



# Assured Mode User Guide - Participants

September 2023

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## 1. Assured Mode

Assured Mode is a system state that Austraclear can operate in, providing Austraclear users the ability to continue to operate in the event that RITS, or its connection to Austraclear, becomes unavailable.

The decision to invoke Assured Mode will be made by both the Reserve Bank of Australia (RBA) and ASX based on a joint assessment of the exception event, where Austraclear remains operational. Austraclear will only be entered into Assured Mode in the event that RITS or its connectivity cannot be restored in the same day and where there are still transactions that need to be processed before the end of day.

Once activated Austraclear will remain in Assured Mode for the remainder of the business day, only returning to Normal Day mode at the start of the following business day (providing the connection to RITS has been restored).

This document covers the processes and procedures for Participants both prior to and upon the initiation of Assured Mode in Austraclear, a high level operational overview of which can be found in Appendix 1 of this document.

For the purposes of this document a Participant is;

- Any Austraclear member that **does not** manage its own Exchange Settlement Account (ESA) with the RBA (or manage ESA settlement on behalf of other Austraclear Participants) that relies on a Participant Bank to set its Cash Limits.

**If you are a Participant that manages your own RITS ESA or the banking of others via an ESA account please refer to the 'Participant Bank Assured mode User Guide'**

## 2. Cash Limits in Assured Mode

The Cash Limit places a limit on the amount to which a cash record may go into debit when the system is operating in an RTGS environment under normal daily operations. It represents the amount of cash available to the cash record owner within the system.

Participants cannot set and/or amend their Cash Limits themselves, they can be only set and/or amended by the Participating Bank which manages the RITS ESA account on a Participant's behalf. A Participant cannot exceed their Cash Limit without the permission of their Participating Bank.

Once Assured Mode has been activated in Austraclear the existing Cash Limit set in the cash record screen is overridden with the Assured Cash Limit (maintained on the sub participant "B" branch) which then remains in place for the remainder of the processing day (unless amended by a Participant Bank). Any temporary Cash Limits in place for the business day under normal daily operations will also be reset to zero on the activation of Assured Mode.

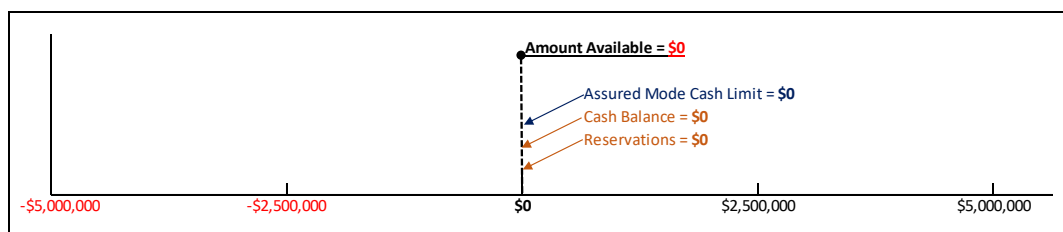
Austraclear automatically manages available credit that applies to all transactions due to settle in Austraclear while in Assured Mode i.e. all transactions are checked against the Assured Cash Limit for each participant to ensure they have the Amount Available for the transactions to settle, where the **Amount Available = Assured Cash Limit - reservations + cash balance**.

It is possible for Participating Banks to set either positive or negative Assured Cash Limits. A negative limit prevents a Participant settling transactions in Assured Mode unless they have a Cash Balance in excess of the negative limit at the time that the transaction is attempting to settle.

