settlement of payments relating to trading of government debt securities in the Scripless Securities Depository System (LankaSecure).

What is the RTGS system?

- The RTGS system is an electronic and computer based fund transfer and settlement system. It processes and effects final settlement of each large value and urgent payment instruction individually and immediately on a real time basis upon receipt of a valid payment instruction by the System throughout its operating hours. Under normal circumstances, payments will be debited from the paying participant's Settlement Account and will reach its receiving participant's account within seconds, provided that the sending bank has sufficient balance in its account to make the payment. This makes the funds irrevocably available to the receiver. Therefore the main difference between RTGS and the former day end net settlement system is the form and timing of settlement.
- Payment orders could be initiated and submitted only by the paying participant. But the Central Bank can debit and credit participants' accounts.
- The RTGS system also settles periodically in batches the net clearing balances of participating banks in respect of cheque clearing and SLIPS.
- Participants may assign one or several predefined priorities to their payment orders. Each payment instruction will be settled individually on a first in first out basis (first come first served) in accordance with their priority and the order of arrival, without netting debits against credits. If the balance in the Settlement Account of the sending member is insufficient to settle the payment, payment orders will be queued.
- When the System cannot settle payments through the normal sequential settlement process, the gridlock resolution will clear backlogs of queued payment orders. The Gridlock resolution algorithm can clear 'all' or some of the queued transactions by settling a batch of payments simultaneously, without changing the original order

of payments in each queue (When the payment queues of two or more participants are blocked due to insufficient funds to settle the payment orders at the top of each payment queue).

- The RTGS system will have international standards for risk control in large value fund transfer systems.
- The RTGS system needs more liquidity to settle payment by payment on a gross basis. This may require more liquidity throughout the day. Participants could utilize the Central Bank's Intra-day Liquidity Facility. Under the previous system there was no such demand for intra-day liquidity as it settled the net position of each participant, calculated on a multilateral basis at end of day.
- The RTGS system offers premium payment and settlement services. All participants can monitor the status of their accounts and payments in real time, make enquiries and manage their queues via their participant browser workstations.

Reasons for moving to an RTGS system

- Settling of large value payments under the former manually operated cheque based day-end settlement system entails risks. Under that system, ie. the Central Bank Current Account Settlement System, payments received throughout the day were deferred and settled on net basis at the end of day. This process exposed participants to credit risks. Accordingly, not only the direct counterparties but also other participants and the whole banking system was exposed to the adverse impact of a failure of a bank, especially a large bank, during the course of business hours. Therefore, it is important to establish a modern and well tested RTGS system in line with international best practice to reduce inter bank credit, liquidity and systemic risks. The credit risk in the RTGS system will be reduced by settling funds in real time, using S.W.I.F.T. FIN Y- copy mode, by effecting credit transfers and extending fully collateralized Intra-day Liquidity Facility (ILF), so that participants will not be short of liquidity.

- Under the RTGS system, processing of payment orders and the final part of settlement take place simultaneously one by one on a continuous basis provided that the bank which is sending payment instructions has sufficient balance in its account. This will substantially improve the way the banks and the primary dealers settle most of their high value transactions, including those in government securities, call money and foreign exchange markets. The RTGS system provides participants with full control of their own as well as their customers' payments and also an opportunity for more sound liquidity management. It will speed up fund transfers to the customers' accounts.
- The volume of large value cheques is likely to increase substantially in the next few years with the expected increase in transactions in the money, foreign exchange and government securities markets. Such a growth in transactions would require an efficient settlement system with state-of-the-art techniques and standards.
- The RTGS system makes the payment and settlement system, as a whole, more robust. This will reduce risks and improve efficiency of the national payment system in general, and the high value transfer system in particular, enhancing public and investor confidence in the financial system.
- It will improve the Central Bank's control of monetary aggregates.

Who owns and operates the RTGS system?

- The RTGS system is owned and operated by the Central Bank. RTGS and Scripless Securities Depository System (LankaSecure) operate as an integrated system. Both systems will be operated by the Payments and Settlements Department of the Central Bank. The System is located at the Head Office of the Central Bank.

Who are the participants in the RTGS system?

