



Prudential Standard APS 910

Financial Claims Scheme

Objective and key requirements of this Prudential Standard

This Prudential Standard sets out the minimum requirements that a locally incorporated authorised deposit-taking institution (ADI) must meet to ensure that it is adequately prepared, should it become a declared ADI for Financial Claims Scheme (FCS) purposes. The Board and senior management of an ADI are ultimately responsible for ensuring that appropriate policies and procedures are in place to ensure the integrity of the systems, processes and data required under this Prudential Standard.

The key requirements of this Prudential Standard are that an ADI must:

- identify each unique account-holder, to the extent practicable;
- develop and implement a Single Customer View;
- be able to generate and transmit payment instructions for payment by electronic funds transfer (EFT) and cheque in respect of each account-holder;
- facilitate the collection of an account-holder's alternative ADI account details to which an EFT payment may be made for FCS purposes;
- generate and provide reports to APRA and to account-holders and other parties on APRA's behalf;
- facilitate communications with account-holders and other relevant parties;
- comply with requirements specified from time to time by APRA for the purpose of testing the generation of Single Customer View data, the generation and transmission of payment and reporting information and communications arrangements;
- ensure that the systems and data required by this Prudential Standard are subject to external audit; and
- provide an attestation by the Chief Executive Officer.

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Authority

1. This Prudential Standard is made under section 11AF of the *Banking Act 1959* (the **Banking Act**).

Application

2. This Prudential Standard applies to all authorised deposit-taking institutions (**ADIs**) except for **foreign ADIs**, specialist credit card institutions (**SCCIs**) and providers of purchased payment facilities (**PPFs**).

Interpretation

3. Terms that are defined in *Prudential Standard APS 001 Definitions* appear in bold the first time they are used in this Prudential Standard.

Definitions

4. In this Prudential Standard:

account-holder has the meaning in subsection 5(1) of the Banking Act.

AEST refers to Australian Eastern Standard Time.

AIRR refers to the annual investment income report provided by an ADI to the ATO.

ATO refers to the Australian Taxation Office.

declared ADI has the meaning in subsection 5(1) of the Banking Act.

EFT refers to electronic funds transfer.

EFTPOS refers to electronic funds transfer at point of sale.

end-of-day means 9.00 am **AEST** on the day following the date on which the Minister's declaration is made under section 16AD of the Banking Act in relation to an ADI or, for testing purposes, 9.00 am **AEST** on the day following the date on which APRA requests that the information be generated by an ADI.

FCS refers to the Financial Claims Scheme for ADIs.

FCS limit means the limit on payments to an account-holder with a declared ADI, as set out in regulations made under section 16AG of the Banking Act.

FCS balance means the aggregate amount an account-holder is entitled to be paid by APRA in respect of protected accounts under Part 2, Division 2AA of the Banking Act, being not more than the FCS limit.

net credit balance has the meaning in section 5 of the Banking Act.

prescribed account is an account prescribed under subsection 16AH(5) of the Banking Act.

protected account has the meaning in section 5 of the Banking Act.

RBA refers to the Reserve Bank of Australia.

Single Customer View

5. An ADI must identify each unique account-holder, to the extent practicable, for the purposes of being able to pay an account-holder who holds a protected account should the ADI be a declared ADI under section 16AD of the Banking Act.
6. An ADI must maintain the capacity to generate the aggregate balance of all protected accounts held by an account-holder in the form of a Single Customer View (SCV).
7. An ADI must maintain its SCV systems and the SCV data generated by those systems in Australia, unless otherwise approved, in writing, by APRA.
8. An ADI must:
 - (a) include in its SCV the information set out in Attachment A; and
 - (b) comply with requirements concerning account aggregation and end-of-day positions set out in Attachment B.

Time for generating SCV data

9. An ADI must generate SCV data from its end-of-day deposit balances not later than 48 hours after the end-of-day on which:
 - (a) a declaration is made under section 16AD of the Banking Act; or
 - (b) APRA requests the ADI to generate the data.

Generation and transmission of payment instructions

10. An ADI must maintain, to the extent practicable, the capacity to identify payment information for each account-holder as set out in Attachment C.
11. An ADI must be able to generate and transmit payment instructions to a person nominated by APRA to enable the payment to an account-holder, who holds a protected account, using any of the payment methods specified in this Prudential Standard.

Payment Methods

12. The payment methods specified under this Prudential Standard are:
 - (a) electronic funds transfer (EFT) made by the Reserve Bank of Australia (RBA) or another paying agent nominated by APRA to an account held by an account-holder at another ADI; and
 - (b) cheque drawn on the RBA.

13. For each payment method, the payment instructions must:
- (a) contain the information specified in Attachment D (refer to Columns (a) and (b)); and
 - (b) be in the form specified by APRA, in writing, to the ADI.
14. An ADI must be able to generate, for prescribed accounts, a report containing the information specified in Attachment D (refer to Column (c)) to enable APRA to pay an account-holder's entitlement in respect of a prescribed account. The report must be in the form specified by APRA, in writing, to the ADI.

Establishing and maintaining an Alternative ADI Account Facility

15. Unless exempted by APRA, an ADI must establish and maintain a facility - the alternative ADI account facility ('facility') - to enable an account-holder to provide the ADI with their account details at an alternative ADI to which an EFT payment may be made in the event that the ADI is a declared ADI.
16. An ADI must ensure that its facility:
- (a) is secure;
 - (b) is able to identify an account-holder via internet, telephone and mobile banking using a unique customer identifier and password, where such channels are maintained by the ADI;
 - (c) is able to receive and store an account-holder's alternative ADI account data, including the BSB and account number, for the purposes of providing this information to the RBA or another paying agent nominated by APRA for FCS purposes;
 - (d) records the account-holder's consent for the alternative ADI account data to be provided to APRA and to the RBA or another paying agent nominated by APRA for FCS purposes; and
 - (e) provides the BSB and account number data in such a way that the data can be merged with the SCV data and calculations based on those data to create an EFT payment instruction.
17. An ADI must not use the information contained in the facility for any purpose except as required in this Prudential Standard.

