



## RTGS Bulletin

June 2009

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## **Austraclear Advisory Committee**

The User Advisory Committee has been in place for two years now. Its role is to monitor the Reserve Bank's performance as system operator and ensure that the Bank is aware of, and responsive, to users' needs. Meetings are held 4 times a year by teleconference call and minutes are made available to all members via the Reserve Bank's website. The Committee plays a vital role in governance of the system, making sure the Bank is aware of members' views and provides relevant and efficient services which meet members' needs .

The existing committee is coming to the end of its two year tenure – the Austraclear Rules specify that a Committee member's term is for two years. In late July we will call for nominations for each category of committee member and in August elections will be held. Each Austraclear member is entitled to exercise one vote.

There are seven positions to which representatives are to be appointed:

- 1 position representing members who are custodians
- 1 position representing members who are banks
- 1 position representing members who are brokers
- 1 position representing members who are based in Australia
- 1 position representing members who do not fit any of the above categories
- 2 positions being the highest polling nominees representing members who are not appointed to any of the above positions

We encourage you to think about either being nominated or nominating others.

## **Austraclear User Group**

### **Notes from Austraclear User Group Meeting 22 May 2009**

Members were updated on what has happened over the 6 months since the previous meeting.

It may appear that we haven't been busy, but the focus has been on system stability. As members are aware, from time to time grey screens and system slowness has occurred. The graphs in the presentation highlight that the system availability has been within our SLA. Not all downtime can be attributed to the system as we or our members can and are affected by Telco or other utility providers. Graeme Beasley from Datacom gave an update on the work undertaken to address the issues. The last two changes in this space were productionised in the first weekend of June.

Ben Waterreus updated the attendees on the progress of the new TRANSACT function. We expect to deliver to the industry in the 4th quarter 2009. He also mentioned another large piece of work called SBI (Settlement before interchange). This work is for the banks, but has a 2 year development and delivery timeframe.

Adrienne Barlow advised the Registry Interface (straight through processing of lodges and uplifts to registries) development is with the Securities Commission awaiting a response to the Rule changes requested by them. Once this is approved and developed the turnaround time for lodges and uplifts will be minimal. Risk associated with manual processes will also be further reduced. The other development

in the pipeline is the interface with the new NZX system. The NZX have advised a go live date of 20 November 2009, but advised that the use of FASTER will still be available as several of their participants won't be in a position to change to the new system. Our intention is to have this interface ready for the NZX go-live.

Andrew Rodgers an Advisor with the Reserve Bank Prudential Supervision Department gave an overview of the impending new regulatory regime and the expected impact on the market place.

Austraclear revenue is down 11% against budget, fixed interest volume down 12% and equities down 16%. Our full year fee-take including transactions, network and subscriptions is around \$4 Million. At this point we don't propose any fee changes.

This corporate action season has been a nightmare for all involved, due to the complexity of capital raising design. Unfortunately, the types of actions used for this purpose pose participation issues for CSD's and nominees. We have contacted the NZX legal team, had an initial meeting with the Takeovers Panel and are looking to engage the Listed Companies Association to get clarity on the level of participation and look-through to the underlying shareholders.

The User Advisory Committee brought to our attention the timeliness of setup of new securities in Austraclear. After discussions it appears that front offices are undertaking deals for their new issues in the morning, but not advising their back office to setup the new security (using the FINEWISS function) and settle the trade until later in the day. This causes frustration in the market as counterparties are unable to setup the securities to record the deal on a timely basis. RBNZ will visit these issuers and request they assist the industry.

Business continuity preparedness is back in focus due to the "Swine Flu" scare. The RBNZ ran a bank-wide exercise, which helped to highlight areas that require further work.

At the November meeting a questionnaire was circulated on proposed developments, which was then sent to all the members. Eleven members participated and currently the only change that has been added to our development programme is a change to the unit price (equities) and yield (fixed interest) so that the fields take 6 decimals points and removes these fields matching criteria. With more and more members using the SWIFT Interface this area is creating issues, therefore we expect this change to come to production around September.

Questions on two proposals, a SWAPS module and matching tolerance for cash, will be brought back to the membership later this year.

Mike Wolyncewicz updated the meeting on the User Advisory Committee's role and thanked the current committee for their time and participation. He also advised that elections for a new committee will happen this year. We will be calling for nominations around July/August. A list of the current committee is in the presentation slides and members were advised that if they had an issue and felt unable to approach us directly they could take it to their committee representative to bring to the table.

