To,

All Members of National Financial Switch (NFS)

Madam / Dear Sir,

Sub: NFS ATM Network – Implementation of Two settlements in a day for ATM transactions

NPCI facilitates inter-operable ATM transaction services among members participating in NFS ATM network and arranges to process Inter-Bank Settlement entries to the respective members' RTGS Settlement account with RBI.

Presently, NFS network cut-over time is 23:00 hours and transactions from previous day 23:00 hours to current day's 23:00 hours, are settled in a single cycle every day. The ATM settlement is processed on all working days at 9 am in Bank's RTGS Settlement account. For second and fourth Saturdays, Sundays and RTGS holidays, the settlement entries are posted on the next working day. Daily Settlement reports (DSR), STL and spool files are made available to members through DMS.

Two (2) Settlement cycles in a day

In the NFS Steering Committee meeting held on 22nd September, 2016, members reviewed the existing Settlement process and approved two Settlement cycles in a day. We are pleased to inform that RBI has approved two settlements per day for NFS ATM Transactions as follows:

NFS Settlement Cycle	Cut-off timing
RTGS Settlement Cycle 1	13:00 hrs preceding day to 23:00 hrs preceding day
RTGS Settlement Cycle 2	23:00 hrs preceding day to 13:00 hrs current day

Please refer to **Annexure A** wherein the Settlement cut-off timings, Settlement day, etc. are explained in detail with illustrations.

Please note that only transaction amount, interchange and switching fee shall be settled in RTGS Settlement Cycle 2. There shall be no change in the Raw data file, Verification file, DSR file formats and other Settlement files and these would be made available as per the cut-off time covering each Settlement cycle. GST reports & NPCI Fee Invoice shall be provided on monthly basis as per existing process.

Dispute / Adjustment Settlement

Any disputes / adjustments (Chargeback, Representment, Debit Adjustment, Credit Adjustment, etc) raised in DMS from 00:00 to 24:00 hrs, shall be settled in the First settlement cycle only i.e. NFS Cycle 1 for which Settlement files are posted in Banks' RBI RTGS Account at 9:00 am. Thus, 2nd cycle Settlement files posted in Banks' RBI RTGS Account at about 4.30 pm **shall not contain** settlement for any dispute / adjustment entries.

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Late Reversal Settlement

As per existing process, Late Reversal received on T+1 for the previous day's original transaction will continue to be settled on T+1 settlement of 2nd cycle. Thus, late reversal received for the original transaction generated between 23:00 hrs preceding day to 13:00 hrs (settled on same day evening 4:30 pm) will be considered in the 2nd cycle settlement. Illustration of late reversal settlement is explained in **Annexure B**.

There are no changes in the Verification reversal report format. The Late reversal settlement and the Verification reversal report shall be generated as per the existing guidelines incorporated in the NFS Operating Circular No.107 dated February 03, 2014.

Liquidity Manager (LM) Limit applicable for Sub-member Banks

Presently, LM limits are refreshed on daily basis at the time of cut off i.e. at 23:00 hrs. With the implementation of Two settlements, the daily limit shall be refreshed and restored at the time of each Settlement cut off time given above.

Please note importantly that -

1. The existing menu option Files >>> Download Raw data MIS shall have the settlement files separately for both the cycles. The filename of the settlement files will indicate the settlement cycle.
2. For transactions of second and fourth Saturday, Sundays and RTGS holidays, there shall be only one settlement per day (i.e. only one cycle for each settlement day).
3. NFS Members shall be allowed to raise Disputes and Adjustments in DMS on T+1 day basis only as per the existing process.

The above change in Settlement process will be implemented with effect from 5th December, 2017.

Kindly make a note of the above and disseminate the instructions contained herein to the officials concerned.

For any queries or clarification, please contact:

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Yours faithfully,

Ram Sundaresan
SVP & Head – Operations

Encl.

NFS-ATM Multiple Settlement Calendar							
Transaction Day	TD-Time – in hrs.	Settlement day	Settlement time (Cycle - 1)	Transaction Day	TD-Time – in hrs.	Settlement day	Settlement time (Cycle - 2)
Monday	13:00:01 - 23:00:00	Tuesday	09:00 am	Monday + Tuesday	23:00:01 - 13:00:00	Tuesday	04:30 pm
Tuesday	13:00:01 - 23:00:00	Wednesday	09:00 am	Tuesday + Wednesday	23:00:01 - 13:00:00	Wednesday	04:30 pm
Wednesday	13:00:01 - 23:00:00	Thursday	09:00 am	Wednesday + Thursday	23:00:01 - 13:00:00	Thursday	04:30 pm
Thursday	13:00:01 - 23:00:00	Friday	09:00 am	Thursday + Friday	23:00:01 - 13:00:00	Friday	04:30 pm
Friday	13:00:01 - 23:00:00	Saturday	09:00 am	Friday + Saturday	23:00:01 - 13:00:00	Saturday	04:30 pm
Saturday	13:00:01 - 23:00:00	Monday	09:00 am	Sunday + Monday	23:00:01 - 13:00:00	Monday	04:30 pm
Saturday + Sunday	23:00:01 - 23:00:00						

Late Reversal Settlement				
Original Transaction Date	Original Transaction Time	Late Reversal Date	Late Reversal Time	Late Reversal Settlement Date
29th Nov'17 + 30th Nov'17	23:00 hrs to 23:00 hrs	30th Nov'17 + 1st Dec'17	23:00 hrs to 23:00 hrs	2nd Dec'17
30th Nov'17 + 01st Dec'17	23:00 hrs to 13:00 hrs	1st Dec'17	13:00 hrs to 23:00 hrs	2nd Dec'17
1st Dec'17	13:00 hrs to 23:00 hrs	1st Dec'17 + 2nd Dec'17	23:00 hrs to 23:00 hrs	3rd Dec'17

Note: Late reversal settlement and the Verification reversal report shall be generated as per existing process incorporated in NFS OC No.107 dated February 03, 2014.