



Bank of Jamaica

National Payments System

Real Time Gross Settlement System

Participant Rules

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Table of Contents

1	INTRODUCTION.....	3
1.1	DOCUMENT PURPOSE.....	4
1.2	RELATED DOCUMENTS	4
1.3	CIRCULATION.....	4
1.4	EFFECTIVE DATE:	4
2	DEFINITIONS AND INTERPRETATION.....	4
2.1	DEFINITION OF TERMS	4
2.2	INTERPRETATION	9
3	GENERAL PURPOSE AND OBJECTIVES.....	9
4	RTGS MEMBERSHIP TYPES.....	10
4.1	ADMISSION OF PARTICIPANTS.....	11
5	RTGS SYSTEM ACCESS CRITERIA.....	11
5.1	MEMBERSHIP CRITERIA AND CONDITIONS.....	11
5.2	RESTRICTION	13
5.3	SUSPENSION	14
5.4	TERMINATION AND WITHDRAWAL	15
5.5	REINSTATEMENT.....	16
5.6	LIMITATION OF LIABILITY	16
5.7	SURVIVAL OF OBLIGATIONS.....	17
6	ROLES AND RESPONSIBILITIES.....	17
6.1	THE PARTICIPANT.....	17
6.2	THE BOJ.....	18
6.3	THE OVERSEER	18
7	RTGS OPERATING RULES	19
7.1	AUTHORITY TO ACT.....	19
7.2	PAYMENTS ALLOWED.....	19
7.3	PAYMENT ROUTING VALIDATION.....	20
7.4	WRONGLY DELIVERED MESSAGES	20
7.5	AUTHENTICATION OF PAYMENT MESSAGES.....	21
7.6	PAYMENT MESSAGE FORMATS.....	21
7.7	CONDITIONS OF SETTLEMENT.....	21
8	GOVERNANCE ARRANGEMENTS	22
8.1	OWNERSHIP.....	22
8.2	OPERATING HOURS	22
8.3	OPERATING DAYS.....	22
8.4	STATEMENTS AND REPORTS.....	22
8.5	AMENDMENTS TO RULES	22
8.6	DISPUTE RESOLUTION	23
8.7	FEES AND CHARGES	23
8.8	INDEMNITY	24
8.9	SEVERABILITY	24
8.10	CONFIDENTIALITY.....	24
8.11	LAW AND JURISDICTION.....	25
8.12	NOTICES	25
	ANNEX A: RTGS PARAMETERS.....	26

1 INTRODUCTION

The Bank of Jamaica is in the process of implementing a Real Time Gross Settlement (RTGS) system and a Central Securities Depository (CSD), two key components in the reform of the National Payments System (NPS).

The RTGS system provides a mechanism for Participants to settle large value and time critical payments, while the CSD manages the life cycle of Bank of Jamaica (BOJ) and Government of Jamaica (GOJ) fixed income securities. Both systems are tightly coupled to ensure that the payment for and transfer of all securities traded or purchased are executed simultaneously, guaranteeing Delivery versus Payment (DvP).

The RTGS system consists of two (2) functional modules – RTGS and Payment Origination (PO). In the RTGS, payment instructions (transfers) are tested for funds availability and are settled individually, continuously in real time across settlement accounts in the BOJ, providing the sending bank has sufficient covering balance or credit in its account. The PO system allows participant institutions to enter, control and view RTGS payments and import Net Settlement files generated by clearing house institutions. The RTGS and PO applications are closely integrated but are independent of one another.

This document contains the Rules for participation in the RTGS system and is divided into the eight (8) sections described below,

Section 1 Introduction – explains the purpose of this document and provides references to other documentation necessary to obtain a full understanding of the RTGS Rules.

Section 2 Definitions and Interpretation – prescribes the meaning of specified terms or words within the context of these Rules.

Section 3 General Purpose & Objectives – gives an overview of the purpose and objectives of the RTGS system.

Section 4 RTGS Membership Types – defines the group eligible for membership in the RTGS system, and details the criteria governing admission.

Section 5 Access Criteria - defines the criteria and conditions for each membership type in the RTGS.

Section 6 Roles and Responsibilities – defines the roles and responsibilities of Participants, the Systems Operator and the Overseer

Sections 7 Operating Rules – Provides the detail of all rules applicable to the Participants in the RTGS system.

Section 8 Governance Arrangements – identifies the ownership and operating parameters of the RTGS system

Annex A contains the operational parameters set in the RTGS system that may, from time to time, be changed by the BOJ.

1.1 Document Purpose

The purpose of this document is to clearly and unambiguously define the rules that Participants in the RTGS have agreed.

1.2 Related Documents

These rules should be read in conjunction with the following documents:

- RTGS User Guides
- RTGS Procedures Manual
- CSD Rules Manual
- CSD Procedures Manual
- PSCN Operations Manual
- Payments System Risk Policy

1.3 Circulation

This manual is provided to all Participants in the RTGS system. It will also be made available to prospective Participants on application for membership.

1.4 Effective Date:

These Rules become effective as at 27 February 2009.

2 DEFINITIONS AND INTERPRETATION

2.1 Definition of Terms

The following words have these meanings in these rules unless the contrary intention appears:

Term	Definition
Account or Settlement Account	means settlement accounts in the RTGS system, at the Central Bank.
Agreed Currencies	means those currencies that the BOJ may from time to time authorize for use within the CSD and RTGS System.
BOJ	means the Bank of Jamaica.

