

PRISM OPERATING RULES

State Bank of Pakistan

PRISM Operating Rules issued under the powers conferred in Payment Systems and Electronic Funds Transfer Act 2007

RTGS Project Management Office



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In exercise of its powers under the section 6 and 23 of the Payment systems and Electronic Funds Transfer Act 2007 read with all enabling provisions in this regards, the SBP is pleased to make the following rules for the participation and operation of the PRISM (Pakistan Real Time Interbank Settlement Mechanism):

1. Definitions

“Bank” means a banking company as defined in the Banking Companies Ordinance 1962

“Business day”, unless otherwise specified in these Rules, means any day from Monday to Saturday except a public or bank holiday in Pakistan;

“Depo Account” means a securities account that each participant shall maintain in PRISM with the SBP.

“Digital signature” means a cryptographic process by which a PRISM message is signed with the sender's private signature key so that the recipient of the message with the corresponding public key can accurately determine that the message : (a) Originated from the sender; and (b) Has not been altered since it was signed;

“Direct Participant” means an entity which has a settlement account in PRISM and connected to PRISM with a Front-end system and who also has a current account and SGLA Account with SBP.

“DVP” means delivery-versus-payment;

“DVP transaction” means a transaction for the sale, purchase, repurchase or transfer of Government Securities under the PRISM, whether for consideration or otherwise and including payment under the PRISM.

“DVF” means delivery- versus-free

“DVF transaction” means a transaction for the transfer of Government Securities under the PRISM, whether for consideration or otherwise, and is free of payment under the PRISM.

“End of a business day” means the time of a business day when the host system ceases processing transactions for value on the same or that day, including any extension of time for the processing of transactions on that day which SBP may grant under these Rules;

“Financial Institution” means an institution as defined in the Payment Systems and Electronic Funds transfer Act 2007

“Free of payment under the PRISM” means that no instruction for IFT has been or is to be transmitted under the PRISM in connection with the transaction;

“Front-end system” means a front-end computer system including but not limited to Operator Workplace, Controller Work Place, PRISM Web Interface, DEPO X Web Interface linked to the host system;

“Government Securities (GS)” means any securities issued by the Government under any written law transferable by a book entry on a register or otherwise;

“Host system” means an online computer system operated by SBP to conduct the PRISM, including any back-up on-line computer system by which SBP operates a real-time gross settlement system in accordance with these Rules;

“IFT (Interbank Funds Transfer)” means funds transfers between the participants, and includes funds transfers pursuant to cheque clearing and settlement;

“Non-participant” means an entity which is not a participant in the PRISM but has an account with SBP

“Notice to Participants” means a notice in writing to banks / Financial Institutions issued by SBP;

“Participant” means either a commercial bank or a financial institution having settlement account in PRISM;

“PRISM” means Pakistan Real-time Interbank Settlement Mechanism.

“Private signature key” means the key in a key pair that is private to the person who owns it and used only for the specific purpose of creating digital signatures for PRISM messages;

“Processing location” means the location at and from which the host system operates;

“Public key” means the key in the key pair that can be publicly made known and used to verify the authenticity or integrity of PRISM messages;

“Repo transaction” means sale and repurchase transaction of approved Government Securities;

“RTGS System” means real time gross settlement system.

“SBP” means State Bank of Pakistan.

“Service Bureau” means an entity established in State Bank of Pakistan Banking Service Corporation (SBP BSC) Office to enter transactions manually in PRISM on behalf of Direct and Indirect Participants.

“Settlement Account” means an account which a participant has in PRISM and is used for different type of transactions as prescribed by the SBP.

“Start of a business day” means the time of a business day from which the host system is ready and able to process transactions for value on the same or that day;

“Sudden Holiday” means value date which was not a public holiday but is subsequently declared to be a public holiday.

“Transaction” means an IFT, DvP, DvF transaction or any other transaction which SBP may introduce from time to time through circulars for execution or settlement under the PRISM, unless otherwise specified.

“Transmit” means to send by electronic medium via the host system to or from SBP or a participant, and

“transmitted”, “transmitting” and “transmission” shall be construed accordingly.

