

RTGS (Membership) Business Operating Guidelines, 2004

Chapter 1

Introduction

1. This Real Time Gross Settlement System (hereinafter referred to as the RTGS System), set up, operated and maintained by the Reserve Bank of India (RBI) comprises of the RTGS application, the Inter-Bank Funds Transfer Processor (IFTP) application and the RTGS Member (RTGS Participant) Interface application. The RTGS and the IFTP applications will, for the purposes of this document, be referred to as the Central System jointly. The Member Interface (hereinafter referred to as the PI) will be provided by the Reserve Bank of India (RBI) to all the Type 'A' and 'B' members of the RTGS System.
2. These Operating Guidelines shall be called the Real Time Gross Settlement System Business Operating Guidelines, 2004 and shall come into force from the date and time of its of a member to the RTGS system and shall be complied with by all the RTGS Members.
3. Unless specifically mentioned otherwise, the 'time', mentioned in this document, shall mean and imply Indian Standard Time and all 'amounts', mentioned in this document, shall be in Indian Rupees.
4. Time stamps, affixed by the Central System on the transactions and events, will be the applicable time stamps involving the RBI and the RTGS members for all matters relating to the Central System.

Chapter 2

RTGS Membership Type

1. Entities in the banking and financial sector in the country, on being granted RTGS membership, will each be assigned a membership type. The membership type of each RTGS member will determine the transaction types for which the RTGS member will be eligible under the RTGS System. The membership type will be assigned at the discretion of the RBI. Till notified otherwise, the RTGS members will fall into the following membership types :
 - a) **Membership Type 'A'** – All the Scheduled Banks, including the Scheduled Cooperative Banks, will be eligible for Membership Type 'A'. All such RTGS members will be eligible for all types of RTGS Transactions including customer-based RTGS Transactions. All such RTGS Members will have a PI each and will be eligible for Intra-day Liquidity support from the RBI . All such RTGS members will require to have the infrastructural facilities, as specified by the RBI from time to time, to continue to be eligible for participation in the RTGS System.
 - b) **Membership Type 'B'** – All the Primary Dealers will be eligible for Membership Type 'B'. All such RTGS members will be eligible for all types of RTGS transactions excluding customer-based RTGS transactions. All such RTGS Members will have a PI each and will be eligible for Intra-day Liquidity support from the RBI. All such RTGS members will require to have infrastructural facilities, as specified by the RBI from time to time, to continue to be eligible for participation in the RTGS System.
 - c) **Membership Type 'C'** – A bank or a Primary Dealer, operating in Call Money Market and maintaining one or more Current Accounts in the Deposit Accounts Department, RBI, Mumbai, will be eligible for Membership Type 'C'. Such a member will neither have a PI nor will be eligible for Intra-day Liquidity and will avail of RTGS facilities only through Sponsor Banks. Type 'A' RTGS members only can be Sponsor Banks. RBI may offer to be a sponsor bank for Type 'C' members. All the Type 'C' members will be required to have sufficient funds in their respective Current Accounts or fully collateralised credit lines as arranged with their respective Sponsor Banks. Each Type 'C' Member will have one Sponsor Bank at a time.
 - d) **Membership Type 'D'** – All the Clearing Entities, taking care of Net Settlement Clearings, will be eligible for Membership Type 'D'. Each such member will have a Net Settlement Interface software from the RBI . Each Type 'D' Member will be eligible to submit Multilateral Net Settlement Batche/s (MNSBs) to the Central System, as the case may be, for settlement and to receive notifications in respect thereof including broadcast, if any.
2. The RBI may define new membership types. It may disable an existing membership type/member at any point of time. It may also, at its discretion, change/restrict the facilities/transaction types, available to a member/membership type at any point in time.
3. In addition to being the Service Provider, the Reserve Bank of India, Mumbai will also participate in the RTGS System as a type 'A' member.