Term	Definition
Business Day	means a calendar day other than i) Saturday, ii) Sunday, iii) legal Holiday or iv) any other day as determined by the competent authority to be a public holiday or a day on which banks shall be closed to the public.
Central Securities Depository or CSD	means the Depository, maintaining the Register of Government of Jamaica and Bank of Jamaica domestic securities and through which transactions evidencing the sale, purchase, transfer of securities are processed by book entry, primary market auction facilities and all associated linkages.
Court	means a Jamaican court of competent jurisdiction.
Customer	means any person or institution who uses the services of a Participant into whose account payments are credited.
Delivery versus Payment or DvP	Means the simultaneous transfer of ownership and payment for securities traded between counterparties.
Depository Dispute	means the Central Securities Depository or CSD means a dispute or difference between: a) the BOJ and the participant; or b) two or more RTGS participants arising out of, or in any way connected with the Rules.
Final Cut-off	means the time the RTGS closes to all participants. At final cut-off, no further payment instructions can be entered and all pending payment instructions are cancelled.
Finality	means irrevocable and unconditional settlement.
FISD	means Financial Institutions Supervisory Division.
FSC	means Financial Services Commission.
GOJ	means Government of Jamaica.
Initial Cut-off	means the time the RTGS closes for Participant's customer transactions (MT1xx)
Intraday Liquidity	means funds which can be accessed, from the Central Bank, during the business day usually to enable financial institutions to make payments in real time and must be reimbursed within, the business day, prior to final cut-off.
Irrevocability	means transfers or settlements which cannot be revoked by the transferor.

Term	Definition
JCSD	means the Jamaica Central Securities Depository, owned and operated by the Jamaica Stock Exchange.
Member	means any commercial bank, financial institution, clearinghouse, depository or corporation which has been accepted under the Rules as a member of the RTGS System.
Membership Agreement	means the MOU entered into between the BOJ and the Participants and Members.
Net Settlement Operator or Clearing House Operator	Means the operator of a clearinghouse whose settlement operations are completed on a multilateral net settlement basis. The Net Settlement Operator is a member of the RTGS system but is not a full participant in the RTGS.
Nominated Agent	Means a participant named by a RTGS member to act on its behalf to facilitate payment processing in the event that the member is unable to carry out this function.
Notifiable Event	<p>means, an event related to a Participant requiring the Participant or other legally entitled party to:</p> <ul style="list-style-type: none"> (a) make a general assignment for the benefit of, or enter into a reconstruction, reorganisation, compromise, arrangement or composition with, its creditors; or (b) admit, whether in writing or otherwise, its inability to pay its debts as they become due from its own money; or (c) seek, consent to or acquiesce in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or (d) present or file an application in respect of it: <ul style="list-style-type: none"> (i) in any court or before any agency alleging or for its bankruptcy, winding up or liquidation (or any analogous proceeding) unless it can be demonstrated by the Participant to be vexatious or that it is otherwise unlikely to result in the winding up or liquidation of the Participant, in either case within a period of time to be specified by the BOJ;

Term	Definition
	<p>(ii) seeking any reorganisation, arrangement, composition, readjustment, administration, winding up, liquidation, dissolution or similar relief, under any present or future statute, law or regulation, such application (except in the case of an application for liquidation or any analogous proceeding) not having been stayed or dismissed within 30 days of its filing; or</p> <p>(e) appoint a receiver, administrator, liquidator or trustee or analogous officer of it over all or any material part of its property; or</p> <p>(f) declare to the Operator at least 7 days before it is about to pass a resolution or seek a declaration for its voluntary winding up; or</p> <p>(g) declare the occurrence of any event having a substantially similar effect to any of the events specified in (a) to (f) above under the law of any applicable jurisdiction.</p>
Overseer or Payments System Overseer	means the BOJ in its role as Payments System Overseer charged with the responsibility of providing Payments System Oversight.
Participant	means the BOJ or a Financial Institution duly approved by the Central Bank, with a settlement account in the RTGS, who have agreed to be bound by the terms and conditions of the Rules.
Parties	means a Participant in the payment system and/or the Bank of Jamaica.
Payment Instruction	means a payment order or value message initiated by a participant to transfer funds to the order of a beneficiary by means of a book entry on an RTGS account in accordance with these rules.
Payment Origination	means the module in the RTGS System for entering, controlling and viewing payments by participants and for importing Net Settlement files by clearing house institutions.
Payments System	means the RTGS and CSD systems and related applications.

Term	Definition
Payment Queue	means the RTGS System area in which each payment (other than a warehoused payment) is held pending processing in the RTGS system prior to settlement.
Primary Dealer	means a securities dealer licensed by the FSC that has been given Primary Dealer status by the BOJ thereby enabling them to participate in the Primary Market, for the purchase of BOJ and GOJ securities.
Primary Market	means the market for new securities issues where securities are purchased directly from the Issuer.
Procedures	means the RTGS system Procedures which set out the standards adopted by the BOJ from time to time and which govern the operation of the RTGS and or other related systems.
PSCN	means the Payments System Communications Network, which is the Interbank network provided by the BOJ for all value and non value messages.
Public Holidays	means those days, other than weekends, when the RTGS system is not open for operations to participants.
Restricted Members	means a non-participant who has been given access to the RTGS for specific purposes.
RTGS Operator or Operator	means the department established in the Bank of Jamaica to manage the RTGS operations.
Real Time Gross Settlement System or RTGS System	means the settlement system established, owned and operated by the BOJ for real time gross settlement, seamlessly integrated with the CSD and other related linkages.
Rules or System Rules	means the RTGS Rules, as amended from time to time, which govern the operation of the RTGS and settlement of approved transactions between RTGS participants.
Securities	means any domestic securities issued by the BOJ or GOJ.
Secondary Dealers	means a FSC licensed securities dealer that is not a primary dealer and is a Participant in the CSD.
Services	means any services provided by the RTGS system or related applications to the Participants.

