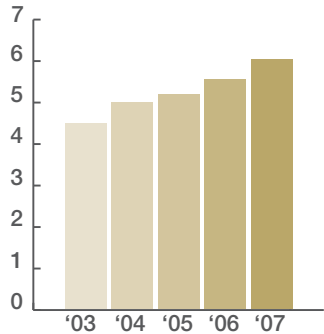
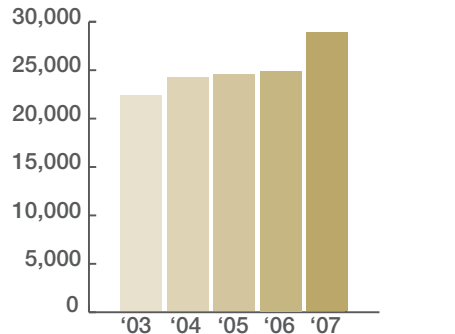


High Value Clearing System (HVCS) for settlement of high value, real-time payments between financial institutions



Number of HVCS transactions year ending 30 June (in millions)

Source: Reserve Bank of Australia: *Bulletin*



Value of HVCS transactions year ending 30 June (in \$ billions)

Source: Reserve Bank of Australia: *Bulletin*

Around \$100 billion passes through HVCS each day, representing about 90% of Australia's payments value. Financial institutions use the system to make immediate and irrevocable payments. Payment details are sent and verified through the SWIFT payment delivery system and each payment is settled individually using

the Reserve Bank Information and Transfer System. As the funds are settled at the same time as the payment detail is transferred, the arrangements promote a more secure payments system and reduce settlement risk. With each payment averaging around \$4.7 million, this is critical.

With the opening of HVCS membership, all five clearing systems have open, objective admission criteria

Developments

- Membership of the HVCS was opened up to all payments organisations involved in real-time high value payments (eg insurance companies and superannuation funds) that meet objective operational and prudential membership criteria, regardless of their institutional form.
- Changes were made to the HVCS Procedures to highlight the Anti-Money Laundering & Counter-Terrorism Financing Act's new "tracing" information requirements for electronic funds transfer instructions, which came into effect on 12 December 2006.
- The Standards Release 2006 changes to SWIFT Standards messages came into effect on 18 November 2006.
- Two additional field options, not previously supported in the Australian PDS, became available as part of the SWIFT Standards Release 2006, to facilitate straight-through-processing for payment messages with those field options.
- APCA is working with the Reserve Bank and SWIFT to ensure a coordinated approach to Australia's migration to SWIFTNet FIN Phase 2. Installation and testing schedules are being developed to provide guidance to HVCS members. The first stage of migration is due for completion in October 2007.