- Initially, the Central Bank itself, all licensed commercial banks (22), Primary Dealers (8) and the Employees' Provident Fund will be the participants. The Central Bank will admit new participants at its sole discretion, provided that such new participants are able to and agree to comply with the system rules.

How does the RTGS system work?

- The RTGS system is open for business on bank business days. The system settles payment instructions between 8.00 a.m. and 4.00 p.m.
- The participants use S.W.I.F.T. FIN Y-copy service of the S.W.I.F.T. network to submit payment instructions using a computer based terminal. If the payment instruction is technically not in order, the RTGS system will not accept it. The Central Bank and the participant should communicate with each other and settle the problem.
- If the payment order is technically correct, it will be accepted and placed in a payment queue to submit payment instructions using a computer based terminal. Participants can revoke a payment instruction that is still being held in a queue or change its priority on the same day or on the settlement day. If there are no payment orders in the payment queue for the same or higher priority transactions and if the particular participant has enough funds to settle the payment, the system will settle that payment immediately by debiting the paying participant's account and crediting the receiving participant's account simultaneously within a few seconds. If the participant does not have enough funds to settle the payment, the payment instructions will be held in the payment queue till the end of the business day.
- Any payment, which would reduce the balance in the Settlement Account of the paying participant below zero, even after taking into account the available collateralized Intra-day Liquidity Facility, will be queued for settlement until a sufficient balance becomes available. The queued payment instructions will be settled according to the first in first out basis (FIFO). But payment instructions submitted by Central Bank usually have the highest priority. Participants can change the priority or cancel their outgoing payments held in the queue. The Central Bank has the power to change the priority or cancel queued payments to clear queue blockage and resolve system problems.
- The payments remaining in the queue at the end of each business day will be automatically deleted. The system accepts forward-dated transactions up to 10 calendar days. These transactions are processed on the value date.

What types of transactions will the RTGS system settle?

- The RTGS system will settle all types of transactions between participating institutions, transactions between the Central Bank and participants, and customer to customer through a participant. There is no restriction on the value or type of transactions handled, provided that they are denominated in Sri Lanka rupees and that both parties maintain Settlement Accounts with the RTGS system. These transactions could be categorized as:
 - ▶ General credit transfers among participating institutions against call market transactions and securities transactions etc.;
 - ▶ Transactions with the Central Bank which involves open market operations, cash delivery to and from banks, the rupee leg of forex transactions and government securities transactions;
 - ▶ Multilateral net settlement balances sent by LankaClear Pvt. Ltd. and Regional Offices of the Central Bank in respect of inter-bank cheque clearing and SLIPS for final settlement; and
 - ▶ Any other high value and time critical payments presented to the RTGS system by a participant on behalf of its customers. Such customer payments should be entered into the system before the customer transaction cut-off time at 3.00 p.m.

Does the RTGS system accept forward dated transactions?

- Yes. Up to ten calendar days.

Are there any limit and restriction on RTGS transactions?

- There are no restrictions on the type or value of transactions provided that both parties involved in the transaction maintain Settlement Accounts in the RTGS system.

Time Table of the Business Day

Time	Event	Activities and Available Transactions
7.30 a.m	System initialization	Server and network start-up
7.30 a.m to 8.00 a.m	Pre-start activities	Automated drawdown of ILF, DvP ₂ batch settlement of primary auctions, interest and maturities, settlement of Central Bank repos.
8.00 a.m	LankaSettle /LankaSecure starts	System opens for business.
8.30 a.m	LankaClear (Main clearing and SLIPS)	Multilateral Net Settlement Batch (MNSB) run.
9.30 a.m	Central Bank Repo/Reverse Repo Window opens	
12.00 noon	Repayment of previous day's Reverse Repo facilities	All trade to repay outstanding Reverse Repos to be settled by this deadline.
1.00 p.m	Closing of modified net batch settlement	Modified net batch settlement of Primary Auctions, Interest and Maturities Procedure closes.
2.15 p.m	LankaClear (Settlement clearing and rupee draft clearing)	Multilateral Net Settlement Batch (MNSB) run.
2.45 p.m	Adjustment clearing and regional clearing settlement	Multilateral Net Settlement Batch (MNSB) run.
3.00 p.m	Primary cut-off	Closed to new trades for T+0 Settlement in favour of third parties, except for bank to bank.(MT2XX...)
3.00 p.m to 3.15 p.m	ILF repayment	ILF repayment.
3.30 p.m	Central Bank Reverse Repo/ Repo window closes	
4.00 p.m	Final cut-off Closes for business	No further inputs accepted, queue/settlement processing will cease and any transaction still in queues will be rejected.
4.00 to 5.30 p.m	End of day processing	Generating reports, archiving, etc.
5.30 p.m	System closure	System closure processes, eg. archiving, database maintenance etc.

