



PAYMENT SYSTEM OVERSIGHT

ACCESS POLICY

JAMCLEAR-RTGS

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1.0 Purpose

- 1.1 JamClear-RTGS is owned and operated by the Bank of Jamaica for the purpose of providing settlement services to participants in relation to large value and time critical payments. This policy document sets out the criteria by which payment system participants may access JamClear-RTGS services.

2.0 Background

- 2.1 JamClear-RTGS was developed under the National Payment System Reform Programme to replace the Customer Information and Funds Transfer System (CIFTS) as the Large Value Payment System that serves the needs of the financial system. CIFTS was a deferred net settlement system owned and operated by the Bank. Access to settlement account services through CIFTS was limited to commercial banks, primary dealers and merchant banks. In addition the automated clearing house (ACH) was allowed access for the purpose of uploading net settlement files, and the Jamaica Stock Exchange granted access to facilitate its operations as settlement agent for equity trades via the exchange.
- 2.2 With the introduction of JamClear-RTGS, payments are settled individually during the business day, subject to the availability of funds in the paying participant's account at the Bank. Through the operation of JamClear-RTGS the Bank ensures finality and irrevocability of payments and in so doing allows for the immediate reuse of funds by receiving participants. JamClear-RTGS is also the channel through which the Bank provides intraday liquidity to eligible system participants on a collateralised basis. This provision of intraday liquidity increases the capacity of institutions to settle their transactions in a timely and efficient manner within the business day.
- 2.3 At the implementation of JamClear-RTGS, access to settlement account services remained unchanged, with the exception of allowing access to credit by the Jamaica Central Securities Depository (JCSD) in September 2009, to facilitate a smooth transition from operations in the deferred net settlement environment to the real time gross settlement system. With a fully functional JamClear-RTGS there is scope for the provision of wider access to available services in an effort to facilitate higher levels of payment system efficiency and safety.
- 2.4 The broadening of access to JamClear-RTGS, and ultimately to settlement account services, is aimed at improving the ability of financial system participants' to effectively manage their payment risks while supporting the efforts of the Bank to ensure the stability of the financial system.



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- 2.5 Broad access to these services enhances safety and efficiency in the payment system and promotes growth of the financial system. Participants such as commercial banks, other deposit taking institutions, government and consumers stand to secure additional benefits from increased access to the payment services that are provided and supported by the Bank.
- 2.6 In supporting wider access to settlement account and credit services, as well as third party payment arrangements, the Bank through JamClear-RTGS, assures participants access to the “safety net attributes” of finality and irrevocability of payments.
- 2.7 This revised policy allows for wider access to settlement account and credit services through JamClear-RTGS for all deposit taking institutions and other participants who qualify for direct and indirect access to these services.

3.0 Criteria for Access

- 3.1 Entities licensed under the following legislation are eligible for access to JamClear-RTGS services:
 - a. The Bank of Jamaica Act
 - b. The Banking Act
 - c. The Financial Institutions Act
 - d. The Building Societies Act
 - e. Payments Clearing and Settlement Act
- 3.2 Entities belonging to the following groups are also eligible to access JamClear-RTGS services:
 - a. Securities dealers operating as Primary Dealers
 - b. Clearing houses
 - c. Clients of the Bank such as the Government of Jamaica and the Jamaica Stock Exchange.
- 3.3 Access to JamClear-RTGS services is subject to entities satisfying the stated requirements¹ to operate an account at the BOJ as well as the ability of participants to qualify in the following categories:
 - a. Settlement account and credit services;
 - b. Settlement account only;
 - c. ‘Agency’ access, to facilitate funds transfers, and
 - d. Indirect access through customer accounts

¹ Refer: Requirements to Operate Accounts at the Central Bank on the BOJ Website.



- 3.3.1 **Settlement account and credit services** allow participants to conduct funds transfer, balance enquiry and other account services. Participants in this category have access to intraday liquidity facilities and any other credit service that may be provided by the Bank.

Access is limited to:

- a) deposit taking institutions regulated by the Bank and which are required to hold reserve accounts;
- b) Securities dealers who are designated by the Bank to operate as Primary Dealers and
- c) Jamaica Central Securities Depository (JCSD)

- 3.3.2 **Settlement account only** allows participants to conduct funds transfer and other account related services. These participants do not have access to any form of credit services provided by the Bank.

- 3.3.3 **'Agency' access, to facilitate net settlement** allows clearing houses or other third party intermediaries to settle payment obligations on behalf of their participating institutions on the settlement accounts of JamClear-RTGS participants.

Access is limited to clearing houses.

- 3.3.4 **Indirect access for customer accounts** allows deposit taking institutions to settle payments for customers (beneficiary payments) on the settlement accounts of JamClear-RTGS participants.

Access is limited to customers of deposit taking institutions.