

Swaziland Interbank Payment and Settlement System (SWIPSS)

**RULES
AND
PROCEDURES**

Adopted by RTGS Steering Committee – May 2007

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PART I – DEFINITIONS

In these Regulations unless the context requires otherwise:-

“**the Act**” means the Central Bank of Swaziland Order 1974 as amended.

“**Account**” means a settlement account maintained by the participant with the Central Bank.

“**Account Transfer**” means an accounting entry initiated by the Central Bank that debits or credits an Account.

“**Abort Reason Code**” means a SWIFT and SWIPSS assigned code for instructions that have been aborted or rejected.

“**Central Bank**” means the Central Bank of Swaziland established by the Central Bank of Swaziland Order 1974 as amended 2004.

“**bank**” means a Financial Institution as ascribed by Financial Institutions Act 2005 as amended.

“**Business Day**” means a day on which banks are open for general banking business in Swaziland and on which the SWIPSS is operating to process Payment Instructions and Account Transfers.

“**Clearing House(s)**” means the Swaziland Automated Electronic Clearing House (SAECH).

“**Closed User Group (CUG)**” means service user groups which the Central Bank establishes to provide settlement services, with the Central Bank acting as the CUG Administrator. Closed User Group members must be SWIFT members, signatories to the Agreement for Participating in SWIPSS and must be approved by the Central Bank.

“**Contingency event**” means any event that disrupts or has the potential to disrupt the normal exchange and settlement of transactions in SWIPSS. Five main potential types of Contingency Event are envisaged:

- (i) Individual Participant contingency event
- (ii) SWIFT contingency event
- (iii) SWIPSS SWIFT Terminal contingency event
- (iv) SWIPSS Central System contingency event
- (v) Other contingency events.

Each type of event is dealt with in section 70 herein.

“**Dispute**” means a dispute or difference between the Central Bank and the Participant; or two or more Participants, arising out of, or in any way connected with, these Rules and Procedures.

“**Gridlock resolution**” means the process of unblocking the backlogs or standstill of queued payments.

“Live Operation Date” means the date on which the SWIPSS starts live operation for and in respect of all its operations, and Settlement is undertaken on a real time basis.

“Minimum Account Balance” means the minimum level of balance required in the settlement account of each participant, which is set by the Central Bank from time to time.

“Net Settlement Instruction” means an Account Transfer involving multiple debits and credits, initiated by the Net Settlement Systems to settle net obligations arising from the conduct of a payment or securities clearing system as described in these Regulations and Procedures.

“Net Settlement Systems” means a funds transfer system whose settlement operations are completed on a bilateral or multilateral net basis.

“Notifiable Event” means, in respect of the Participant:

- (a) Its making a general assignment for the benefit of, or entering into a reorganisation, arrangement or composition with, its creditors; or
- (b) Its admitting in writing its inability to pay its debts as they become due from its own money; or
- (c) Its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
- (d) The presentation or filing of an application in respect of it:
 - (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 liquidation of the Participant, in either case within a period of time to be specified by the Central Bank;
 - (ii) Seeking any re-organization, arrangement, composition, readjustment, administration, 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
 - (iii) The appointment of a receiver, administrator, liquidator or trustee or analogous officer of it over all or any material part of its property;
- (e) The appointment of a Judicial Manager in terms of the laws in Swaziland
- (f) The occurrence of any event having a substantially similar effect to any of the events specified in (a) to (e) above under the law of any applicable jurisdiction.

(g) A system failure that renders the Participant unable to send its normal level of payment message through the SWIPSS.

(h) If the Participant has good reason to doubt its authority or ability to continue to make payments or send payment messages through SWIPSS,

“Participant” or “Participants” means a participant(s) approved by the Central Bank to participate in SWIPSS in accordance to clause 9 herein.

“Payment Instruction” means, in respect of a Participant, an instruction to debit its Account and credit the account of another Participant received via the SWIFT network.

“Real-Time Gross Settlement” means the processing and settlement of payment obligations in real time on a gross basis.

“Rules and Procedures” means these Rules and Procedures and standards adopted by the Central Bank from time to time, which govern the operation of the SWIPSS and the conduct of inter-bank Settlement.

“Settlement” means, in respect of a Payment Instruction or Account Transfer, the successful posting for value of debits and credits to the relevant Accounts for the amounts notified in the Payment Instruction or Account Transfer.

“SWIFT” means Society for Worldwide Inter-bank Financial Telecommunications s.c., having its registered address at Avenue Adele 1, B-1310 La Hulpe, Belgium.

“SWIFT Network” means the telecommunications network and services provided by SWIFT to individual Participants and the Central Bank.

“System Fault” means a fault, malfunction or error in SWIPSS such that the System is unable to perform the functions it is required to perform for the time being.

“SWIPSS Service Provider” means the Central Bank as an Operator of the SWIPSS rendering such services as stipulated in these Regulations and Procedures.

“Valid Instruction” means an instruction received by SWIPSS, which is:

- (a) from a source approved by the Participant; and or
- (b) in a form which provides the Central Bank with a clear instruction to transact.

“SWIPSS Webstation” means a PC providing access to SWIPSS

“ILF” means Intraday Liquidity Funding

SECTION 2 – PRELIMINARY PROVISIONS

- 2.1 These Rules and Procedures may be cited as the “Swaziland Interbank Payment and Settlement System(SWIPSS) Rules and Procedures”
- 2.2 The purpose and objective of these Rules and Procedures is to provide a framework for governing settlement of funds between the participants by setting up participation rules and operating procedures of the SWIPSS, which is a System that transfers funds between banks in Swaziland on a gross basis in real time with finality and irrevocability of payments using settlement accounts of banks and financial institutions held in the Central Bank.
- 2.3 These Rules and Procedures describe how participants interact at business level with each other and the Central Bank. Separate documentation describes how the SWIPSS and SWIFT systems support these interactions at the operator level. Participants should make reference to the following associated documentation as necessary:
 - 2.3.1 SWIFT FIN Copy Service Description
 - 2.3.2 SWIFT User Handbooks
 - 2.3.3 SWIPSS Participant User Guide
- 2.4 If a provision of these Rules and Procedures is inconsistent with the Agreement for Participating in SWIPSS, the provision of these Rules and Procedures shall prevail.
- 2.5 If a provision of these Rules and Procedures is inconsistent with any mandatory requirements of SWIFT, the SWIFT requirement shall prevail to the extent of that inconsistency.
- 2.6 These Rules and Procedures shall apply to all Swaziland Interbank Payment and Settlement System (SWIPSS) participants for the transactions in the SWIPSS and are binding to the SWIPSS participants by the “Agreement for Participating in SWIPSS” signed by the SWIPSS participants.
- 2.7 Key SWIPSS Features**
 - 2.7.1 SWIPSS uses three main components:
 - 2.7.1.1 SWIFT including the FIN Y-Copy Service,
 - 2.7.1.2 The FIN Network and SWIFT Terminal; The Participant Webstation;
 - 2.7.1.3 The SWIPSS Central System with its associated Webstation facilities at the Central Bank.
 - 2.8 The following are brief explanations to the three main components highlighted in subsection (2.7.1) above
- 2.8.1 SWIFT FIN Y-Copy Service, the FIN Network and SWIFT Terminal:**
 - a. ASWIPSS shall use the SWIFT network for the exchange of Real Time Gross Settlement (RTGS) payment instructions. All SWIPSS Participants, including the Central Bank shall be connected to SWIFT via SWIFT interfaces.
 - b. SWIFT shall monitor the payments traffic of members of the SWIPSS Closed User Group (CUG) and shall direct any payments designated as SWIPSS payments to the FIN Y-Copy Service. The FIN Y-Copy shall then extract information from the original payment message to create an abbreviated message. This message holds only enough information to

allow settlement across accounts of the sending and receiving Participants at the Central Bank.