Should participants maintain large balances in their accounts to settle RTGS payments?

- Yes. Since transactions are settled on gross basis, participants will require to maintain a higher balance in their settlement accounts compared to net settlements. That is why the Central Bank provides ILF to participants free of charge (but collateralized) to facilitate settlements.
- Banks will have access through the intra-day to their Statutory Reserve Requirements.

What is the Intra-day Liquidity Facility (ILF)?

- If any participant experiences a difficulty in keeping sufficient funds in its Settlement Account to honour the payments, he can obtain the required funds during stipulated hours from the Central Bank under the interest free, fully collateralized, intra-day liquidity facility. The participants must pledge tradable government securities such as government Treasury Bills and Treasury Bonds owned by them to obtain intra-day liquidity. All such intra-day credit should be fully repaid before the final cut off time for ILF repayment towards the end of business hours each day. The pledged securities will be returned to the participants upon the repayment of ILF.

Benefits to banks and Primary Dealers

- The main benefits are:
 - ▶ Settlement of transactions on real time, which facilitates receipt and payment of funds immediately;
 - ▶ Increased efficiency of payments and settlements;
 - ▶ Reduced settlement risk;
 - ▶ More efficient and easy management of liquidity; and
 - ▶ Ability to monitor transactions in Settlement Accounts (enquiry line).

Benefits to corporate customers and the public

- A payment system constitutes a link between money and economic activities because they involve transferring value between payer and payee. Therefore, an efficient payment system is a key part of the infrastructure which facilitates economic activities. Banks, Primary Dealers and their customers will benefit through this system due to its speedy and safer fund and securities transfer mechanism.
- If any individual or business enterprise desires to make a quick payment to another party they can do so by forwarding the payment to the RTGS system through their respective commercial bank participant. The debiting of the paying bank's account and crediting of the receiving bank's account in the RTGS system would be done in a few seconds. Since the beneficiary's bank gets the funds immediately, it will facilitate the bank to pass the credit to the beneficiary customer as soon as it gets funds.
- If a payment is done by cheque, the settlement of payment has to be routed through the cheque clearing system (at LankaClear Pvt. Ltd.) and it will take at least two days to credit the beneficiary's account.

What is S.W.I.F.T.?

- The Society for Worldwide Inter-bank Financial Telecommunication (S.W.I.F.T.) was established in 1973 by 239 banks with the objective of providing high technology based communication services across all financial markets to its member banks. S.W.I.F.T. was introduced in Sri Lanka in 1994. The S.W.I.F.T. System is used to transmit payment instructions or messages either domestically or internationally.

Reasons for using S.W.I.F.T. network and S.W.I.F.T message formatting

- RTGS system is connected to S.W.I.F.T. because the S.W.I.F.T System is the most tested, most secure, efficient and speedy communication system that could be used for exchanging of payment and settlement instructions.

FURTHER INFORMATION ON THE RTGS SYSTEM

What are the main components of LankaSettle?