Settlement Account & Funding Account

4. All the RTGS Type 'A' and Type 'B' members will be eligible for a separate account each, called the 'Settlement Account' with the Deposit Accounts Department, RBI, Mumbai. This 'Settlement Account' will be opened by Bank for each such RTGS member on its admission as an RTGS member.
5. The Settlement Account will be used exclusively for the purpose of the settlement of the RTGS transactions (as defined in Chapter 3) or any other purposes, as may be notified by the Bank from time to time. Further, the Bank may, at its discretion, also settle any RTGS transaction(s) of the RTGS Members, through their respective current accounts. Such RTGS Members will be notified of the settlement of such transactions.
6. The Settlement Account of each RTGS member will be funded at the RTGS Start-of-Day from the RTGS member's Funding account i.e. a Current Account maintained with the Deposit Accounts Department, RBI, Mumbai and designated as the Funding Account for the purpose by the RTGS member. The RTGS member will provide a duly authorized mandate, in the form of a Standing Instruction, in the prescribed format, in favour of RBI, Mumbai for debiting its current account and crediting its Settlement Account.
7. The mandate for funding the Settlement Account will indicate the funds, to be transferred from the Funding Account to the Settlement Account, at the RTGS Start-of-Day. One of the following options in this regard may be indicated by the RTGS member in this mandate.
 - a) Amount : The actual amount of funds to be transferred from the Funding Account to the Settlement Account.
 - b) Residual Amount in the Funding Account: The minimum amount, which must always remain in the Funding Account thereby making available funds above this amount in the Funding Account for transfer to the Settlement Account.
 - c) Percentage of the Available Funds : A specified percentage of the balance in the Funding Account for transfer to the Settlement Account.
 - d) Percentage above Residual Amount: A specified percentage of the balance, above a specified minimum amount in the Funding Account, will be transferred to be Settlement Account.
8. The Bank may, at its discretion, offer only a subset of the above four options to the RTGS members at any point of time. However, for the present, only option (a) above will be available to the RTGS members.
9. The balance in the Settlement Account at the RTGS End of Day will be swept back to the Funding Account of the RTGS member.
10. The members has an option of not transferring any amount to the settlement account at the start of the RTGS Business day. The RTGS Settlement account of any member can start with a zero balance at the beginning of any RGTS business day

Chapter 3

Transaction Types

1. The processing for settlement or otherwise, as the case may be, of the following base transaction types will involve the respective Settlement Accounts/Current Accounts of the RTGS members.
 - a) Inter-institutional transactions
 - b) Customer transactions
 - c) Delivery versus Payment transactions
 - d) Own Account transfers Transactions
 - e) Multilateral Net Settlement Batches (MNSB) Transactions The eligibility of a RTGS member to undertake all or a subset of the above transaction types will be governed by its RTGS membership type.
2. Defining new Transaction Types :
 - (i) New transaction types can be defined by the Bank in the RTGS System and the definition of the new transaction type will be notified to the RTGS members. Each new transaction type will be based on one of the base transaction types, specified herein and will be associated with the base transaction type through code words. Each transaction type may differ from the other transactions type(s), associated with the same base transaction type in respect of default priority, operating and settlement sessions and eligibility for Intra-day Liquidity.

Chapter 4

Communication between the PI and Central System

1. Each RTGS member with a PI will communicate with the Central System through the PI only. Each RTGS member will communicate only through their PI with the IFTP system of the Central System
2. Mode of communication : All the interactions between the IFTP System and the PI will be through pre-defined messages only. The Indian Financial Network (INFINET) or any other communication network, as may be specified by the Bank for the purpose from time to time, will be the communication backbone for all such interactions.
3. Security of communication : All the messages between the PI and the IFTP System will be digitally signed and encrypted for ensuring security of message transfer. The IFTP System will not accept for further processing any message from any PI, which does not meet the security requirements. Any message from a PI to the IFTP will be digitally signed and encrypted by the PI. Similarly, any message from the IFTP to the PI will be digitally signed and encrypted by the IFTP. For the purpose, each PI will be required to have a pair of signing and encryption certificates from the Institute for Development and Research in Banking Technology, Hyderabad Certifying Authority (IDRBT CA), following the IDRBT CA Certification Practice Statement (CPS).
4. Format for communication : All messages between the PI and the IFTP system will be exchanged only in the message formats, as specified in the User Guide, supplied to the RTGS members by the Bank and will not accept any other message format for processing. Bank may introduce new message formats, as required , for use under the RTGS System.
5. Unique Identification for Messages : Every message, released by the PI to the IFTP system, will be assigned a Unique Transaction Reference (UTR) before it is released. A message, not containing a UTR, will not be processed by the IFTP System. However, if the message originates from any other source (internal application) of the RTGS member, the above source itself will be required to allocate a UTR to the message. Such a message will be routed to the IFTP system through the RTGS Member's PI only. Further, every message, released by the PI to the IFTP system, will be assigned a Sequence Number (SN) . Any message, received at the IFTP system with a SN, which is not the next expected SN from the concerned PI, will not be processed by the IFTP System.
6. Duplicate Handling : If a message is received by the IFTP system with a UTR, which was received earlier and if the contents of the message are the same as that of the earlier message received from the PI, the message will be treated as a duplicate and will not be processed by the IFTP System. In case a response to the earlier message has already been sent, the same response will be sent again, after being marked as a potential duplicate. If the contents of the message, with the same UTR as that of the one received earlier, are different from those of the earlier message, the receipt of the message at the IFTP System will be treated as a security breach and the IFTP-PI link will be logically severed. However, the PI system has been so designed under the RTGS System as to ensure that the possibility for the occurrence of a duplicate message is very low.