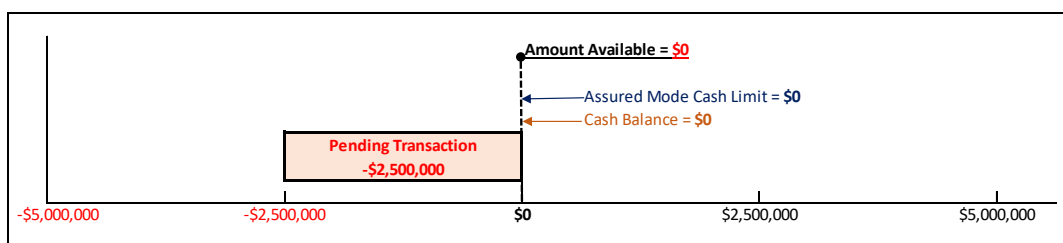
Some examples of how the Assured Cash Limits, Cash Balance, Reservations and the resulting Available Funds will work are shown below;

**Example 1** - Assured Cash Limit = 0, Cash Balance = 0, Reservations = 0.

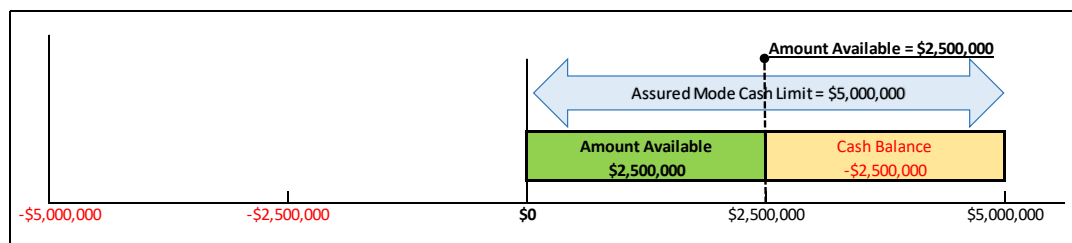
The Amount Available = 0 meaning the Participant will not be able to settle any transactions where they are the payer (debit) in Assured Mode unless either their Participating Bank increases their Assured Cash Limit OR a transaction settles that increases (credits) the Cash Balance  $\geq$  the settlement (debit) amount.



In the example below a transaction has been submitted where the Participant is due to pay \$2,500,000. In this example the Participants Amount Available = 0, meaning the transaction will await settlement until their Participating Bank increases their Assured Cash Limit (or they settle a credit transaction in excess of \$2,500,000).

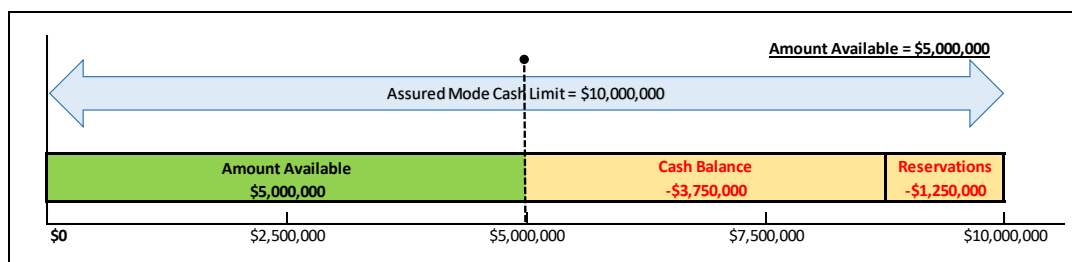


If the Participant was to then request that their Participating Bank increase their Assured Cash Limit to \$5,000,000 the transaction would settle (becoming a -\$2,500,000 cash Balance) and the Participant would have a remaining Amount Available of \$2,500,000 per the below;



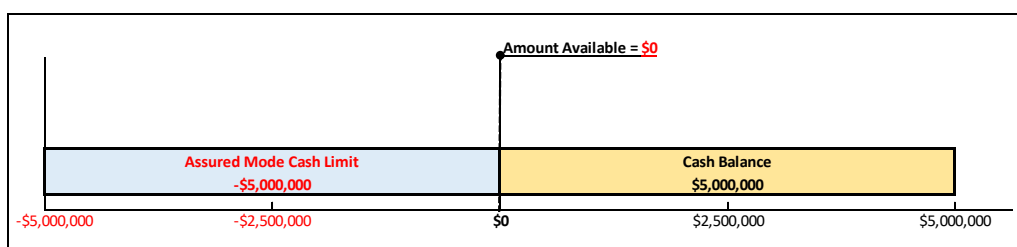
**Example 2** - Participant Assured Cash Limit = 10,000,000, Cash Balance = -3,750,000, Reservations = -1,250,000.