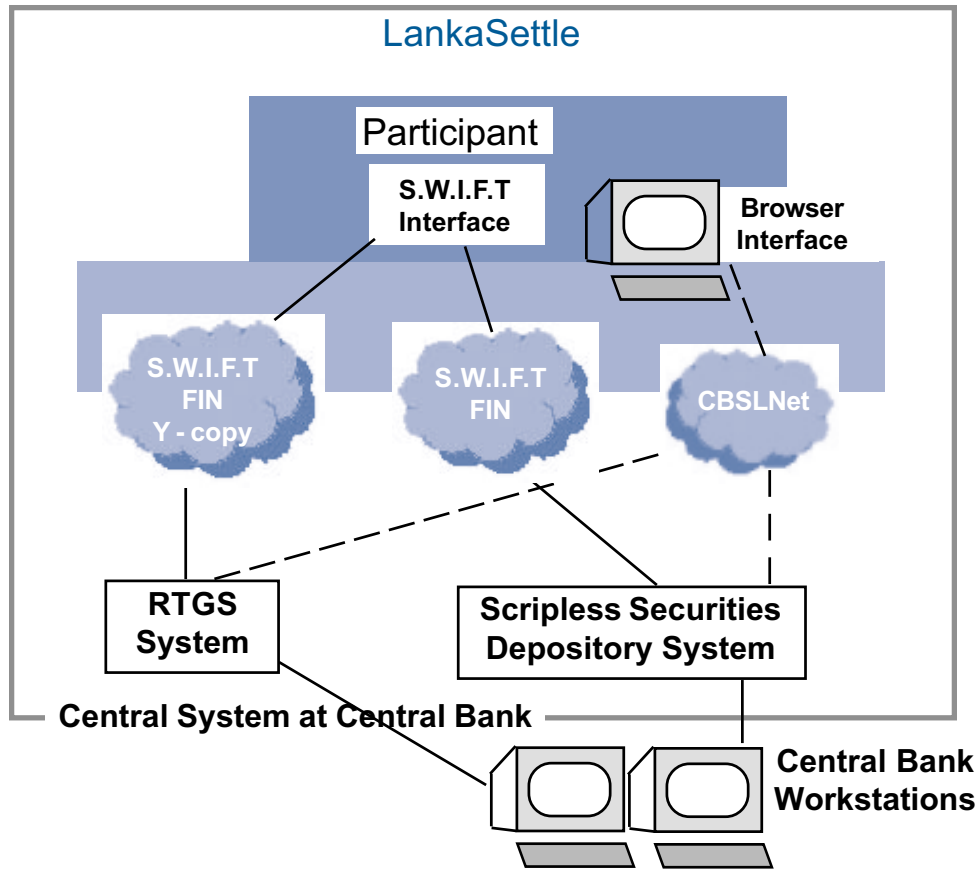
- The main components of LankaSettle are:
 - The Central System at Central Bank comprising RTGS and LankaSecure;
 - The Participant Browser Interface; and
 - S.W.I.F.T. including the FIN-Y-copy service, the FIN Network and participant's S.W.I.F.T. interfaces.

Central System (RTGS and LankaSecure)

- The Central System has two components, namely, the RTGS and LankaSecure. The two system components interact as:
 - The LankaSecure submits transactions to the RTGS system to obtain funds against traded securities. Securities are earmarked in the LankaSecure and these transactions are processed in the RTGS system when sufficient funds are available. Securities are only released by the LankaSecure following the completion of settlement of the payment leg of the settlement;
 - The intra day liquidity facility is provided to participants against the transfer of earmarked securities as collateral to the Central Bank in the LankaSecure.