2. Service and General Duties

- 2.1. SBP shall commence operating the PRISM for the participation of PRISM participants from such date as SBP may designate by notice in writing.
- 2.2. A bank or financial institution may participate in the PRISM after due approval from SBP, upon which, the PRISM participant, as the case may be, shall become a participant with direct participation in the PRISM and shall pay such joining and subscription fees and transaction charges as may be specified by SBP from time to time.
- 2.3. SBP shall install, operate, maintain and upgrade the hardware and software comprised in the host system at the processing location. SBP may also require the participants to upgrade the hardware / software installed in their premises.
- 2.4. A participant shall, install, maintain, operate and upgrade one or more front-end systems which will allow the participant to perform their functions pertaining to the operations of the PRISM at their own expense and after getting clearance from SBP.
- 2.5. Participants may apply in writing to SBP to customize their front-end systems at their own expense to make adequate provision for interfacing messages generated by users of their systems for straight-through processing, after adequate testing of the system.
- 2.6. SBP may, by notice in writing issued from time to time, require a participant to make modifications to any of the functions or introduce one or more additional functions as it deems necessary for the proper and efficient operation of the PRISM. Adequate lead time depending on nature of modification will be given to participants for preparing for the change.
- 2.7. SBP and every participant shall, at their own expense, make use of telecom services provided by Pakistan Telecommunication Corporation Ltd (PTCL) or any other telecom services provider as may be designated by SBP to be notified in writing, to connect the front-end system of the participant with the host system.
- 2.8. SBP shall be responsible for the control, maintenance and security of the host system, application software used in the host system and the processing location of the host system.
- 2.9. Every participant shall be responsible for :
 - a) The control, maintenance and security of and access to the front-end system, back-up system and communication lines within the premises used or occupied by the participant.
 - b) providing the necessary business resumption and recovery measures (like setting up of Business Continuity Planning (BCP) sites for PRISM and provision of Uninterrupted Power Supply at their main and back up sites) to ensure the continuity of operations of its front-end system and communication facilities.
 - c) Any work or servicing done or to be done to the front-end system and communication lines situated outside the processing location without interrupting the systems operations, and all costs connected therewith.
 - d) Making adequate arrangements for the training of the Human Resources working on the front end systems.
 - e) For maintaining / reconciling their settlement Account in PRISM and their accounts at SBP BSC Offices.
 - f) Operating the front end systems as per the manual provided by SBP.

3. Participant Categories

- 3.1. Access Criteria: PRISM Participation as a direct participant is mandatory for the commercial banks holding Clearing House (NIFT) membership. All other banks or financial institution can apply for other participation categories in the PRISM System after meeting the minimum infrastructure requirements as may be prescribed by the SBP in writing from time to time.
- 3.2. 3.2. Direct Participant: All the scheduled Banks will be direct participant in PRISM. All such PRISM participants will have a direct connection and settlement account in PRISM and will be able to settle government securities transaction through PRISM Interface. They are eligible for all types of PRISM transactions and facilities like ILF

- (Intraday Liquidity Facility), and customer based PRISM Transactions. All such PRISM participants will be required to have the infrastructural facilities, as specified by the SBP from time to time, to continue to be eligible for participation in the PRISM System.
- 3.3. Sub Participant: A bank / financial institution that designates in writing another Direct Participant as its settlement agent for interbank funds Transfer / Government Securities transactions will be treated as a sub participant. SBP after receiving application from both of these institutions indicating this arrangement register such participants as sub participant of a specific Direct Participant in the PRISM System. Indirect Participant: SBP may add any financial institution maintaining a Current / SGL account at SBP BSC Offices as Indirect Participant. Indirect Participants will have a settlement account in PRISM but will not have a direct connection with PRISM. Indirect participant will be able to transact in PRISM through Service Bureau as & when allowed by SBP.
 - 3.4. Indirect Participant: A financial institution shall become a participant with indirect participation in the system. Indirect Participants will have a settlement account in PRISM but will not have a direct connection with PRISM. Indirect participant will be able to transact in PRISM through Service Bureau as & when allowed by SBP.
 - 3.5. Special Participants: SBP may assign special participant status to any settlement agency at its own discretion. All the Clearing Entities, taking care of Net Settlement Clearings, like NIFT and ATM Links will be treated as Special Participants. These entities will have a direct connection with PRISM and will be sending only Net Clearing results through the PRISM interface. These entities are not eligible for other types of PRISM transaction i.e. government transactions, customer based transactions.
 - 3.6. Revocation of RTGS Participation The SBP may revoke / suspend the membership of PRISM Participant if it is satisfied that:
 - a) PRISM participant is declared insolvent by the court or in the course of being wound up or otherwise dissolved, whether in Pakistan or elsewhere.
 - b) The term and conditions of PRISM rules and regulations has been contravened.
 - c) SBP considers that it is in the public interest to suspend / terminate the PRISM participation of a specific participant.
 - d) It may also, at its discretion, change/restrict the facilities/transaction types, available to a Participant type at any point in time.
 - 3.7. The State Bank shall not suspend / terminate PRISM participant without giving that institution an opportunity to be heard. Provided that the State Bank may, if an immediate systemic risk is involved, suspend the PRISM Participation without notice pending the final order.
 - 3.8. In addition to being the Service Provider, the SBP will also participate in the PRISM System and will also act as an Authorized 3rd Party. As an Authorized 3rd Party SBP can debit and credit any settlement account in PRISM under the powers vested in SBP Act 1956, and Banking Companies Ordinance 1962 and any other law for the time being in practice.

