30 October 2026

By email: TokenisationSettlementConsultation@rba.gov.au

Dear Sir/Madam

The Role of RITS in Supporting Settlement in a Tokenised Ecosystem Consultation

The Australian Financial Markets Association (AFMA) welcomes the opportunity to respond to RBA's consultation *The Role of RITS in Supporting Settlement in a Tokenised Ecosystem* (the Consultation).

We support the view that the RBA is well placed to provide the overall strategy and clear rules for tokenized money and digital assets including setting technical standards, defining legal settlement finality, and deciding what kinds of digital money are permitted for settlement.

Please find our answers to the consultation questions following this letter. We outline some thematic considerations below and note that there are a range of views on the preferred synchronisation model.

Support for finality

AFMA suggests that perhaps the key objective for RBA's work in this space should be to support finality in transactions.

Recent international consultations have not prioritised finality, instead focussing on collateral as an early relatively easy win. However, in our view, the main value proposition in tokenisation will only be achieved with finality. In the context of RBA's project we think this could mean:

- a published finality and status rule across RITS and FSS channels that a synchronising party can rely on; and
- a notification it can receive directly rather than relayed through a participant.

AFMA supports the view that enhancement of the existing RITS and FSS systems is the preferred path forward to achieve these outcomes. We expect the market can supply orchestration layer facilities although some members support central bank involvement. More generally we support market forces being able to select preferred outcomes.

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AFMA suggests the following are the two primary enhancements at this time:

1. A reservation or lock facility for the FSS (noting again some members who support this also support an asset lock); and
2. Liquidity outside RITS hours.

RBA should ensure that the Payment Systems and Netting Act is aligned with the final implemented systems so that there is no doubt about finality for synchronized transactions.

Liquidity management

Market fragmentation is always a risk in financial markets and AFMA has a long history of supporting efforts to avoid it. This often means that efforts should be made to ensure liquidity can be moved readily between systems where there are multiple systems.

Currently, while the Fast Settlement Service can settle transactions 24/7, participants can only move money in or out when the main RITS is open. The market would benefit from automated tools to manage liquidity between these systems.

Standard protocols

AFMA suggests ISO 20022 conventions are consistently used for token references and transaction identifiers across the NPP and the Swift PDS, published by the RBA with AP+ and AusPayNet.

AFMA suggests that RBA consider specifying ISO 24165 Digital Token Identifier for tokenised assets settling on the RITS system to ensure key alignment between platform, custodian and settlement records.

Regulatory approach for stablecoin issuers

Across all our policy areas AFMA supports the principle that the same risks should have the same or equivalent regulatory approach. In the context of RITS and FSS as the payment rails for the jurisdiction this means that the requirements for stablecoin issuers should be consistent with those of ADIs.

As the Consultation suggests there are system-wide financial stability matters that should be considered before any stablecoin issuers are granted ESA access. There is a risk of credit disintermediation as funds held for these purposes might bypass the banking system and its investments in the economy.

This could be of particular concern during a period of stress where there may be incentives to move deposits to stablecoins to minimise counterparty risks. Such moves would create pro-cyclic financial stress and reduce the ability of banks to continue creating credit during a crisis.

ADIs are also reporting entities for Anti-Money Laundering/Counter Terrorism Financing purposes. AFMA notes that the requirements reduce the susceptibility of the payment system to being used for illicit purposes and it is difficult to see how similar protections could be provided by stablecoin issuers.

Given these systemic, prudential, and AML/CTF implications we suggest APRA, Treasury and AUSTRAC be included in discussions on these matters.

Next steps

We look forward to continuing to engage with RBA as it works through the next stages of it RITS modernisation strategy and encourage RBA to sketch out the forward structure and timing insofar as this might be possible.

Yours sincerely



Damian Jeffree

Head of Financial Markets, Digital and Exchanges

Responses to individual questions

Question 1

There are a range of views within our membership on whether the RBA should focus on secure central bank settlement rails and fund reservation capabilities, leaving regulated third parties, such as custodians and technology providers, to handle asset matching, workflow coordination, and smart contracts, or whether the RBA should look to implement an asset and central bank reserves lock.

Question 2

See Question 1.