Term	Definition
SIPS	means Systemically Important Payment System as defined by the Bank for International Settlement (BIS).
Value Date	means the date on which financial value is transferred or is due to be transferred.
Warehouse	means a queue where payments with a future value date are held pending processing.
Window or Settlement Window	means the period in which a clearing house Operator settles on the RTGS system

2.2 Interpretation

In these Rules:

- words importing one gender include the other genders;
- the plural number includes the singular and vice versa;
- headings are inserted for convenience of reference and do not alter the interpretation of these Rules;
- a reference to any legislation includes any statutory regulations, rules, orders or instruments made or issued pursuant to that legislation and any amendments to, re-enactment of, or replacement of that legislation.
- where any inconsistency arises between these Rules and the Procedures, these Rules will prevail.

3 GENERAL PURPOSE AND OBJECTIVES

The RTGS is the settlement system established, owned and operated by the BOJ for real time gross settlement of large value and time critical transactions. It will be seamlessly integrated with the CSD and other related linkages.

Its primary purpose is to provide a settlement mechanism in which both processing and final settlement of participant payment instructions take place continuously throughout the day. In the RTGS, the settlement of funds occurs on a transaction by transaction basis. The transactions are checked for funds availability and settled individually, continuously in real time across Central Bank settlement accounts, provided the sending participant has sufficient covering balance or credit. The RTGS system provides continuous intraday finality for individual payments.

The RTGS application consists of two (2) functional modules –RTGS and Payment Origination (PO). The PO system allows participant institutions to enter, control and view RTGS payments and import Net Settlement generated by clearinghouse institutions. The

RTGS and PO are closely integrated but are independent of one another.

4 RTGS MEMBERSHIP TYPES

The following membership types will apply to the RTGS.

1) Full Members

Full members are permitted to undertake financial transactions with other members. Full members will be required to maintain a settlement account at the BOJ, and must comply with the rules as defined by the BOJ. Full members will have access to Intraday Liquidity at the discretion of the BOJ. Full members will include:-

- Commercial Banks and Merchant Banks (Supervised by the BOJ)
- Bank of Jamaica
- Primary Dealers (Licensed by the FSC and approved by the BOJ);
- Jamaica Central Securities Depository for settlement of JSE participant equity transactions, net positions only.

2) Restricted Members

Restricted members will be permitted to undertake restricted financial transactions with other members. They will be permitted to make payments to other participants in the payment system, but not payments for the account of participant beneficiaries. Restricted members will not have a settlement account in the Central Bank and will not have access to Intraday Liquidity.

Restricted Members will include:

i) Clearing House Operators

Clearing houses will not have direct access to the RTGS system, although they will be able to submit Multilateral Net Settlement files to the RTGS for settlement. The RTGS operator will accept the automatic application of correctly formatted and authorised net settlement files to the RTGS. Clearing House Members include:

- Automated Payments Limited (APL)
- JETS Limited

ii) Any other entity as designated by BOJ.

3) Secondary Dealers

Secondary Dealers, **will not have** direct access to the RTGS, however their transactions in the CSD will cause settlement on the account of a Commercial Bank in the RTGS, as previously agreed with that Bank.

4.1 Admission of Participants

An organisation becomes eligible to apply for participation if that organisation:

- a) Is an organisation
 - i. licensed under the Banking Act as a commercial bank or under the Financial Institutions Act as a merchant bank; or
 - ii. licensed by the FSC as a Securities dealer, and has been awarded the status of Primary Dealer by the BOJ; or
 - iii. duly approved by the BOJ.
- b) Has confirmed their acceptance of General Purpose and Objectives;
- c) Meets the criteria of Membership Type
- d) Agrees to operate in accordance with the RTGS Rules;
- e) Agrees to be trained and certified by the BOJ in the use of the systems;
- f) Agrees to conform to the Membership Criteria and conditions;
- g) Agrees to abide by the rules and responsibilities as provided for in this document.

5 RTGS SYSTEM ACCESS CRITERIA

5.1 Membership Criteria and Conditions

Participation in the RTGS is open to those institutions duly approved by the BOJ and who have agreed to:

- a) comply with published Rules and applicable Procedures;
- b) supply any documentation as the BOJ may reasonably require;
- c) pay an entry fee as set by the BOJ;
- d) pay any membership, transaction and/or other fees that may be set by the BOJ;
- e) sign and unconditionally agree to the Membership Agreement between participants and that between participants and the BOJ.
- f) maintain and comply with an Information Systems Security Policy (ISSP), approved by the BOJ, that adequately protects the confidentiality, availability and integrity of all information both within the Payments System and within their own organisation;

- g) sign and comply with the BOJ's Payment Systems Communication Network Connection (PSCN) Agreement;
- h) obtain a SWIFT BIC to uniquely identify them in the system. Where a Participant is not a SWIFT member, they must obtain and hold a Non-Connected BIC;
- i) comply with all rules and procedures for the use and maintenance of Security Tokens providing access to the Payment System.