4. Business Sessions

The SBP will seek to operate PRISM to a prescribed schedule during each day of operation. There will be discrete sessions within the PRISM day for specific functions and transactions. Transactions not allowed in a specific period will be rejected and a cancellation / rejection message will be sent to relevant Participants. Any changes to the schedule will be advised to the Participants.

5. Settlement Account

- 5.1. Each Direct, Sub and Indirect Participants will have Settlement Account in PRISM. The Funds in this Settlement Account will be the sum of funds in all regional current accounts, a participant is maintaining with the SBP BSC Offices across the country. Participants will be responsible to maintain sufficient balances in their settlement

account for operational purposes as required by SBP. Payment instructions will be queued against this Settlement Account in PRISM and participant regional current accounts will be updated in the General Ledger of SBP BSC Offices, based on the transactions in Settlement Account.

- 5.2. Direct Participant will be entering IFT or DVP / DVF transactions on behalf of its sub participants. Payment instructions on behalf of sub participants sent by direct participants will be queued against the sub participant's settlement / Depo account in PRISM.
- 5.3. The participant's settlement account in PRISM cannot have a debit balance; however participant's regional current account can have a debit balance during the day, which participants will have to square off before the end of the day.
- 5.4. The Participants will have the facility of "Own Transfers" in PRISM i.e. transferring funds from one regional current account to other regional current account of PRISM Participants.
- 5.5. The host system will only process same-day value IFT transactions but will accept forward-dated transactions of up to four business days in advance, which shall only be processed on their value date.

6. Transaction Types

- 6.1. The processing for settlement or otherwise, as the case may be, of the following base transaction types will involve the respective Settlement Accounts/Current Accounts of the PRISM participants.
 - a) Inter-Bank Funds Transfers.
 - b) 3rd Party Funds Transfers (as and when allowed by SBP)
 - c) Delivery vs. Payment (DvP), Delivery vs. Free (DvF) and Intra Day Liquidity (ILF) transactions.
 - d) Own Account transfers Transactions.
 - e) Multilateral Net Settlement Batches (MNSB) Transactions.
- 6.2. The eligibility of a PRISM participant to undertake all or a subset of the above transaction types will be governed by its PRISM Participants type.

7. Message Processing

- 7.1. Every Participant work place shall provide such facility for the creation, transmission, confirmation and cancellation of messages so as to enable participants to carry out instructions to execute or cancel IFT or DVP transactions, or such other transactions as SBP may approve by notice in writing, under the PRISM.
- 7.2. Messages transmitted carrying instructions to execute DVP or DVF transactions under the PRISM shall be created and transmitted by the seller and shall be confirmed by the buyer except that no confirmation is required where the transaction is a DVP / ILF transaction with SBP.
- 7.3. Instructions for transactions pending matching, settlement or execution, including forward dated transactions before their value date may be cancelled by the either participant or SBP.
- 7.4. A cancellation request shall be rejected if the transaction is already settled.
- 7.5. Notwithstanding any provision in these Rules, participants shall not be able to cancel, through their front-end system, instructions for IFT or DVP transactions that are initiated by SBP.
- 7.6. Participants shall be responsible for putting in place adequate controls to prevent the unauthorized use of their front-end system and the unauthorized transmission of messages via their front-end system, and shall conduct regular checks to ensure that the integrity of their front-end system and message transmissions via their front-end system is maintained.