Mike then advised of the "Key Initiatives" for the 2009/10 year stating that the new year will be about delivering our unfinished business rather than adding to the list. He also advised of the plan to open a small office in Auckland by 1 July 2010. The list of proposed initiatives is in the presentation slides.

Presentation slides can be found at <http://www.rbnz.govt.nz/payment/austraclear/3637651.pdf>

The next user group meeting is scheduled in Wellington on the 06 November 2009. Further details will be announced later on in the year.

## **Application for Approval of Austraclear NZ Under Section 7 of the Securities Transfer Act 1991.**

As Members will be aware, Austraclear NZ has applied for approval under S7 of the Securities Transfer Act in respect of a proposed electronic interface between the Austraclear system and securities registries. The purpose of the interface is to allow straight through processing of lodges and uplifts and reduce the need to prepare and process paper-based securities transfer forms.

A consultation paper was released to the industry by the Securities Commission for comment. The Securities Commission has considered that feedback and had discussions with the Bank. As a result, the Bank proposes to make a number of changes to the Austraclear Rules with the objective of effecting appropriate management and control of the electronic interface.

A brief summary of the interface and its operation is given below.

1. The electronic interface will use SWIFT messages routed over the ESAS-Austraclear network to communicate with any Registry that can accept the relevant messages.
2. All Members will be able to electronically lodge or uplift securities to/from NZCSD where the security is transferred to/from their own name on a NZ register and where that registry can accept the appropriate electronic messages. At this point the securities transferred over the interface will be limited to non-FASTER securities.
3. Only approved Members as defined with the new Rules will be able to use the electronic interface to transfer (lodge) securities into NZCSD where the security is not held in the name of the Member.

At this stage, the formalities of the approval process are being completed (including obtaining approval from the Securities Commission) and we will be working with the NZ registries to implement the electronic transfer interface as soon as is practically possible after the Commission's approval is received. We will shortly consult with members on amendments required to the Austraclear Rules.

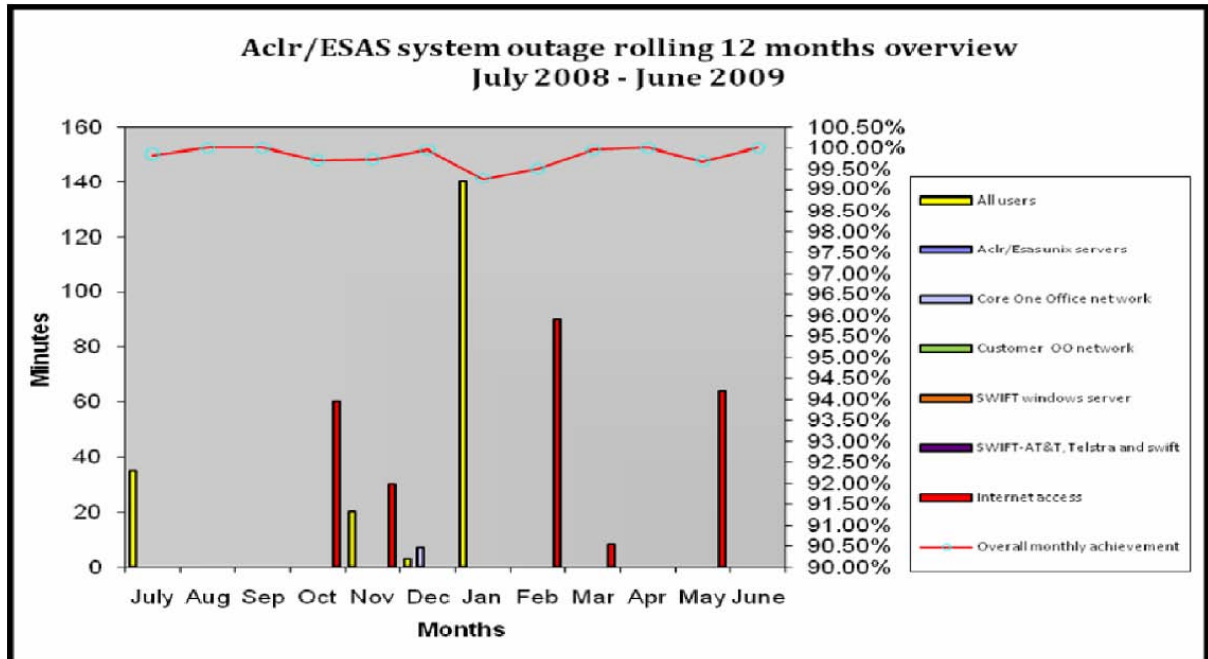
## **ESAS-Austraclear NZ Support for Java Runtime Environment (JRE) 1.6.**

On 27th June, an update was made to the ESAS-Austraclear system so that it now directly supports JRE1.6.0-xx.

