

Autoridade Bancária e de Pagamentos de Timor-Leste

Banking and Payments Authority of Timor-Leste

Av^a Bispo Medeiros, PO Box 59, Dili, Timor-Leste
Tel. Nº (670) 3 313 718, Fax. Nº (670) 3 313 716

**GOVERNING BOARD RESOLUTION
Nº. 13/2007**

Concerning the Approval of the

Rule Nº. 01/2007

On the Settlement of Large Value Transactions

THE GOVERNING BOARD

Pursuant to:

1. Article 17 point (b) of UNTAET Regulation 2001/30 that give the Governing Board of the BPA power to adopt Rules, Instructions and Guidelines;
2. Article 6 point (c) of the same Regulation which gives power to the BPA to formulate and implement measures for, and supervise and regulate, payments and settlement systems for transactions in domestic and foreign currency in Timor-Leste;
3. Article 165 of the Constitution of the Democratic Republic of Timor-Leste concerning the continued applicability of laws in force at the date of the adoption of the Constitution.

Taking into Account:

1. The need to manage and reduce the financial risks associated with the processing of large payments through the Clearing House and to protect the exposed of national payment system of Timor-Leste.
2. The desirability of establishing a system that will allow large or high priority interbank payments to be processed within the same business day.

For the Purpose of:

Providing legal certainty for the settlement of large value transactions system.

HEREBY RESOLVES TO ADOPT THE FOLLOWING

Rule №. 01/2007
On the Settlement of Large Value Transactions

Article 1

Scope

1. A Large Value Transaction System (hereinafter "LVTS"), which shall apply to all Banks and Financial Institutions, which have settlement accounts with the Banking and Payments Authority (hereinafter "BPA") and which are duly registered in Timor-Leste.
2. The LVTS is intended for the manual processing and settlement of individual domestic large value interbank transactions, which are submitted to the BPA for payment.

Article 2

Role of BPA

1. The BPA shall be the manager and in charge on the performance of the execution of the transfer orders referred to in the present Rule.
2. The BPA shall be directly responsible in accordance with the provisions of this Rule for ensuring the infrastructures and procedures necessary for the execution of the transfer orders that sent to BPA by banks and other financial institutions.
3. The BPA shall send to banks and other financial institutions the communications confirming for the execution of transfer orders, or informing them of the rejection thereof.

Article 3

Operations subject to LVTS

1. The following transactions must be processed through LVTS, when the unit value thereof is equal to or more than US\$ 200,000 (two hundred thousand US dollars):
 - a) Interbank transfers between participants (including transfers on behalf of customers); and
 - b) Cheques.
2. The following transactions shall obligatorily be effected through the LVTS:
 - a) Settlement of Clearance House balances;
 - b) Settlement of balances of other Clearance Systems designated by the BPA.
3. Payment orders with a value less than US\$ 200,000 (two hundred thousand US dollars) may be effected through the LVTS, subject to the payment of the administrative charge envisaged in annex III of this Rule.
4. Cheques of bank customers subject to the above provision shall be replaced with an eligible payment instrument prior to submission to LVTS.

Article 4

Eligible payment instruments

The following payment instruments are eligible for presentation through LVTS:

- a) Funds transfer orders as provided in annex I of this Rule; or
- b) BPA cheques.
- c) Such other form as the BPA may prescribe for a particular purpose.

Article 5

Fund transfer form

1. Fund transfers shall be processed by using the form in annex I of this Rule.
2. The BPA shall not be bound by any data, or specifications, which are not required or permitted in accordance with the Fund Transfer Form, or by any other transfer orders, which do not comply with the requirements referred to therein.

Article 6

LVTS sessions

1. The LVTS shall have the daily sessions except for Saturdays, Sundays and public holidays.
2. The operating calendar shall be fixed for one year periods by the Governing Board of the BPA and will be published on the BPA website.
3. The daily LVTS sessions shall commence at 9.00 hours and shall terminate at 15.30 hours.

Article 7

Times of the LVTS sessions

1. The payment orders presented through the LVTS for settlement from 09.00 hours and 15.30 hours shall be processed with the value date on the same business day.
2. The payment orders presented through the LVTS after 15.30 hours shall be processed with the value date on the following business day.

Article 8

Presentation requirements

LVTS payments submitted to the BPA shall comply with the following requirements:

- a). Payment Instruments shall be delivered to the Division of Banking Operations of BPA;
- b). Payment Instruments shall be stamped -LVTSø by the bank when presented to BPA for the payment, which is for identify them as being subject to the provisions of the present Rule;

- c). LVTS Payment Instruments shall be signed by authorised signatures of the submitting bank when presented to the BPA for the settlement which is in accordance with the operating mandate for its settlement account.
- d). Clearing House Settlement Statements shall be signed by persons to whom the banks have granted powers for the purposes of Clearing House settlement.

Article 9

Authentication of transfer orders

1. The BPA shall take the following identification and authentication measures in order to identify the orderer, to prevent unauthorised access to the LVTS and to protect the data transmitted through Secret Telegraphic Test Arrangement for the authentication of telecommunication.
2. The BPA shall in no circumstances be liable for any loss or damage arising from the execution of irregular transfer order, provided that the irregularity cannot be identified through the security procedures referred to in the preceding number.