8. Queue Management

- 8.1. IFT instructions not settled immediately due to insufficient funds shall be placed in queue.
- 8.2. A participant may manage its IFT payment queues under the PRISM via its front-end system by designating its IFT instructions to be transmitted according to the following priority levels.

Level	Operations
4	Clearing
5	State Bank of Pakistan
10-99	Participants

- 8.3. Participants may change their priority levels before the payment instructions are settled. Participants can manage their IFT payment queues under the PRISM via their front-end systems by re-designating their queued transmitted IFT instructions to Priority Level they desire.
- 8.4. The host system shall place IFT instructions initiated by SBP in queue at Priority Levels 5-9 and IFT instructions for cheque or cheque clearing settlement at Priority Level 4, but participants shall not be able to re-prioritize such instructions through their front-end system.
- 8.5. Where messages transmitted for DVP transactions that are to be accompanied by IFT payment, the IFT payment shall be executed or settled at Priority Level 5, or if the transaction is with SBP, at Priority Level 1, but participants shall not be able to re-prioritize such transactions via their front-end system.

9. Operations of the System

- 9.1. SBP may issue a notice in writing to all participants or a class of participants requiring such participants to log on their front-end system to the host system for such minimum period or periods of time on such business day or days as SBP may determine in the notice for the purpose of receiving transmitted messages and instructions, and the participants concerned shall comply with such notice.
- 9.2. Front-end systems shall provide online host enquiry functions for IFT and DVP transactions.
- 9.3. SBP shall provide such information as it may determine through the host system which participants may access through the host enquiry function of their front-end systems.
- 9.4. SBP shall be entitled, at its sole discretion and at any time, to make modifications to or withdraw any type of information as it may deem fit.
- 9.5. Every participant shall appoint a PRISM administrator, and a backup PRISM administrator, whose duty is to create and delete users of its front-end system, and to define and maintain the security profiles of users authorized to have access to the system, including the right of access to front-end security components, and all user functions and facilities on the front-end system. Users and Participants in the host system will be added / deleted by the PRISM Administrator in SBP.
- 9.6. The front-end system shall provide a list of all outstanding Government Securities issues maintained on the system.
- 9.7. Participants may also be provided with other types of file / data maintenance functions / programs to be downloaded on their front-end systems as may be required for their operations.
- 9.8. The host system shall provide the following functions:
 - a) Immediate and irrevocable IFT, including settlement of cheque clearing, clearing and payment for Government Securities purchases.
 - b) Transfer of Government Securities and DVP settlement of Government Securities.
 - c) Providing collateralized Intraday Liquidity Facility.
- 9.9. Subject to these Rules, the host system shall only process same-day-value transactions.

- 9.10. Subject to these Rules, the host system shall accept same-day-value transactions between the start of a business day and the end of the business day on the business day in which the transaction is for value or from such earlier time on a business day as SBP may by notice in writing determine.
- 9.11. The system provides gridlock detection and resolution, a situation that can arise in a funds or securities transfer system in which the failure of some transfer instructions to be executed (because the necessary funds or securities balances are unavailable) prevents a substantial number of other instructions from other participants from being executed. The system provides queue management algorithms to undertake gridlock resolution with an aim to smoothen settlement of transfer instructions in the queue. SBP may apply grid lock resolution algorithm at any time if it feels it necessary to settle transaction in queue. Gridlock resolution mechanism may offset or reprioritize the queued transaction sent by participant before settlement. The transactions settled will be on gross basis after the grid lock resolution applied on such transactions.
- 9.12. The operating hours of the host system shall be during such times on such business day or days as SBP may designate by notice in writing.