5.1.1 Full Members Criteria and Conditions

The following additional criteria and conditions apply to Full Members:

- a) Maintain a settlement account at the BOJ;
- b) Ensure their obligations to other Participants are met by the Final Cut-off of the RTGS;
- c) Ensure that all intraday liquidity received from the BOJ is returned before Final Cut-off of the RTGS;
- d) Maintain a Business Continuity plan, according to the guidelines provided by the BOJ, that confirms they can:
 - resume processing of payments within 30 minutes of an in-house system problem;
 - resume processing of payments within 1 hour in the event of a major problem requiring the use of their off-site contingency; and
 - transfer processing within 1 hour to a nominated agent who will facilitate payment processing on their behalf in the event that they are not able to rejoin the Payment System within the time specified above
 - Inform RTGS Operator whenever their system is likely to be unavailable for more than 10 minutes.

5.1.2 Restricted Members Criteria and Conditions

All restricted members must:

- a) comply with published Rules and applicable Procedures;
- b) enter into a valid and binding Membership Agreement with the BOJ; Maintain and comply with an Information Systems Security Policy (ISSP), approved by the BOJ, that adequately protects the confidentiality, availability and integrity of all information both within the Payments System and within their own organisation;
- c) sign and comply with the BOJ's Payment Systems Communication Network Connection Agreement;
- d) comply with all rules and procedures for the use and maintenance of Security Tokens providing access to the Payment System;

- (e) ensure their obligations to other Participants are met by the Final Cut-off of the RTGS;
- (f) maintain a Business Continuity plan, according to the guidelines provided by the BOJ, that confirms they can:
 - resume processing within 30 minutes of an in-house system problem;
 - resume processing within 1 hour in the event of a major problem requiring the use of their off-site contingency; and
 - transfer processing within 1 hour to a nominated agent who will facilitate payment processing on their behalf in the event that they are not able to rejoin the Payment System within the time specified above.
 - Inform RTGS Operator whenever their system is likely to be unavailable for more than 10 minutes.

5.1.3 Secondary Dealers

The following additional criteria and conditions apply to Secondary Dealers:

- a) maintain an agreement with a Commercial Bank on whose account they will settle their securities transactions;
- b) ensure their obligations to other Participants are met by the Final Cut-off of the RTGS;
- c) maintain a Business Continuity plan, approved by the BOJ, that confirms they can:
 - resume processing within 60 minutes of an in-house system problem;
 - resume processing within 4 hours in the event of a major problem requiring the use of their off-site contingency; and
 - transfer processing within 4 hours to a nominated agent who will facilitate payment processing on their behalf in the event that they are not able to rejoin the Payment System within the time specified above.
 - Inform RTGS Operator whenever their system is likely to be unavailable for more than one hour.

5.2 Restriction

The BOJ may restrict the right of a participant to use the RTGS or any feature thereof in the following circumstances:

- a) Where the BOJ determines that the participant is unable to properly use the RTGS or any feature thereof due to operational or technical problems with the participant's own systems or the systems of third parties, or due to events over which the participant has no control;

- b) Where the BOJ determines such action is necessary to protect the interests of the BOJ and is in the best interest of all other participants;

The BOJ may remove the restriction when the BOJ in its sole discretion determines that the participant is able to resume normal operations.

5.3 Suspension

Where a Participant is suspended this will cause the immediate suspension of its settlement account or any settlement account under its control. The BOJ may suspend a participant's participation in the services for the following reasons:

5.3.1 Automatic Suspension

BOJ shall suspend a Participant if it determines, in good faith, on the evidence available to it, that the participant is in such financial or operating condition that its continuation as a participant would cause a significant disruption to the services or would jeopardise the interests of RTGS or other Participants.

The occurrence of any of the following events will lead to an automatic suspension:

- a) if the Participant fails to comply with all the conditions of membership or where it is in breach of these Rules;
- b) the participant ceases to be eligible for participation in the RTGS system or to satisfy the qualifications or standards set by these rules;
- c) the registration or licence of the participant has been cancelled or suspended by a regulatory body;
- d) on the occurrence of a notifiable event in relation to the Participant.

5.3.2 Discretionary Suspension

The BOJ may suspend a participant:

- a) if the participant fails to act in accordance with the rules, procedures and user guides
- b) if it fails to comply with the conditions of membership.
- c) the participant commits a breach of the provision of the Rules that the BOJ in its discretion considers to be a significant breach
- d) if it fails to settle agreed fees and charges as set out by the BOJ;
- e) if it is engaging in or is about to engage in an unsafe or unsound practice which in the opinion of the BOJ is likely to hinder the satisfactory functioning of the system..

5.3.3 Requested Suspension

A Participant can request suspension for a limited period, not exceeding one (1) business day, where due to temporary technical or other serious operational issue, they believe they are temporarily unable to fulfil their obligations under these Rules.

This request is subject to the approval of the Payments System Overseer.

5.3.4 Notification of Suspension

The RTGS Operator shall promptly notify a participant of its suspension from participating in the System and the causes of this suspension. The Operator shall promptly inform the FISC, the FSC and all other participants of the suspension of a participant.

5.3.5 Retention of Positive Balances upon Suspension

If a suspended participant has a positive balance denominated in any currency credited to any account, then BOJ shall exercise the right of retention in respect of any such positive balance until all obligations are settled.