Chapter 5

Sending Messages to the IFTP System

1. Sending Payment Messages to IFTP System: An RTGS Member may send, inter alia, different kinds of payment messages (transactions) to the RTGS System through the IFTP System. The payment transactions may be one of the following types:
 - a) For making payments by debit to its Settlement Account and credit to the Settlement Account of any other RTGS member (either inter-bank fund transfer or customer based inter-bank fund transfer transactions).
 - b) For transferring funds between its own accounts (between its Current Account and Settlement Account or between two of its Current Accounts, all maintained with the Deposit Accounts Department, RBI , Mumbai).
 - c) For sending Multilateral Net Settlement Batch transactions for settlement in the RTGS System (in case of Type 'D' members only).
2. Sending other Messages to the Central Systems : A Type 'A' or Type 'B' member may use its PI to send different kinds of messages such an enquiry messages, transaction cancellation messages, re-prioritisation messages etc. to the Central Systems.
3. Receipt of Payment message in the IFTP System and its Acknowledgement :
 - (i) Every message, received by the IFTP System, will be acknowledged by the IFTP System, after subjecting the message to a set of security, format and business validations. A positive IFTP acknowledgement will be sent to the PI originating the message, indicating that the message has been accepted for further processing. A negative IFTP acknowledgement will be sent in case the message cannot be accepted for further processing and an appropriate reason code, indicating the reason for the failure of acceptance by the IFTP System, will be specified in the acknowledgement (message).
 - (ii) A positive IFTP acknowledgement does not, in any way, mean that the message(transaction) has been processed or will be taken up for processing. Also, the transaction may be rejected by the RTGS system for validation failures, subsequent to dispatch of a positive IFTP acknowledgement (e.g. if a payment message is received by the RTGS System outside a valid operating session or a cancellation message is received for a transaction, which has already been settled).
 - (iii) A negative IFTP acknowledgement, which indicates a potential security breach, may result in the IFTP-PI link being logically severed after a control message is sent, indicating the reason for the logical link severance. The reasons include:
 - a) Failure of signature verification;
 - b) Receipt of a message with the same UTR as in the case of a previously received transaction, but with a different message SN or transaction details;
 - c) Receipt of a message with the same UTR as in the case of a previously received transaction, but with different contents;
 - d) Receipt of a message with a SN, which is not the same as the next expected SN; and
 - e) Receipt of a message with a SN, which is the same as in the case of a previously received message, but with a different message contents.
4. Defining new Transaction Types :
 - (i) New transaction types can be defined by the RBI in the RTGS System and the definition of the new transaction type will be notified to the RTGS members. Each new transaction type will be based on one of the base transaction types, specified herein and will be associated with the base transaction type through code words. Each transaction type may differ from the other transactions type(s), associated with the same base transaction type in respect of default priority, operating and settlement sessions and eligibility for Intra-day Liquidity.
 - (ii) The code words, identifying a transaction type, will be inserted in the Field (Sender to Receiver Information) of the payment message in the format specified for this purpose. On the receipt of a payment message, the Central System will assign a transaction type to the transaction, based on the code words in the message.
5. Priority of Transactions :
 - (i) Each payment transaction, originating from a PI (except an MNSB) must be assigned a priority, before it can be taken up for settlement by the RTGS System. The same priority can be assigned to more than one transactions. In such cases such transactions shall be settled on the first-in-first-out basis.

- (ii) The available range of priority is 01-99. The lower is the assigned number, the higher will be the priority. A priority range of 01-10 is reserved for use by the Bank and these priority numbers will not be available for use by an RTGS member. The Bank reserves the right to change the reserved priority range at any time and such a decision will be final.
- (iii) The RTGS member may assign a priority to a payment transaction from the PI before releasing the transaction to the IFTP System. Each transaction type is associated with a default priority. If no priority has been assigned to a payment transaction, the IFTP System will assign the default priority.

Chapter 6

Settlement of Transactions

1. Settlement of transactions :

- (i) A payment transaction is deemed to have been settled when the Settlement Account or the Current Account (of a Type 'C' member) of the RTGS member (which is to be debited through the transaction) has been debited and the Settlement Account (Current Account of a Type 'C' Member) of the RTGS member (who is to be credited through the transaction) has been credited.
- (ii) A transaction will be settled only if there is sufficient balance in the Settlement Account, which has to be debited. Otherwise, the transaction will be rejected or placed in the RTGS member's logical payment queue in the RTGS System, depending on the properties of the transaction type of the payment message.
- (iii) On settlement of transactions, all the RTGS members, whose Settlement Accounts have been debited/credited, will be notified by the Central System, provided the RTGS members have a PI each.

2. Finality and Irrevocability of Settlement : On settlement, the settlement of a payment transaction will be final and irrevocable, excepting for un-clear credits in respect of the MNSB transactions.