- c. The FIN Y-Copy shall hold the original payment instruction pending receipt of an authorisation or rejection message from the Central Bank. On receipt of a positive authorisation, the FIN Y-Copy shall forward the settled payment instruction to the receiving Participant

2.8.2 The SWIPSS Webstation:

- a. All SWIPSS Participants shall be required to have one or more SWIPSS Webstations. These Participant Webstations and a local network are used by SWIPSS to support, including but not limited to, real time gross settlement related commands and enquiries and to non value functions such as on-line access to account balance and activity information, on-line access to queued payment information and a secure communication hub for exchange of messages.
- b. Participants are responsible for installing and managing their own SWIPSS Webstation(s).

2.8.3 The SWIPSS Central System with its associated Webstation facilities at Central Bank

The SWIPSS Central System shall perform three main roles, which are the processing of:

- 2.8.3.1 Settlement accounting on behalf of Participants and associated liquidity management facilities;
- 2.8.3.2 The Central Bank's own inward and outward SWIPSS payments; and
- 2.8.3.3 Non-RTGS Account Transfers across Participants' accounts initiated by the Central Bank.

SECTION 3 – PARTICIPATION REQUIREMENT

- 3.1 The SWIPSS system is owned and operated by the Central Bank. Notwithstanding the forgoing, the Central Bank is also a participant in SWIPSS.
- 3.2 Participation to the SWIPSS is open to a bank or financial institution or any participant provided they meet all the eligibility criteria and conditions provided in the subsections (3.2.1) to (3.2.7) of this section or as may otherwise be prescribed by the Central Bank from time to time:
 - 3.2.1 It has a settlement account at the Central Bank;
 - 3.2.2 It meets the SWIFT connectivity requirements for Real Time Gross Settlement System;
 - 3.2.3 It exchanges SWIFT authentication keys with all participants and any other components of the SWIPSS necessary for proper authentication of messages;
 - 3.2.4 It has in the opinion of the Central Bank, appropriate technical capacity, including adequate contingency arrangements to enable it to participate in the SWIPSS without hindering the SWIPSS's smooth operations;

- 3.2.5 It shall demonstrate and undertake to ensure that in the event of any problem with its system it shall be able to resume payment processing through the system within a period acceptable to the Central Bank; and
- 3.2.6 It shall execute, undertake and agree to be irrevocably bound by the terms and conditions of the Agreement for Participating in SWIPSS and these Rules and Procedures.
- 3.2.7 It shall ensure all local SWIFT transactions will be processed through SWIPSS.

- 3.3.1 The Central Bank shall analyze the application by considering the eligibility criteria provided in 3.2.
- 3.3.2 The Central Bank may accept or reject an application provided that before a rejection is made the Central Bank would have informed the applicant its intention to reject and would also have given the applicant reasonable opportunity to amend its application where necessary.
- 3.4 If an application is granted:
 - 3.4.1 The applicant shall be required to execute the Agreement for SWIPSS Participation agreeing to be irrevocably bound by it and these Rules and Procedures;
 - 3.4.2 The applicant shall pay the Central Bank Annual License Fees and Transaction Charges as shall be specified and determined by the Central Bank from time to time (Schedule D); and
 - 3.4.3 The Central Bank shall notify all SWIPSS participants.

- 3.5 The Central Bank may delay the participation date of the applicant until it is satisfied that the applicant has fully complied with the subsection (3.4) above.

SECTION 4 – WITHDRAWAL AND SUSPENSION FROM PARTICIPATION

- 4.1 A SWIPSS participant may withdraw from participation in SWIPSS in such manner and upon such terms as the Central Bank shall permit or require. Provided that a six (6) months notice of intention to withdraw shall be submitted to the Central Bank.
- 4.2 The Central Bank may suspend any participant in SWIPSS upon occurrence of any of the following:
 - 4.2.1 The failure of the participant to comply with any of the provisions of these Rules and Procedures;
 - 4.2.2 The Participant fails to have SWIFT connectivity that causes it not to be able to communicate with SWIPSS;
 - 4.2.3 The participant breaches a provision of the Agreement to Participate in SWIPSS;
 - 4.2.4 In the Central Bank’s reasonable opinion, the participation in SWIPSS is likely to:
 - 4.2.4.1 Cause unacceptable risk to the SWIPSS or to other participants; or
 - 4.2.4.2 Cause a system fault or otherwise hinder the satisfactory functioning of the SWIPSS.

- 4.3 The Participant shall be automatically suspended from the SWIPSS:
 - 4.3.1 If in terms of the Central Bank of Swaziland Order 1974 as amended.
 - 4.3.2 The Participant’s registration is cancelled; or
 - 4.3.3 The Participant is directed to suspend all its banking business; or
 - 4.3.4 The Participant has been granted the approval by the Central Bank for voluntarily liquidation; or
 - 4.3.5 If in terms of any Swaziland Statutory provision:
 - 4.3.5.1 The Participant’s registration is cancelled; or

- 4.3.5.2 The appointment of a receiver, administrator, liquidator or trustee or analogous officer over all or any material part of the participants property;
 - 4.3.5.3 The participant is making a general assignment for the benefit of, or entering into a reorganization, arrangement or composition with its creditors; or
 - 4.3.5.4 The participant is admitting in writing its inability to pay its debts as they become due from its own money; or
 - 4.3.5.5 The participant is seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
 - 4.3.5.6 The presentation or filing of an application in respect of it 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 liquidation of the participant, in either case within a period of time to be specified by the Central Bank.
- 4.4 The Central Bank shall notify all other Participants in SWIPSS as soon as practicable following such suspension or withdrawal.
- 4.5 The Participants shall immediately upon the occurrence, or threatened occurrence, of a Notifiable Event (as defined in clause 4.1 above) must notify the Central Bank and:
- 4.5.1 Shall ensure that no further Payment Instructions are submitted to the SWIPSS; and
 - 4.5.2 Shall also inform the Central Bank the steps (if any) it is taking to ensure that it continues to have the authority and ability to issue Payment Instructions.
- 4.6 In the event the Participant is suspended it shall not participate in SWIPSS in any way whatsoever, except to the extent that the Central Bank permits it to do so.
- 4.7 The withdrawal or suspension of the Participant shall not entitle the Participant a refund of any fee it has paid in terms of these Rules and Procedures or the Agreement for participating in SWIPSS.

SECTION 5 – OPERATING SCHEDULE

- 5.1 The Central Bank shall operate SWIPSS on a fixed schedule from Monday through Friday except on public holidays for purposes of sending payments and settlement according to the SWIPSS operating schedule described in Table I below:

TABLE I – TIME LINES

| Time | Event | Activity / Available Transactions |
|---------------------|---------------------------|---|
| 8.15am (Mon-Fri) | Start System | <ul style="list-style-type: none"> • System is started • Central Bank performs house keeping tasks |
| 8.30am (Mon-Fri) | Start of (Business) Day | <ul style="list-style-type: none"> • Participants can send and receive payments • The Central Bank shall enter Net Settlement Instructions from other clearing systems, Account transfers and its own payments |
| 3.30pm (Mon-Fri) | Initial Cut-Off | <ul style="list-style-type: none"> • Closed to new payments, except for bank-to-bank (MT202 series) and Account Transfers • Queue clearance may be effected by application of gridlock resolution tools by the Central Bank and by deletion of queued payments by Participants • Participants must arrange to have sufficient available funds to allow reversal of ILF drawings prior to Final Cut-off |
| 4.00pm (Mon-Fri) | Final Cut-Off | <ul style="list-style-type: none"> • No further inputs accepted, except for Account Transfers • At session close, queue/settlement processing will cease and any SWIFT transactions still in queues will be rejected with MT097 issued to SWIFT and passed by SWIFT to the relevant Participant. Any queued Account Transfers should be cancelled manually by CBS and attract the appropriate penalties. |
| 5.00pm (Mon-Fri) | End-of-Day / System Close | <ul style="list-style-type: none"> • End-of-day processes, such as report production. |