10. Funds transfers between the participants

- 10.1. The Settlement Account shall be used only for the transfer of funds between participants and between SBP and a participant, as the case may be, for IFT, the settlement of Cheque clearings, Government Securities transactions and such other transaction or transactions as may be approved by SBP under these Rules.
- 10.2. The IFT instructions of a participant for funds transfers from SBP shall be initiated by SBP. The IFT instructions of a participant for fund transfers to SBP may be initiated by SBP or such participant. Instructions for IFT due from SBP shall be transmitted by the host system on their value date. Instructions for IFT to SBP shall be transmitted by the host system on their value date at the start of the business day and if placed in queue because of lack of funds, Priority Level 1-9 will be assigned to these IFTs.
- 10.3. IFT instructions not settled immediately due to insufficient funds shall be placed in queue according to the following Priority Levels:

Level	Type of Transaction
1-9	Transactions with SBP / Clearing / DVP transactions
10	Banks' urgent transactions
20	Banks' normal transactions
30-98	Banks' transactions on hold
99	Transactions to be sent on Settle or Reject Mode

- 10.4. SBP may accord different Priority Levels to IFT instructions sent by the participant to ensure the smooth operations of the system.
- 10.5. IFT instructions placed in queue at Priority Level 10-98 may be re-prioritized by the participant which initiated the transaction. Instructions placed at Priority Level 1-9 cannot be re-prioritized by the participant.
- 10.6. IFT payment instructions shall be settled according to the Priority Level at which the instructions are placed, and within each Priority Level, shall be settled on a FIFO (First in First Out) basis, as and when sufficient funds are available in the Settlement Account of the participant.
- 10.7. A participant whose instruction for IFT due to SBP placed in queue if remains unsettled after such specified time or times on any business day, such specified time or times being provided for in a Schedule provided to participant from time to time by SBP, shall be liable to pay interest / penalty charges according to terms set out in Schedule,

unless otherwise determined by SBP, and such interest / penalty charges shall be a debt due to SBP and be deducted by SBP from the Settlement Account of the participant.

- 10.8. IFT transactions still pending settlement in queues at the end of a business day shall be automatically cancelled by the host system. Each affected participant will receive a payment cancellations message for such transactions.

11. Retail Cheque Clearing

- 11.1. SBP shall settle the different Net Clearing batches sent by the NIFT / ATM Operators in the system at such time or times on every business day as SBP may designate by notice in writing.
- 11.2. PRISM Participants with net debit figures and which do not have sufficient available funds in their Settlement Account to cover their net debit position shall obtain funding immediately to settle their clearing transaction. PRISM Participants are bound to settle their clearing position within the timeline as prescribed in writing by the SBP from time to time.
- 11.3. SBP may provide PRISM participants with automatic intraday liquidity facility (ILF) to cover their clearing obligations subject to such terms and conditions as SBP may determine and on a case-by-case basis.

12. Government Securities Transaction

- 12.1. PRISM Participants shall maintain, in accordance with such written directions as SBP may issue from time to time relating to the opening, maintenance, operation and closing of Depo accounts, a Depo account with SBP which shall be divided into the following Depo sub-accounts:
 - a) Own Account: To be used by the participants for the settlement of securities owned by them.
 - b) IPS Account: To be used by the banks to hold and transfer securities on the behalf of customers.
- 12.2. The Securities Balance of each sub account will be divided into following three sub balances:
 - a) Available Sub-Balance: The Government securities balances will be uploaded from participants' SGLA account with SBP in to this sub balance category. The securities sub balance in this category will be available for the normal securities settlement operations between the participants including SBP. The balances in this category can be moved to restricted sub balance and block sub balance by the participants.
 - b) Blocked Sub Balance: The securities sub balance in this category cannot be used for any securities settlement related operations by the participant. Participant can move securities from the available sub balance to block sub balance and vice versa any time during the business day.
 - c) Other Sub- Balance: The securities sub balance in this category can be used only by SBP. Participant cannot transfer any securities balances from this category. SBP however can transfer any securities from participant accounts sub balance to this category.
- 12.3. A participant bank may transfer Government Securities:
 - a) From its Own Account to any SGLA Account / IP Account of another participant bank subject to the availability of the specified issue of Government Securities.
 - b) From its IP account to any SGLA Account / IP Account of another participant bank subject to the availability of the specified issue of Government Securities.
- 12.4. SBP may affect any of the above transfers on behalf of the participant bank concerned where SBP is so authorized to do so, or it may affect any such transfer for the purpose of or pursuant to the exercise of its powers under any written law where the circumstances so require it.
- 12.5. Government Securities may also be transferred between SBP and a participant bank, between the SGLA Account of the participant bank and SBP, whether the transfer is accompanied by or free of payment under the PRISM. Where a transfer of Government Securities is between SBP and a PRISM participant, the instruction or message for the transaction shall only be transmitted by SBP.