3 Multilateral Net Settlement Batches :

- (i) All MNSB transactions (arising out of Net Settlement Clearings of Type 'D' Members) will be settled through the RTGS System. These include net settlement batches arising from Cheque Clearing Operations, Foreign Exchange Clearings, Electronic Funds Transfer, Electronic Credit and Debit Clearings, Government Securities Clearings and any other MNSBs, as decided by the RBI from time to time.
- (ii) MNSB transactions will be submitted to the IFTP system only by the Type 'D' members through their respective Net Settlement Interfaces. These transactions will be subject to the business, format and security validations, as in case of other RTGS transactions requests.
- (iii) All MNSB transactions will settle in a batch mode. All the transactions in the batch will be put through or none at all. Each MNSB transaction will be required to be settled in a defined settlement window (to be defined by the RBI), which begins from the time the batch is received for settlement in the RTGS System. During the settlement window, the batch will be periodically re-tried for settlement. The length of the settlement window and the periodicity of the re-tries will be defined by the RBI. An MNSB transaction, which can not settle during this window, is liable to be cancelled. In the event of the cancellation of an MNSB, the batch will be sent back to the originating Clearing Entity, which will then initiate necessary action, as provided for under the rules and regulations governing the Clearing Entity.
- (iv) The RTGS members, who have to meet a net debit obligation under a particular MNSB transaction, must ensure that sufficient funds are available in their respective Settlement Accounts (Current Accounts in case of type 'C' members), when the MNSB transaction is received for settlement and at every point of time, when the batch is applied/re-tried for settlement. In case an RTGS member does not have sufficient available balance in its Settlement Account/Current Account to meet its debit obligation during the settlement window at the point of submission for settlement or re-try, a shortfall notification will be sent to the RTGS member intimating to the RTGS member about the shortfall. Any delay in the settlement of an MNSB transaction, due to failure on the part of an RTGS member/s to provide adequate liquidity to meet their respective debit obligations, will be viewed seriously by the RBI.
- (v) No Clearing Entity will be permitted to cancel an MNSB transaction, once it has been received by the Central Systems. An MNSB transaction can be cancelled by the RBI only.

- (vi) In case of the MNSB transaction/s with associated return or MNSB transaction/s with dishonor period, if any, any credits accruing to an RTGS member will be treated as “uncleared” credit and will not be allowed to be withdrawn by the RTGS Member till the associated return MNSB transaction has been applied and settled or the dishonour period, if any, therefor has expired.
- (vii) The MNSB transaction/s with associated sponsorship arrangements/lines of credit will be able to make use of the sponsorship arrangements/lines of credit only during the last settlement attempt in the settlement window, as defined for the MNSB transaction.
- (viii) The RTGS members, including the Clearing Entity, which submitted the MNSB transaction for settlement, affected by an MNSB transaction, will be notified by the IFTP system on settlement/failure of each settlement attempt of the MNSB transaction. In case of failure of an MNSB transaction, the Clearing Entity will be notified of the reason for failure, including details of the clearing participants, who failed to meet their debit obligations as well as the actual amount of shortfall. In case an MNSB transaction is settled by the invocation of sponsorship arrangements/lines of credit, the Clearing Entity will be notified of the clearing participants in whose accounts there was a shortfall, the amount of the shortfall in each such clearing participant’s account, the sponsor/s from whom funds had been invoked to settle the MNSB transaction and the amount invoked from each such sponsor.

4 Un-cleared Funds Account :

- (i) Each RTGS member, which participates in a clearing settlement with associated returns or in a clearing settlement, which has an associated dishonor period, must designate an Un-cleared Funds Account, at the time of being granted the status of an RTGS member. The Un-cleared Funds Account is a Current Account, maintained by the RTGS member in the Deposit Accounts Department, RBI , Mumbai.
 - (ii) Any credit accruing to an RTGS member from any clearing settlement, which is not complete (i.e. subsequent return clearing settlement/s are expected or the dishonor period is yet to expire), will be treated as un-cleared funds and no withdrawals will be allowed against such credit.
 - (iii) The un-cleared credit will remain to the credit of the Un-cleared Funds Account till the funds become clear i.e. the last return, associated with the clearing settlement, has been received and settled or the associated dishonor period has expired. Debits accruing to a member from an MNSB return transaction will be applied first to the un-cleared credit, if any, of the clearing participant from the original MNSB transaction.
 - (iv) On completion of the clearing cycle (settlement of the associated return clearing), the credit balances in the un-cleared funds will be transferred to the clearing participant’s Settlement Account or Current Account, as the case may be.
5. **Queuing Mechanism :** Unsettled payment transactions, if so configured by the member / or by default, will be maintained in the RTGS system in a logical Payment Queue, pending settlement. The queue will be ordered by priority numbers of the transactions and, within a priority number, by the time of receipt in the RTGS System. No transaction will be taken up for settlement unless it is at the top of the payment queue, though members may, by cancellation or re-prioritization of such unsettled transactions in the Payment Queue, change the order of the transactions waiting in the payment queue. An MNSB transaction, at the time of a settlement attempt, will override the priority and/or First In First Out (FIFO) order of all other transactions in the payment queue.

