



BANCO CENTRAL DO BRASIL

STR (Sistema de Transferência de Reservas)
Brazil's Real Time Gross Settlement System

Circular 3438 and Circular-Letter 3452:
Guidelines for the Opening of
Reserves Accounts and Settlement Accounts
at Banco Central do Brasil

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OVERVIEW

The *Sistema de Transferência de Reserva* (STR), or the Reserves Transfer System, is the real-time gross settlement system (RTGS) for funds transfer in Brazil, which is provided and operated by Banco Central do Brasil (BCB).

Through the STR, participants can send and receive funds transfer orders. The system is of fundamental importance for the settlement of interbank transactions carried out in the monetary, foreign exchange and capital markets in Brazil, which includes the settlement of the clearinghouses net results.

The STR is the core of SPB (*Sistema de Pagamentos Brasileiro*), the Brazilian payment and settlement system. Additional information about SPB is available at:

<http://www.bcb.gov.br/Pom/Spb/Ing/TheBrazilianPaymentSystem.pdf>

This document is based on “*Circular 3.438/2009*”, Circular 3438, effective March 2nd, 2009, and “*Carta-Circular 3.452*”, Circular-Letter 3452, effective June 9th, 2010, which sets the terms and conditions for the opening and maintenance of Reserves Accounts and Settlement Accounts at BCB.

This document aims to provide information about the general functioning of STR and the Accounts. Hence it should not be deemed as an official translation. This document is not enforceable and BCB does not warrants that it reflects the complete and current legal framework applicable for the operation of STR.

Additional information may be obtained from Law 10214/2001, Circular 3100/2002, Circular 3057/2001, Circular-Letter 3401/2009 and Circular-Letter 3452/2010, among others.



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1. INTRODUCTION

- 1.1- The Reserves Accounts record all available funds, in national currency, maintained at BCB by commercial banks, investment banks, savings banks, foreign exchange banks, development banks and universal banks.
- 1.2- The Settlement Accounts record, in national currency, with respect to the clearinghouses and other clearing and settlement providers:
 - a) the net results calculated in each clearing system;
 - b) funds transfers directly related to the mechanisms and safeguards applied by the clearing and custody systems, so as to guarantee the settlement of issuers' obligations;
 - c) the settlements of funds transfer orders between the BCB and the account holders.
- 1.3- For the other types of financial institutions, not mentioned above, the Settlement Accounts are used to record the accounts balances and funds transfers through the STR.
- 1.4- The Reserves Accounts are mandatory for commercial banks, universal banks with commercial bank activities, and for savings banks.
- 1.5- The Reserves Accounts are optional for investment banks, foreign exchange banks, universal banks without commercial bank activities, and for development banks.
- 1.6- Only one Reserves Account is allowed for each participant.
- 1.7- Settlement Accounts are mandatory for the clearinghouses and other clearing and settlement providers classified as systemically important.
- 1.8- Settlement Accounts are optional for the clearinghouses and other clearing and settlement providers classified as non-systemically important, and other financial institutions not entitled for the Reserves Accounts.
- 1.9- Only one Settlement Account is allowed for each participant and each account must serve only one settlement system.
- 1.10- A Settlement Account held by a clearinghouse or other clearing and settlement providers must have, at the closing of the STR, a zero balance, and consequently, any remaining balances must be transferred to a bank account assigned by the account holder.
- 1.11- For that matter, the account holder must provide BCB with two bank accounts and their priority of use.
- 1.12- All funds transfers between BCB and the account holders must be carried out through these accounts.
- 1.13- Both types of accounts are not allowed to have a negative balance.
- 1.14- The funds transfers between these accounts will affect the respective balances at the exact moment the funds transfer is executed.



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2. ACCOUNT OPENING

- 2.1- The opening of both types of accounts is authorized by BCB, pursuant to the applicable regulation, which includes the testing of the applicant's technological and operational ability to operate through the STR¹.
- 2.2- The account opening request must be filed by an applicant's accredited representative.
- 2.3- The accounts will be open the day before the start of the account, and after the closing of the STR.

3. ACCOUNT CLOSING

- 3.1- The accounts are closed in the following cases:

I – In the event of account holder's liquidation, insolvency, bankruptcy or changes in the object clause.

II – If the account is optional, accounts can be closed either upon BCB discretion or a by account holder's request. In that case the request must be filed with a minimum of ten working days in advance.

- 3.2- The account then expires:

I – after the STR closing of the day requested for closure by the account holder;

II – in the events of voluntary liquidation or changes to the object clause, after the STR closing on the day the act is formally announced by BCB;

III – in the cases of compulsory liquidation, decreed by BCB, at the moment the measure is announced;

IV – timely, whenever BCB is notified of any insolvency or bankruptcy decreed by the Judiciary; or

V – at any moment, at BCB discretion, in the cases of account holder failure to comply with the applicable regulation.

- 3.3- After the account is closed, any remaining balances are then transferred to a bank account appointed by the account holder.

¹ See Annex I for more details on the account opening procedures.