The Amount Available = 5,000,000 meaning the Participant will be able to settle transactions up to the value of 5,000,000 where they are the net payer (DR) in Assured Mode. If they wish to settle transactions where they are the net payer in excess of 5,000,000 they will either need their Participating Bank to increase their Assured Cash Limit OR settle a transaction that increases (CR's) the Cash Balance  $\geq$  the settlement (DR) amount



**Example 3** - Participant Assured Cash Limit = **-5,000,000**, Cash Balance = 5,000,000, Reservations = 0

The Amount Available = **0** meaning the Participant will not be able to settle any transactions where they are the payer (DR) in Assured Mode unless either their Participating Bank increases their Assured Cash Limit OR they settle a transaction that increases (CR's) the Cash Balance  $\geq$  the settlement (DR) amount & the negative Assured Mode Limit.



This above scenario would occur if a Participant had a 5,000,000 Cash balance from previously settled transactions when Austraclear entered assured mode and their participant bank wanted to prevent them from settling any transactions in Assured mode - setting a -5,000,000 Limit to effectively zero out their Amount Available.

Assured Cash Limits will only apply while Austraclear is operating in Assured Mode. Upon restoration of the normal day processing in Austraclear all original cash limits in the customer cash records will be restored (to those used prior to Assured Mode activation). Upon restoration of normal day processing (the following day) ASX advises that Participating Banks monitor/check their limits to confirm the regular limits have been restored as expected.

### 3. Assured Mode Business Process

#### 3.1. Assured Mode Initiation and Market Notification

The decision to invoke Assured Mode is made by both the RBA and ASX based on a joint assessment of the system/connectivity issue being managed. While customers will already have received some communications from the ASX and/or RBA concerning the incident under management, in the event that a decision has been made to progress to Assured Mode, Austraclear Participants will receive the following notifications from ASX;

##### NOTIFICATION 1 – Pre Assured Mode Activation

Containing;

- Confirmation of the decision to invoke Assured Mode
- Estimated timing for Assured Mode commencement
- Request to begin assessing Assured Cash Limits for participants
- Request to contact Participants to advise limits setting process and/or Limits (if necessary).

##### NOTIFICATION 2 – Post Assured Mode Activation

Containing;

- Confirmation of Assured Mode commencement
- Confirmation that all transactions involving cash will settle based on the Assured Cash Limits.
- Request to continue to monitor/update their Assured Cash Limits during Assured Mode Settlement Sessions.

It should be noted that as part of the transition to Assured Mode there will be an interruption to the settlement of free of payment transactions of between 30 to 60 minutes.

### 3.2. Inflight Transaction Handling

As part of the transition to Assured Mode the ASX will verify the status of transactions in flight at the time of the RITS or connectivity outage and, if possible, reconcile them with the RBA (depending the RBA's ability to determine the status of transactions in RITS)

Any transactions in a 'Payment Pending' status in Austraclear that cannot be confirmed to have been settled in RITS will be rolled back to a 'Not Ready' and/or 'Waiting in Queue' state in Austraclear and then re-assessed against the Assured Cash Limits (see section 2).

Transactions in a 'Payment Pending' status in Austraclear that the RBA can confirm as settled in RITS prior to the exception event (but not updated in Austraclear) will be rolled forward to a 'Settled' state in Austraclear as part of the transition into Assured Mode.

Participants are encouraged to check if they have any inflight transactions pending in Austraclear upon the announcement that Assured Mode is to be invoked. If a participant does have inflight transactions they should monitor their status through to Assured Mode activation process to confirm if they are rolled back to 'Not Ready' or 'Settled'.

Following the recovery of RTGS services the ASX and RBA will perform another reconciliation covering all transactions processed both in the lead in to and during Assured Mode operations (see section 5).

More information on a Participants responsibilities in Assured Mode are covered in section 4.1.