From Monday 29th June, the ESAS-Austraclear NZ application will be able to run on JRE1.5, JRE1.5 and JRE1.6 together, or now JRE1.6 on its own. For JRE1.6 we have tested version 1.6.0-05 and 1.6.0-10, but there is no reason why later versions can not be used. JRE1.6 also has the latest DST patches installed.

Your organisation can then look to remove JRE1.5 if they require – both these changes will need be evaluated and implemented by your technical/desktop support staff.

## Production & System Issues



### TRANSACT Progress

You will recall that TRANSACT will result in over 50 different functional screens being consolidated into a single screen. It will also allow members to maximise the screen display and so overcome a niggle that members have had since the system was upgraded.

This project is now progressing well after being delayed while we focussed on the system stability work programme (see below). The TRANSACT code is now in our test environment and will be subject to an extensive battery of tests before being rolled out to members for familiarisation. Prior to rolling out for member familiarisation we will conduct roadshows in Wellington, Auckland, Melbourne and Sydney late August/September. We encourage all users to attend one of these sessions.

Go-live in production is scheduled for the last quarter of 2009 and members will note a significant improvement in navigation around the system.

### Stability Work

The Datacom and Reserve Bank teams have spent many months focussing on changes to underlying software required to deliver improved system reliability and to prevent the system slow downs (grey screens) that have occurred from time to time.

The teams have tested several changes to software including upgrades to Firmware, Oracle database, memory settings and the system access management layer known as ("session management").

All these changes were successfully implemented over the April to June timeframe. Importantly the teams are now able to focus on a stream of deliverables that result in functional enhancements that improve users' interaction with the system.

## Upcoming Work

The TRANSACT project mentioned above is the major piece of work presently underway. Other initiatives in coming months are:

- an interface to the new NZX system which will allow electronic lodges and uplifts between the two systems.
- an interface to major securities registries that will allow electronic lodges and uplifts between NZCSD's registry holding and members' holdings at the registry.

## Automated Notifications / Updating Member Details

We have implemented a programme that allows the automation of certain confirmations such as AIL notifications and Dividend Statements via email. Some members have already started to receive confirmations this way. Going forward we would like to send all our confirmations electronically.

Members have the ability to update their own details in Austraclear, in particular email addresses. We encourage members to use a group email address for distribution confirmations. You can also update contact names and numbers. The functions are under **MEMBER** and **BRANCH**. You can also view other members contact details by using the function **MEMBEROQ** and **BRANCHOQ**.

## Reminder - Information available within Austraclear - NOTESQ

Please take notice of changes made to the format of the NOTESQ chapters and information. You should find this information useful, therefore take the time to familiarize yourself with the new layout.

It is our intention to move away from emailing changes to payment information such as dates and payment rates, and rather to advise Members via the HOTIME message in Austraclear whenever chapters in NOTESQ have been updated. It is therefore advisable to become familiar with the numbers of the Chapters which will affect you, so that you can see when changes have been made which you need to be aware of.

Note that for most corporate actions (other than dividends), we will continue to email all information to Members in addition to making entries in Chapter 3: Current Actions, however this chapter will provide an up to date summary of the action for you to ensure you have not missed any communications.

## Electronic Communications from RTGS Help Desk

The RTGS Help Desk will accept most documents via email, ie transfers, AIL Claims etc rather than receiving them via fax. Emails are delivered over a secure network and when sent to a group address you can ensure that your emails will be answered in a more timely manner. Please send your emails to [rtgshelpdesk@rbnz.govt.nz](mailto:rtgshelpdesk@rbnz.govt.nz)

## **Late Claims**

Recently we have noticed a significant increase in late AIL and Supplementary Dividend claims submitted to us. We remind members that these are processed on a best endeavours basis and the ultimate decision to accept and process late claims is that of the issuer or Registry. A fee is imposed and passed onto members irrespective of whether or not the claim is accepted. A copy of the fee schedule can be found at <http://www.rbnz.govt.nz/payment/austraclear/austraclear-fee-schedule.pdf>

## **Corporate Actions – AUD Participation**

A number of dual-listed securities have had complex corporate actions of late. Where we expect particular difficulties will arise we recommend members uplift their securities before books close date. We are endeavouring to make processing of AUD denominated processing more efficient by opening an AUD banking arrangement. More details will be provided shortly.