- 5.2 Participants are required to be connected to the SWIPSS so as to receive and send SWIPSS Payment Instructions and other SWIPSS-related messages whenever SWIPSS is operating.
- 5.3 The operating schedule is subject to change from time to time due to occurrence of an adverse circumstance or a need for ad hoc adjustments, such changes would be made to deal with these unforeseen contingencies, in so doing the Central Bank shall extend or reduce the operating schedule and sessions at its sole discretion, however any change of the operating schedule shall be notified to the participants.
- 5.4 The Central Bank may in notifying the participants upon occurrence of a need to change the operating schedule stipulated in subsection (5.3) above and may also

provide a facility in the SWIPSS to enable Participants to enquire on the next scheduled business day and a forward calendar.

- 5.5 Requests by Participants for an extension of the operating schedule or session may be considered at the discretion of the Central Bank only if a likelihood of causing a systemic crisis may arise if such extension is not granted; provided always that any extension to the operating schedule shall not exceed midnight of the reference business day.

SECTION 6 – ROUTING OF PAYMENTS

- 6.1 For the purpose of routing of payments in SWIPSS each Participant shall be required to have a single SWIFT Bank Identifier Code (BIC) on which all SWIPSS payments shall be routed to this BIC.
- 6.2 A Participant shall not initiate any change to its BIC with SWIFT, without prior notification to the Central Bank. Upon such change as approved by SWIFT the participant shall immediately notify the Central Bank.
- 6.3 Current BIC's of SWIPSS Participants are recorded in Schedule B of these Rules and Procedures.
- 6.4.1 Payment instructions to a participant must be precisely sent to the address of the concerned participant identifying intended beneficiaries of payment messages using account name, number, and the branch of the bank or financial institution at which the beneficiary account is domiciled.
- 6.4.2 Participants must ensure that all SWIPSS Payments contain a reference number. This reference combined with the amount must be unique within the business day for the sending Participant.
- 6.5 SWIPSS shall accept transactions with any Value Date that is accepted by SWIFT.
- 6.6 SWIPSS transactions shall be denominated only in Emalangeneni.
- 6.7 A sending Participant may withdraw a queued SWIFT payment instruction from its settlement queue, however once a payment has been settled across the SWIPSS accounts, the sending Participant shall not have an ability to recall the payment.
- 6.8.1 A participant may request return of a payment from a receiving party by using any available means of communication open to the system.
- 6.8.2 A return payment shall be initiated as a new SWIFT MT202, Financial Institution Transfer message instruction. The return instruction shall contain the related reference number being the reference number of the original instruction and clearly indicate "Return Payment".
- 6.8.3 Any costs or claims arising thereof shall be dealt with by the participants outside these Rules and Procedure.
- 6.9.1 A receiving Participant shall return a received payment in the event of being unable to apply the funds.
- 6.9.2 Participants shall return such payments to the sending Participant within two (2) hours of receipt. If the original payment is received less than 2 hours before Final Cut-off, the payment return shall be effected within thirty (30) minutes of the Start of Day time in the next SWIPSS business day.

SECTION 7 – DETERMINING THE FATE OF PAYMENTS

- 7.1 A receiving Participant shall determine the fate of a received payment to the account of the beneficiary within one (1) hour after receipt of the payment from the sending participant.
- 7.2 A receiving Participant shall be liable for a claim of undue enrichment from a sending Participant if the receiving Participant fails to credit the beneficiary's account with the value:
 - 7.2.1 within one (1) hour of that payment being received by the receiving Participant where the payment was received not less than one hour before the Initial Cut-off time; or
 - 7.2.2 Within thirty (30) minutes of Start-of-Day time in the following morning in those cases where the payment is received less than one (1) hour before the Initial Cut-off time.
 - 7.2.3 A receiving Participant shall also be liable for a claim of undue enrichment from a sending Participant if the receiving Participant fails to return a payment which it is unable to apply within the times stipulated in clause 6.9.2 above.

SECTION 8 – FINALITY AND IRREVOCABILITY OF PAYMENT

- 8. Payment instructions in SWIPSS are deemed to be final and irrevocable once the sending participant's account is debited and the receiving participant is credited with the amount specified in the payment instruction.

SECTION 9 – QUEUE MANAGEMENT

- 9.1 All debit transactions to Participants' accounts in SWIPSS shall be checked for funds availability. Transactions shall not be processed unless there are sufficient available funds in the account at the time of checking. Availability of funds shall be determined with reference to account balance as well as any other parameters set on the account.
- 9.2 If there are sufficient available funds, the accounts of the two Participants involved shall be respectively debited and credited and required message outputs shall be issued.
- 9.3 Transactions for which there are insufficient available funds shall be queued by SWIPSS. Queued transactions are rechecked when account conditions change, for instance when an account has been credited with funds or other account constraints are changed.
 - 9.4.1 All transactions shall be queued and re-submitted for funds availability checking on a First-In-First-Out (FIFO) basis, that is, all transactions shall be queued in the order in which they were received and the "oldest" transaction in each Participant's queue shall be checked first.
 - 9.4.2 Only the transaction at the head of each Participant's queue shall be checked for funds availability. The FIFO order of queues shall only be overridden by use of the queue management facilities described in the sections below.
 - 9.5.1 SWIFT payments can be assigned two priority classes:
 - 9.5.1.1 Urgent;
 - 9.5.1.2 Normal.

- 9.5.2 Normal or Urgent priority is assigned to a payment instruction by the Participant as part of the SWIFT message header.
- 9.5.3 Within SWIPSS, account transfers initiated by the Central Bank shall be tested ahead of Urgent payments (see clause 9.8.1 below); and Urgent payments shall in turn be tested ahead of Normal payments. All transactions shall be tested in FIFO order within these three classes except where a Participant elevates a queued SWIFT payment (Urgent or Normal) to the head of the Urgent section of the queue.
- 9.6.1 Account Transfers initiated by the Central Bank shall have an Urgent priority over others including SWIFT -sourced transactions.
- 9.6.2 Account transfers shall always take precedence over other transactions in a Participant's queue.
- 9.7 Sending Participants shall be able to change priorities of outgoing SWIFT payments held in their queue by promoting individual payments to the head of the payment queue via the SWIPSS Webstation facility.
- 9.8.1 A sending Participant may cancel any of its payments held in its queue using the SWIPSS Webstation. SWIPSS shall return an MT097 to SWIFT Fin-Copy. SWIPSS shall append a code indicating the reason for rejection
- 9.8.2 A Participant cannot cancel an Account Transfer from its queue. Only the Central Bank is able to cancel queued Account Transfers.
- 9.9.1 The SWIPSS provides the Central Bank with tools to resolve significant backlogs of queued payments. This is called gridlock resolution.
- 9.9.2 The SWIPSS shall apply an algorithm to select those payments that can be settled on an offset basis. This shall change the FIFO ordering of settlement.
- 9.9.3 Gridlock resolution can be scheduled for automatic activation at set times or intervals as specified by the Central Bank and can also be manually invoked by the Central Bank. Gridlock resolution is most likely to occur in the period between Initial and Final Cut-Off.
- 9.10 Transactions that are not settled by the end of the operating day shall be rejected with an appropriate Abort Reason code appended to the MT019.