Time for generating and transmitting payment instructions

18. An ADI must be able to generate and transmit payment instructions to a paying agent nominated by APRA not later than 24 hours following the generation of SCV data.
19. For payments to be made in respect of prescribed accounts, an ADI must generate and transmit payment information to APRA or a paying agent nominated by APRA within the time period specified in paragraph 23(c).

Reports

20. An ADI must maintain the capacity to identify reporting information for each account-holder and at an aggregate ADI level.
21. An ADI must:
- (a) maintain the capacity to generate and transmit reports to APRA, and to any party nominated by APRA, in accordance with Attachment D (refer to Columns (c) to (g) inclusive) within the time period specified in this Prudential Standard; and
 - (b) maintain the capacity to generate and transmit reports on behalf of APRA in accordance with Attachment D (refer to Columns (h) and (i)) to APRA, and to any person nominated by APRA, as soon as practicable to enable APRA to comply with its obligations to issue reports to account-holders and the Australian Taxation Office (ATO) under the Banking Act.
22. An ADI must ensure that its systems are able to be updated to reflect account-holder balances, taking account of amounts that are paid for FCS purposes, to enable an account-holder to be provided with information on the balance in each protected account they hold, including transaction details related to FCS payments made.

Time for generating and transmitting reports to APRA

23. An ADI must be able to generate and transmit reports referred to in paragraph 21(a) as follows:
- (a) the statistical summary report (refer to Column (d) of Attachment D) must be generated at the same time as the SCV;
 - (b) the EFT and cheque payments reports (refer to Columns (e) and (f) of Attachment D) must be generated at the same time as the payment instructions are generated and transmitted;
 - (c) the prescribed accounts report (refer to Column (c) of Attachment D) must be generated within 48 hours following the provision of EFT and cheque payments reports to APRA or its paying agent; and
 - (d) the exceptions report (refer to Column (g) of Attachment D) must be generated within 48 hours following the provision of EFT and cheque payments reports to APRA or its paying agent.

Communications

24. An ADI must be able to facilitate communications with account-holders and other customers in the event that an ADI becomes a declared ADI by way of the communication channels maintained by the ADI, including, where applicable, the ADI's website, electronic banking facility, telephone banking facility and call centre. Communications for this purpose include:

- (a) conveying FCS-related information as specified by APRA from time to time;
 - (b) responding to FCS-related enquiries from account-holders and other customers; and
 - (c) recording information from an account-holder relevant to the preparation of the SCV and payment instructions for FCS payments.
25. An ADI must establish and maintain communications channels that are adequate to respond effectively, and in a timely manner, to the volumes of account-holder and other customer enquiries that may reasonably be expected in the event that the ADI becomes a declared ADI. At a minimum, an ADI must maintain an existing website to convey FCS-related information specified by APRA from time to time, and must maintain the capability to respond to account-holder and customer queries by telephone and internet.

Testing

26. In accordance with a testing schedule that will be notified to an ADI by APRA, in writing, from time to time, an ADI must be able to regularly test its ability to:
- (a) generate SCV data in accordance with this Prudential Standard;
 - (b) activate its alternative ADI account facility;
 - (c) generate and transmit payment instructions to the RBA, or another paying agent nominated by APRA, as required by this Prudential Standard, where the test data are produced in a way that maintains the confidentiality of account-holder information;
 - (d) generate and transmit the reports required by this Prudential Standard; and
 - (e) comply with the communications requirements in this Prudential Standard.
27. Any shortcomings identified in an ADI's systems and processes as a result of testing required under this Prudential Standard must be rectified as required by APRA.

Audit

28. An ADI must ensure that the systems, controls, processes and information used by it to generate SCV data, FCS payment instructions and reporting information, as required by this Prudential Standard, are subject to assurance by an auditor engaged for this purpose. The auditor must be either the ADI's appointed auditor or another auditor engaged by the ADI that meets the requirements of *Prudential Standard APS 310 Audit and Related Matters* (APS 310). The purpose of the audit is to enable the auditor to form an opinion on the accuracy and reliability of the data, payment instructions and reports, and the reliability of the systems used to generate the data, payment instructions and reports.

29. For the purposes of data, payment instructions and reports generated in accordance with this Prudential Standard, an ADI must engage an auditor:
- (a) at the end of the final transition period(s), under paragraphs 38 or 40 of this Prudential Standard, to undertake a reasonable assurance audit¹ of the controls over the systems used to generate SCV data, and to capture alternative ADI account information and combine them to provide FCS payment instructions and reporting information, for the purpose of ensuring that the SCV data, to the extent practicable, and FCS payment instructions and reporting information can be relied upon as being complete and accurate; and
 - (b) to undertake a reasonable assurance audit every third year thereafter, with limited assurance reviews in intervening years.
30. Notwithstanding the requirements in paragraph 29, APRA may, in writing, require an ADI to engage an auditor to undertake a reasonable assurance audit of SCV systems and data, and the systems used to generate and transmit FCS payment instructions and reporting information, if:
- (a) APRA has concerns about the ADI's systems used to generate SCV data, FCS payment instructions or reporting information, or controls over those systems, or the data generated by those systems or any other aspect of an ADI's operations in relation to FCS matters; or
 - (b) an audit or review is qualified, or the auditor has raised concerns about the systems used to generate SCV data, or the FCS payment instructions and reporting information, controls over those systems, or data generated by those systems or any other aspect of an ADI's operations in relation to FCS matters.
31. An ADI must ensure that a copy of any final audit or review report produced for the purposes of this Prudential Standard is provided to APRA at the same time as it is provided to the ADI.
32. An ADI must ensure that all information generated by the ADI under this Prudential Standard is subject to processes and controls developed by the ADI for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of an ADI to ensure that appropriate policies and procedures are in place to ensure the integrity of SCV systems, processes and data, and the FCS payment instructions and reporting information generated by those systems.