## **Complex Corporate Actions**

In recent months there has been an increase in the complexity of corporate actions. Often we have to clarify various aspects with the registrar or issuer and then relay information on to members. We are reliant on the information being passed on to us by those parties and we appreciate the importance of providing timely and unambiguous information.

We have been very concerned about the uncertainty of participation rights concerning interests held by investors via nominees and custodians, eg., where a maximum subscription amount applies for a rights issue or scaling is applied for takeover acceptances.

NZCSD is working with various authorities and legal advisors in order to ensure there is greater clarity and these issues are thought through before details of new corporate actions are announced.

## **Business Continuity Planning**

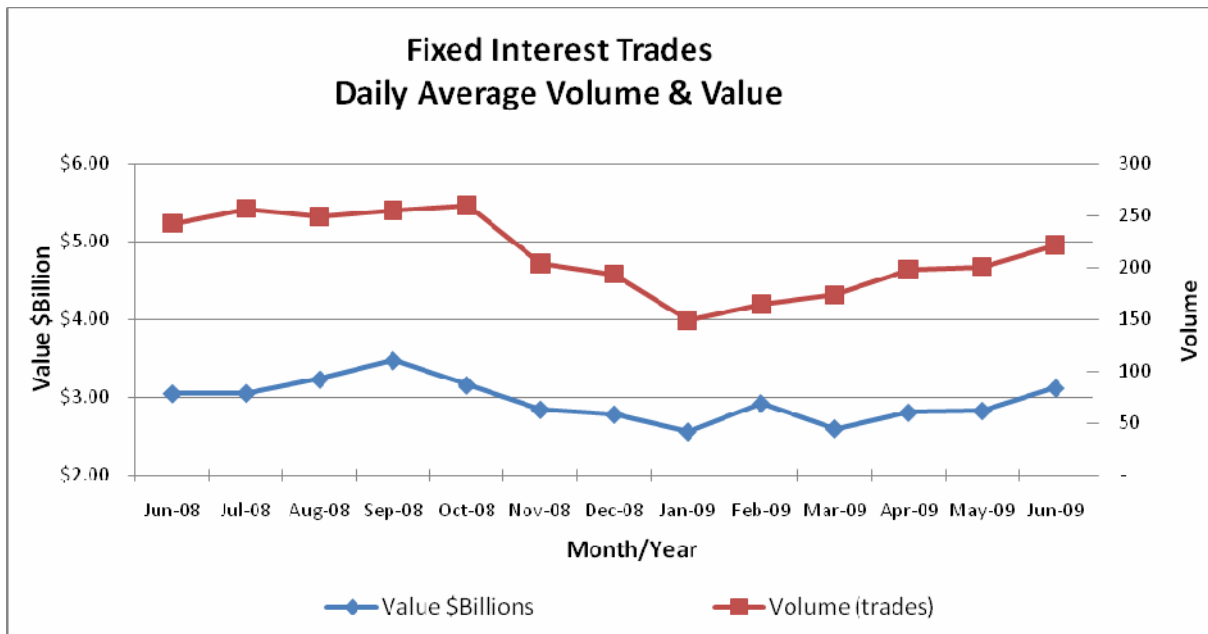
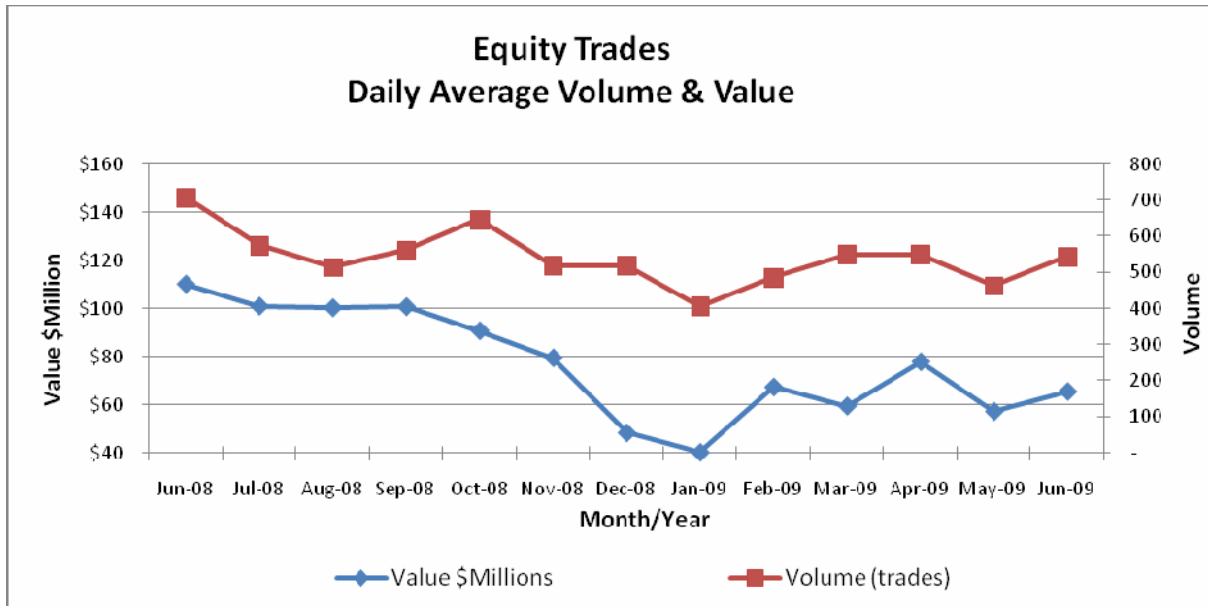
Due to the H1N1 influenza pandemic alert a decision was made to mitigate the potential risk of contamination, therefore, the Payments & Settlements Team of the Reserve Bank was split for a week between The Terrace premises and our BCP site situated in Wellington.