SECTION 10 – INTRADAY & INTER-DAY LIQUIDITY FACILITIES OVERVIEW

- 10.1 The Central Bank may, at its discretion, extend Intraday Liquidity Facility (ILF) to Participants to assist them meet their intraday liquidity requirements under SWIPSS. The ILF must be fully secured by eligible collateral securities and such collateral shall be 110% of sought ILF unless the Central Bank prescribes otherwise.
- 10.1.1 Participant Banks will be required to “pledge” an agreed amount in government securities or any other acceptable securities to SWIPSS. This amount will be based upon a calculation of their average level of exposure over a period of three months, and it will be blocked on the Book Entry System. The requisite value will be noted within SWIPSS and operated as a “draw down facility”.
- 10.1.2 The Central Bank shall establish the amount and collateral arrangements for the ILF with each Participant, which will be reviewed monthly based on moving three (3) preceding months' average of highest debit settlement amounts per participant.
- 10.1.3 All participant banks shall be required to maintain the “draw down” level by the end of each SWIPSS operating day.

- 10.1.4 Participant banks may be allowed to utilize their minimum reserve requirements (MRR) for funding of their SWIPSS transactions, but the MRR shall be restored by the end of each SWIPSS operating day.
- 10.2 Each participant shall provide sufficient liquidity in its account prior to Final Cut-off to allow any outstanding amount(s) to be debited, its MRR restored and its intra-day repo reversed. Subject to agreement by the Central Bank, additional liquidity may be sourced during the period between Initial Cut-off and Final Cut-off by borrowing from the Central Bank in the following way:-
- 10.2.1 The short bank shall call the Central Bank to raise a request for funding with an appropriate security (ies) pledged as collateral for the funding. A SWIFT message shall be sent by the short bank to confirm the arrangement with the Central Bank.
- 10.2.2 The Central Bank confirms the amount and maturity of the cited security (ies) pledged, and further blocks it in the Book Entry System as thus pledged. Interest to be charged for the funding is also confirmed.
- 10.2.3 In the following morning, by 9.00a.m., the Central Bank shall debit the loaned bank's settlement account to reverse the repo and thereby settle the obligation to clear the facility. Failure to obtain available funds in the settlement account to settle the obligation would prompt the Central Bank to liquidate the pledged security (ies) to enable settlement of the outstanding debt.

SECTION 11 – MINIMUM BALANCE REQUIREMENTS

- 11.1.1 The Central Bank shall require each Participant to maintain its Settlement Account a minimum balance that shall be set by the Central Bank.
- 11.1.2 The general principle stated in subsection 11.1.1 of this section does not prevent the Central Bank changing the minimum balance of a Participant should the Central Bank consider a situation has arisen, or is likely to arise, which warrants the Central Bank making a change to the minimum balance of a particular Participant or particular Participants.
- 11.1.3 The minimum balance set for a Participant, shall be enforced by SWIPSS, that is, transactions that would reduce balance below the minimum shall be rejected to the Participant's queue for later rechecking against the minimum balance.
- 11.2 The Central Bank shall notify a Participant of any change to its minimum balance from time to time.

SECTION 12 – NET SETTLEMENT INSTRUCTIONS

- 12.1.1 A Net Settlement Instruction is an Account Transfer involving multiple debits and credits, initiated by the Net Settlement Systems to settle net obligations arising from the conduct of a payment clearing system, for instance cheque clearing, Electronic Funds Transfers or Point Of Sale (POS) clearing.
- 12.1.2 The Central Bank may introduce additional net settlements at its discretion.

- 12.2.1 The Swaziland Automated Electronic Clearing House (SAECH) cheque and EFT clearing settlement shall be entered into SWIPSS before the Initial Cut-Off.
- 12.2.2 On completion of the entry of a Net Settlement Instruction, SWIPSS shall generate MT900 and MT910 debit and credit advices to those Participants that have opted to receive these message types (refer to section 15.1).
- 12.3.1 Participants shall ensure that there are sufficient available funds in their account to allow immediate processing of the Net Settlement Instruction.
- 12.3.2 Each Participant shall nominate a senior officer and an alternate that the Central Bank shall contact in the event that a settlement fails as a result of insufficient available funds. These contacts are listed on Schedule C Participants shall make immediate arrangements to fund their accounts to enable the settlement to complete.
- 12.3.3 If at Final Cut-off at the scheduled time, a Net Settlement Instruction has failed to settle, that is the Net Settlement Instruction is still queued because one or more participants have insufficient funds available to settle the instruction, the participant(s) with insufficient funds available will be subject to the penalties defined in the SWIPSS rules and Procedures.
- 12.3.4 At Final Cut-Off SWIPSS shall reject the Net Settlement Instruction that has failed to settle.
- 12.3.5 The requirement of section 6.8.2 that Participants be able to receive SWIPSS payment instructions, send SWIPSS Bank-to Bank Payment Instructions, and send and receive other SWIPSS-related messages whenever SWIPSS is operating shall apply until Final Cut-Off is achieved.

Participants must ensure that all SWIPSS Payments contain a reference number. This reference combined with the amount must be unique within the business day for the sending Participant.”

SECTION 13– OTHER TRANSACTIONS INPUT

- 13.1 The Central Bank at its discretion shall enter debit and credit transactions that shall be reflected in the Participant’s settlement account.
- 13.2 Such transactions stipulated in subsection 13.1 above may include, but are not limited to, transactions arising from:
 - 13.2.1 Maturity of Treasury Bills
 - 13.2.2 Shorts and Overs in treasury cash
 - 13.2.3 SWIPSS charges and fees
 - 13.2.4 Interest charges
 - 13.2.5 Penalties.

SECTION 14 – SWIFT SERVICES

- 14.1 The Central Bank shall enter into a contract with SWIFT for the provision of FIN Y-Copy services to support the settlement of SWIPSS payment instructions exchanged between Participants.
- 14.2 The FIN Y-Copy service uses the facilities of the FIN messaging service, which it enhances by copying selected information to the Central Bank for settlement authorization. This Store-Copy-Authorize-Forward facility requires that all Participants be members of the SWIPSS Closed User Group (CUG).

- 14.3 The Central Bank shall administer the FIN Y-Copy service, including the determination of the membership of the CUG, the message types to be supported by the SWIPSS CUG and various other aspects of the FIN Y-Copy service.
- 14.4 SWIFT is responsible for implementing Central Bank's FIN Y-Copy requirements.
- 14.5 A Participant shall seek Central Bank approval prior to submitting any requests to SWIFT for any amendment to its SWIFT identity or capabilities that may impact on its participation in the SWIPSS CUG.
- 14.6.1 Each Participant must maintain a single current Schedule B, Bank Identifier Code (BIC) for use in SWIPSS.
- 14.6.2 Participants who maintain multiple identities in SWIFT for related or subsidiary entities may only nominate one BIC as a destination for SWIPSS payments.
- 14.6.3 Bank Identifier Codes of SWIPSS Participants are shown in Schedule B
- 14.7.1 A sending Participant must include a three character Service Identifier Code in an outgoing SWIFT payment message for it to be intercepted and copied by the SWIFT Y-Copy service.
- 14.7.2 The Service Identifier Code (placed in Field 103 of the user header) for SWIPSS is LSW.
- 14.8.1 The following SWIFT Message types will be available for use in the SWIPSS CUG.

| SWIFT Message Type | Description |
|--------------------|--|
| MT102 | Multiple Customer Credit Transfer |
| MT103 | Single Customer Credit Transfer |
| MT202 | General Financial Institution Transfer |

- 14.8.1 Message formats are contained in the SWIFT User Handbook.
- 14.8.2 MT202 and MT205 are both used for the exchange of bank-to-bank payment instructions and contain the same information. Participants should use MT202 in preference to MT205.
- 14.9.1 The FIN Y-Copy service uses the following message types to carry out the settlement leg of the process.