Attestation

33. An ADI must, within three months of its annual balance date,² provide APRA with an attestation from its Chief Executive Officer (CEO).

¹ This audit can be aligned with the ADI's regular annual audit cycle.

² For non-disclosing entities the relevant period is four months.

34. The CEO must attest, for the financial year to which the declaration relates, that:
- (a) the ADI has taken all necessary steps to ensure that it is compliant with the requirements as set out in this Prudential Standard;
 - (b) the ADI has systems and processes that allow it to identify, to the extent practicable, each unique account-holder who holds a protected account;
 - (c) the ADI is able to calculate an SCV for each unique account-holder identified in accordance with this Prudential Standard and transmit those data to APRA, or to a person nominated by APRA, as required by this Prudential Standard;
 - (d) the ADI is able to generate and transmit payment instructions for FCS purposes to the RBA, or another paying agent nominated by APRA, as required by this Prudential Standard;
 - (e) the ADI is able to generate and transmit reporting information to APRA, an account-holder, the ATO and any other party nominated by APRA, as required by this Prudential Standard;
 - (f) the ADI's systems and associated controls are adequate for the purposes of ensuring that data generated by SCV systems are complete and accurate, to the extent practicable;
 - (g) the ADI's systems and associated controls are adequate for the purposes of ensuring that the FCS payment instructions and reporting information generated and transmitted by the ADI's systems, including the alternative ADI account facility, are complete and accurate;
 - (h) the ADI is able to generate the SCV data and the FCS payment instructions and reporting information within the timeframes required by this Prudential Standard;
 - (i) the ADI is able to comply with the communications requirements set out in this Prudential Standard; and
 - (j) the ADI is able to comply with the testing requirements set out in this Prudential Standard.
35. If the CEO is unable to provide the attestation at paragraph 33 without qualification, the CEO must set out in the attestation the reasons why he or she is unable to make an unqualified attestation.
36. An ADI may provide the attestation required at paragraph 33 at the same time and as part of the declarations required by APS 310.

Adjustments and exclusions

37. APRA may, by notice in writing to an ADI, adjust or exclude a specific prudential requirement in this Prudential Standard in relation to that ADI.³

Transition

38. Subject to paragraph 40, an ADI must comply with:

- (a) the SCV requirements contained in paragraphs 5 to 9 of this Prudential Standard, together with associated audit and attestation requirements, by 1 January 2014; and
- (b) all other requirements imposed by this Prudential Standard by 1 July 2014.

However, the ADI must undertake any testing and preparatory activities specified by APRA, in writing, to satisfy APRA that the ADI will be in a position to comply with its obligations under this Prudential Standard.

39. An ADI may apply, in writing, to APRA for an extended transition period(s) to comply with some or all of the obligations imposed by this Prudential Standard. The maximum transition period(s) granted by APRA to an ADI will end not later than 31 December 2015. Any such application must be lodged with APRA prior to the relevant date for compliance set out in paragraph 38.
40. Upon receipt of an application for transition, APRA may grant the applicant a transition period(s) on such terms and conditions as APRA considers appropriate. In deciding whether to grant a transition period(s), APRA will take into account the matters set out by an ADI in its request, as well as any other matters APRA considers relevant.
41. An ADI seeking a transition period(s) must, as part of its request, set out those provisions in this Prudential Standard it will be unable to comply with by the relevant date for compliance set out in paragraph 38, the reasons why it cannot comply, details of the actions it will take to comply in the shortest reasonable time and the timeframe for its compliance with this Prudential Standard.
42. An ADI granted a transition period(s) under this Prudential Standard must provide periodic progress updates to APRA, as specified by APRA and at intervals determined by APRA.
43. For the purposes of paragraph 9 of this Prudential Standard, the time period in which an ADI must be able to generate SCV data is extended from 48 hours to 72 hours after end-of-day until 31 December 2015.

³ Refer to subsection 11AF(2) of the Banking Act.

Attachment A

This Attachment sets out the data that an ADI must include as part of its SCV (refer to Table 1 for data items to be included). The data are necessary to ensure the integrity of the SCV. The SCV will ensure the identification of protected accounts for each unique account-holder, thereby facilitating the timely and accurate payment of FCS balances to account-holders in the event that an ADI is declared by the Minister under section 16AD of the Banking Act.

Account-holder information

1. An ADI must identify each unique account-holder, to the extent practicable (the account-holder identifier must be limited to a maximum of 18 characters). For this purpose, an ADI will need to have some form of unique account-holder identifier that can be used to identify each account-holder and aggregate the balances in protected accounts for an account-holder into an SCV. The account-holder identifier will form the basis for the payment of balances held in protected accounts up to the FCS limit.
2. The account-holder status refers to the status an ADI normally uses for this purpose - e.g. whether the account-holder is deceased, bankrupt, has no valid address or any other indicator the ADI may use to identify the status of the account-holder.
3. An ADI must capture the account-holder details in Table 1, including such matters as title, name, address (both postal and street address), telephone numbers and email addresses to the extent that the ADI has these data in its source systems.