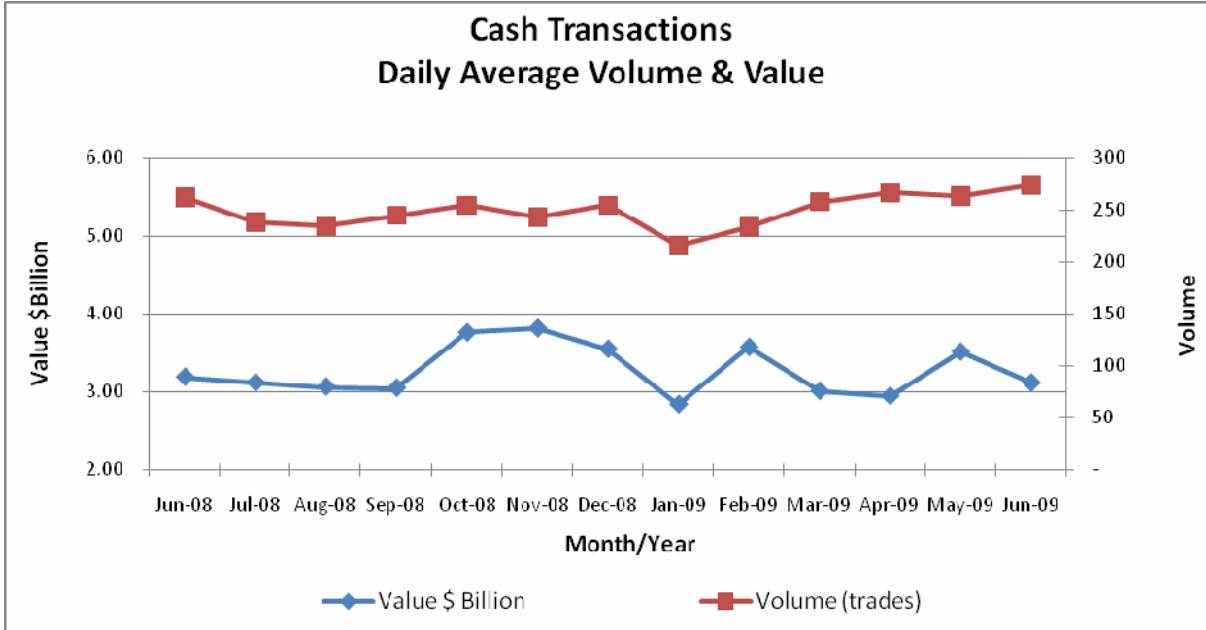
We endeavour to make these changes transparent to our members and have operations continue as 'Business as Usual'. We have since returned all operations back to our Terrace premises.