5.3.6 Appeal of Suspension

A Participant who is suspended under the provisions of these Rules, with the exception of Section 5.3.3 may appeal to the Overseer.

If a participant who is suspended by the BOJ appeals the suspension, the BOJ shall give the participant an opportunity, within five (5) business days after the effective date of the suspension, to make representation to the Bank of Jamaica, as Overseer.

5.4 Termination and Withdrawal

5.4.1 Termination

The Bank of Jamaica has sole authority to determine the existence of cause sufficient to consider termination of an entity's designation as a Participant of the RTGS.

Prior to termination, the BOJ shall:

- a) Notify the participant and the FISC and FSC of the intention to terminate.
- b) Give the participant an opportunity to make representations to the Overseer before its participation is terminated.
- c) Give at least five (5) business days written notice of the meeting at which the termination of the participant is to be considered.
- d) Give to the participant a summary of the reasons for the termination.

The participant shall cease to be a participant as of the date and time specified by the BOJ.

The RTGS Operator shall promptly inform the FISC, the FSC and all other participants of the termination of a participant.

5.4.2 Withdrawal by Participant

Any Participant may withdraw from the system at any time, subject to giving a minimum of 90 days prior notice in writing to the BOJ.

The BOJ shall advise the FISC, FSC and ALL other Participants of the system, at the same time, of the Participant's intention to withdraw.

In the event there are outstanding payment obligations, the withdrawing Participant must have an agreement with another Participant to process these obligations.

Withdrawal from the system will not entitle a participant to any refund of operating costs which it has paid or incurred and will incur a withdrawal fee covering administrative costs.

The participant shall cease to be a participant as of the date and time specified by the BOJ.

A Clearing House Operator may not withdraw from the RTGS without the agreement of the Clearing House members.

5.5 Reinstatement

A participant who has withdrawn or been terminated may at any time be reinstated by the BOJ. The participant must:

- a) give notice to the BOJ requesting reinstatement;
- b) meet the standards and qualifications for participation;
- c) demonstrate to the satisfaction of BOJ that it has discharged all of its liabilities and indebtedness to the BOJ and the other participants arising from any service;
- d) pay a reinstatement fee to be determined by BOJ.

The BOJ, may at its sole discretion approve or reject a request for reinstatement.

The RTGS Operator shall promptly inform the FISC, the FSC and all other participants of the reinstatement of a participant:

5.6 Limitation of Liability

“The Operator shall not incur any liability as a result of anything done by it bona fide in the exercise of any power or the exercise of any function or duty conferred on imposed by or under the MOU or the Participant Rules which results in the restriction of the rights of a Participant to use the System, the suspension of a Participant or the termination of an entity's designation as a Participant of the system. Neither in any such case shall the operator be liable for any loss, damage, cost, expense, liability or claim suffered or incurred by any Participant, arising from the restriction or suspension of a Participant or the termination of an entity's designation as a Participant in the system, or the decision by the Operator not to take any such action against a Participant, including any loss of opportunity, profit, market, goodwill, interest or use of securities, or any other special indirect or consequential loss damage cost, expense, liability or claim. Each Participant irrevocably releases the Operator from any such liability.”

5.7 *Survival of Obligations*

The liabilities and obligations of a Participant to the RTGS and to other Participants, and of RTGS and other Participants to the Participant, arising from its use of any Service or pursuant to the Legal Documents, shall survive the suspension, termination or withdrawal of the Participant as though the former Participant were still a Participant.

6 ROLES AND RESPONSIBILITIES

6.1 *The Participant*

- 6.1.1 It is the responsibility of each Participant to fund its own accounts for settlement.
- 6.1.2 It is the responsibility of each Commercial Bank or named Settlement Agent to ensure that funding arrangements are honoured, in accordance with any agreements.
- 6.1.3 A Participant is responsible for the correct generation and transmission of all instructions and messages and for the authenticity of such instructions and messages.
- 6.1.4 Each Participant is responsible for complying with the conditions of any Service Level Agreements, which may be agreed periodically.
- 6.1.5 Each Participant must have the appropriate technical capability, including adequate Business Continuity arrangements, so as not to hinder the smooth operation of the system(s).
- 6.1.6 Each Participant is responsible for its own communication facilities and connection to the Payments System Communications Network (PSCN).
- 6.1.7 Each Participant must be capable of sending and receiving its payment messages within the Payments System during the hours of operation of the RTGS and CSD systems as set out in the relevant Procedures Manual.
- 6.1.8 A Participant must accept all valid payment instructions originating from the RTGS time stamp prior to the cut-off times set out in the operating schedule.
- 6.1.9 It is the responsibility of the sending Participant to ensure that all their payment instructions are delivered to the RTGS.
- 6.1.10 Each Participant is liable for all charges which it incurs through the use of the system.
- 6.1.11 In the event of a prolonged technical problem a Participant must request that the BOJ suspends it from the Payments System. In such an event, the BOJ will inform all other participants, however it will be the responsibility of the Participant requesting the suspension to implement the required Business Continuity procedures so that large value payments and end of day squaring is still accomplished.