6. Gridlock Mechanism :

- i) The Bank may, at its sole discretion, invoke the gridlock resolution mechanism of the RTGS System to settle queued transactions at periodic intervals. The Bank is, however, in no way, obligated to invoke this mechanism to settle queued transactions and no member of the RTGS System can claim any right to have its payment transactions settled through the gridlock resolution mechanism. Further, all the RTGS members, non-settlement of whose transactions had led to the invocation of the Gridlock Resolution Mechanism, may be penalized, as decided by the Bank. The decision of the Bank shall be final.

- ii) The MNSB transactions will not be eligible for settlement through the gridlock resolution mechanism. 7. Incoming Payments : No RTGS member will be able to view its incoming transactions (incoming credits), before such transactions are settled.

Chapter 7

Intra-day Liquidity (IDL) Facility

1. The Bank may, at its sole discretion, grant access to intra-day liquidity (IDL) facility to the Type 'A' or 'B' members for the settlement of their RTGS transactions. The terms and conditions under which such IDL will be granted will be set at the sole discretion of the Bank and will be notified to the above members from time to time. The decision of the Bank shall be final. The Bank will provide the intra-day liquidity facility to the eligible RTGS members to help overcome short-term requirements for funds (during the RTGS business day) for settlement of the transactions. **The eligible RTGS members will use the intra-day liquidity facility only for overcoming genuine short term funds requirements.** The Bank may withdraw the intra-day liquidity facility at any point of time and the decision of the Bank will be final. Each RTGS member, eligible for IDL facility, will enter into an IDL Agreement with the Regional Director, Bank, Mumbai in the prescribed format at the time of admission as an RTGS member. The IDL will be available as a repo, as decided by the Bank. The IDL amount, availed of, will require to be fully repaid/reversed before the RTGS End of Day .
2. **Eligibility** : Only Type 'A' or Type 'B' members are eligible for IDL support from the Bank. The eligibility of a member to avail of intra day liquidity from the Bank for the settlement of its RTGS transactions will be determined at the sole discretion of the Bank. The Bank may, at any time, withdraw the IDL facility from a member and the decision of the Bank will be final.
3. **Quantum of IDL** : Bank will determine the maximum IDL a member can avail of at any point of time. The limit may be increased or decreased by the Bank, at its sole discretion.
4. All IDL, provided by the Bank, will be through a Repo transaction involving eligible securities. The securities, eligible for IDL include dated Central Government securities and Treasury Bills and any other securities, notified by the Bank for the purpose.
5. The securities, accepted for IDL, will be valued at the face value. The valuation methodology may be changed by the Bank, at its sole discretion, from time to time.
6. The drawing power of securities accepted for IDL will be determined after applying margins at the specified rates. The margin rates to be applied on securities will be determined by Bank at its sole discretion.
7. **Mechanism** : (i) IDL will be granted to the eligible RTGS members by way of intra-day Repo. Each RTGS member, eligible for IDL, will open a dedicated securities account with the Bank, styled as the Intra Day Liquidity-Subsidiary General Ledger (IDL-SGL) for the purpose. Members will transfer and deliver, at the designated time, those eligible securities to this account, which they are willing to offer to the Bank for availing IDL. Such transfers will be treated as own account value free transfers, for which no specific approval from the Bank is required.
(ii) Such securities transferred to the IDL-SGL shall be transferred to the Bank's SGL account, by the Bank, under the powers derived from the power of attorney executed by the members' in this regard. The IDL limit will be sanctioned by the Bank based on the securities so transferred.
(iii) The Bank may, at its sole discretion, change the mechanism through which IDL is provided to the eligible RTGS members and the decision will be final.
8. **Usage of IDL** : The IDL generated funds shall be used by the RTGS system for the settlement of any transaction in the defined priority order and not just for the transaction for which the IDL was requested.
9. **Reversal & Maturity** : (i). The IDL, availed and used by the members, must be reversed at the earliest or in any case, must be reversed before the close of the IDL Shut phase .
(ii) The RTGS system will, based on an IDL Reversal Timer Frequency, automatically attempt to reverse any IDL, availed of by the RTGS members, during the course of the RTGS Business Day. The frequency will be determined by the Bank , at its discretion only.
(iii) A "Threshold for IDL Reversal" may be configured for each RTGS member. Outstanding IDL for the RTGS member may not be reversed, unless there is sufficient available balance in the RTGS member's Settlement Account to cover the threshold value for the RTGS member after the reversal of the IDL. The decision of the RBI on the ' Threshold for IDL Reversal' will be final. The 'Threshold for IDL Reversal' could be zero amount also.

(iv) In the IDL Shut and Close phases under the RTGS Business Day, the restriction relating to the availability of the threshold value of funds, if any, will not be applicable. All available liquidity in the settlement account will be used for the reversal of any outstanding IDL.