## 4. Participant Assured Mode Procedures

### 4.1. Participant Responsibilities

Upon receipt of the first notification advising of the activation of Assured Mode in Austraclear Participants are advised to check if they have any inflight or scheduled transactions (see section 4.2) for the processing day and;

- A. If a Participant *DOES* have either inflight or scheduled transactions;**  
Verify their cash balances and limits (see section 4.3) and if necessary contact their Participating Bank directly to confirm their Cash Limits for Assured Mode. Once Assured Mode had been invoked they can continue to monitor Austraclear as they would under BAU conditions if required.
- B. If a Participant *DOES NOT* have inflight or scheduled transactions for remainder of the processing day;**  
No further action required as the participant does not need limits for settlement for the remainder of the day though they can continue to monitor Austraclear as they would under BAU conditions if required.

At the invocation of Assured Mode Participants also are advised to check (if necessary) any system that is integrated to Austraclear and/or the RITS to ensure they can continue to operate in Assured Mode if required.

Once Assured Mode had been invoked Participants can continue to enter, modify and monitor transactions as they would on under normal BAU conditions, with settlement contingent on having either appropriate Cash Balances or Assured Mode Limits set by their Participating Banks.

Participants are encouraged to contact their Participating Banks (outside Assured Mode operations) to find out more about their approach to Assured Mode including

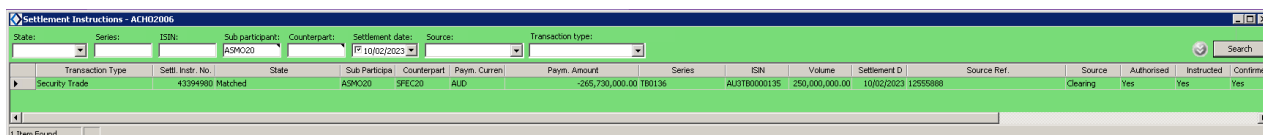
- Participating Banks preferred contact method during Assured Mode
- Participating Banks Assured Mode limits Calculation process
- Participating Banks Assured Mode limit amendment/monitoring Process.

A Participant cannot set, remove or amend their Cash Limit while Austraclear is operating in Assured Mode – this can only be done by their Participating Bank.

## 4.2. Verifying/Monitoring in flight transactions

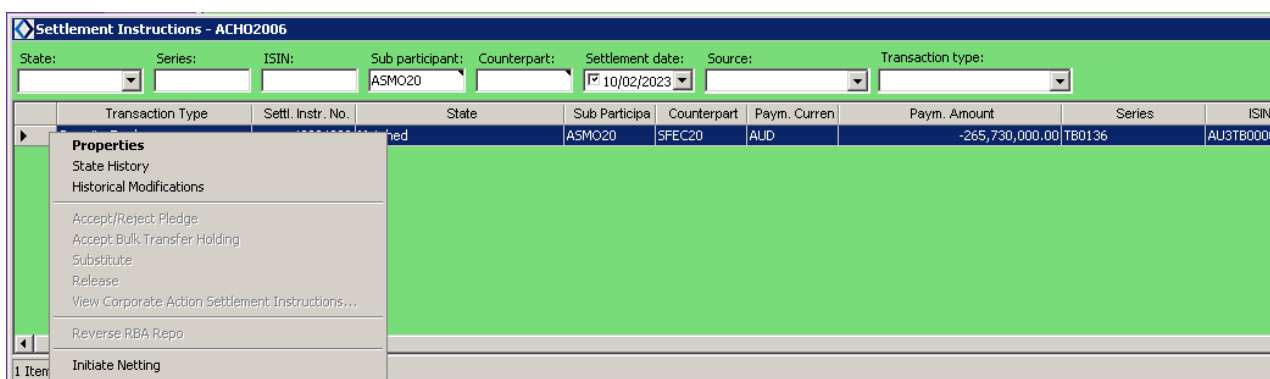
All inflight transactions in Austraclear during Assured Mode operations are displayed in the View Settlements/Settlement Instructions Screen.

