

MALTA REAL-TIME INTERBANK SETTLEMENT  
SYSTEM

(MaRIS)

Operating rules  
of  
THE MaRIS RTGS SYSTEM

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# **1 DEFINITION, ADMINISTRATION AND PARTICIPATION**

## **1.1 Definition**

1.1.1 The Malta Real-time Interbank Settlement System (MaRIS) is the system used for same day real-time gross settlement of payments between participants.

## **1.2 Administration**

1.2.1 Subject to the provisions of clause (3.2.2) of these Rules, responsibility for the general direction and management of the system shall be vested in an Association of Participants, which is hereby being set up and which shall be constituted as follows:

- one member to act as Chairman shall be nominated by the Governor of the Central Bank.
- a member shall be appointed by each participating institution in the system.
- one member shall be appointed by the Central Bank of Malta to represent the Bank as Operator of the system.
- Each member will have one vote. The chairman can only have a casting vote.
- Members will vote openly. Votes against would be specifically recorded, together with the reasoning. Additionally, voting would be based on members present.
- A minimum of two thirds of members will constitute a quorum. When the Chairman is unable to attend, the Central Bank's representative will chair the meeting, but would not have a casting vote.
- Each member could nominate an alternate member, who would still be able to attend meetings as an observer when all members are present (see 1.2.3).

1.2.2 The Association of Participants will meet at least once a year and whenever so will require a notice period of at least one month. A meeting shall be called at any time on the request of a member of the Association of Participants, specifying the business to be submitted, provided three days notice is given.

1.2.3 Members of the Association of Participants shall be appointed for a period of two calendar years, where a calendar year runs from 1<sup>st</sup> January to 31<sup>st</sup> December, unless otherwise advised by the participating institution in the interim period. Likewise, each participant could nominate an alternate member for a period of two calendar years.

1.2.4 The Association of Participants is responsible for the MaRIS rules and may amend them from time to time. Since decisions dealing with amendments will be binding on all participants, the necessary consultations would need to be completed beforehand.

1.2.5 The Association of Participants is responsible for arbitrating on all disputes between members arising out of their participation in the MaRIS system. Disputing parties will be automatically excluded from voting.

1.2.6 Any costs arising from the implementation and operation of the system will be distributed between all participants. At least once a year financial accounts of the system will be approved by the Association of Participants and distributed to all participants of the system. The association of participants will also revise if necessary

the fees for joining and continued participation in the system, together with transaction charges, and will in any case endeavour to operate the system on a non profit making basis.

1.2.7 Decisions taken by the association will be on the basis of a unanimity vote whenever the decisions relate to:

Amendments to the Operating Rules of MaRIS.  
Arbitration of disputes.  
Breach of regulations and consequent disciplinary action.

Other matters will be decided on the basis of agreement by the simple majority of members.

### **1.3 Participation**

1.3.1 Participation is open to Institutions that comply with all the following entry eligibility criteria and other conditions outlined in this document, as amended from time to time:

- a) The Institution is a member of SWIFT and has a Settlement account at the Central Bank of Malta.
- b) The Institution must have the appropriate technical capability including adequate contingency arrangements so as not to hinder the smooth operation of the system(s).
- c) In the event of an in-house system problem each member must be capable of resuming its payment processing within 1 hour by any other expeditious means under the business continuity plan.
- d) In the event of a major problem requiring the use of off-site contingency each Member must be capable of resuming its payment processing on a best effort basis within 2 hours.
- e) Each Participant in MaRIS must have a live S.W.I.F.T. TID. Any Participant operating more than one S.W.I.F.T. TID may only do so over a single settlement account.
- f) Each Participant must exchange S.W.I.F.T. Authenticator keys with each other Participant in the system and with any other component of the system necessary for the proper authentication of messages.
- g) Each Participant must individually accept the terms of agreement entered into with the Association of Participants with regard to the Rules.
- h) Each Participant in MaRIS must pay the entry costs and on-going transaction and transmission fees and charges as determined by the Association of Participants.