## **Austraclear Test System**

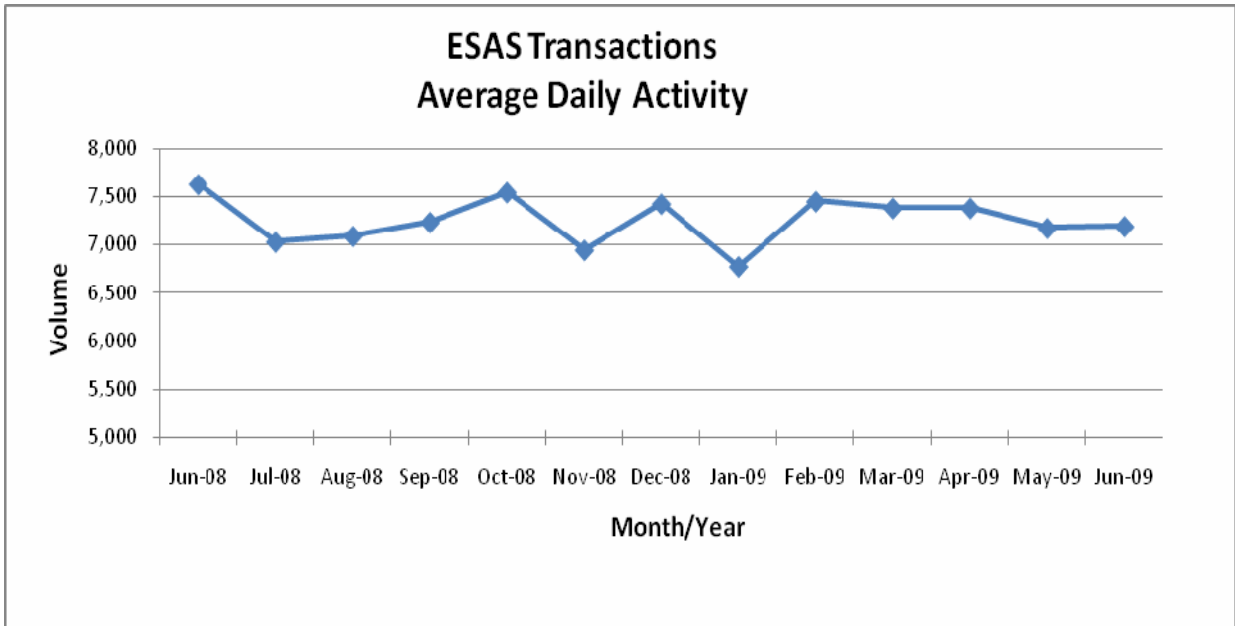
Members can access our test system for familiarisation, testing and training (subject to availability). If you would like access to the test system we can provide you with the software and logons. Just email the [bdt@rbnz.govt.nz](mailto:bdt@rbnz.govt.nz) with what kind of testing you will be doing and the proposed duration of the testing.