| SWIFT Message Type | Description |
|--------------------|--|
| MT096 | FIN Copy to Central Institution Message |
| MT097 | FIN Copy Message Autorisation / Refusal Notification |

- 14.9.2 The incoming payment message shall be intercepted, copied and stored pending receipt of a positive or negative response from SWIPSS. The Y-Copy service operates in partial-copy mode, that is, only some information is included in the MT096 sent to SWIPSS for settlement processing. The following fields are included in the MT096 to SWIPSS.

| SWIFT Message Types | Message | Field Tags to be Copied | Field Description |
|---------------------|---------|-------------------------|-----------------------------------|
| MT102, MT202 | MT103, | 20 | Transaction Reference Number |
| | | 32A | Value date, Currency code, Amount |
| | | 72A | Sender to receiver information |

- 14.9.3 The Header and Trailer data shall also be copied.
- 14.9.4 SWIPSS shall process the MT096 and respond to FIN Y-Copy with an MT097. The MT097 shall either authorise or reject the MT096 request for settlement dependent on the outcome of the SWIPSS testing process.
- 14.9.5 A positive MT097 authorisation response from SWIPSS shall contain the following settlement-related information:
- 14.9.5.1 Timestamp of settlement completion; and
- 14.9.5.2 SWIPSS transaction reference number.
- 14.9.6 FIN Y-Copy shall forward the successfully settled payment instruction to the receiving Participant with these details contained in the header block of the message.
- 14.10 If SWIPSS rejects the payment instruction, a negative MT097 rejection response shall be returned to FIN Y-Copy. SWIPSS shall append a two-digit code to Field 432 of the MT097. This Abort Notification Code describes the reason for the rejection of the MT097 by SWIPSS.
- 14.11.1 If FIN Y-Copy is unable to complete processing of a payment instruction, it shall send an Abort Notification (MT019) to the sending Participant, advising the reason for the rejection.
- 14.11.2 Reasons for rejection shall be assigned a two-digit Abort Reason Code, which shall appear in Field 432 of the Abort Notification (MT019). The Abort Reason Code may be assigned by SWIFT or SWIPSS depending on the reason and point in the process at which rejection occurred.
- 14.12 The tables below list SWIFT and SWIPSS assigned Abort Reason Codes.

Table 1. SWIFT Assigned Codes

| SWIPSS Rejection Code | Description |
|-----------------------|---|
| 01 | Message too old (remained undelivered for n days) |
| 02 | Too many unsuccessful delivery attempts |
| 03 | Destination disabled |
| 04 | Operator aborted |
| 05 | Message could not be recovered after a major system failure because it was user encrypted |
| 06 | Message Type incompatible with SWIFT Terminal mode |
| 11 | Message is too old, but was authorized |
| 12 | Too many delivery attempts, but message was authorized |
| 13 | Destination is disabled, but message was authorized |
| 14 | Message is too long, but was authorized |
| 21 | Message is too old and was bypassed |
| 22 | Too many delivery attempts and the message was bypassed |
| 23 | Destination is disabled and message was bypassed |

| | |
|----|---|
| 24 | Message is too long and was bypassed |
| 32 | Message is too old and was not authorized |
| 33 | Copy message to the copy service server was aborted |
| 99 | Other |

Table 2. SWIPSS Generated Abort Codes

| SWIFT Code | Rejection | Description |
|------------|-----------|---|
| 60 | | Failed security validation at SWIPSS (MAC / PAC check failed) |
| 61 | | Failed message format validation at SWIPSS |
| 62 | | Duplicate Transaction reference (for this date) |
| 63 | | Invalid currency |
| 70 | | Invalid Value Date – not equal to current value date |
| 71 | | Customer Payment Received after Initial Cut-off |
| 72 | | Payment Received after final Cut-off |
| 72 | | SWIPSS Closed |
| 73 | | Beneficiary Bank does not exist |
| 74 | | Beneficiary Bank suspended |
| 76 | | Beneficiary account blocked for incoming payments |
| 77 | | Sender account blocked for outgoing payments |
| 78 | | Sender Bank does not exist |
| 79 | | Sender Bank suspended |
| 80 | | Payment cancelled from Settlement Queue at your own request |
| 81 | | Payment unsettled at Final Cut-off |

- 14.13 On receipt of a positive MT097 Authorization response from SWIPSS, the FIN Y-Copy has the capacity to send a Sender Notification (MT012) to the sending Participant. Sender Notification (MT012) is an optional FIN Y-Copy service.
- 14.14.1 SWIFT shall charge each Participant directly for messaging costs associated with FIN Y-Copy treatment of payment instructions initiated by that Participant. These charges are determined by SWIFT.
- 14.14.2 Messages initiated by SWIPSS to Participants shall also be charged to Participants by SWIFT under a “reverse billing” arrangement, that is SWIFT charges are usually levied against the sender of a SWIFT message. Messages subject to reverse billing shall be limited to those described at section 14.15 below.

- 14.15.1 The following non-value message types may be generated by SWIPSS and sent to Participants:

| Non-Value Message Type | SWIPSS Treatment |
|-------------------------------|---|
| MT012 Confirmation of Payment | Used by SWIPSS to provide advice to Sending Participant that a payment sent by that Participant has been settled. Receipt is optional |
| MT900 Confirmation of Debit | Used by SWIPSS to provide advice to Participants of Account Transfers. Receipt is optional |
| MT910 Confirmation of Credit | Used by SWIPSS to provide advice to Participants of Account Transfers. Receipt is optional |
| MT950 Statement Message | Generated at end-of-day to provide account statement information to Participant. Receipt is optional |
| MT999 Free Format Message | Sent by SWIPSS in a manual/automatic manner to provide different information regarding the system. Receipt is mandatory |

- 14.15.2 For the optional messages shown in the table above, each Participant shall advise the Bank which messages it wants to receive, except for the MT999 message. SWIPSS shall not issue these messages unless Participants have requested them.

SECTION 15 – SECURITY OF SWIPSS OPERATIONS

- 15.1 Both SWIFT and SWIPSS provide security facilities to protect data, payments in transit, and to control user access. Participants are responsible for ensuring the integrity of transactions, data and user access within their own organizations.
- 15.2 Any actual or suspected breach of security must be reported to the SWIPSS Help Desk immediately.
- 15.3 SWIFT security and control arrangements are described in the SWIFT FIN Copy Service Description and in the FIN Security Guide of the SWIFT User Handbook.
- 15.4 Participants shall ensure that they conduct Bilateral Key Exchange (BKE) with all other SWIPSS payment participants, so that all payment messages passed through SWIPSS are double-authenticated, by utilizing the SWIFT Standard FIN messages which uses an authentication mechanism based upon the sender and receiver.