1.3.2 The participation of a Participant in the system must not hinder the satisfactory functioning of the system.

1.3.3 The non-refundable joining fee is to be determined by the Association of Participants.

## **1.4 Withdrawal**

1.4.1 Any Participant may withdraw from the system at any time, subject to giving a minimum of THREE month's notice in writing to the Association of Participants. The Association of Participants will advise ALL other Participants of the system within two working days. Withdrawal from the system will not entitle a Participant to any refund of its initial investment in the system, any refund of its entry fee or any refund of operating costs which it has paid or incurred. Subsequent re-application for participation will necessitate the repayment of the entry fee and any set up charges applicable to a new Participant. Any outstanding fees would need to be settled.

## **1.5 Suspension**

1.5.1 A Participant may be suspended from the system by the Central Bank of Malta or the Association of Participants, either temporarily or permanently, if it fails to comply with any of the conditions of Participation. Suspension may result if a Participant is in breach of the MaRIS rules, or if its continued participation in the system is likely to hinder the satisfactory function of the system.

1.5.2 A Participant will automatically be suspended by the Central Bank of Malta or the Association of Participants from the system in the event of bankruptcy, winding up, or the appointment of a receiver or liquidator.

1.5.3 Where a Participant is to be suspended, either temporarily or permanently, by the Central Bank of Malta this may involve the immediate termination of its settlement account in accordance with the procedure set out in the Terms and Conditions for holding a Settlement Account with the Central Bank of Malta.

## **2 GENERAL PROCEDURES**

### **2.1 General Principles and Objectives**

2.1.1 MaRIS system allows for the making of same-day value payments which qualify under these rules between Participants through settlement accounts at the Central Bank of Malta during the day in real-time on an irrevocable settlement basis as they occur during the day.

### **2.2 Payments**

2.2.1 Only unconditional, irrevocable payment instructions in Maltese Lira between Participants and between Participants and the Central Bank of Malta, settling through Settlement Accounts at the Central Bank of Malta may be made in the MaRIS RTGS system. These payment instructions should comply with the standard S.W.I.F.T. format rules for the following S.W.I.F.T. Message Types as set out in the S.W.I.F.T. standards manuals and must be authenticated messages transmitted via SWIFT: -

- MT 103 Single Customer Payment Instruction
  - MT 202 Single Bank to Bank Payment Instruction
- 2.2.2 All payment messages for inclusion in the MaRIS system must be for same day-value only.
- 2.2.3 Any payment messages for value earlier than the date of transmission will be effected on the date these are transmitted. All settlement instructions for forward value will be rejected under advice from the Central Bank of Malta to the sending Participant.
- 2.2.4 A Participant may resume inputting payments 60 minutes after system cut-off time for processing on the next working day.
- 2.2.5 The banks effecting payments on behalf of Participants of the Securities Settlement System must send their payment instructions by 12.00p.m, provided that the Malta Stock Exchange submits the MT204 by 10.30a.m, as per Direct Debit Agreement. The Malta Stock Exchange is to submit payment instructions as soon as practically possible within system cut-off time.
- 2.2.6 Paper based payment instructions will only be accepted by the Central Bank of Malta if part of a contingency arrangement invoked under section 3.2.3. All Conditional and/or revocable payments instructions are excluded from the system.
- 2.2.7 Any payment instruction, which seeks to impose on the Receiving Participant any private arrangement, which the Sending Participant may have negotiated with a customer, is excluded.

### **3 OPERATIONS**

#### **3.1 Responsibilities of a Participant**

- 3.1.1 It is the responsibility of each Participant to fund its own payments. Any payments which would have the effect of reducing the settlement account balance below zero, after taking into consideration any additional collateralised funds, will queue for settlement until a balance becomes available. Should the position as at close of system remain overdrawn, the balance will be funded as per standing marginal facility in terms of section 15E of the Central Bank of Malta Act.
- 3.1.2 A Participant is responsible for the correct generation and transmission of its payment instructions and for the authenticity of such payments.
- 3.1.3 Each Participant is responsible for its own S.W.I.F.T. connection device and communication facilities. Each Participant must be capable of sending and receiving its payment messages to and from the Central Bank of Malta during the hours of operation of the system as set out in Sections 3.7 and 3.8.