- 6.1.12 A Participant is obliged to advise the BOJ of any Notifiable Event(s) which may affect its participation in the system.
- 6.1.13 Where any Participant is aware that, through a system failure, it will be unable to participate normally it must inform the BOJ and any affected Participant(s), within a half-an-hour (½-hr) of the discovery of the failure and advise its plan for restoring normal operations.
- 6.1.14 Payments received through the RTGS for the account of a Beneficiary must be effected within two (2) hours of the payment being received. Where the payment is credited the next Operating Day, all interest accruing from that payment must be credited to the Beneficiary account within a reasonable time.
- 6.1.15 Each Participant is responsible for its own bank specific Payment Process Software and for ensuring that any changes which it makes are adequately tested so as to maintain the overall integrity of the RTGS system.
- 6.1.16 Each Participant must notify the BOJ, at least thirty (30) days in advance, and in writing of any such hardware and/or software changes which will impact the Participant's payment processing.
- 6.1.17 It is the responsibility of the receiving Participants to check the authenticity and validity of all payment messages.

6.2 The BOJ

- 6.2.1 The BOJ is the owner and operator of the RTGS and has full responsibility and control of the day-to-day business operations of the Settlement Accounts, and the day-to-day management of all routine daily activities;
- 6.2.2 The BOJ is responsible for providing detailed user guide and operational procedures.
- 6.2.3 All data on the system is the property of the BOJ.
- 6.2.4 The BOJ will be responsible for invoking contingency arrangements for the Payments System.
- 6.2.5 The BOJ is the Overseer of the RTGS system.
- 6.2.6 The BOJ is a Participant of the RTGS System.

6.3 The Overseer

The Overseer is responsible for implementing the Payment Systems Oversight Policy. The Oversight process ensures that all Systemically Important Payments (SIPS) systems, or designated system or clearing house, in Jamaica, are operated in a safe and efficient manner.

Members of all Payment Systems that settle on the RTGS agree to provide to the Overseer, in writing, and within five (5) business days of any request, any information relating to the Participant's operation of the RTGS system that the Overseer may require. Failure to supply information as requested by the Overseer may be grounds for suspension under Section 5.3 of these rules.

7 RTGS OPERATING RULES

This section describes the Rules for participation in the BOJ's Real Time Gross Settlement (RTGS) system.

7.1 *Authority to Act*

The Participant authorises the Central Bank to execute Payment Instructions which are received by the Central Bank in a format as described in the Procedures.

The Participant authorises the Central Bank to effect Account Transfers:

- i. for any other transaction that has been agreed in writing by the Participant.
- ii. for settlement of fees and charges to the Participant; and

7.1.1 Where a correctly formatted and authenticated Net Settlement file is received from an authorised Clearing House Operator, the Participants agree that payment instructions therein can be applied directly to the RTGS system.

7.2 *Payments Allowed*

All payments must be Gross.

7.2.1 *Currency of Payments*

- i. With the exception of item ii), below, only Payment Instructions in Jamaican Dollars between Participants settling over Settlement Accounts at the Central Bank may be made in the RTGS system and;
- ii. Payment Instructions between participants settling the cash leg of GOJ US\$ Bonds transactions in the RTGS as outlined in RTGS Operating Procedures, will be made in US Dollars.

7.2.2 *Message Types*

Payment Instructions entered through the Payments System Gateway must comply with the applicable standard SWIFT format rules as set out in the SWIFT User Documentation for:

- Single Customer Payment Instruction
- Single Bank to Bank Payment Instruction
- Multiple Customer Payments

7.2.3 *Value Dates*

All Payment Instructions for inclusion in the RTGS must have a value date of the current day or up to five (5) business days in the future or as set from time to time by the BOJ.

Where a valid Payment Instruction is submitted for a value date other than the current date but in accordance with 7.2.4, the payment will automatically enter the participant's payment queue for settlement on the value date and time within the payment instruction. Where no time is set in the Payment Instruction, the RTGS system will attempt to settle the transaction at the start the day.

Any Payment Instructions for value earlier than the date of transmission will be automatically rejected from the system.

7.2.4 *Future Dated Transactions*

Transactions may be submitted to the RTGS system up to **5 business days** in the future or as set from time to time by the BOJ. Such transactions will be kept in the RTGS (warehoused) and submitted for processing on the date/time specified in the transaction.

7.2.5 *Payment Values*

The primary purpose of the RTGS is for the clearing and settling of large value and time critical transactions. The use of the RTGS is mandatory for all amounts equal to or greater than any thresholds as designated for other payment systems by the BOJ.

7.3 ***Payment Routing Validation***

All payment messages for inclusion in the RTGS system must be in SWIFT format and are authenticated by the RTGS system.

Under exceptional circumstances and with the prior agreement of the BOJ, the BOJ may initiate transactions on behalf of a Participant using the Central Bank user interface. Where such transfers are undertaken, Participants will be notified by SWIFT format debit or credit advices.

7.4 ***Wrongly Delivered Messages***

Each RTGS Member sending a message is responsible for ensuring that the messages are acknowledged by RTGS system.

Where a message has been incorrectly sent, and has been settled, it is the responsibility of the sending Participant to contact the receiving Participant and request the relevant SWIFT format message(s) are sent to correct the balances for both Participants concerned.

7.5 Authentication of Payment Messages

Each Participant is responsible for the authentication of messages

A RTGS Participant is responsible for the correct generation and transmission of its payment instructions and for the authenticity of such payments. The sending Participant must accept responsibility for the accuracy and completeness of all its payment messages.

The RTGS will NOT take account of validation rules at the receiving Participant.