- 12.6. A transfer of Government Securities through the PRISM shall be effected by making an appropriate entry in the applicable Depo account of the participant bank effecting the transfer, and in the applicable Depo account of the participant bank receiving the transfer of Government Securities.
- 12.7. Once the member bank who has transmitted DVP instruction either to buy or sell Government Securities and this instructions has been matched by the counter party and has sufficient balance in its settlement account (buyer of securities) or securities in its Depo Account (seller of securities) , the host system shall effect a DVP settlement of the transaction by immediately and irrevocably debiting and crediting funds from settlement account of the buyer and securities from Depo account of the seller.
- 12.8. In case the buyer of the securities does not have sufficient funds, this DVP transaction will remain in queue unless cancelled by the either participant before settlement.
- 12.9. In case the seller of the securities doesn't have sufficient securities, this DVP transaction will remain pending unless cancelled by either participant before settlement.
- 12.10. The Delivery Vs Free Transactions (DVF) between the participants will be executed immediately, subject to the availability of the sufficient government securities in delivery agents' portfolio.
- 12.11. PRISM participants may carry out Government Securities transactions either on their own account or on behalf of their customers.
- 12.12. Instructions for GS transactions placed in queue, except those involving SBP, may be cancelled by any PRISM participant which is party to the transaction.
- 12.13. GS transactions which, at the end of the business day on which the transaction is for value, are still pending settlement in queues or pending confirmation by the PRISM participant to which GS are to be transferred, shall be cancelled by the host system and SBP shall make available, through the host system, to each affected PRISM participant (including the counterparty) a report listing the GS transactions of that PRISM participant which were cancelled at the end of that business day.

13. Intraday Liquidity Facility (ILF):

- 13.1. Collateralized Intra Day liquidity Facility shall be made available to all or group of PRISM participants as determined by SBP from time to time.
- 13.2. ILF facility will be offered only against approved government securities as determined by SBP from time to time. SBP however may specify certain types of approved government securities that can be used and will be eligible for ILF.
- 13.3. The ILF Facility will be made available only on intra day basis, and all PRISM participants will have to return, any amount availed under this facility before the end of each business day.
- 13.4. PRISM System after receiving ILF request from PRISM Participants will automatically transfer ILF eligible securities from banks own portfolio to SBP's ILF portfolio. The system will also credit the funds against these securities simultaneously to banks settlement account in PRISM.
- 13.5. ILF Request by Security: Participant shall request ILF by security, by transferring sufficient value of securities from its Available sub balance in its Own Portfolio Account to SBP Securities Portfolio Account. SBP after adjusting any fee / hair cut as determined by SBP from time to time, will credit funds in participants Settlement Account in PRISM.
- 13.6. ILF Buy Back: ILF will be an intraday liquidity facility therefore PRISM Participants will have to buy it back by sending an ILF buy back transaction on the same day before the close of the system. All ILF transactions that remain unsettled (not bought back) will be automatically bought back by the system at the end of the day, subject to the availability sufficient funds in Participants Settlement Account. SBP may apply additional penalties on ILF transactions that remain unsettled by the participant due to insufficient funds in Participants Settlement Account. SBP will have the right to redeem any securities it acquired through ILF operations and not bought back by the specific PRISM Participants before the close of the system.

- 13.7. Discount Window Operations: Participant will send request for discount window facility during the specified business period by issuing order to sell securities using discount window option. All discount window transactions will be routed to the concerned department of the SBP and after receiving its authorization from the concerned SBP department, participants settlement account in PRISM will be credited.