- 15.5 The SWIPSS Schedule B (BIC) address must be used by Participants for bilateral key exchange with SWIPSS. The SWIPSS BIC address is contained in Schedule B – Bank Identifier Codes.
- 15.5.1 Key exchange between Participants and between SWIPSS and Participants will be required at six monthly intervals. The Central Bank may require more frequent or ad hoc key exchanges to take place.
- 15.5.2 New keys shall be exchanged immediately if there is any actual or suspected breach of key security.
- 15.6.1 Participants shall use Web stations to access SWIPSS through a Virtual Private Network (VPN). The Web stations, whether attached to proxy servers or directly attached to the network shall support the enquiry, queue management and e-mail functions of SWIPSS. Line encryption shall be provided over the link between the Participant Web station(s) and the Central Bank.
- 15.6.2 Participants shall each have one or more Web stations at their choice. Physical security of these devices in Participant premises shall be the responsibility of the Participant.
- 15.6.3 Logon to SWIPSS by a Web station shall require the use of an Aladdin e-token, which is connected to the Web station via a USB port. The e-token will establish a secure dialogue with the SWIPSS server at the Central Bank site in Swaziland. The Central Bank shall supply the Aladdin e-token(s) to participants (one per user).
- 15.6.4 SWIPSS shall provide access security with User-IDs, passwords and functionality limitations that may be controlled by the appropriate authority in each Participant organisation. It is the responsibility of each Participant to establish and enforce appropriate user access and authorities within their organisation.
- 15.7.1 Participants shall perform a periodic self-assessment of the integrity and resilience of their own internal SWIPSS arrangements. This self-assessment will be in the form described at Schedule D the self-assessment shall cover such issues as:
- 15.7.1.1 physical site security
 - 15.7.1.2 system problems and downtime
 - 15.7.1.3 occurrences of fraud
 - 15.7.1.4 adequacy of throughput capacity
 - 15.7.1.5 adequacy of contingency arrangements and facilities
- 15.7.2 The self-assessment report is to be submitted to the Central Bank biannually in January 31st and June 30th under signature of an authorized signatory of the Participant.

SECTION 16 – BUSINESS CONTINUITY PLAN/DISASTER RECOVERY PLAN

- 16.1 Each Participant shall nominate a first contact point for responding to enquiries or exchanging information in the event of processing problems; and a second contact point to act in case of the unavailability of the first contact point. A list of Contact Points is shown at Schedule C.
- 16.2 An inability to access the Central System using the SWIPSS Web station facility for the purposes of enquiry, queue management or non-value message exchange, shall only constitute a Contingency Event where such an inability effectively prevents the exchange and settlement of payments.

- 16.3.1 If a Participant experiences any technical or operational problem that prevents it from processing payments and other SWIPSS-related messages, it shall advise the SWIPSS Help Desk within 15 minutes of becoming aware of the problem.
- 16.3.2 Participants must immediately notify the SWIPSS Help Desk of any change in their situation.
- 16.3.3 The Central Bank shall notify other Participants at its discretion where the problem appears likely to be protracted or potentially disruptive to the overall operation of the system, for instance, close to Final Cut-Off.
- 16.3.4 Each other Participant shall make its own judgment as to whether to continue to send payments in favour of the Participant with network reception problems.

- 16.4.1 If a Participant is experiencing problems that result in it being able to receive but not to send payments, for instance, a back office system rather than a SWIFT Terminal failure, it shall continue to allow receipt of payments to its SWIFT Terminal.
- 16.4.2 In the event of an outage in a Participant's SWIFT Terminal interface, SWIPSS shall continue to process any MT096 settlement requests already held or subsequently received from SWIFT. Settled payments in favour of the Participant and other messages shall accumulate in SWIFT pending re-establishment of communications with SWIFT.
- 16.5 It shall be the obligation of each Participant to re-establish its SWIFT Terminal connection as soon as is practically possible.
- 16.6 In certain circumstances the Central Bank may, at its discretion, accept from a disabled Participant a listing of critical transactions for input by the Central Bank as Account Transfers, these would be:
 - 16.6.1 Restricted to critical bank-to-bank transactions;
 - 16.6.2 Only basic accounting information shall be accepted for input, that is beneficiary Participant, amount and transaction reference; and
 - 16.6.3 The listings must be in the form shown at Schedule F provided always that the Participants shall only submit such listings after obtaining the consent of the Central Bank.

- 16.7.1 In the event of a prolonged SWIFT outage, the Central Bank shall consult and communicate with Participants via the Emergency Contacts contained in Schedule C and via the SWIPSS email facility.
- 16.7.2 Participants shall remain logged on to their SWIPSS Web stations in the event of a SWIFT system outage to allow for receipt of contingency warnings and instructions over the SWIPSS email facility.
- 16.8.1 In the event of a prolonged outage in SWIPSS SWIFT Terminal of the Central Bank, the Central Bank shall consult and communicate with Participants using the Emergency Contacts at Schedule C and SWIPSS email facility.
- 16.8.2 Participants must remain logged on to their SWIPSS Web stations in the event of a SWIPSS SWIFT Terminal outage to allow for receipt of contingency warnings and instructions over the SWIPSS email facility.
- 16.9.1 A SWIPSS Central System contingency event occurs when SWIPSS is unable to process transactions to Participant's accounts. The outage shall be in the SWIPSS application itself rather than in its SWIFT interface.
- 16.9.2 If the contingency event involves both the SWIPSS SWIFT Terminal and the SWIPSS Central System, it shall be treated according to the procedures set out in this section.
- 16.9.3 In the event of a prolonged outage in the SWIPSS Central System, the Central Bank shall consult and communicate with Participants using the Emergency Contacts at Schedule C.

- 16.9.4 In the event that the Central Bank forms the view that it shall not be able to restore SWIPSS operations for the rest of that operating day, the Central Bank shall submit an emergency request to SWIFT by Authenticated Telephone Call (as per C.2.3 and P8 of the FIN Copy Service Description) requesting SWIFT to amend the SWIPSS CUG operating mode to “Closed”. This could take up to 45 minutes from authentication of the emergency call. Once transferred to “Closed” mode SWIFT shall abort any further payment instructions submitted by Participants with an MT019 Abort Notification.
- 16.9.5 In the event of a SWIPSS Application Event Participants shall use alternate means of payment exchange, for instance bank cheques, bilateral exchanges.
- 16.10 Other system disabling events may arise that must be dealt with on a case-by-case basis. In these situations, the provisions of section 86
- 16.11 Each participant shall maintain a written record of all contingency events and system problems. The record shall:
- 16.11.1.1 include details of date, time, nature of problem, action taken to rectify and time of rectification;
- 16.11.1.2 be reviewed by the Central Bank on monthly basis;
- 16.11.1.3 be copied and such copies are to be forwarded to the SWIPSS Help Desk Supervisor (refer to section 81 hereunder) within two working days of the end of each calendar month. A template for recording this information is set out at Schedule G.
- 16.12.1 The Central Bank shall test the SWIPSS contingency arrangements at least annually. All Participants are required to cooperate and participate in this process.
- 16.12.2 Participants may arrange, as necessary, with the Central Bank for conduct of their own contingency arrangement tests. As a minimum, the Central Bank should be advised of any testing that could affect a Participant’s ability to operate in the system.
- 16.13.1.1 In the event that it proves necessary to move SWIPSS operations to the Central Bank’s Fallback facilities, Participants shall be advised of any action that needs to be taken.
- 16.13.1.2 It is intended that the transition to the Disaster Recovery site shall be largely transparent to Participants. Participants shall need to establish a new Logon session from their Web station(s) to the Central Bank’s Fallback site.
- 16.14 In the event that a participant needs to move to its disaster recovery site for any reason during the day, it should be able to do this without impacting the other Participants or the Central Bank. It should, however, notify the Central Bank of its intention to transfer and also of its successful transfer.

16.15 Disaster Recovery

Each party warrants and undertakes that:-

Its systems and facilities are adequate to operate the transactions contemplated in this Agreement;

Its backup systems and facilities are adequate alternatives to the systems and facilities upon the occurrence of a disaster event and will procure an inspection, by its own independent external auditors at its own expense, of its system and facilities as well as backup systems and facilities relevant to the settlement transactions contemplated in this Agreement on an annual basis or such other shorter interval, as part of its annual audit, and will allow such auditors to make their report available to the Settlement Provider and to answer such reasonable requests for additional information as the Settlement Provider and/or its auditors may require. For the

purposes of this clause, backup systems and facilities shall include at least the backup systems and facilities which are required to cover a disaster event.