### Values & Volumes

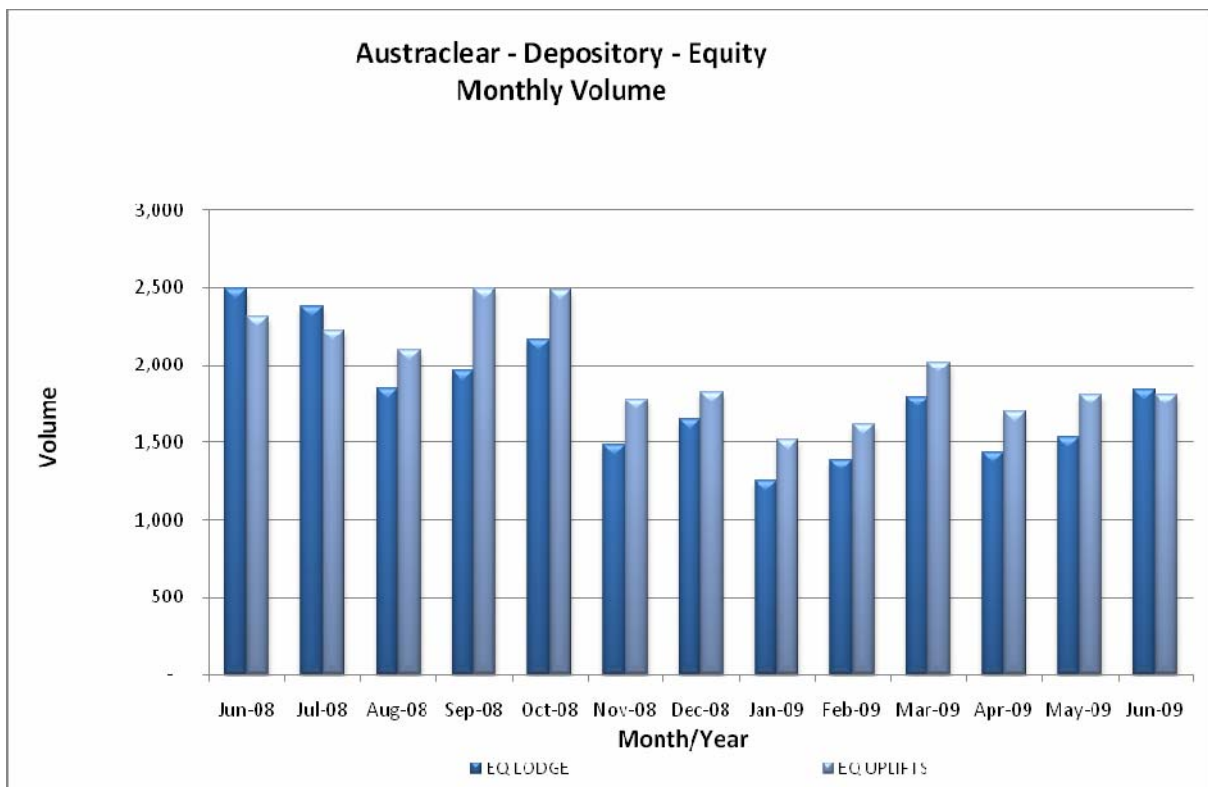
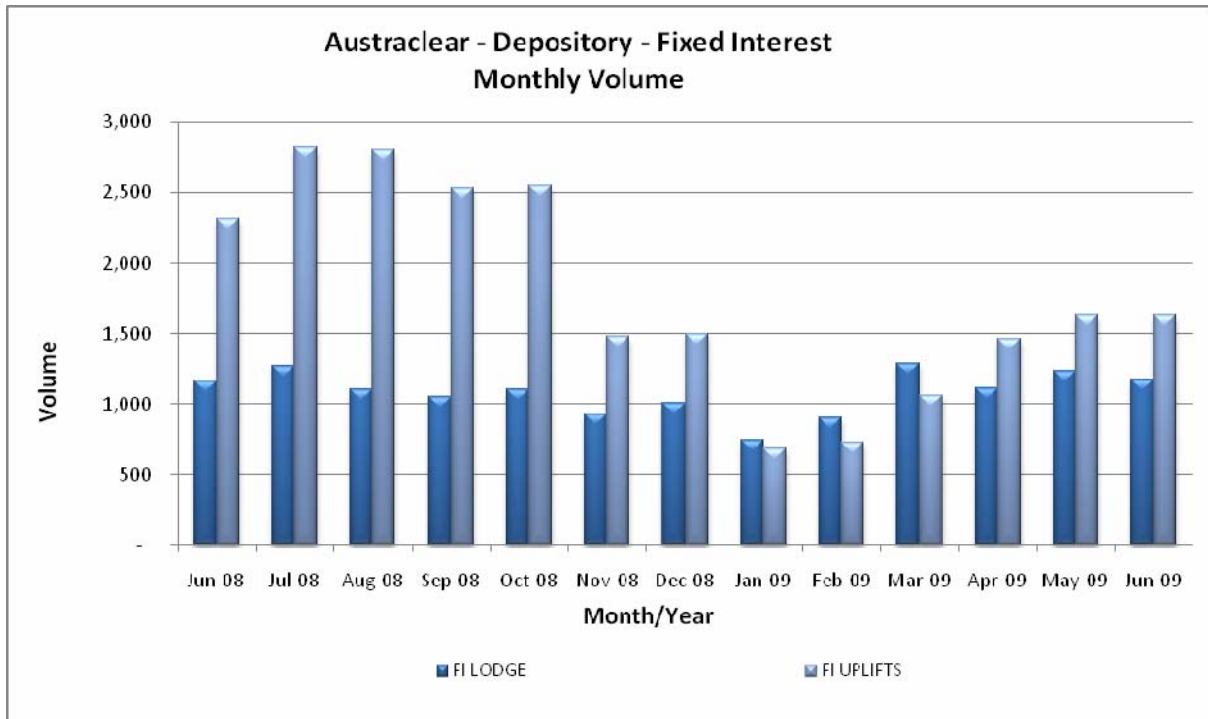




### Statistics ESAS



### Austraclear Lodges & Uplifts



## Information available on our website:

### Austraclear New Zealand Securities

The [Austraclear New Zealand Securities page](#) provides members with a database of all securities (Debt and Equity) within the Austraclear system. Members have the ability within the webpage to either search the securities database and view the results, or download a comma delimited CSV file that contains the information.