Article 10

Settlement of transactions

1. Payment Instruments are presented that comply with the provisions of the preceding article, shall be processed individually on the basis of their gross value, by debiting the account of the payer bank and crediting the account of the payee bank.
2. Transactions shall only be effected when there are sufficient funds in the settlement account of the payer bank.
3. If a transfer order is not executed for lack of funds in the settlement account, the BPA shall be informed the order immediately.
4. Operations and transfers effected through the LVTS shall become final once the settlement account transactions have been completed.
5. Settled transactions shall be deemed to be final and irrevocable and cannot be cancelled.

Article 11

Confirmation of transactions

1. Transactions effected through the LVTS shall be confirmed to the payee bank by sending an authenticated facsimile or an authenticated copy of the original Fund Transfer Advice issued by the BPA.
2. When this form is used to confirm the execution of a transaction, the BPA shall send a copy of the original fund transfer notice to the payee bank on the same day, or on the following business day.
3. The original fund transfer notice shall be retained by the BPA.

Article 12

Correction of errors

1. Whenever errors occur in a transfer order, or in any other message, the party which detects in error shall immediately inform the other parties involved in the operation and the BPA.
2. Third parties, which improperly benefit as a consequence of an error shall issue an appropriate transfer order in order to correct the error as soon as they become aware thereof.
3. If the BPA executes a transfer order incorrectly for reasons imputable to it, it shall execute the appropriate correction operation and shall credit the account which should have been credited, or shall credit it with the correct amount.
4. The BPA shall debit the account of the party to which an amount has been wrongly credited, after having given prior written notice thereof.

Article 13

Transaction confirmation form

Transfers of funds through the LVTS shall be confirmed by the BPA to the payee bank by using the form as established in annex II of this Rule.

Article 14

Crediting of Clients' Accounts

When the authenticated message referred to in paragraph 1 of Article 11 is received, the payee bank shall credit the amount of the fund transfer to its account of client with the same value date.

Article 15

Rejection of transactions

1. The BPA shall reject a payment order that does not comply with the requirements established in this Rule.
2. In the event that payment of a transaction subject to LVTS Payment cannot be made, the BPA shall notify the issuing bank and shall return the payment instrument presented, together with an explanation of the reasons why the transaction was not effected.
3. Payment orders rejected by the BPA shall be stamped "Rejected" and shall not be re-presented.

Article 16

Provision of liquidity

In the event that the account of the issuer of a fund transfer order, which is subject to the LVTS, does not have sufficient funds for the execution of the transaction, the BPA shall not advance funds in order to ensure the execution thereof.

Article 17

Emergency situations

1. BPA may suspend or modify the provisions of this Rule, in the event of technical failure, force majeure, or in order to forestall emergency situations, which are likely to prejudice the normal operations of the LVTS.
2. In the cases referred to in paragraph 1 above, the BPA may derogate from this Rule, alter procedures and issue general or individual rules, which are binding and take effect immediately in relation to those addressed by them.
3. For the purposes of this Rule, force majeure shall be deemed to be an event external to the BPA, which is unforeseeable and inevitable and which prevents BPA from complying with the obligations to which it is subject.
4. The BPA shall, in any case, stipulate the period of time during which the alterations and rules referred to in paragraph 2 shall remain in force.

Article 18

Administrative Fees

1. The administrative fees prescribed in annex III of the present Rule shall be charged for the processing of transactions through the LVTS.
2. The administrative fees shall be deducted by the BPA from the settlement account of the issuer of the Payment Order.
3. The Governing Board of the BPA may, from time to time, alter the level of the administrative fees in annex III.
4. In the circumstances referred to in the paragraph 3, the BPA will inform the banks the updated administrative fees charged for the processing of transactions of the LVTS.

Article 19

Effective date

This Rule shall enter into force from the date of its publication.

Signed at Dili this 17th day of December 2007



Abraão de Vasconcelos
Chairman

Annex I of the Rule №. 01/2007

To: Department of Banking Operations and Payment Systems
Banking and Payments Authority of Timor-Leste
Dili, Timor-Leste

Subject: Fund Transfer Order

TRN/Test Key:

Please debit to the **Account** and pay in accordance with the following information:

Value Date:

Amount:

To (Bank):

Branch:

Swift Code/ BSB:

Account Name:

Account number:

Reference:

Signed:

Signed:

Annex II of the Rule № 01/2007

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Date
Reference:

To:

Subject: Fund Transfer Advice

TRN/Test Key:

We have credited the **Account** please make the payment in accordance with the following details:

Value Date:

Amount:

To (Bank):

Branch:

Swift Code/ BSB:

Ordering Institutions:

Account Name:

Account No:

Reference:

Signed:

Signed:

Annex III of the Rule № 01/2007

Schedule on the Administrative Fees for transactions subject to the LVTS

<i>No.</i>	<i>Administrative Fees</i>	
<i>1.</i>	The processing of transactions with a value of less than US\$ 200,000	US\$ 10
<i>2.</i>	The processing of transactions with a value of more than US\$ 200,000	Exempt
<i>3.</i>	Fee for the processing of rejected transactions	US\$ 20