

RTGS PROJECT NEWSLETTER – VOL. 3

March 30, 2007
Payment and Settlement Systems Department
Bank of Japan

This is the first of a three-part translation on the RTGS-XG system.

SAMPLE ONLY

This translation is for reference purposes only and was neither reviewed nor approved by the Bank of Japan, the Japan Bankers Association, the Tokyo Bankers Association, and the *Tantoriken*, and is not an official interpretation of laws and regulations. The Japanese original released by the Bank of Japan supersedes this translation, should there be discrepancies or differences between the Japanese and the English versions.

The International Bankers Association has prepared this translation with the intention of having the content, as much as possible, accurately represent the Japanese original. However, differences in layout and pagination from the Japanese original will exist.

INTERNATIONAL BANKERS ASSOCIATION

Ark Mori Building, 14F
1-12-32 Akasaka
Minato-ku, Tokyo, Japan 107-6014

Telephone: (03) 5545-7511
Facsimile: (03) 5545-0502
E-mail: g-info@ibajapan.org
Website: www.ibajapan.org

RTGS-XG¹ Project Newsletter - Vol. 3

March 30, 2007
Payment and Settlement Systems Department
Bank of Japan

Contents

I. Progress of the Project (pg. 1)

Status of disclosure of specifications and future schedule

II. Testing Plans and Progress Reports (pg. 3)

The latest plans for and considerations regarding comprehensive running tests

III. Deliberations on Market Guidelines (pg. 6)

Deliberations by the Tantoriken and the Tokyo Bankers Association

<BOX> (pg.8) Funding Levels Necessary under the New BOJ-NET

IV. Notices (pg. 6)

Reference: Documents related to the next-generation RTGS

I. PROGRESS OF THE PROJECT

(1) Finalization of Functional Specifications

By the end of 2006, the Bank of Japan has completed reviews and verifications of the operational requirements and functional specifications of the BOJ Financial Network System (BOJ-NET) to be prepared for Phase 1 of the next-generation RTGS (RTGS-XG¹) project. In Phase 1, liquidity-saving features (LSF) will be introduced to the BOJ-NET, and the Foreign Exchange Yen Clearing System (FXYCS) will be fully converted to a real-time gross settlement (RTGS) system. Currently, the BOJ is working on system developments to realize such features.

Given the completion of the above operational requirements and functional specification related tasks, the BOJ released the final version of functional specifications in “Details of the Functional Specifications of BOJ-NET for the Phase 1 Modification of BOJ-NET Funds Transfer System to RTGS-XG” in December 2006. Successively, early in 2007, the BOJ released specifications regarding CPU-to-CPU connections and file uploading/ downloading to BOJ-NET participants in the “BOJ-NET Computer Connection Specifications (TCP/IP protocol) under RTGS-XG Phase 1 (Provisional)”.

The BOJ then solicited comments and questions on the two specifications and reflected them in the revisions, together with the results of additional consideration by the related parties.

¹ RTGS-XG: RTGS = ReaTime Gross Settlement. XG = NeXt Generation

These were released on February 28 as replacement documents for “BOJ-NET Computer Connection Specifications (TCP/IP protocol) under RTGS-XG Phase 1 (Provisional)”. Revisions were also made to “Details of the Functional Specifications of BOJ-NET for the Phase 1 Modification of BOJ-NET Funds Transfer System to RTGS-XG” and the revised version was released on the BOJ’s website on March 30, 2007. (these documents, in Japanese, are available at <http://www.boj.or.jp>)

Major comments and questions on the specifications and the BOJ’s answers to them are listed in Attachment 1, “Comments and Answers regarding Specifications for RTGS-XG in Phase 1.” Please refer to this Attachment in checking the replaced documents and the revised details.

(2) Future Schedule

As mentioned in the first issue of the Newsletter, the BOJ plans to start comprehensive running tests for the first phase of the project early in fiscal 2008. In view of this schedule, the followings steps are currently planned for around summer 2007. They are (1) disclosure of an outline of an online loading tests involving users of CPU-to-CPU connections and file uploading/ downloading functions, (2) disclosure of an outline of comprehensive running tests involving all participants, and (3) execution of a participant surveys (surveys concerning the online loading tests and the comprehensive running tests will be carried out around the summer and autumn of 2007, respectively).

If system development proceeds without delay, the online loading tests will be carried out from March to April 2008, and the comprehensive running tests from May to September 2008. Please see Attachment 5 for an overview of the implementation schedule.

(3) Tentative Dates for the Launch of the Operation

The BOJ is determined to ensure a smooth changeover of the system since it is a large project altering the core of the BOJ-NET Funds Transfer System and drastically changes the system for foreign exchange yen clearings, specifically, by abolishing designated-time settlements and shifting completely to RTGS.

The BOJ plans to complete the changeover over a three-day weekend. Specifically, using the first two days, the BOJ will finish all necessary procedures for changing the BOJ’s systems and carrying out running tests to confirm the changes. This will be followed on the third day by online connectivity tests involving users (final checks of CPU connections simulating the actual operational environment). The BOJ will set a backup date for the launch in the event a rescheduling becomes necessary. The backup date will be set on a day not too far away from the original one in order to minimize, as much as possible, negative effects on successive projects related to BOJ-NET and the users’ systems.