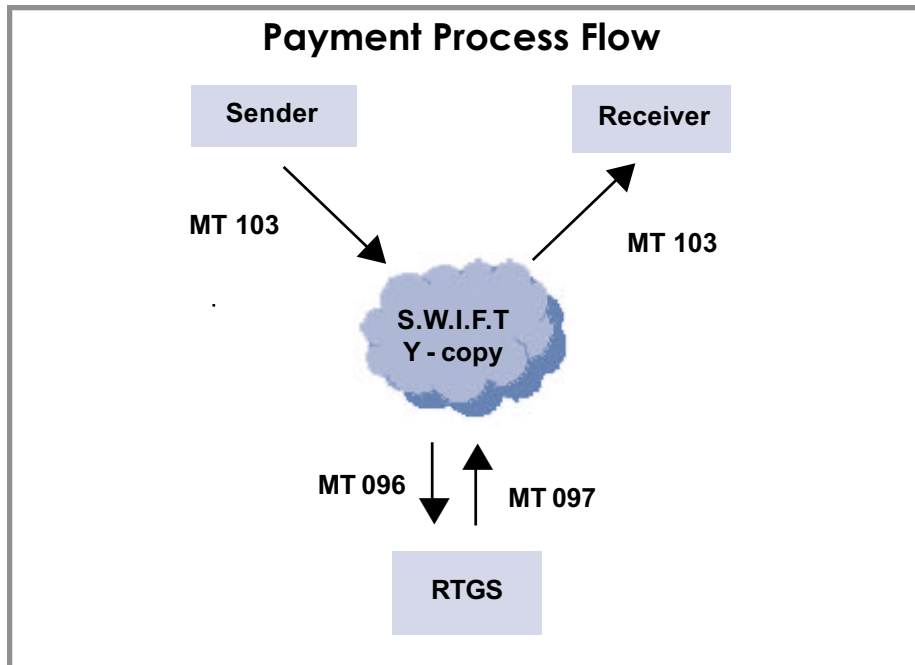
LankaSettle Browser Interface

- Each participant must have a PC based LankaSettle Browser interface which supports on-line access to (non value functions):
 - Account balance and activity information;
 - Queued payment information;
 - Reprioritization/cancellation of queued payments; and
 - Monitoring of operational status of LankaSettle.



What is S.W.I.F.T. FIN-Y Copy?

- Payment instructions exchanged and settled in the RTGS system are sent using the S.W.I.F.T network. The Central Bank has entered into a contract with S.W.I.F.T. to provide FIN Y-Copy service to support settlement of RTGS payment instructions exchanged between participants.
- The FIN Y-Copy service uses the FIN messaging service, which facilitates the copying of selected information to the Central Bank for authorization of settlements at RTGS. The FIN Y-Copy service requires a Closed User Group of participants (CUG) and a Central Institution i.e. Central Bank
- The sender adds a service identifier code (LKB), indicating that the message is to be copied and transmitted to the RTGS system in LankaSettle.



- FIN Y-Copy intercepts the FIN message and copies selected components to the RTGS system. FIN Y-Copy holds the message in a temporary queue until the RTGS system sends appropriate authorization or rejection. Thereafter, the message is either delivered to the receiver or the sender receives an abort notification.
- The Central Bank administers the FIN Y-Copy service including the approving and introducing of new members to the CUG. The message types to be supported by CUG are:

MT 102 - Multiple customer credit transfer
 MT 103 - Single customer credit transfer
 MT 202 - General financial institution transfer
 MT 205 - Financial institution transfer execution
 MT 298 - Proprietary message type for various functions viz. canceling and changing priority of queued payments and obtaining information, etc.

To From	Participants	RTGS system
Participants	MT 103, 102, 202, 205	MT 298, 920, 941, 999
RTGS system	MT 298, 900, 910, 941, 942, 950, 999	

LankaSettle Help Desk contact details

Name	E-mail	Phone Number
Payment and Settlement Operations		
(Payments and Settlements Department)		
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Mrs. K.R.M. Siriwardhane	rose@cbsl.lk	2477035
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Mr.D.L.Nihal AM (Middle Office)	nihal@cbsl.lk	2477282

Participants in LankaSettle

1. Central Bank of Sri Lanka

2. Licensed Commercial Banks

Bank of Ceylon
Citibank N A
Commercial Bank of Ceylon Ltd.
Deutsche Bank A G
Habib Bank Ltd.
Hatton National Bank Ltd.
Hongkong & Shanghai Banking Corporation Ltd
Indian Bank
Indian Overseas Bank
Muslim Commercial Bank Ltd.
National Mercantile Bank Ltd.
Nations Trust Bank Ltd.
NDB Bank Ltd.
Pan Asia Bank Ltd.
People's Bank
Public Bank Berhard

Sampath Bank Ltd.
Seylan Bank Ltd.
Standard Chartered Bank plc
State Bank of India
Union Bank of Colombo Ltd
Union Bank Ltd. (Incorporated in Pakistan)

3. Primary Dealers

Capital Alliance
Ceylinco Shriram Securities Ltd.
Commercial Bank Primary Dealer Ltd.
First Capital Treasuries Ltd.
HNB Securities (Pvt.) Ltd.
NSB Fund Management Co. Ltd.
Sampath Surakum Ltd.
Seylan Bank Asset Management Ltd.

4. Employees' Provident Fund (EPF)

What are System Rules ?