Account details

4. This is the information that an ADI must include for each protected account that is aggregated for each account-holder into an SCV.

Account-holder aggregate details

5. The aggregate details refer to the sum of all individual account balances for an account-holder.

Table 1

Account-holder SCV

1. Account-holder identifier	
1.1	Account holder identifier
1.2	Account-holder status
1.3	Whether account-holder is an electronic banking customer
2. Account-holder details	
2.1	Entity details
2.1.1	Entity type
2.2	Entity name
2.2.1	Title
2.2.2	Surname
2.2.3	Middle name or initial
2.2.4	First name or initial
2.2.5	Suffix
2.3	Date of birth
2.4	Street address details
2.4.1	Unit / Street Number
2.4.2	Street Name
2.4.3	City/Town/Suburb
2.4.4	State
2.4.5	Postcode
2.4.6	Country
2.5	Mailing address details
2.5.1	PO Box (if applicable)/ RMB etc
2.5.2	Unit / Street number
2.5.3	Street Name
2.5.4	City/Town/Suburb
2.5.5	State
2.5.6	Postcode
2.5.7	Country
2.6	Email address details
2.7	Telephone number details
2.7.1	Home telephone
2.7.2	Work telephone
2.7.3	Mobile telephone
3. Account details (for each protected account for each account-holder)	
3.1	Account title
3.1.1	Account status
3.1.2	Account classification
3.2	BSB
3.3	Account number
3.4	Product type
3.4.1	Product name
3.5	Account balance
3.5.1	Account balance – cleared funds
3.5.2	Account balance – uncleared funds
3.5.3	Principal
3.5.4	Accrued interest
3.5.5	Accrued fees and charges
3.5.6	Withholding tax

4. Account-holder aggregate account details	
4.1	Aggregate account balance details
4.1.1	Aggregate balance – cleared funds
4.1.2	Aggregate balance – uncleared funds
4.1.3	Aggregate principal (sum of principal in all protected accounts)
4.1.4	Aggregate accrued interest (sum of accrued interest for all protected accounts)
4.1.5	Aggregate accrued fees and charges (sum of accrued fees and charges attributable to all protected accounts)
4.1.6	Aggregate withholding tax (sum of withholding taxes for all protected accounts)

6. An ADI must ensure that controls are in place in relation to its SCV data such that:
- (a) data sourced from any product, customer or other ADI system for SCV purposes are complete and accurate, to the extent practicable;
 - (b) all fields are populated with data, or fields with no data are flagged as data ‘not available’;
 - (c) calculation fields are accurate (for example, an account-holder’s aggregate account-holding is equal to the sum of its constituent parts);
 - (d) to the extent practicable, name and address fields are complete and valid;
 - (e) all records are referenced to their source;
 - (f) to the extent practicable, there are no duplicate records for an account-holder; and
 - (g) SCV account balances are reconciled to source systems.

Attachment B

This Attachment includes requirements concerning account aggregation and calculation of end-of-day positions.

Principles for account aggregation

1. The account aggregation principles are designed to assist an ADI with the treatment of balances in protected accounts. How an account is treated will depend on the entity type (as defined in sections 960 to 100 of the *Income Tax Assessment Act 1997*) and whether the account is held in a single name or in multiple names.
2. An ADI must apply the following rules when dealing with protected accounts:
 - (a) each protected account attributable to an account-holder must be aggregated under an SCV for the purpose of establishing an account-holder's balance;
 - (b) account aggregation for SCV purposes must include aggregation of all protected accounts in an account-holder's name including protected joint accounts, business accounts, prescribed accounts and all other protected accounts held by an account-holder, whether individually or jointly;
 - (c) prescribed accounts must be included in the SCV and also flagged as being prescribed accounts, since APRA must establish an account of the same kind at another ADI on behalf of the account-holder for the purposes of wholly or partly meeting the entitlement in respect of the account;
 - (d) joint accounts must be split on a proportionate basis between all account-holders named on that account (e.g. for a joint account with four named account-holders, each account-holder would have one quarter of the total account balance included as part of their aggregated protected account balance);
 - (e) in the case of business accounts, where the account is held in a business name, the balance must be treated as belonging to a single account-holder, being the person (including corporations, etc.) named as the account-holder. If a business account is held in multiple individual names (as may be the case with partnership accounts) the rules for joint accounts apply; and
 - (f) as for joint accounts, the balance in a partnership account is to be split proportionately among all named account-holders.
3. An ADI must separately identify and flag each pooled trust account held by an account-holder, to the extent practicable.

Calculation of end-of-day deposit balances

4. The amount repayable to an account-holder must be calculated from the sum of the end-of-day deposit balances held in all protected accounts in an account-

holder's name on the day on which a declaration is made that the FCS applies in relation to an ADI (or if APRA requires the ADI to generate data for test purposes, the day on which APRA instructs the ADI to generate the data). As end-of-day deposit balances could include both cleared and uncleared funds, payments must only be made on the basis of deposit balances comprising cleared funds. Uncleared funds in protected accounts, on the day the FCS is declared, must clear before being eligible to be paid out.