- 3.1.4 It is the responsibility of the Sending Participant to ensure that all its payment instructions are delivered to the Central Bank of Malta on the day the transfer order is accepted.
- 3.1.5 Each Participant is liable for all charges which it incurs through the operation of the system, whether S.W.I.F.T. message charges, operating charges for its own payment system(s), charges in relation to the operation of its settlement account at the Central Bank of Malta.
- 3.1.6 All Participants must pay their share of the running costs of the system as determined by the Association of Participants.
- 3.1.7 A Participant must accept all payment instructions routed through the MaRIS system from the Central Bank of Malta time stamped prior to the cut-off times set out in Section 3.7 and 3.8 and ensure onward delivery on the day it is accepted. Payments which are not acceptable will be returned to the sender on the same day prior to cut-off time.
- 3.1.8 Any Participant who is aware that through a system failure it will be unable to send and receive its normal level of payments, must inform the Central Bank of Malta as operator of the system and any affected Participant within a half hour of the discovery of the failure of its payments arrangements for that day.
- 3.1.9 A Participant is obliged to notify the Chairman of the Association of Participants of any event(s) that may affect its participation in the system. A participant is also obliged to notify the chairman of the Association of Participants of any event that might hinder the operation of the system even if this involves other participants.
- 3.1.10 It is the responsibility of each Participant to advise the Central Bank of Malta as system operator if the Participant has reason to anticipate an increase in the volume of its RTGS payments which, could have a significant impact on any other Participant or the satisfactory operation of the system. They should also advise the affected Participant(s).
- 3.1.11 Each Participant is responsible for its own bank specific Payment Process Software and for ensuring that any changes which it makes are adequately tested so as to maintain the integrity of the overall MaRIS system.
- 3.1.12 For customer payments it is the responsibility of the Participant to deliver funds to the account of the beneficiary held by that Participant on the same day the payment is delivered by the system.
- 3.1.13 It is the responsibility of each Participant to submit payment requests to the system as soon as practically possible and to ensure that the settlement account has the required liquidity to ensure a smooth flow of payments.
- 3.1.14 Monitoring of the correct receipt of these payments is the responsibility of the Receiving Participant.
- 3.1.15 To ensure a smooth flow of payments during the day, payments by each Participant must be settled within two hours of the transfer instruction or the Central Bank's cut-

off time, whichever is the earlier. In this context, a transfer instruction relates to an instruction given by a customer to a bank.

## **3.2 Responsibility of the Central Bank of Malta**

- 3.2.1 The data on the Settlement part of the System will be in the exclusive custody of the Central Bank of Malta without prejudice to each individual participant having access to information related to his operations. The Central Bank of Malta as operator of the system will also be responsible for the confidentiality of data pertaining to individual participants, except when over a public network. This will not preclude the Central Bank of Malta from publishing any aggregated data or statistics.
- 3.2.2 The Central Bank of Malta is responsible for the reliability and operation of the system and the associated settlement and payment finality, and has full responsibility and control over the day-to-day business operations of the settlement accounts. The Central Bank will be responsible for the onward transmission of messages, the provision of electronic management information to participants to manage intra-day and end-day payments flow, queues, liquidity and collateral, and for intra-day and end-day matching of bilateral positions between participants (when the latter function becomes available from the supplier). In this regard it has full control in managing the system. To fulfil this function the day-to-day routine duties fall on the Central Bank of Malta together with the discretion on how the system is managed.
- 3.2.3 Central Bank of Malta will be responsible for invoking contingency arrangements. In such cases the Central Bank of Malta may extend the business day.
- 3.2.4 In relation to inter-linking and TARGET the Central Bank of Malta is responsible for the operation of the system in compliance with the inter-linking specifications for TARGET as laid down by the ECB.
- 3.2.5 The Central Bank of Malta is responsible to ensure that the system is in conformity with the recommendations set out by the European Central Bank.
- 3.2.6 The Central Bank of Malta will be responsible to ensure that participants to the system meet the eligibility criteria as per sub-sections a, e, f, g. and h set out in the section headed 'Participation'.
- 3.2.7 The Central Bank of Malta will notify all other participants of new participants, at least two months prior to commencement date of participation. The notice will contain name, country of registration, name/s of licensing and regulatory body/ies, and estimated volumes.