14. General Administration

- 14.1. All PRISM participants and SBP hereby agree to use digital signatures as a security procedure for the transmission of messages and instructions under the PRISM.
- 14.2. SBP shall be the certification authority of the private and public keys of participants under the PRISM, and shall perform the functions, be charged with the duties, and be vested with and exercise the powers that are accorded to a certification authority in accordance with the relevant law.
- 14.3. A transmitted message or instruction received by the host system which was signed with the digital signature of a participant and authenticated with the public key of the participant shall be deemed to have been duly transmitted by that participant with the authority of that participant and to be the same as that transmitted by the participant, and neither that participant nor any other participant shall be entitled to dispute the occurrence of that message or instruction, the fact that message or instruction was transmitted by the participant to whom the digital signature relates, the authority of the participant or its official in transmitting the message or instruction, or the accuracy or integrity of the message or instruction, in any claim before or proceeding in a court of law or any action taken under these Rules arising from any transaction under the PRISM, except in cases where participants are unable to process payments via their front end system due to any technical failure and captured their payments using service bureau at SBP, and has signed and stamped /sealed their transactions on paper. In such cases the paper transactions will be considered as authentic as PRISM message.
- 14.4. Where SBP as the certification authority of the private key and public key of a participant has revoked the private key of the participant at its request, all messages or instructions transmitted by and signed with the private key of that participant prior to the revocation but pending authentication by the host system shall be rejected by the host system in the authentication process, but any such message or instruction which has been authenticated by the host system before the private key was revoked shall be and remain irrevocable as far as the SBP is concerned, subject to these Rules.

15. Finality and irrevocability of transactions and settlements

- 15.1. All transactions in PRISM will be deemed settled / executed and irrevocable if an entry has been passed in the settlement account of both parties by the system and a debit (MT 900) and a credit confirmation (MT 910) has been generated by the PRISM System after the execution the transaction. All transactions executed or settled under the PRISM shall be final and irrevocable in so far as the SBP is concerned. Neither SBP nor its officers shall be under any duty to enquire into or ascertain the legality, validity or enforceability of any transaction executed or to be executed, settled or to be settled, under the PRISM, or whether any such transaction or the underlying contract connected with such transaction is void or voidable.
- 15.2. SBP shall be entitled to assume that all transactions executed or to be executed, settled or to be settled, are legal, valid and enforceable, and SBP shall be under no duty to reject, reverse, rectify, adjust or modify any transaction by reason that it was void, illegal, invalid or unenforceable, if the transaction may otherwise be executed or settled under these Rules.
- 15.3. SBP shall not be under any duty to any participant to reject, reverse, rectify, adjust or modify any transaction executed or to be executed, or settled or to be settled, by reason of any defect, forgery, theft, discovery without authority, failure or unauthorized copying, of any software, digital signature, private key or public key, password, code or secret number, or any combination of them, assigned to or designated by a participant or SBP.

- 15.4. In the event of a dispute between customers of a participant or of two or more participants, or between a participant and its customer or the customer of another participant, or between participants, arising from or pertaining to any transaction executed or to be executed, settled or to be settled, under the PRISM, including any claim that funds or Government Securities held by a participant are security for a debt or liability or held on trust, or any claim to having taken a security over, or having a beneficial interest in or lien over, funds or GS held by a participant, SBP shall not be under any duty to determine any claim in the dispute, or interfere with, adjust or modify the operation of the PRISM, or reject any message or instruction, or reverse any transaction, to give effect to or uphold any claim, if the transaction may otherwise be executed or settled under these Rules.
- 15.5. No participant shall challenge the validity of any transaction executed or settled under the PRISM on the ground that the transaction was not executed or settled pursuant to or accompanied by a formal or paper-based instrument of transfer, or was not evidenced in writing on paper, or was not attested to by the handwritten signature of any person.
- 15.6. All figures posted to the Settlement Account, Own Portfolio, Customer Portfolio of a participant as indicating the amount of funds or Government Securities, as the case may be, credited, debited or in balance in the respective account, shall be deemed to be final and conclusive evidence of the transaction.
- 15.7. Participant may be issued the different account and SGL statements generated by the internal applications of the SBP reflecting all transactions settled in PRISM.
- 15.8. If SBP receives any notice from a participant that any posted figure shown in account statements generated by system other than PRISM is incorrect and doesn't match with PRISM figures and SBP after reconciling the figures with PRISM is of the view that the figure is incorrect, SBP shall adjust the figure in the affected account by entering another transaction within such time as is reasonably practicable provided that in no circumstances shall SBP make any rectification of any posted figure if such rectification may prejudice or adversely affect the interest of any customer of the participant, the interest of any other participant or its customer, or the interest of SBP, or prejudice the finality and irrevocability of transactions executed or settled under the SBP.