5. The timing of the creation of the SCV allows for the finalisation of payments already exchanged and settled at the time of declaration - e.g. the processing of dishonours, returned direct credits and debits. The SCV caters for both cleared and uncleared funds to be recorded, with the latter used for informational purposes in case some items remain uncleared.
6. A failed ADI will be withdrawn from the payments system as soon as a decision is made to declare the FCS in relation to that ADI. It is therefore necessary to ensure the correct posting to accounts of all unsettled¹ payments exchanged between the failed ADI and other ADIs on the day of the failure. These payments could include direct entry credits, cheques and EFTPOS transactions.
7. An ADI must not net or set-off against balances held in a protected account for the purposes of the FCS. All balances must be on a gross basis adjusting for accrued interest, fees and charges applicable to an account (i.e. the net credit balance as defined in section 5 of the Banking Act).
8. Overdrafts and other forms of debt must not be set-off against balances in protected accounts.

Process for determining end-of-day position

9. An ADI must ensure consistency in the treatment of payments made between account-holders, at both:
 - (a) the ADI, i.e. in the treatment of 'on-us' items; and
 - (b) another ADI.

An ADI must, therefore, use the same general principles in the treatment of these transactions as set out in paragraphs 10-23 of this Attachment.

Failure by a direct participant

10. The Australian Payments Clearing Association's (APCA's) Australian Paper Clearing System (APCS) has been determined by the RBA to be a 'recognised settlement system' under the *Cheques Act 1986* (Cheques Act). The effect of this is that all cheques drawn on an ADI that becomes a failed financial institution (within the meaning of subsection 70A(2) of the Cheques Act) after the cheque is lodged and before the cheque is settled are taken to be

¹ Settlement refers to the extinguishment of obligations arising between payments system participants (including ADIs) using Exchange Settlement Accounts at the RBA.

dishonoured. Accordingly, for the purpose of calculating an end-of-day balance, any **cheques debited** to an account by a failed ADI in connection with unsettled cheques must be reversed. Similarly, credit entries made by other ADIs to an account arising from unsettled cheques drawn on the failed ADI must also be reversed.

11. Cheques drawn on an ADI, other than the failed ADI, and deposited into accounts at a failed ADI prior to the commencement of statutory management remain obligations due to the failed ADI by the ADI on whom the cheque is drawn. When calculating the end-of-day aggregate deposit balance, the failed ADI must ensure that credits associated with these cheques are posted to accounts as they normally would be. However, these deposits would remain subject to the standard APCS rules on cleared funds (i.e. cheques drawn on an ADI, and deposited at the failed ADI, could be dishonoured by an ADI if, for example, the drawer had insufficient funds in their account). As a result, end-of-day deposit balances must distinguish between 'cleared' and 'uncleared' funds. APRA will only make FCS payments to account-holders in respect of cleared funds.
12. Unsettled bank cheques, including personal cheques, drawn on a failed ADI would be dishonoured by other ADIs under the Cheques Act and in accordance with existing APCA rules upon an ADI being wound up. **In effect, an ADI would need to identify the cheques drawn on the failed ADI that had been deposited to customer accounts that day (since the last interbank 9am settlement) and then debit them to the receiving customers' account balances. Equally, the failed ADI would need to be able to re-credit any cheque debits posted to its customers' accounts since the last interbank settlement occurred. Bank cheques (as distinct from customer cheques) would need to be re-credited to the bank cheque account held in the failed ADI's name they were drawn from.**
13. Legislation similar to the Cheques Act does not exist in respect of other payments instruments. Treatment of accounts in respect of non-cheque payment instruments may be influenced by non-APCA contractual requirements. To the extent that contractual requirements are either silent, or allow discretion to be exercised, ADIs must adopt uniform accounting treatments in dealing with a failed ADI.
14. The exchange of direct entry **items** will cease from the time that an ADI is withdrawn from the payments system. Specifically, for **items** that were exchanged prior to the ADI's withdrawal:
 - (a) unsettled direct entry **credits** received from a failed ADI would be returned to the failed ADI if they had not already been posted to accounts at another ADI. Unsettled direct entry credits that had been posted to accounts at another ADI would stand. To ensure consistent treatment between accounts at a failed ADI and all other ADIs, the failed ADI would need to explicitly identify which **direct entry items** had been processed by another ADI and which had not;

- (b) direct entry debits that have not been settled by a failed ADI would be treated as if they had not been exchanged or dishonoured (and any account postings would be reversed by the receiving ADI as well as the failed ADI); and
 - (c) all direct entry items exchanged on the day of failure, which require settlement payment from another ADI to the failed ADI, are to be processed as normal. As a result, the failed ADI would need to post incoming direct entry credit payments from other ADIs and include these transactions in its end-of-day aggregate deposit balance. The same would apply to direct debits the failed ADI had exchanged with other ADIs.
15. The exchange of BPAY items will cease from the time at which an ADI is withdrawn from the payments system. Where items were exchanged prior to this time, then:
- (a) unsettled BPAY credits received from the failed ADI would be returned to the failed ADI if they had not already been posted to accounts at another ADI. The failed ADI would reverse these account postings;
 - (b) unsettled BPAY credits that had been posted to accounts at another ADI would stand.
- To ensure consistent treatment between accounts at a failed ADI and other ADIs, the failed ADI must be able to identify which BPAY payments had been processed by another ADI and which had not.
16. Real-time gross settlement (RTGS) payments are settled at the time they are exchanged. As a result, RTGS payments exchanged between a failed ADI and another ADI are irrevocable and these transactions must be included in the end-of-day balance. Account postings for RTGS payments that were initiated, but not settled, must be reversed by the failed ADI or other ADI, as applicable.
17. A failed ADI's ATM network and EFTPOS banking channels would be closed from the time that the ADI is withdrawn from the payments system. Unsettled ATM and EFTPOS transactions must not be revoked because of the real-time nature of these transactions. APRA would also instruct the statutory manager, or request the liquidator, to close the payments functions associated with a failed ADI's internet and telephone banking facilities.
18. VISA and MasterCard debit card transactions must not be revoked due to the real-time nature of these transactions. The bank identifier numbers for cards issued by the failed ADI must be de-activated to ensure that no further transactions are able to take place following the withdrawal of the failed ADI from the payment system.