1. Select Settlement > View Settlements > Settlement Instructions.
2. Enter search criteria, and click Search.



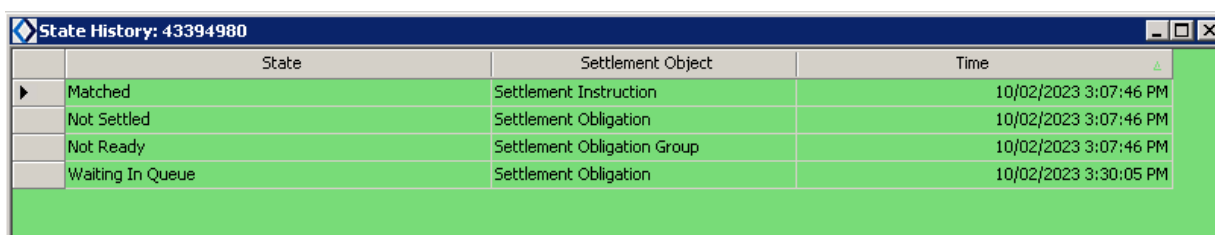
Transaction Type	Settl. Instr. No.	State	Sub Participa	Counterpart	Paym. Curren	Paym. Amount	Series	ISIN	Volume	Settlement D	Source Ref.	Source	Authorised	Instructed	Confirmed
Security Trade	43394980	Matched	ASMO20	SPEC20	AUD	-265,730,000.00	TB0136	AU3TB0000135	250,000,000.00	10/02/2023	12955988	Clearing	Yes	Yes	Yes

3. Select the required transaction.
4. Right-click and select State History.



Transaction Type	Settl. Instr. No.	State	Sub Participa	Counterpart	Paym. Curren	Paym. Amount	Series	ISIN
Security Trade	43394980	Matched	ASMO20	SPEC20	AUD	-265,730,000.00	TB0136	AU3TB0000135

5. The State History screen will show the status history of the transaction, with the most recent status denoted by the latest update in the 'Time' field.



State	Settlement Object	Time
Matched	Settlement Instruction	10/02/2023 3:07:46 PM
Not Settled	Settlement Obligation	10/02/2023 3:07:46 PM
Not Ready	Settlement Obligation Group	10/02/2023 3:07:46 PM
Waiting In Queue	Settlement Obligation	10/02/2023 3:30:05 PM

### Assured mode settlement states:

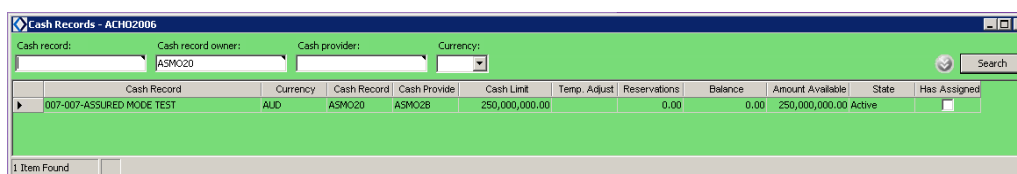
- Matched – Settlement instruction created
- Not Ready – No available stock
- Waiting in Queue – No available funds
- Settled – Trade settled within Austraclear
- Assured – Settlement occurred during assured mode

If a participant is finding that transactions where they are paying funds (DR) are remaining in the 'Waiting in Queue' status and are not settling they can verify their limits per the above

### 4.3. Verifying Limits

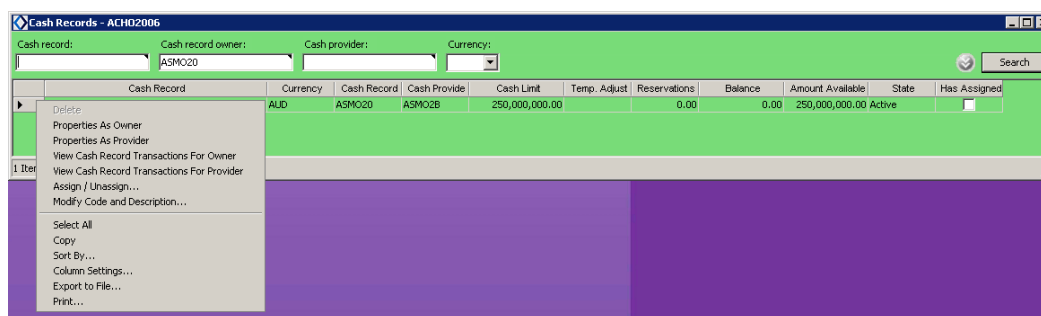
Participants can check their available funds limits in Assured Mode using the Cash Records screen