## **3.3 Payment Routing**

- 3.3.1 All payment messages for account of another Participant or for the account of a customer of a Participant must be addressed to the SWIFT RTGS address at the Central Bank of Malta.

### **3.4 Wrongly Delivered Messages**

- 3.4.1 Each Participant is responsible for ensuring that the messages it sends are acknowledged by S.W.I.F.T.
- 3.4.2 If a message has been incorrectly sent, it is the responsibility of the Sending Participant to contact the Receiving Participant and request a refund.
- 3.4.3 If the Receiving Participant is unable to complete the transaction, he must contact the remitter for further details in the first instance. If he is still unable to complete the transaction, he should return the funds through the system to the Sending Participant, as soon as practical, but in any case not later than 12.00 (noon) on the next business day. Compensation for wrongly delivered payments should be limited to the attached Compensation Agreement, Appendix 1.
- 3.4.4 Clause 3.4.3 does not prejudice any rights that customers may have at law.

### **3.5 Payment Message Formats**

- 3.5.1 A Participant is responsible for the correct generation and transmission of its payment instructions and for the authenticity of such payments. The Sending Participant must accept responsibility for the accuracy and completeness of all its payment messages.
- 3.5.2 Standard S.W.I.F.T. message formats for the message types listed in 2.2.1 should be used.
- 3.5.3 For all MT 103 messages sent to Participants, the beneficiary's full name and account number should be quoted in field 59
- 3.5.4 The transaction Reference Number (TRN) in Field 20 of all message types must be unique for each message.

### **3.6 Finality of Payment**

- 3.6.1 A payment instruction under the MaRIS RTGS system is deemed to be Unconditional and Irrevocable at the moment when the Sending Participant's account is debited in the Central Bank of Malta Settlement Accounting System. Value for such a payment is deemed to be "Central Bank money" from that moment. A payment instruction may only be cancelled by the Sending Participant or by the Central Bank of Malta at the request of that Participant provided its account has not been debited. A payment is deemed final when the receiving Participant's account is credited.
- 3.6.2 A receiving participant may consider a payment instruction it receives at its designated SWIFT address from the Central Bank's Payment System SWIFT RTGS address as being unconditional, irrevocable and final.

### **3.7 Operating Hours**

- 3.7.1 The Central Bank of Malta is responsible for the start-up of MaRIS each day, where the RTGS system will be open for payments from 08:00 a.m. to the official Central Bank of Malta cut-off time. Participants are required to be open to send and receive payments at the latest by 8:30 a.m.
- 3.7.2 Cut-off time for MT 103s and MT 192s is one hour before the Central Bank of Malta cut-off time.
- 3.7.3 Cut-off time for MT 202s and MT 292s is the Central Bank of Malta cut-off time.
- 3.7.4 Outstanding unsettled domestic payments will be rejected by the Central Bank of Malta at the cut-off time of the payment message type.
- 3.7.5 A payment is deemed to have been made within its appropriate time once it has been settled over the settlement accounts at the Central Bank of Malta.
- 3.7.6 Central Bank of Malta cut-off time is 14.30.

### **3.8 Operating Days**

- 3.8.1 The MaRIS system will operate on all days except Saturdays, Sundays and all official Bank Holidays, National and Public Holidays in Malta.

## **4 Fees and Billing**

- 4.1 Quarterly billing statements will be issued by the Central Bank of Malta. Cost will be debited after 15 days from issue of statement unless an objection to this effect is received during such period.

### 4.2 Fees

Initial Participation Fee	Lm 8000
Yearly Participation Fee	Lm 3500
Transaction Fee	Lm0.10/message

## **5 Governing Law**

- 5.0 The MaRIS rules and any agreements thereunder shall be governed by and construed in accordance with the Laws of the Republic of Malta. Particular reference is made to the Central Bank of Malta Act.

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APS BANK LTD

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BANK OF VALLETTA PLC

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CENTRAL BANK OF MALTA

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HSBC BANK MALTA PLC

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LOMBARD BANK MALTA PLC

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MALTA STOCK EXCHANGE

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VOLKSBANK MALTA LTD