### Background/Explanatory Material

[Overview of Austraclear](#) (also available in [PDF 33KB](#))

[Austraclear New Zealand System Rules](#) Effective 12 September 2007 (PDF 205KB)

[Austraclear New Zealand Operating Guidelines](#) Effective 22 January 2008 (PDF 104KB)

[Austraclear NZ STP Options](#) (PDF 180KB)

[System Enhancements \(SWIFT & Internet Access\)](#) 03 October 2006 (PDF 30KB)

[Austraclear : Host-To-Host Lite \(HTH\\*Lite\) guide](#) 26 November 2008 (PDF 391KB)

### Forms

[Request for RBNZ staff to enter trades on member's behalf](#) (PDF 17KB)

[Austraclear: Host-To-Host Lite \(HTH\\*Lite\) application pack](#) August 2006 (PDF 117KB)

[Austraclear New Zealand System Application Pack - Associate Membership](#) (PDF 520KB)

[Austraclear New Zealand System Application Pack - Branch Membership](#) (PDF 214KB)

[Austraclear New Zealand System Application Pack - Nominated Trust Membership](#) (PDF 536KB)

[Austraclear New Zealand System Application Pack - Full Membership](#) (PDF 191KB)

[FINEWISS Registry Agreement](#) October 2003 (PDF 139KB)

[SecurID Token Registration Form](#) (PDF 33KB)

### Operational Information

[Annual Report for the Austraclear New Zealand System – 2008](#) (PDF100KB)

[Annual Report for the Austraclear New Zealand System - 2007](#) (PDF93KB)

[Austraclear Fee Schedule](#) as at 13 February 2009 (PDF 128KB)

[Austraclear New Zealand members](#)

[Independent Auditor's Report to the System Operator of Austraclear New Zealand for the quarter ended 31 March 2009](#) (PDF 172KB)

[Financial Services Group Customer Service Contacts](#) 11 April 2007

[Changes to New Zealand Daylight Saving Time for 2007/2008](#) (PDF 464KB)

### Industry Reports/RTGS Bulletin

[User Advisory Committee Minutes](#) May 2009 (PDF 16KB)

[User Advisory Committee Minutes](#) March 2009 (PDF 14KB)

[User Advisory Committee Minutes](#) November 2008 (PDF 24KB)

[User Advisory Committee Minutes](#) September 2008 (PDF 18KB)

[User Advisory Committee Minutes](#) April 2008 (PDF 30KB)

[Quarterly Industry Update Report](#) September 2007 (PDF 69KB)

[User Advisory Committee Minutes](#) September 2007 (PDF 17KB)

[The RTGS Bulletin](#) provides our customers with a series of brief notes about current matters of interest.

## **Austraclear User Group Meeting**

[Austraclear User Group Meeting Presentation](#) May 2009 (PDF 1MB)

[Minutes of the Austraclear User Group Meeting](#) May 2009 (PDF 14KB)

[Minutes of the Austraclear User Group Meeting](#) November 2008

[Minutes of the Austraclear User Group Meeting](#) May 2008

[Austraclear User Group Meeting Presentation](#) May 2008 (PDF 432KB)

[Summary of key points and issues from Austraclear User Group Meeting](#) November 2007

[Austraclear Usergroup Meeting Presentation](#) November 2007 (PDF 2MB)

[Summary of key points and issues from Austraclear User Group Meeting](#) May 2007

[Austraclear Usergroup Meeting Presentation](#) May 2007 (PDF 272 KB)

[ESAS/Austraclear Upgrade Presentation](#) May 2007 (PDF 403 KB)

[SWIFT Update Presentation](#) May 2007 (PDF 253 KB)

[Summary of key points and issues from Austraclear User Group Meeting](#) November 2006

[Austraclear Usergroup Meeting Presentation](#) November 2006 (PDF 727 KB)

[May 2006 User Group meeting - Austraclear](#) (PDF 302KB)

[May 2006 User Group ESAS/Austraclear Network changes](#) (PDF 244KB)

[May 2006 User Group ASI](#) (PDF 240 KB)

[May 2006 User Group upgrade update](#) (PDF 245 KB)