7.6 Payment Message Formats

Standard SWIFT message formats for the message types listed in Annex A must be used. It is the responsibility of the sending Participant to ensure that all fields are correctly completed.

Where there is a discrepancy between a beneficiary account number and the beneficiary name and address in a message, the system will only recognize the account number.

7.7 Conditions of Settlement

7.7.1 The Central Bank shall not settle a Payment Instruction if settlement of that Payment Instruction would, upon settlement, reduce the balance of the Participants Account below the minimum account balance stipulated at the time.

7.7.2 If a Payment Instruction is not settled due to the requirements of clause 7.7.1 it will be queued, during the Business Day, within the RTGS until there are sufficient funds available in the Participant's settlement account to ensure that the Participant's account balance will not fall below the Minimum Account Balance upon settlement of the Payment Instruction.

7.7.3 A Payment Instruction in the RTGS system is deemed to be irrevocable at the point in time when the Participant's account is debited in the RTGS; and the payment is completed when the receiving Participant's account is credited.

7.7.4 The Participant acknowledges that settled Payment Instructions shall not be reversed.

7.7.5 Payment Instructions with the current date as the Value Date which have not been settled in the RTGS before the end of the Business Day will be cancelled and the Participants advised.

7.7.6 Cancellation of a Payment Instruction may be initiated by the sending RTGS Participant or by the Central Bank at the request of that RTGS Participant provided its account in the RTGS has not been debited for that payment.

7.7.7 Settlement Accounts will not be permitted to fall below zero value.

8 GOVERNANCE ARRANGEMENTS

8.1 Ownership

The RTGS system is owned by the Bank of Jamaica.

8.2 Operating Hours

8.2.1 The Operating Hours will be set by the BOJ in consultation with Participants. These hours will identify cut-off times for customer payments and windows for settlement of obligations from other systems.

8.2.2 A payment is deemed to have been made within its appropriate time once it has been settled over the Settlement Accounts in the RTGS. The time stamp allocated to the relevant entries on the settlement accounts in RTGS will be the time when the payment is deemed to have been made.

8.3 Operating Days

8.3.1 The RTGS system will usually operate on all normal banking days; this will be any day other than Saturdays and Sundays and public holidays and any other days as notified by the BOJ.

8.3.2 In exceptional circumstances, as may be advised by the BOJ, such as a natural disaster affecting the entire system of the Payments System, and at the sole discretion of the BOJ, a normal operating day may be declared a non business day and any non business day may become a normal business day. In such an event Participants will ensure that there is no penalty or loss of interest to any party where transactions normally carried out on the affected day have not been processed.

8.4 Statements and Reports

Bank statements will be provided to participants and other reports generated by the RTGS system will be provided by the BOJ on request.

8.5 Amendments to Rules

The BOJ is responsible for the RTGS rules and may amend them periodically after consultations with participants.

Participants may submit proposals for changes in these Rules. Such proposals should fully describe the purpose and benefit of the change being proposed and should be sent to the

Payment Systems Overseer. The BOJ will, at its absolute discretion, rule on the acceptability or otherwise of proposals to change the RTGS rules.

Reasonable notice will be given in writing to Participants before implementation of any changes.

8.6 Dispute Resolution

The Participants agree that every effort shall be made to resolve amicably by direct negotiation, any disagreement or dispute arising between them under or in connection with these Rules.

Where attempts at direct negotiation have been unsuccessful, notification of intent to dispute must be sent to the other Participant and the Overseer, setting out a full description of the matters in dispute within fourteen (14) days of such intention arising.

Pending the resolution of the dispute, the Participants will continue to perform all their obligations under these Rules.

The Chief Executive Officer of the Participants must personally or through nominees attempt to resolve the dispute, on the basis that the Participants wish to retain an ongoing relationship.

If the Chief Executive Officers, or their nominees, are unable to resolve any dispute within fourteen (14) days of the notice or any other time frame as the Participants may agree, then either Participant may give notice to the other Participant that the matter is not resolved and that the Participant shall refer the dispute to arbitration before a single arbitrator in accordance with the Arbitration Act of the Laws of Jamaica or any statutory modification or re-enactment thereof for the time being in force. The Arbitrator is to be appointed by the President of the Jamaican Bar Association. The decision of such arbitrator shall be final and binding on the Participants.

8.7 Fees and Charges

The Participants acknowledge that the BOJ has the right to set fees and other charges as set out in BOJ Payments Pricing Policy.

The BOJ agrees to apply the same fee structure to all Participants using the same services within the Payments System.

The Participants acknowledge that the BOJ may recover ongoing and variable costs where feasible by volume based charges to Participants.

The Participants agree that the BOJ may periodically review its fees and charges, following consultation with, and taking due account of the views of the Participants.

The BOJ reserves the right to charge Participants on a cost recovery basis for any additional services rendered to Participants.

8.8 Indemnity

All officers, employees and agents of the RTGS Operator shall be indemnified against any action, claim, liability or suit whatsoever in respect of any act or matter done or ordered to be done, or omitted to be done, by them in good faith and in the intended exercise of any power or performance of any duty conferred on them under these Rules.