Question 3

Existing RITS reservation and settlement capabilities provide a useful foundation, but production-scale tokenised settlement will require platforms to communicate with RITS or the FSS in near real time. Secure application programming interfaces (APIs), standardised data fields and event-driven status messaging should enable participants and synchronisation providers to determine whether funds are available, reserved, released, settled, rejected, cancelled or timed out. Messages should carry consistent end-to-end identifiers, timestamps and finality indicators, with clear procedures for retries, reversals where legally permissible, reconciliation and operational exceptions.

Operational and Liquidity Challenges:

- Trapped Capital: To settle over weekends and public holidays through the fast settlement rails, banks must lock away three days of pre-funded cash buffers because the main settlement system is closed.
- Need for Modern Communication: Current messaging is slow and asynchronous. We need modern Application Programming Interfaces and real-time event notifications so settlement systems and digital asset platforms can update each other instantly.

Question 4

The essential near-term enhancements are secure APIs, real-time status and notification services, standardised message specifications, strong authentication and authorisation, testing facilities, service-level expectations and transparent exception-management rules. These capabilities should be platform-agnostic and scalable. In the medium term, the RBA should support richer orchestration, automated

reservation management, common certification and resilience standards, and capacity appropriate for multiple platforms and synchronisers. Any solution should preserve legal certainty, settlement finality, cyber resilience and appropriate controls over access to central bank money.

Question 5

RITS and the FSS should be capable of supporting simple exchange, synchronised exchange and, over time, DLT-based exchange. For synchronised models, there are a range of views on the preferred model within our membership.

Any future tokenised central bank reserves should be interchangeable at par with Exchange Settlement Account (ESA) balances; otherwise, participants would be required to maintain a separate, trapped liquidity pool for tokenised activity.

Question 6

Bilateral, third-party and central-bank-supported synchronisation arrangements should all remain available. The RBA should establish open, non-discriminatory standards rather than select a single synchroniser. Interoperable technical interfaces, common identifiers, consistent status semantics and clear governance would allow market participants to choose arrangements suited to their business model while limiting fragmentation and concentration risk.

Question 7

A material gap remains between the operating model of tokenised platforms, which may operate continuously, and the defined operating hours of core RITS. Although the FSS is available 24/7, its current access model and functionality do not by themselves address all wholesale tokenised use cases or the need for liquidity-saving tools. Extended RITS operating hours, with a pathway towards materially broader availability, should therefore be included in the RITS Modernisation roadmap.

Question 8

Real-time or automated transfers between ESA balances and tokenised reserves, supported by configurable thresholds and transparent settlement finality, would reduce prefunding, fragmentation and operational risk. These capabilities should ultimately be available for the operating hours of tokenised markets, with a clear pathway to 24/7 liquidity management.

Suggested technical pathway for RBA:

- A Conditional Hold and Lock Engine: Add a feature to the Fast Settlement Service that allows cash to be temporarily locked for a set time window while waiting for an external digital asset trade to complete.
- Standardized Application Programming Interfaces: Build secure, real-time Application Programming Interfaces and automated notification services so external platforms can trigger and track settlement events instantly.
- Automated Liquidity Sweeping: Introduce automated tools to move liquidity smoothly between primary settlement accounts and fast settlement sub-accounts without manual intervention.
- Clear Policy and Legal Finality: Publish clear eligibility rules for what digital money can be used for settlement, and issue formal guidance confirming legal settlement finality under the Payment Systems and Netting Act for synchronized transactions.

Requirements from Third Parties and Market Participants:

- Regulated Orchestration Gateways: Specialized technology providers and clearing entities must build secure middleware to coordinate workflows between asset platforms and central bank settlement rails under clear regulatory standards.
- Digital Asset Custodians: Custodians must provide programmable escrow vaults capable of holding tokenised assets and releasing them automatically upon receiving official settlement confirmation.
- Commercial Bank Treasury Systems: Banks need to modernize internal treasury systems to forecast, monitor, and balance liquidity across multiple settlement streams around the clock.

Operational Resilience and Fairness:

- Around-the-clock settlement must not compromise system maintenance, emergency recovery, or software updates across banks.
- All eligible, regulated participants must have equal, non-discriminatory access to new settlement tools, interfaces, and liquidity facilities to ensure fair competition.