10. **IDL Charges** : The Bank may not charge any interest for the usage of the IDL. However, a transaction charge per instance of IDL, used and/or reversed, may be recovered by the Bank. The Bank may also levy differential transaction charges based on the time of the day that the IDL is being used. The Bank may also, at its sole discretion, change the manner in which IDL is charged.
12. **Penalties** : If an RTGS member fails to repay any IDL availed of by it before the end of the RTGS day, the securities against which such IDL has been availed of and to the non-reversal of IDL, will get transferred to the Banks Investment Account. Next working day, the member will have to repurchase the above securities within 1 ½ hours before the RTGS start-of-day and till the repurchase is complete within the above stipulated period, the member will not have access to IDL facility. If the member does not repurchase the above securities within the above stipulated period of time, it will be seriously viewed by the Bank and the member, in addition to the imposition of penalties by the Bank at the applicable rate, will also be liable for suspension from RTGS membership.

Chapter 8

Customer Transactions

- (i) Type 'A' members can send/receive customer transactions on behalf of their customers. Both the originating and the beneficiary RTGS members of a customer transaction must be Type 'A' members only. A customer transaction, originated by a member, other than a Type 'A' member and/or to the benefit of an RTGS member, other than a Type 'A' member, will be rejected by the RTGS System.
- (ii) Customer transactions can be sent through the RTGS System at any time from the start of the RTGS Business Day till such time as decided by RTGS Standing Committee from time to time and notified to members in advance.
- (iii) Credit under customer transactions, received by the RTGS member in its Settlement Account through the RTGS System, has to be ultimately credited to the account of the beneficiary customer at the concerned branch of the beneficiary bank on the basis of the account number and the name of the beneficiary customer, after due verification thereof. In case of discrepancy observed in respect of the name of the beneficiary customer, the credit should be affected on the basis of the account number, after due verification thereof. The funds have to be credited to the beneficiary customer's account within two hours of the receipt of the customer payment (credit) notification at the PI of the recipient bank. In case the customer has an account with the RTGS member in a state, where there is a banking holiday on the day of the receipt of the credit notification at its PI, the funds will be credited to the account of the customer on the next working day of the branch with value date of the previous working day (i.e. the day of receipt of the credit notification at the beneficiary bank's PI). Under such circumstances, it is the duty of the originating RTGS member to apprise the paying customer, before putting through the transaction, of the risk of non-payment to the beneficiary customer on the day of the transaction. Explanation: 'Customer' in this clause includes a Type 'C' member also.
- (iv) **Return Payments** : Funds, received by an RTGS member for the credit to a beneficiary customer's account, will be returned to the originating RTGS member within two hours of the receipt of the payment at the PI of the recipient bank or before the end of the RTGS Business day, whichever is earlier, if it is not possible to credit the funds to the beneficiary customer's account for any reason e.g. account does not exist, account frozen, etc.. In case of any delay in providing credit to the beneficiaries account and in returning the payment to the originating member, the recipient bank will be liable to pay compensation at current repo rate and 2% above current repo rate, respectively to the originating member. The return payment will be sent by the recipient bank as a fresh inter-bank payment.
- (v) **RTGS branches** : Each Type 'A' member may identify one or more branches as RTGS enabled branches. The customers of the RTGS enabled branches can avail of RTGS services from the RTGS members, subject to the terms and conditions, which the RTGS members may stipulate for the purpose, binding their respective customers. The terms and conditions may apply to both the paying and beneficiary customers. A directory of the Indian Financial System Codes (IFSCs-allocated by the RTGS members to their respective RTGS enabled branches from which they offer RTGS services to their customers including the IFSCs of the offices/branches, where the Payment Systems Gateways of the RTGS Members are located) of the RTGS branches of the RTGS members will be available at

each PI. While the PIs will be automatically updated when new/existing IFSCs are added/removed to/from the RTGS System, it is the responsibility of the RTGS member to ensure that the IFSC directory is maintained at each of its RTGS enabled branches to reflect the current list of branches offering RTGS services. An RTGS member, on receipt of a customer payment for credit to a beneficiary customer's account, maintained in a branch, not identified as an RTGS enabled branch, may return the payment to the originating RTGS member as a return payment, as provided for under 'Return Payments' above. If the RTGS member chooses to credit the beneficiary customer's account with the proceeds of the incoming payment, such credit must be effected like an incoming payment for an RTGS enabled branch.

Chapter 9

Controlling Transactions

1. Re-prioritization of Transactions: An RTGS member may change the priority of a payment transaction, originated by it, provided the transaction has not been settled or cancelled and the new priority is not within the range, as reserved for use by the Bank.
2. Cancellation of Transactions : An RTGS transaction, which is not an MNSB transaction, can be cancelled, as under :
 - By an RTGS member, who has originated the transaction; however, before the transaction is settled ; or
 - By the RTGS system at the end of a valid settlement session, associated with the transaction type or at the end of the RTGS Business Day ; or
 - By the Bank at its discretion.
3. No request for cancellation of a transaction will be accepted by the Central Systems once a transaction has been settled.
4. An MNSB transaction can be cancelled only by the Bank.