SECTION 17 – SYSTEM ADMINISTRATION AND USER ASSISTANCE

- 17.1.1 Participants shall ensure that there are sufficient available funds in their account to allow immediate processing of the Net Settlement Instruction. Each Participant must nominate a senior officer that the Central Bank shall contact in the event that a settlement fails as a result of insufficient available funds. These contacts are listed in Schedule C.
- 17.1.2 If the instruction is unable to be settled within 30 minutes of it having been entered into SWIPSS due to insufficient funds held in a participant's account, the Net Settlement Instruction Failure Contact set out in Schedule C shall be immediately informed. Participants shall make immediate arrangements to fund their accounts to enable the settlement to be completed.
- 17.2 Participants experiencing SWIFT-related problems should make use of their ordinary SWIFT Customer Support Centre facilities, in accordance with the SWIFT User Handbook.
- 17.3.1 The Central Bank shall establish and maintain a SWIPSS Support Desk to assist Participants with their use of the SWIPSS system and to address any service difficulties encountered. The SWIPSS Support Desk shall be available throughout the SWIPSS Operating Day.
- 17.3.2 Help Desk Contact details are:

SWIPSS Help Desk
Central Bank of Swaziland
P.O. Box 546
Mbabane
Swaziland

Tel: 4082270/2271
Fax: 4082246
email: swipss@centralbank.org.sz

- 17.3.3 All notifications or enquiries regarding provision of liquidity by the Central Bank should be directed to the Dealers on **4043564/3070**

SECTION 18 – SYSTEM CHANGES AND CHANGE CONTROL

- 18.1 The Central Bank shall control planned SWIPSS changes according to the following guidelines:
- 18.1.1 The Central Bank shall issue notices and instructions to Participants prior to implementation of planned system changes;

- 18.1.2 Accompanying amendments to the Rules and Procedures and other system documentation shall be issued where appropriate;
- 18.1.3 Any modifications shall be tested in a test environment prior to implementation in a production environment. Participants may be required to assist the Central Bank in the conduct of this testing.
- 18.2 The Central Bank shall review SWIFT advance information on upcoming SWIFT applications and standards. The Central Bank shall determine whether an upcoming change is likely to impact on SWIPSS operations. The Central Bank shall notify the Participants of these changes and advise what action shall need to be taken by Participants within a reasonable time. Participants shall implement any SWIFT changes that impact on the operations of SWIPSS.
- 18.3.1 Any proposed change to the operating environment of the SWIPSS Web station or changes to the SWIPSS telecommunications links at Participant sites shall require prior approval of the Central Bank before implementation.
- 18.3.2 The Central Bank may, at its discretion, refuse to ratify any change that does not conform to SWIPSS standard configuration requirements.

SECTION 19 – FEES CHARGES, AND PENALTIES

- 19.1 The Central Bank shall calculate fees and charge these to Participants' accounts. Charging shall be undertaken at the end of each calendar month.
- 19.2 Notwithstanding the foregoing, the Central Bank shall charge penalties to the participants upon occurrence of an event that requires penalty in the use of SWIPSS services, as per Schedule E to these Rules and Procedures.
- 19.3 The Central Bank shall review the fees charges and penalties from time to time by giving prior notice to the participants.

SECTION 20 – AMENDMENTS

- 20.1 The Central Bank may, at its sole discretion, amend the SWIPSS Rules and Procedures provided that:
 - 20.1.1 the Participant is notified of any such amendment in advance of its taking effect with sufficient notice so as to allow reasonable time for the amendment (if any is required) of the Participant's internal systems and procedures; and
 - 20.1.2 The Central Bank makes a reasonable effort to consult with other Participants in respect of any procedural change likely to impact on each Participant's systems and internal procedures.

SECTION 21 – SUSPENSION OF PROCEDURES

- 21.1 The Central Bank may suspend the SWIPSS Procedures in whole or part in circumstances where continued operation of the Procedures would undermine the operation and stability of the system.

- 21.2 During the suspension of SWIPSS Procedures operations will be conducted as determined by the Central Bank following reasonable consultation with the Participants, and
- 21.3 The Central Bank shall restore operation of the SWIPSS Procedures as soon as practicable under immediate notice to the Participants.

SECTION 22 – DISPUTE RESOLUTION

- 22.1 Participants are required to settle any dispute between themselves amicably.
- 22.2 If Participants fail to settle a dispute amicably, the dispute shall be referred to a dispute resolution process as provided in the following clauses.
- 22.3 The participant that considers a dispute has arisen must send a notice to the other party setting out full description of the matters in dispute.
- 22.4 In the event of a dispute arising between the Central Bank as the SWIPSS Operator and another Participant in respect of any changes to a service, the dispute shall be referred to arbitration by the SWIPSS Dispute Resolution Committee referred in section 22.5 below.
- 22.5 In the case of any dispute or difference arising between the parties hereto with regard to the construction of these Rules and Procedures or the rights, duties or obligations of either party hereunder or any matter arising out of or concerning such rights, duties or obligations, or any other dispute or matter, including any dispute in respect of and including the termination of the Agreement to Participate in SWIPSS, save for a dispute in respect of payment of monies due, such dispute shall be referred to arbitration by the SWIPSS Dispute Resolution Committee to be established by the Participants. The Committee once established shall form its own rules. The decision of the Committee shall be binding on the parties.
- 22.6 The Central Bank as the owner and operator of SWIPSS and not as a Participant shall arbitrate for disputes in respect of payment of monies due.
- 22.7 Pending the resolution of the dispute, the Participants shall continue to perform all their obligations in participation in SWIPSS.
- 22.8 Without prejudice to the generality of the foregoing, a participant shall not be entitled to withdraw its participation in SWIPSS pursuant to a dispute with another SWIPSS Participant.

SECTION 23 – PUBLIC DOCUMENT

- 23.1 These Rules and Procedures are public documents and shall be kept open for public inspection at the offices of the Central Bank and the Head Offices of every participant.

Schedules to the SWIPSS

Rules

and Procedures

| |
|-------------------|
| Schedule A |
|-------------------|

SWIPSS PARTICIPATION APPLICATION FORM

(Name and address of the applicant)

.....

Date

The Governor,
 Central Bank of Swaziland
 P.O. Box 546
MBABANE

Dear Sir,

RE: Application for Participation in the Swaziland Interbank Payment and Settlement System (SWIPSS)

WeBank Ltd., do hereby apply to become a participant in SWIPSS and furnish the following particulars of the bank;

| No. | Particulars | Comment |
|-----|---|---------|
| 1. | Physical Address of Head Office: L.R. No. | |
| 2. | Settlement account at the Bank | |
| 3. | Commitment to exchange SWIFT authentication keys with all participants | |
| 4. | Technical capacity: (a) Web station capable of effectively communicating with SWIPSS (tested and ascertained by the Bank) (b) Have in place contingency | |

| | | |
|----|--|--|
| | arrangements to enable business continuity | |
| 5. | Execute and agree to be bound by the terms and conditions of the Agreement for Participating in SWIPSS | |

We hereby certify that the information given in this Application is complete and accurate to the best of our knowledge, and that we have not omitted any material facts.

If any information or facts contained in this Application is found to be misleading, the Bank shall nullify the application (if granted).

We shall abide by terms and conditions of the Rules and Regulations of SWIPSS.

Yours Faithfully,
For and on behalf of
the bank

Name
Designation.....
Authorised Signature
Date.....

Name
Designation.....
Authorised Signature
Date.....