16. Service Bureau

- 16.1. SBP will establish a Service Bureau in SBP premises at an appropriate time for the participants that are unable to use their front end systems due to any reason. Service Bureau may execute transactions on participants' behalf using the medium provided by the participants including cheque, or any other electronic medium as may be prescribed by the SBP from time to time to effect the transaction by the Service Bureau.

17. Emergencies

- 17.1. In the event that, for any reason, a front-end system is unable to communicate with the host system or is shut down, or the host system is shut down, or there is any interference with or interruption to the operation of the PRISM due to any cause whatsoever, IFT, cheque and GS transactions which would otherwise be carried out under the PRISM shall be carried out by SBP in accordance with such procedures and facilities as SBP may from time to time or at the material time by written circulars or directions provide, and the participant or participants concerned shall comply with such circulars or directions.

18. Furnishing information

- 18.1. SBP may, from time to time and at any time, require any participant to furnish any information pertaining to any transaction executed or to be executed or settled or to be settled, under the PRISM, and participant concerned shall furnish the information accordingly.
- 18.2. A participant which furnishes any information shall ensure that such information is correct and accurate.

19. Intellectual Property Protection

- 19.1. Intellectual property rights, including copyright, design and patent rights, in all application software used in connection with the PRISM and vested in SBP shall be and remain inviolable at all times, and no participant shall, without the written consent of holder of such rights:
 - a) modify or make a copy of any such software;
 - b) transfer, sell, lease or license any such software to another person;
 - c) apply or use any such software for purposes other than the PRISM unless permitted by these Rules; or
 - d) Permit any other person in its employment or otherwise under its control to do any of the above.
- 19.2. Where a participant is a member institution, SBP may issue to such participant a letter providing that certain provisions in these Rules shall not apply to such participant to the extent that the provisions pertain to the installation, operation, maintenance and upgrading of one or more front-end systems.
- 19.3. A letter issued by SBP under above rule may be subject to such terms and conditions as SBP considers appropriate.
- 19.4. Where in any action, suit or proceeding between SBP and a participant, computer output is tendered by SBP as to any message or instruction transmitted or any transaction executed or settled under the PRISM, or as to any computer software used in the host or front-end system, including digital signatures and security software, or as to the operation of any such computer software in the PRISM, the participant and SBP hereby expressly agree by this Rule that neither the authenticity nor the accuracy of the contents of the computer output shall be disputed to be treated as the evidence as described in Electronic Transactions Ordinance 2002.
- 19.5. Where in any action taken by SBP under these Rules, computer output is tendered by SBP as to any message transmitted or any transaction executed or settled under the PRISM, or as to any computer software used in the host or front-end system, including digital signatures and security software, or as to the operation of any such computer software, all participants and SBP hereby agree that such computer output shall be admissible in the action and no participant shall dispute the authenticity or the accuracy of the contents of the computer output.

20. Amendment of Rules

- 20.1. SBP may, from time to time and at any time, amend these Rules by deletion, substitution or addition, and where any amendment is made, shall give all participants notice in writing of the amendment (“Notice of Amendment”) at least 10 days before the day the amendment becomes effective and binding.
- 20.2. SBP may cause any amendment to these Rules to become effective and binding upon all participants at any time if SBP determines, at its discretion, that exigent circumstances exist which require that such amendment become effective for the protection of SBP, national or public interest, public security or safety or for the participants to comply with legal or regulatory requirements, provided always that this Rule shall not apply to any amendment which would have the effect of rendering transactions settled under the PRISM no longer final and irrevocable.
- 20.3. If SBP receives any notice from a participant that any posted figure shown in account statements generated by system other than PRISM is incorrect and doesn’t match with PRISM figures and SBP after reconciling the figures with PRISM is of the view that the figure is incorrect, SBP shall adjust the figure in the affected account by entering another transaction within such time as is reasonably practicable provided that in no circumstances shall SBP make any rectification of any posted figure if such rectification may prejudice or adversely affect the interest of any customer of the participant, the interest of any other participant or its customer, or the interest of SBP, or prejudice the finality and irrevocability of transactions executed or settled under the SBP.

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