Chapter 10

RTGS Business Day

1. Operating Days : The RTGS system will be operational on all days except on Sundays and on Common Holidays across the states. The RBI may at its discretion change the operating calendar. Any changes to the operating calendar or any declaration of unscheduled holidays will be communicated by the RBI to the RTGS members by means of a broadcast message or as the case may be, as decided by the RBI .
2. Hours of operations & Business Day Phases : The hours of operation of the RTGS System will be decided by the Standing Committee separately for full and half working days. However, the RBI may, at its discretion, change the hours of operation of the RTGS System for a particular day or for any period, as may be decided by the RBI . The change in the hours will be notified by the RBI to the RTGS members through a broadcast message or as the case may be, as decided by the RBI .
3. Each RTGS Business Day will be divided into four business day phases :
 - RTGS Open Phase
 - IDL Shut Phase
 - IDL Close Phase
 - RTGS EOD Phase
4. The RTGS Open Phase is that phase of the RTGS Business Day during which all normal transactions are accepted and processed by the RTGS system in consonance with the existing operating session restrictions. The IDL facility will be available during the RTGS Open Phase. However, whether IDL facility will be available right after the RTGS start of day will be decided by the RBI . Further, whether IDL will be available automatically or otherwise, subject to the other terms and conditions specified in regard to IDL availment, will be decided by the RBI . The decision of the RBI in case of the above will be final.
5. During the IDL Shut Phase, transactions are processed as during the RTGS Open Phase except that no new IDL will be available even for transactions which are otherwise eligible for IDL.
6. The restriction on no fresh IDL being available will continue during the IDL Close Phase also with the further restriction that no transactions, which debit an RTGS member with outstanding IDL, will be settled. During the IDL Close phase, only transactions, which reverse outstanding IDL, will be permitted.
7. Outstanding MNSB and MNSB Return transactions may be permitted during the RTGS Close Phase. The RBI may also, at its discretion, permit any other transaction/transaction type to be settled during the RTGS Close Phase.
8. Once the RTGS Business Day is shut, no fresh transactions will be received/ processed by the Central Systems except that while the IAS Business Day is open, Own Account transactions, which affect two current accounts of an RTGS member can be sent from the PI and will be settled, subject to availability of funds and other restrictions.
9. Phase change notifications for changes in the RTGS Business Day Phase changes will be sent to each RTGS member, which has a PI, whenever the RTGS Business Day phases change. IAS phase change notifications will also be sent to all members of the RTGS System, which have a PI.
10. The RBI may, without prior notification, extend any RTGS business day phase, at its sole discretion.
11. The RBI may permanently change the timings of the various RTGS business day phases at its discretion. Such changes will be broadcast to all the members of the RTGS System, excepting those members who do not have a PI.
12. Operating and Settlement Sessions :
 - (i) The RTGS Business Day will be divided into various operating sessions. Each operating session will be either be a Submission or Settlement Session.
 - (ii) A submission session will determine the transaction types, which can be accepted for processing by the RTGS System during the given operating session. A settlement session defines the types of transactions, which can be settled during a given operating session.
 - (iii) The Bank reserves the right to “override” any operating session (either extend or shorten/compress the operating session). Bank will not be liable for any consequences, arising out of such “overriding” of the operating session for the RTGS members’ payments, whether queued or otherwise.
 - (iv) Bank may, at its discretion, permanently change the operating sessions (both submission and settlement) for various transaction types.

Tariffs and Deadlines

1. **Tariffs** : Bank may, at its sole discretion, levy tariffs on various system events associated with the transactions. The tariff, to be levied, will be based on the following :
 - a) Type of event
 - b) Time of occurrence of the event
 - c) Transaction type
 - d) Amount of the transaction
2. The tariffs will be accumulated for each member and will be recovered from the settlement account of each member (or associated current account, if the member does not have a settlement account) periodically at the end of day of the last working day of the specified period. If the last working day is suddenly declared a holiday, the accumulated tariff will be recovered on the next working day. But, accumulated tariff till the last working day only will be recovered. The period for recovery of the RTGS charges will be decided by the Bank. The decision of the Bank will be final.
3. If the charges cannot be recovered from any RTGS member on the due date, the Bank shall recover the charges from the funds available in any account of the RTGS member, Settlement Account (Deposit Accounts Department, RBI , Mumbai or Current Account, maintained with the RBI across its Offices), on the same or any future date.
4. The RBI , at its sole discretion, may change the tariff levied for an event, expand or reduce the list of chargeable events or change the periodicity of recovery of charges. The decision of the RBI will be final.
5. **Deadlines** : Bank may specify “deadlines” at configured times during the RTGS business day within which the RTGS members will be required to submit and/or settle specified percentage of the value of their outward transactions for the concerned RTGS Business Day.
6. The Bank or the Standing Committee may call for explanation from the RTGS members, who default in meeting the deadlines for their outward payments from the PI. Bank, at its sole discretion, may require persistent defaulters to furnish an action plan for preventing such defaults.
7. The cut off times for the deadlines and the percentage of an RTGS member’s outward payments, which are required to be submitted or settled by this cut off time, may be changed by the Bank at its sole discretion. Any change regarding the deadlines will be broadcast to the RTGS members.