Accrued interest and fees

19. An ADI must calculate accrued interest and pay interest at the relevant interest rate applicable to the account in question, rather than a break rate that might apply if an account-holder withdraws funds before a certain time or subject to

other restrictions. An ADI must ensure that its accounting systems are able to apply interest at the contractual rate applicable to each account in the event of the ADI failing.

20. For the purpose of testing SCV data, it will not be necessary for an ADI, in calculating the end-of-day balance, to run an accrual to determine interest, fees and charges applicable to an account, unless the accrual is normally run on a daily basis or where the reporting date selected by APRA coincides with month-end. An end-of-day figure based on the principal amounts held in each protected account will be sufficient for the initial end-of-day balance for testing purposes.

Treatment of unsettled payments

21. Depending on how account-holders are to be paid out, an ADI would either be:
 - (a) suspended from the payments system and then reinstated for a limited period to facilitate payment to account-holders (if the ADI's own systems were used for payment); or
 - (b) terminated from the payments system, with APRA appointing a paying agent to pay out balances in protected accounts up to the FCS limit to account-holders.
22. In either case, failure-to-settle procedures would be applied in each payment system in which the ADI was a participant.
23. APCA rules distinguish between direct participants and indirect participants. The former assume responsibility for settlement of payments obligations drawn on indirect participants as well as their own settlement obligations. In the event that an indirect participant fails, its representative direct participant remains responsible for settling the indirect participant's obligations. In these circumstances, credits posted to accounts at a solvent ADI, and associated debits posted to accounts at the failed ADI, would stand even where the indirect participant had not settled for the resultant obligations with its representative direct participant (subject to the legitimate reversal of direct credits and the possibility of direct debits being dishonoured by the failed ADI). Since some ADIs are direct participants in one or more APCA payment systems while participating indirectly in others, the treatment of customer accounts may vary by payment instrument.

Attachment C

This Attachment sets out the data that an ADI must include as part of its FCS balances payment and reporting requirements (refer to Table 2 for data items to be included) and data for use by APRA (refer to Table 3). The data are necessary to facilitate the accurate payment and reporting of FCS balances to account-holders in the event that an ADI is declared by the Minister under section 16AD of the Banking Act.

Account-holder FCS balance and payment details

1. An ADI must be able to calculate the FCS balance for each account-holder.
2. An ADI must provide to the RBA or APRA's paying agent information specified in the file specifications in the approved form, where they are not included in Table 2. This will include fields generated by ADI systems such as record codes and reference information, for example, the name of declared ADI and unique reference numbers which are required to generate the payment instructions.
3. EFT and cheque payment instructions must have a date no later than the timeframes specified in paragraph 18 of this Prudential Standard, as calculated from the date of the generation of SCV.
4. An ADI must be able to identify each payment indicator (such as EFT, cheque, exception etc).

ADI summary account-holder and deposit data

5. An ADI's SCV and other systems must be able to generate summary account-holder deposit and FCS balance data aggregated by value and volume for use by APRA (refer to Table 3). An ADI may include any additional information it considers relevant for this purpose.

Table 2**Account-holder payment and reporting¹**

5. Account-holder FCS balance data	
5.1	FCS balance
5.1.1	FCS balance – cleared funds
5.1.2	FCS balance – uncleared funds
5.1.3	FCS balance – principal component
5.1.4	FCS balance – accrued interest component
5.1.5	FCS balance – accrued fees and charges component
5.1.6	FCS balance – withholding taxes
5.2	Aggregate account balance above FCS limit
6. Account-holder FCS balance payment data	
6.1	FCS balance – non-prescribed accounts – non-exception
6.1.1	FCS balance – non-prescribed accounts – EFT payment
6.1.1.1	Alternative ADI account BSB
6.1.1.2	Alternative ADI account number
6.1.1.3	EFT reference number
6.1.1.4	EFT payment date
6.1.2	FCS balance – non-prescribed accounts – cheque payment
6.1.2.1	FCS cheque serial number
6.1.2.2	Cheque payment date
6.2	FCS balance – prescribed accounts – non-exception
6.2.1	FCS balance – prescribed accounts – farm management
6.2.2	FCS balance – prescribed accounts – first home saver
6.2.3	FCS balance – prescribed accounts – retirement savings
6.3	FCS balance – exceptions
6.3.1	FCS balance – exceptions – account-holder level
6.3.2	FCS balance – exceptions – account level

¹ Table 1 Items 1-4 are as per Attachment A.