Company Stamp

| |
|-------------------|
| Schedule B |
|-------------------|

| |
|---|
| Current SWIFT Bank Identifier Codes (BIC)s for SWIPSS Participants for BKE |
|---|

| | PARTICIPANT | SWIFT BIC CODE LIVE | SWIFT TEST & TRAINING (T&T) BIC CODE | BKE COMPLETE YES/NO |
|---|---------------------------|--------------------------------|---|------------------------------------|
| 1 | SWIPSS | | | |
| 2 | CENTRAL BANK OF SWAZILAND | SWAZ SZ MB | | YES |
| 3 | STANDARD BANK | SBIC SZ MX | | YES |
| 4 | SWAZIBANK | SDSB SZ MB | | YES |
| 5 | FIRST NATIONAL BANK | FIRN SZ MX | | YES |
| 6 | NEDBANK | NESW SZ MX | | YES |
| | | | | |

Schedule C**Contact List – For liquidity provision**

| NO | BANK | CONTACT | TEL NO |
|----|---------------------|--|-----------------|
| 1. | SWIPSS | Sandile Zwane/ Linda Khumalo | 4082270/2271 |
| 2. | CENTRAL BANK | Nhlanhla Mthethwa/ Mbongiseni Nkambule | 4043564/3070 |
| 3. | STANDARD BANK | Louis Von Vissel/ Odette Sons | 4041543/4041544 |
| 4. | SWAZIBANK | Vusi Dlamini/ Sthembile Sukati | 4095222/4095149 |
| 5. | FIRST NATIONAL BANK | Nomcebo Maphalala/ Themi Tsabedze | 4045401 |
| 6. | NEDBANK | Musa Manana/ Rifka deSilva | 4081249/4081273 |

Contact List – Business Continuity Person

| NO | BANK | CONTACT PERSON | TEL/CELL No. & Email address |
|----|---------------------|---------------------------------|----------------------------------|
| 1. | SWIPSS | Sandile Zwane/ Linda Khumalo | 4082270/2271 |
| 2. | CENTRAL BANK | Mandla Dlamini | 4082132 |
| 3. | STANDARD BANK | Sakhile Mayisela/ Angie Gamedze | 4046930 ext 2325 6028702/4041545 |
| 4. | SWAZIBANK | Ruby Dlamini/ Lindiwe Nyembe | 4095238/4095215 |
| 5. | FIRST NATIONAL BANK | S'manga Motsa/ Siphon Dube | 4045401 |
| 6. | NEDBANK | Busani Mpungose/ Thuli Tembe | 4081244/4081262 |

SCHEDULE D

SWIPSS Self-Assessment Return (Bi-annually)

Self-Assessment for the period ending.....

Participant: [Name].....

Please respond to the following questions

A. SWIPSS-related fraud

- Has your organization experienced any SWIPSS-related actual or attempted fraud during the year?.....
- If so, was this reported to the Bank in accordance with the Rules and Regulations?.....
- Was the means of the fraud identified and rectified?.....
- Did the fraud result in any financial loss to your organization or to its customers?.....
- If so was it recovered or is recovery still being sought?.....

B. Contingency planning and contingency facilities

- Does your organization have a documented contingency plan and Disaster recovery site for its SWIPSS operations?.....
- Does the plan satisfactorily cover significant potential contingency scenarios?.....
- Does your organization maintain back up computer facilities and/or communications for the SWIFT interface used for SWIPSS communications?....
- If your organization does maintain a backup computer facility, is it at a separate site to your main SWIFT computer facility?.....
- Are you satisfied that potential business risks have been analyzed and addressed?.....
- If not what could be done?.....
.....

C. System down time and resilience

- Has your SWIPSS operations been subject to significant or recurring downtime or disruption?
- If so, were these reported to the Bank and recorded in a Contingency Event Log in accordance with the SWIPSS procedures?
- Are you satisfied that your SWIPSS-related systems have sufficient capacity and resilience to service your SWIPSS payment traffic in a timely and safe manner?

Signed for and on behalf of

By the duly authorised Signatories

Name

Designation.....

Signature.....

Date.....

SCHEDULE E – CHARGES

| TIME | EVENT | PAYMENT TRAFFIC | CHARGE |
|-------------|--------------------|--|---------------|
| 08:00 | SWIPSS START UP | SWIPSS – Start of the day's process | - |
| 08:30 | WINDOW 1 | Participants can send and receive payments. The Bank shall enter Net Settlement Instructions from SAECH Account transfers and its own payments | E5.00 |
| 10:31 | WINDOW 2 | Participants will continue to send and receive payments instructions, account transfers and its own payments as in the 1 st Window. | E10.00 |
| 13:01 | WINDOW 3 | Same as in Window 1. | E15.00 |
| 15:31 | INITIAL CUT-OFF | Closed to new payments, except for bank-to-bank (MT2XX series) and Account Transfers. Participants must arrange to have sufficient available funds to allow reversal of ILF drawings prior to Final Cut-off. | E10.00* |
| 16:00 | FINAL CUT-OFF | No further inputs accepted. At session close, queue/settlement processing will cease and any transactions still in queues will be rejected with MT097 issued to SWIFT and passed by SWIFT to the relevant Participant. | - |
| 16:30 | END OF DAY | Reports Production | - |
| 17:00 | | Systems Switch-off | |

* E10.00 per settlements instructions will be charged to SAECH.

1. **Maintenance Fees**

- 1.1 The annual Montran Maintenance fee of US\$70,000.00 will be divided amongst all the participants and paid in advance as a once off lump sum.
- 1.2 The SWIFT Y Copy Annual License Fee of US\$11,000.00 will also be paid in advance as a once off lump sum by all the participants as well.
- 1.3 No membership fee and costs will be recovered from participants.

2. **Penalty Charges**

- 2.1 A charge of E1,000 per transaction will be debited for all transactions that will be rejected or cancelled by the Central Bank due to insufficient funds by the close of day.

- 2.2 A penalty of E5,000 will be charged to a participant 30 minutes after receipt of obligations, if settlement is delayed.

SCHEDULE F

List of Critical Transaction for input by the Bank

[Requesting Bank Letterhead]

The Director, Operations/ Manager NPS
 Central Bank of Swaziland
 P.O. Box 546,
MBABANE

Attention:
 Date:

Dear Sir/Madam,

Request for SWIPSS Account Transfer

In accordance with section 72 of the Initial Report we submit the following listing of transactions for input to the SWIPSS system on our behalf. We confirm that we have received permission to make this request from..... Date and Time.....

| NO. | Amount | Bank to be credited | Transaction reference number |
|------------|---------------|----------------------------|-------------------------------------|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |

Yours faithfully

Duly authorized Participant Signatories

Name 1. 2.....
 Designation.....
 Signature.....

Date.....

This part for use by Central Bank of Swaziland

Central Bank of Swaziland

Authorised Signatures:.....

Date and time of Request Receipt:.....

Account Transfers effected

[Name of Authorising Officer].....

SCHEDULE G– Contingency Event Record

Name of participant:.....Month.....

| No. | Date of Event | Time of Event | Nature of Problem | Action taken | Time of Rectification |
|------------|----------------------|----------------------|--------------------------|---------------------|------------------------------|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |

Submit this report at the end of each month to the SWIPSS Support at swipss@centralbank.org.sz or fax to 4082246

Signed for and on behalf of

By the duly authorized Signatures

Name

Designation.....

Signature.....

Date.....

Name

Designation.....

Signature.....

Date.....

These rules are effective from the 15th June 2007.

Signed on behalf of:

Standard Bank of Swaziland

Name.....

Authorised Signature.....

Nedbank Swaziland

Name.....

Authorised Signature.....

First National Bank

Name.....

Authorised Signature.....

Swaziland Development and Savings Bank

Name.....

Authorised Signature.....

Central Bank of Swaziland

Name.....

Authorised Signature.....