Each Participant shall indemnify and hold harmless BOJ and all other Participants and their respective directors, officers, employees and agents from and against any loss, damage, cost, expense, liability or claim (including the cost of legal counsel to advise on or defend against such claims) suffered or incurred by or made against it, them or any of them arising from:

- (a) any interruption, malfunction or disruption of the RTGS operations to the extent caused or contributed to by any negligent, reckless, willful, fraudulent or dishonest act or omission of the Participant or of any director, officer, employee, servant, contractor or agent of the Participant done while acting in the course of office or employment or made possible by information or opportunities afforded by such office or employment;
- (b) any incorrect instructions, information or documentation provided to by the Participant; and
- (c) any breach by the Participant of its obligations, under the MOU, or the Participant Rules or any applicable laws or regulations.

8.9 Severability

In the event that any one or more of the terms and conditions contained in this Agreement shall be determined invalid, unlawful or unenforceable in any respect, then such term(s) or condition(s) shall be severed from the remaining terms and conditions which shall continue to be valid and enforceable to the fullest extent permitted by law.

8.10 Confidentiality

The Operator and each participant will preserve the confidentiality of how i) RTGS works, and ii) any and all information concerning or provided by the Operator, that, at the time of disclosure, is marked as confidential or is disclosed orally as confidential and that becomes known to the Participant through the operation of any service, or in anticipation of any new service, including any on-going projects, records, data and reports.

In preserving such confidentiality, the Operator and each Participant shall exercise the same degree of care as it uses with respect to its own confidential information.

The Operator authorises the participant to release any confidential information concerning the RTGS:

- a) to the auditors of the Participant, as may reasonably be required to perform their duties;

- b) to the legal counsel of the Participant, as may reasonable be required to perform their duties;
- c) as may be required from time to time by order, summons, subpoena, statutory direction or other process of, or pursuant to an agreement with, a court, regulatory body or other administrative or regulatory agency, having in the opinion of the Participant, jurisdiction over the Participant.

In all cases such disclosure must be advised to the Operator.

8.11 Law and Jurisdiction

The Rules of the system and any agreements there under shall be governed by and construed in accordance with the Laws of Jamaica.

8.12 Notices

Any notice, request or other communication required or desired to be given or made pursuant to these Rules shall be in writing and shall be considered to have been made when the relevant document is delivered to the addressee, unless the parties otherwise agree in writing. Such notices shall be addressed to:

Bank of Jamaica
Nethersole Place
Kingston
Jamaica

Attention: Manager, Payments System Department

Telephone

e-mail

ANNEX A: RTGS PARAMETERS

This Annex contains the accepted RTGS message types and the daily operating schedule. The contents of this Annex may change from time to time at the sole discretion of the BOJ, after consultation, where applicable, with Participants.

RTGS Message Types Accepted

- ◆ MT102 - Multiple Customer Credit Transfer
- ◆ MT103 - Single Customer Credit Transfer
- ◆ MT202 - Bank to Bank Transfer
- ◆ MT298 - User Defined
- ◆ MTx99 MT999 - Free Format

- ◆ MT102 - Multiple Customer Credit Transfer
- ◆ MT103 - Single Customer Credit Transfer
- ◆ MT202 - Bank to Bank Transfer
- ◆ MT900 - Debit Advice
- ◆ MT910 - Credit Advice

- ◆ MT950 - Statement Message
- ◆ MT999 - Free Format
- ◆ MT198 (sub code 012) – Sender Confirmation
- ◆ MT298 (sub code 012) – Sender Confirmation

Daily Operating Schedule

Time	Activity		Description
	RTGS	CSD	
07:30	System Start	System Start	<ul style="list-style-type: none"> ▪ RTGS and CSD systems started ▪ Value date set ▪ Network and web servers enabled ▪ Housekeeping with GL completed ▪ Adjustments made from overnight processing if required ▪ View access to both RTGS and CSD systems
07:45		Accept certain movements	<ul style="list-style-type: none"> ▪ CSD opens for movement of ILF securities
08:00	Open for Business	Open for Business	<ul style="list-style-type: none"> ▪ Hi Priority BOJ tasks performed (Eg: securities maturity and return leg of overnight Repos) ▪ RTGS and CSD opens for all payment and securities movement types
09:15-09:30	ACH Window 1		<ul style="list-style-type: none"> ▪ First ACH settlement window includes DD, DC and cheque clearing
11:00-11:15	MultiLink Window		<ul style="list-style-type: none"> ▪ POS and ABM Clearing
15:45-16:00	ACH Window 2		<ul style="list-style-type: none"> ▪ Second ACH Window
16:20		Initial Cut-off	<ul style="list-style-type: none"> ▪ CSD Secondary Market Closes ▪ Banks (and PDs) can operate for bilateral transactions
16:20	Initial Cut-off		<ul style="list-style-type: none"> ▪ MT1xx transactions are no longer

Time	Activity		Description
	RTGS	CSD	
			<p>accepted</p> <ul style="list-style-type: none"> ▪ Participants clear pending payment instructions ▪ Only MT2xx payment instructions accepted ▪ All management functions available eg: priority changes and cancellations ▪
16:45	Final Cut-off	Final Cut-off	<ul style="list-style-type: none"> ▪ No further payment instructions received ▪ Monitoring facilities continue ▪ All pending payment instructions (RTGS and CSD) are cancelled and the system advises participants ▪
17:00	End of Day	End of Day	<ul style="list-style-type: none"> ▪ BOJ performs end of day functions ▪ Archive of information; ▪ Generation of reports; ▪ Upload of data to GL ▪ CSD Upload to Vision ▪ RTGS and CSD System shutdown

Signature Page

We, the undersigned participants, hereby agree to abide by these rules.