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ANNEX I – PROCEDURES FOR RESERVES AND SETTLEMENT ACCOUNTS OPENING

Account Opening Request

1. Requests to open Reserves Accounts and Settlement Accounts must be submitted to BCB's Department of Banking Operations and Payments System (DEBAN), considering the following dispositions:

I – For mandatory holders of Reserves Accounts, the account opening request will be submitted after applicant publishes at the *Diário Oficial da União* (DOU), the official federal government journal of Brazil, either the approval of the application for commercial banking activities, or a change in the object clause, or the authorization to operate as a commercial bank or as a financial institution with commercial banking activity.

II – For mandatory holders of Settlement Accounts, the account opening request must be filed along with the application to start the clearinghouse or other clearing and settlement provider.

III – For optional holders of Reserves Accounts and Settlement Accounts:

- a) for institutions already in operation, the account opening request can be filed at any time; and
- b) for institutions about to operate, the account opening request can be filed after the financial institution publishes, at DOU, the relevant authorization to operate.

2. The account opening application must include the following information:

I – Name, CNPJ² and address of the applicant;

II – Name, telephone number and e-mail of:

- a) a director in charge of the SPB, as set forth by Circular 3281, effective April 4th, 2005 and Circular 3441, effective March 2nd, 2009, or a person with equivalent position, to take administrative actions related to the account;
- b) the staff members in charge of testing.

III – the intention to participate in the Compe³, if applicable;

IV – financial institutions holding a Settlement Account must inform the primary mean of access to the STR, either RSFN or Internet⁴.

V – Name, CNPJ and telephone number of the IT service provider to be employed by the applicant, if appropriate;

² CNPJ - *Cadastro Nacional de Pessoa Jurídica* is the National Register of Corporate Taxpayers in Brazil.

³ Compe is the Centralizer Clearance for Checks, clears interbank obligations related to checks.

⁴ RSFN - *Rede do Sistema Financeiro Nacional*, is the national financial system network created to carry the message flow throughout the environment of the Brazilian payment system. Participants that hold Reserves Accounts and the clearinghouses, which hold Settlement Accounts, must use RSFN as the primary mean of access, and use Internet only in contingency.



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3. After receiving the aforementioned documentation BCB will start reviewing the account opening process.

Testing Operational and Technological Capability

4. The applicant must start, within 180 days after filing the request, a set of tests to prove its technological capability, or otherwise will have its account opening request expired.

5. In order to carry out the set of tests, applicants that intent to use RSFN as a primary mean of access to STR must request its connection to the network, following the dispositions set forth by Circular 3424, effective December 12th, 2008.

6. Account opening applicants must submit a test plan, to be approved by BCB, containing a minimum set of scenarios to be tested, which can be amended upon applicant's request.

7. For the institutions willing to use RSFN as primary mean of access, the test plan must comprise the following stages:

I – infrastructure and systems tests must include the connection to the RSFN, by means of all hardware and software installed, of the digital certificates and cryptography, including integrated and comprehensive testing of the following messages and files of the RSFN Message Catalogue:

a) mandatory holders of Reserves Accounts must test the following groups of services:

STR – Reserves Transfer System;

RDC – Credit Facility;

RCO – Reserves Requirements;

SEL – Special System for Settlement and Custody - SELIC;

CIR – Currency in Circulation System - MECIR;

SLB – Payments to BCB; and

GEN – Generic Services.

b) Optional holders of Reserves Accounts and Settlement Accounts must test the same group of services listed above, pursuant to the specific services and messages that each institution is authorized to use.

c) If the aforementioned institutions aim to settle revenues collection and benefits payment directly from/to the Government, if applicable, they must test the group of services TES – Brazilian National Treasury.

d) If the aforementioned institutions aim to settle their trades through a Settlement Account holder clearinghouse or other clearing and settlement providers, they must test the following groups of services:



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LDL – Clearinghouses Multilateral Settlement; and

LTR – Gross or Bilateral Settlement;

e) Clearinghouses and other clearing and settlement providers holding Settlement Accounts must test the following group of services:

STR – Reserves Transfer System (messages checking only);

LDL – Clearinghouses Multilateral Settlement;

GEN – Generic Services; and

SLB – Payments to BCB.

f) Clearinghouses and other clearing and settlement providers, operating real time gross settlement in a Settlement Account, must test the group of services LTR – Gross or Bilateral Settlement;

II – simulation of applicant's normal day of operation;

III – load tests through an overestimated flow of messages;

IV – contingency tests.

8. Institutions willing to use Internet as primary mean of access must perform the stages II and IV above.

9. The implementation of a subsequent stage may only start after BCB receives and validates the accomplishment of the previous stage.

10. At its sole discretion, BCB may request applicants to repeat some tests.

11. Financial institutions and clearinghouses must preserve the documentation related to the elaboration, validation and implementation of the tests, for later assessment by BCB.

Start of Operations

12. After the tests are validated, the applicant will inform BCB, with a minimum of five days in advance, the day the account shall be open. For Settlement Accounts held by clearinghouses or other clearing and settlement providers, the account opening also depends on the date the authorization to operate will be granted.

13. Only messages successfully tested will be available for the participant in the production environment, pursuant to the set of messages authorized to each participant.

14. Exception to the rule above can be considered by BCB, after a minimum set of testing is performed.

15. Applicant's participation in a clearinghouse, or in other clearing and settlement provider, shall be negotiated between the two parties.



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16. Along with the authorization to open the account, BCB will inform the participant its counterparty code number (Brazilian Payment System specific ID), and a code number indicating that participant is authorized to operate, including Compe.