Chapter 12

System Administration

1. **Member Interfaces** : Each RTGS member shall at its own cost and responsibility install and maintain in good order such Computer Systems (hardware, software, networking and security products), as required/recommended by the Bank for the purpose. Bank may ask the RTGS members to upgrade/modify/replace such Computer Systems (hardware, software, networking and security products) and other associated components in this regard from time to time. The Computer Systems shall be located securely within each RTGS member’s premises such that access to them is restricted to that member’s authorised personnel only. An RTGS member shall notify the addresses of the locations, housing the above computer systems in relation to the RTGS System, to Bank including the list of its authorised personnel at each of the above locations in case Bank asks for the same.
2. Each RTGS member must connect its PI to the Central Systems. An RTGS member’s Payment Systems Gateway must be a computer system, conforming to the standards involving formats and communication protocols, approved by the Bank. The connection must undergo formal verification and connection tests, as required for the purpose. All telecommunication and maintenance and other charges including the replacement charges in respect of the computer systems and other associated products, used for the purpose, shall be borne by the relevant RTGS members only.
3. Each RTGS member shall strictly observe and comply with the license or sub-license agreement entered with the Bank in connection with any computer software to be provided by or licensed from Bank relating to its PI and any other components, if any, in connection with the operations of RTGS System.
4. Each RTGS member must maintain Backup PI facilities. The Backup PI must be able to emulate fully the primary PI with respect to the functions and capacity and must afford the same level of message authentication security as the primary PI. The Payment Systems

Gateway will require to be an 'Active-Active' or 'Active-Passive' clustered system. The 'Active-Active' clustered system will be put in place through the implementation of, inter alia, Oracle RAC. Further, each RTGS member will put in place the Disaster Recovery System for its Payment Systems Gateway.

5. With regards to the Backup facility:

- (a) Each member must ensure system availability with an uptime of about 99 per cent.
- (b) Each member must also ensure that the maximum down time in case of failure must be minimal only.
- (c) In the event of failure of the PI, the member must immediately convey its status to the Helpdesk at the RBI 's end.

6. The primary or backup facility (Active-Active or Active-Passive clustered Payment Systems Gateway), linked to INFINET, must be located in a place where there are adequate arrangements for on-site review of the member's computer facilities, adequate access to digital telecommunications facilities, adequate arrangements for necessary authentication and security devices and adequate assurances that the Payment Systems Gateway will not be subject to interruption or interference due to internal or external developments.

7. The office in which the PI is located must be staffed with personnel, qualified and authorised at all times to take appropriate action on behalf of the RTGS member with respect to the computer system, PI and Tele communication facilities.

8. Installation and Configuration of any new versions/patches of the PI application software, distributed by the RBI , should be complete by the date, as indicated by the RBI . The usage of the version will be according to the release documents, provided along with the version.

9. The RTGS members must ensure that the PI is run under a controlled environment and any loss incurred by any RTGS member in connection with its participation in the RTGS System, shall be borne by the RTGS member only.

10. The RTGS Members must use the PI server (i.e. the Payment Systems Gateway) for the operationalisation of only those applications, as recommended by the RBI .

11. **Emergencies** : In the event that the communications between the Central System and one or more of the RTGS members' Payment Systems Gateways fail or if some other emergency affects its operation, the RTGS transactions shall be handled in accordance with the special instructions, as decided and intimated by the Bank for the purpose.

12. **Helpdesk** : The Bank will be commissioning a Helpdesk at the Bank, Mumbai for assistance to the RTGS members. The Helpdesk will:

- (a) Attend to the queries of the RTGS members.
- (b) Make notifications and clarifications, if any, concerning the RTGS system.
- (c) Look after the dissemination of information in respect of the application software required for the RTGS system and any subsequent up-gradation of the RTGS system and the environment.
- (d) Reasonably assist the RTGS members during any contingency situation faced by them (i.e. Breakdown of the system, fire etc).

13. **Security** : Each RTGS member shall ensure compliance with the procedures laid down by the Certifying Authority (i.e. IDRBT CA) in regard to the generation and use of the digital signatures and /or encryption/decryption methodologies, as required for participation in the RTGS System. The RTGS members shall also ensure compliance of any instructions issued relating to the , security, house keeping etc., issued from time to time by the Bank and follow the User Guide relating to the PI with regard to their participation in the RTGS System.