Table 3

Aggregate ADI reporting data

7. ADI aggregate account balances data	
7.1	Aggregate FCS balances
7.1.1	Aggregate FCS balances – cleared funds
7.1.2	Aggregate FCS balances – uncleared funds
7.1.3	Aggregate FCS balances – principal component
7.1.4	Aggregate FCS balances – accrued interest component
7.1.5	Aggregate FCS balances – accrued fees and charges component
7.1.6	Aggregate FCS balances – withholding taxes
7.2	Aggregate account balances above FCS limit
7.3	Aggregate account balances for all protected accounts
7.4	Total balances of all deposits of the ADI (for all protected and non-protected accounts)
7.5	Aggregate number of account-holders with FCS balances
7.5.1	Aggregate number of account-holders with FCS balances – cleared funds
7.5.2	Aggregate number of account-holders with FCS balances – uncleared funds
7.6	Aggregate number of account-holders with balances above the FCS limit
7.7	Aggregate number of account-holders with protected accounts
8. ADI aggregate FCS balances payment data values	
8.1	Aggregate FCS balances – non prescribed accounts – non-exceptions
8.1.1	Aggregate FCS balances – non prescribed accounts – EFT payment
8.1.2	Aggregate FCS balances – non prescribed accounts – cheque payment
8.2	Aggregate FCS balances – prescribed accounts – non-exceptions
8.2.1	Aggregate FCS balances – prescribed accounts – farm management
8.2.2	Aggregate FCS balances – prescribed accounts – first home saver
8.2.3	Aggregate FCS balances – prescribed accounts – retirement savings
8.3	Aggregate FCS balances – exceptions
8.3.1	Aggregate FCS balances – exceptions – account-holder level
8.3.2	Aggregate FCS balances – exceptions – account level
9. ADI aggregate FCS balances payment data volumes	
9.1	Number of aggregate account-holders with FCS balances – non-prescribed accounts – non-exceptions
9.1.1	Number of aggregate account-holders with FCS balances – non-prescribed accounts – EFT payment
9.1.2	Number of aggregate account-holders with FCS balances – non-prescribed accounts – cheque payment
9.2	Number of aggregate account-holders with FCS balances – prescribed accounts – non-exceptions
9.2.1	Number of aggregate account-holders with FCS balances – prescribed accounts – farm management
9.2.2	Number of aggregate account-holders with FCS balances – prescribed accounts – first home savers
9.2.3	Number of aggregate account-holders with FCS balances – prescribed accounts – retirement savings
9.3	Number of aggregate account-holders with FCS balances – exceptions
9.3.1	Number of aggregate account-holders with FCS balances – exceptions – account-holder level
9.3.2	Number of aggregate account-holders with FCS balances – exceptions – account level
10. ADI aggregate electronic banking data	
10.1	Aggregate account balances for account-holders with electronic banking access
10.2	FCS balance for account-holders with electronic banking access
10.3	Number of account-holders with electronic banking access

Attachment D

This Attachment specifies the requirements for ADI generation and transmission of payment instructions and reports.

Field	Description	Column reference								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1. Account-holder identifier										
1.1	Account-holder identifier	✓	✓	✓		✓	✓	✓	✓	
1.2	Account-holder status			✓				✓		
1.3	Whether account-holder is an electronic banking customer									
2. Account-holder details										
2.1	Entity details									
2.1.1	Entity type			✓				✓		
2.2	Entity name	✓	✓	✓		✓	✓	✓	✓	✓
2.2.1	Title	✓	✓	✓		✓	✓	✓	✓	✓
2.2.2	Surname	✓	✓	✓		✓	✓	✓	✓	✓
2.2.3	Middle name or initial	✓	✓	✓		✓	✓	✓	✓	✓
2.2.4	First name or initial	✓	✓	✓		✓	✓	✓	✓	✓
2.2.5	Suffix			✓				✓	✓	
2.3	Date of birth			✓				✓		✓
2.4	Street address details									
2.4.1	Unit / Street Number		✓	✓			✓	✓	✓	✓
2.4.2	Street Name		✓	✓			✓	✓	✓	✓
2.4.3	City/Town/Suburb		✓	✓			✓	✓	✓	✓
2.4.4	State		✓	✓			✓	✓	✓	✓
2.4.5	Postcode		✓	✓			✓	✓	✓	✓
2.4.6	Country		✓	✓			✓	✓	✓	✓
2.5	Mailing address details		OR				OR		OR	
2.5.1	PO Box (if applicable)/ RMB etc		✓	✓			✓	✓	✓	✓
2.5.2	Unit / Street number		✓	✓			✓	✓	✓	✓
2.5.3	Street Name		✓	✓			✓	✓	✓	✓
2.5.4	City/Town/Suburb		✓	✓			✓	✓	✓	✓
2.5.5	State		✓	✓			✓	✓	✓	✓
2.5.6	Postcode		✓	✓			✓	✓	✓	✓
2.5.7	Country		✓	✓			✓	✓	✓	✓
2.6	Email address details			✓				✓		
2.7	Telephone number details									
2.7.1	Home telephone			✓				✓		
2.7.2	Work telephone			✓				✓		
2.7.3	Mobile telephone			✓				✓		
3. Account details (for each protected account for each account-holder)										
3.1	Account title			✓				✓	✓	
3.1.1	Account status			✓				✓		
3.1.2	Account classification			✓				✓		