Brief overview of system rules:

- The system rules are issued in terms of the Monetary Law Act as amended by the Monetary Law (Amendment) Act. No. 32 of 2002. The system rules lay down duties, obligations and rights of the Central Bank and participants in the LankaSettle system. Further, these rules describe how the Central Bank and participants interact in the system.
- LankaSettle has a fixed operating schedule from 8.00 a.m. to 4.00 p.m. for each operating day. The daily operating schedule is described in the table on page 9.

Criteria for Participation

- Participation in the RTGS system is open to Licensed Commercial Banks (LCBs) and Primary Dealers appointed by the Central Bank. The Central Bank too participates in the system and may appoint any other person who maintains a Settlement Account with the Central Bank as a participant at its discretion for limited purposes provided that it satisfies such criteria as may be determined by the Central Bank for the purpose and the technical and other requirements for participation in RTGS as set out in the System Rules.
- In order to participate in the RTGS system, the following bilateral agreements must be signed between the Monetary Board of the Central Bank and each participant;

- ▶ Accession Agreement;
- ▶ Mandate Agreement in respect of the opening, maintenance and operation of settlement and securities accounts and matters related thereto;
- ▶ Master Repo Agreement for Open Market Operations; and
- ▶ Intra-day Liquidity Facility (ILF) Agreement.
- These agreements cover all major areas required for the system to function smoothly and efficiently while providing the required legal safeguards. Further, they obligate the participants to abide by the System Rules of LankaSettle, which are binding on all participants.
- Since the payment instructions are submitted to the system via S.W.I.F.T. FIN Y-Copy, participants must subscribe to the S.W.I.F.T. network and the RTGS FIN Y-Copy service and also join in the LankaSettle Closed User Group. They should comply with the message standards and rules as defined by S.W.I.F.T. and conduct testing successfully to be able to link with the RTGS system.
- Participants should comply with prescribed technical and security requirements for participation and should have adequate contingency arrangements to avoid disruption of the smooth operation of the system.

Access to functions of the system

- In accordance with the relevant legislation and regulations, the Central Bank assigns to each participant or a category of participants access to certain facilities and functions in the LankaSettle system. Accordingly;
 - ▶ The LCBs are permitted to use the system for transfer of funds and securities settlement;
 - ▶ Primary Dealers are allowed to participate in primary auctions;
 - ▶ The Dealer Direct Participants are allowed to transact in scripless securities on behalf of their customers; and
 - ▶ Designated Non Dealer Bidders (viz. EPF) have access to facilities and functions relating to Primary Auctions.

Irrevocability and Finality of Payments

- The RTGS system will assure simultaneous and instantaneous debiting of the Settlement Account of the paying bank and crediting of the Settlement Account of the receiving bank, if the paying bank has sufficient funds to settle the transaction. All transactions will be settled on gross basis. Once a transaction is settled in the RTGS system, it will be considered as final and irrevocable.

Message Standards

- Payments exchanged and settled in the system are transmitted through the S.W.I.F.T. network. Payments are processed using the FIN Y-Copy service, especially developed by S.W.I.F.T. for real time gross settlement systems.

Security

- Both S.W.I.F.T. and LankaSettle provide security facilities to protect data, payments in transit, and to control user access. Participants are responsible for ensuring the integrity of transactions, data and user access within their own organizations.
- Any actual or suspected breach of security must be reported to the Central Bank.
- The participant must ensure that its own systems provide appropriate protection against fraudulent activity in connection with the system.
- All actual or suspected fraudulent activities in connection with the system must be reported immediately to the Central Bank.
- Each participant must provide all reasonable assistance, requested by the Central Bank or any other participant, to investigate and identify the source of any actual or suspected fraud.
- S.W.I.F.T. Bilateral Key Exchange between participants and between LankaSettle and participants will be required at yearly intervals.
- New Bilateral Keys must be exchanged immediately if there is any actual or suspected breach of key security.
- LankaSettle will provide access security with User-IDs, passwords and functionality limitations that may be controlled by the appropriate authority in the participant organizations. It is the responsibility of each participant to establish and enforce appropriate user access, password protection and authorities within their organizations.
- The Central Bank will assign User Access Rights to users within participant organizations. Separate User Profiles will be established by the Central Bank that will define the system functions that can be accessed by a user. Applications for creation, deletion or modification of user access rights must be made in writing.
- In the event of suspected fraud or misuse of the Browser Interface by a user, the LankaSettle Help Desk must be immediately informed and immediate arrangements should be made for the cancellation of the user rights in question.
- Participants are responsible for ensuring the integrity and resilience of their own internal LankaSettle processing systems and procedures. Participants must maintain, amongst other things, back-up facilities, contingency plans, physical site security, system down time and problem monitoring and resolution procedures, system capacity and fraud prevention procedures that are adequate to support their activities in LankaSettle.