1. Sub Participants > Cash Records > View.
2. Enter search criteria, and click Search

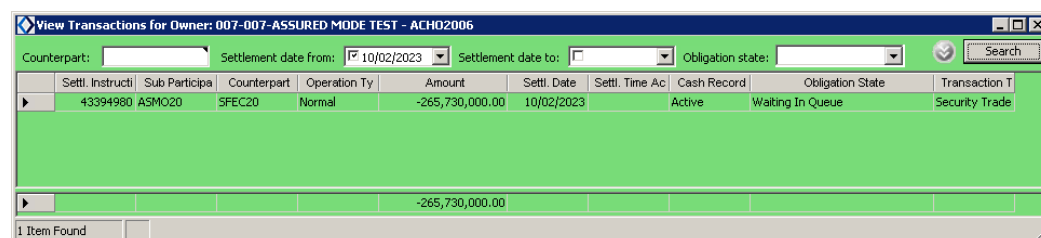


Cash Record	Currency	Cash Record	Cash Provide	Cash Limit	Temp. Adjust	Reservations	Balance	Amount Available	State	Has Assigned
007-007-ASSURED MODE TEST	AUD	ASMO20	ASMO2B	250,000,000.00		0.00	0.00	250,000,000.00	Active	<input type="checkbox"/>

3. The Cash Record screen will display the record for the Participant, including Cash Limit (Limit), Balance, Reservations and Amount Available fields.
4. If a Participant wants to see the Transactions queued against the cash record they can do so via Right-click and select View Cash Record Transactions For Owner



Cash Record	Currency	Cash Record	Cash Provide	Cash Limit	Temp. Adjust	Reservations	Balance	Amount Available	State	Has Assigned
007-007-ASSURED MODE TEST	AUD	ASMO20	ASMO2B	250,000,000.00		0.00	0.00	250,000,000.00	Active	<input type="checkbox"/>



Settl. Instruct	Sub Participa	Counterpart	Operation Ty	Amount	Settl. Date	Settl. Time Ac	Cash Record	Obligation State	Transaction T
43394980	ASMO20	SFEC20	Normal	-265,730,000.00	10/02/2023		Active	Waiting In Queue	Security Trade

If the Cash Record Screen shown a Participant has insufficient limits for their scheduled transactions (i.e. the Amount Available field shows zero or below) they are advised to call their Participating Bank to request a limit increase.

### 4.4. Assured Mode Reports

Participants will receive all their usual BAU reporting while Austraclear is operating in Assured Mode – these reports and their contents will remain unchanged from their BAU format.

## 5. Recovery of RTGS Settlement (T+1)

Providing the connection between RITS and Austraclear has been restored, ASX will send a notification to all Austraclear Participants the morning following the exit from Assured Mode operations confirming that Austraclear has resumed normal operations with RITS.

Upon restoration of the normal day all original Cash Limits in the clients Cash Records will be restored (to those used prior to Assured Mode activation) – Participating Banks should monitor/check their limits to confirm that the limits have been restored as expected.



## 6. Contacts

While operating in Assured Mode Participant Participants should be communicating directly with their Participating Bank with regards to their Assured Mode limits.

Should a Participant have any issues with Austraclear functionality outside of the Assured Cash Limits setting function they can contact the Helpdesk;

- Phone – **1300 362 257**
- Email – **[austraclear@asx.com.au](mailto:austraclear@asx.com.au)**

# Appendix 1 - Assured Mode Operational Overview