Field	Description	Column reference								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
3.2	BSB			✓				✓	✓	
3.3	Account number			✓				✓	✓	
3.4	Product type			✓				✓		
3.4.1	Product name			✓				✓	✓	
3.5	Account balance			✓				✓	✓	
3.5.1	Account balance – cleared funds									
3.5.2	Account balance – uncleared funds									
3.5.3	Principal			✓						
3.5.4	Accrued interest									
3.5.5	Accrued fees and charges									
3.5.6	Withholding tax									
4. Account-holder aggregate account details										
4.1	Aggregate account balance details								✓	
4.1.1	Aggregate balance – cleared funds									
4.1.2	Aggregate balance – uncleared funds									
4.1.3	Aggregate principal (sum of principal in all protected accounts)									
4.1.4	Aggregate accrued interest (sum of accrued interest for all protected accounts)									
4.1.5	Aggregate accrued fees and charges (sum of accrued fees and charges attributable to all protected accounts)									
4.1.6	Aggregate withholding tax (sum of withholding taxes for all protected accounts)									
5. Account-holder FCS balance data										
5.1	FCS balance								✓	
5.1.1	FCS balance – cleared funds									
5.1.2	FCS balance – uncleared funds									
5.1.3	FCS balance – principal component								✓	
5.1.4	FCS balance – accrued interest component								✓	✓
5.1.5	FCS balance – accrued fees and charges component								✓	
5.1.6	FCS balance – withholding taxes								✓	✓
5.2	Aggregate account balance above FCS limit								✓	
6. Account-holder FCS balance payment data										
6.1	FCS balance – non-prescribed accounts – non-exception								✓	
6.1.1	FCS balance – non-prescribed accounts – EFT payment	✓				✓			✓	
6.1.1.1	Alternative ADI account BSB	✓				✓				
6.1.1.2	Alternative ADI account number	✓				✓				
6.1.1.3	EFT reference number	✓				✓			✓	
6.1.1.4	EFT payment date	✓				✓			✓	
6.1.2	FCS balance – non-prescribed accounts – cheque payment		✓				✓		✓	
6.1.2.1	FCS cheque serial number		✓				✓		✓	
6.1.2.2	Cheque payment date		✓				✓		✓	

Field	Description	Column reference								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
6.2	FCS balance – prescribed accounts – non-exception								✓	
6.2.1	FCS balance – prescribed accounts – farm management			✓					✓	
6.2.2	FCS balance – prescribed accounts – first home saver			✓					✓	
6.2.3	FCS balance – prescribed accounts – retirement savings			✓					✓	
6.3	FCS balance – exceptions							✓		
6.3.1	FCS balance – exceptions – account-holder status							✓		
6.3.2	FCS balance – exceptions – account status							✓		
7. ADI aggregate account balances data										
7.1	Aggregate FCS balances				✓					
7.1.1	Aggregate FCS balances – cleared funds				✓					
7.1.2	Aggregate FCS balances – uncleared funds				✓					
7.1.3	Aggregate FCS balances – principal component				✓					
7.1.4	Aggregate FCS balances – accrued interest component				✓					
7.1.5	Aggregate FCS balances – accrued fees and charges component				✓					
7.1.6	Aggregate FCS balances – withholding taxes				✓					
7.2	Aggregate account balances above FCS limit				✓					
7.3	Aggregate account balances for all protected accounts				✓					
7.4	Total balances of all deposits of the ADI (for all protected and non-protected accounts)				✓					
7.5	Aggregate number of account-holders with FCS balances				✓					
7.5.1	Aggregate number of account-holders with FCS balances – cleared funds				✓					
7.5.2	Aggregate number of account-holders with FCS balances – uncleared funds				✓					
7.6	Aggregate number of account-holders with balances above the FCS limit				✓					
7.7	Aggregate number of account-holders with protected accounts				✓					
8. ADI Aggregate FCS balances payment data values										
8.1	Aggregate FCS balances – non prescribed accounts – non-exceptions				✓					
8.1.1	Aggregate FCS balances – non prescribed accounts – EFT payment					✓				
8.1.2	Aggregate FCS balances – non prescribed accounts – cheque payment						✓			
8.2	Aggregate FCS balances – prescribed accounts – non-exceptions			✓	✓					
8.2.1	Aggregate FCS balances – prescribed accounts – farm management			✓						
8.2.2	Aggregate FCS balances – prescribed accounts – first home saver			✓						
8.2.3	Aggregate FCS balances – prescribed accounts – retirement savings			✓						

Field	Description	Column reference								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
8.3	Aggregate FCS balances – exceptions				✓			✓		
8.3.1	Aggregate FCS balances – exceptions – account-holder status							✓		
8.3.2	Aggregate FCS balances – exceptions – account status							✓		
9. ADI Aggregate FCS balances payment data volumes										
9.1	Number of aggregate account-holders with FCS balances – non-prescribed accounts – non-exceptions				✓					
9.1.1	Number of aggregate account-holders with FCS balances – non-prescribed accounts – EFT payment					✓				
9.1.2	Number of aggregate account-holders with FCS balances – non-prescribed accounts – cheque payment						✓			
9.2	Number of aggregate account-holders with FCS balances – prescribed accounts – non-exceptions			✓	✓					
9.2.1	Number of aggregate account-holders with FCS balances – prescribed accounts – farm management			✓						
9.2.2	Number of aggregate account-holders with FCS balances – prescribed accounts – first home savers			✓						
9.2.3	Number of aggregate account-holders with FCS balances – prescribed accounts – retirement savings			✓						
9.3	Number of aggregate account-holders with FCS balances – exceptions				✓			✓		
9.3.1	Number of aggregate account-holders with FCS balances – exceptions – account-holder level							✓		
9.3.2	Number of aggregate account-holders with FCS balances – exceptions – account level							✓		
10. ADI aggregate electronic banking data										
10.1	Aggregate account balances for account-holders with electronic banking access				✓					
10.2	FCS balance for account-holders with electronic banking access				✓					
10.3	Number of account-holders with electronic banking access				✓					

where:

Column reference	Payment instruction or report name	ADI provides to
(a)	EFT payment instruction	RBA
(b)	Cheque payment instruction and remittance	RBA
(c)	Prescribed accounts payment report	APRA
(d)	Statistical summary report	APRA
(e)	EFT payments report	APRA
(f)	Cheque payments report	APRA
(g)	Exceptions report	APRA
(h)	FCS account holder statement	Account-holder
(i)	ATO report	ATO