- The Central Bank shall be entitled at any time to conduct an inspection of the premises of a participant with a view to determining whether internal systems, controls and procedures are adequate to ensure the integrity and resilience of their LankaSettle operations. Participants must advise the Central Bank of the current location of their primary and back-up facilities.
- Without the prior consent of the Central Bank, participants may not enter into any arrangement to outsource, share or allow third parties to access their LankaSettle facilities.
- A contingency event is any event that disrupts or has the potential to disrupt the normal exchange and settlement of transactions in LankaSettle. The Central Bank will execute emergency measures as and when necessary to resume operations with minimum delay. Participants must cooperate with the Central Bank in the execution of these measures.
- Each participant must maintain a written record of all contingency events and system problems and have a comprehensive Business Continuity Plan (BCP). Until such time, a record should be kept which includes details of date, time, nature of problem, action taken to rectify problem and time of rectification. The Central Bank will review this record quarterly. Copies are to be forwarded to the LankaSettle Help Desk Supervisor.
- The Central Bank will test its own contingency arrangements periodically. All participants are required to cooperate and participate in this process.
- Participants with their own back-up sites and systems may arrange, as necessary, with the Central Bank to conduct their own contingency arrangement tests. As a minimum, the Central Bank should be advised of any testing that could affect a participant's ability to operate in the system.
- The Central Bank may require individual participants to conduct tests of their back-up facilities and contingency arrangements.
- Each participant must nominate a first and second contact point for responding to enquiries or exchanging information in the event of processing problems. These must be advised in writing to the Central Bank. Participants must inform the Central Bank immediately in writing of any changes to such contact point details.
- Participants must attend promptly to administrative messages sent by the Central Bank. The Central Bank will not be liable for losses of any kind arising from a participant's failure to receive and take appropriate action in response to such messages.
- The Central Bank will establish and maintain a LankaSettle Help Desk to assist participants with their use of the LankaSettle system and to address any service difficulties encountered. The Help Desk will be available throughout the LankaSettle operating day. Help Desk contact details are shown on page 15.

- The Central Bank shall not have any duty towards any participant to reject or modify any transaction by reason of any error, omission, failure/defect, forgery, theft or any wrongful use of the system or S.W.I.F.T.
- The Central Bank shall not have any duty to determine any claim in any dispute between participants or between participants and their customers or to make any adjustment to the operation of the system to uphold any claim.

Intra-day Liquidity Facility

- The Central Bank will provide interest free, fully collateralized Intra-day Liquidity Facility to assist participants to meet their intra day liquidity requirements under the RTGS.
- Participants have to offer tradable government securities owned by them as collateral to obtain Intra-day Liquidity Facility and all such intra-day credit should be fully repaid before the cut off time specified in the System Rules.

Transaction Fees

- A transaction fee of Rs. 240 per transaction (including Value Added Tax at 20 per cent from the initiator) for the services provided by the RTGS will be charged from the participants. Charges will be calculated at the end of each calendar month and debited from participants' accounts during the first week of the following month.
- For the purpose of fees and charges a “transaction” is defined as:
 - Any settled debits to their own accounts initiated by participants within LankaSettle through the use of the following messages:
 - MT 102 – Multiple Customer Credit Transfer
 - MT 103 - Single Customer Credit Transfer
 - MT 202 – General Financial Institution Transfer
 - MT 205 –Financial Institution Transfer Execution
 - MT 541 – Receive Against Payment
 - Any settled securities transactions initiated by participants within LankaSettle through the use of MT 540 - Receive free message

In addition to the transaction fees stated above, the participants will have to bear SWIFT messaging related charges. These will be independently billed by SWIFT and will have to be paid by the participants to SWIFT directly.