

**MINUTES OF THE MEETING OF THE AUSTRACLEAR NEW ZEALAND
SYSTEM USER ADVISORY COMMITTEE HELD BY TELECONFERENCE
9 DECEMBER 2009 AT 9AM**

Attendees:

Sarah Drennan	Craigs Investment Partners (Chair)
Dave Mitchell	Computershare Investor Services Limited (Deputy Chair)
Patty Bow	HSBC Nominees Limited
Peter Barnes	Bank of New Zealand
Mark Lawrence	ANZ Nominees Limited

RBNZ:

Mike Wolyncewicz
Adrienne Barlow
Tanya Harris
Kevin Jamieson

Datacom:

Graeme Beasley

APOLOGIES

Andrew Beattie	ANZ National Bank Limited
Miles O'Connor	Citibank

MINUTES

The minutes of the meeting of 9 September 2009 were accepted.

MATTERS ARISING

The following matters remain outstanding and will be followed up:

The problem with EQSUPLAN (if another member has failed to exit the system) has been recorded in the system work schedule, but is a low priority.

Tidy up name and address database details of all customers. A mail out will take place shortly. In particular members will be reminded to update details to ensure that mail outs from the NZCSD "sub-register" hold the correct contact details.

REVIEW OF OPERATIONS TO 30 NOVEMBER 2009

Mike Wolyncewicz spoke to the report. He noted that the system was operating as expected. The only outage of note had been the failure of an internet service

provider's switch in Auckland and service was restored to internet users once alternative access via a Wellington switch was invoked.

Activity continues to be relatively subdued although aggregate revenue for the five months is right on budget.

PROGRESS AGAINST PLAN FOR 2009/10

Progress against the agreed objectives for 2009/10 is very satisfactory. Mike Wolyncewicz clarified that the Securities Commission has made a recommendation to Government that the proposed Austraclear-Registries interface be approved under the Securities Transfer Act. The approval process is now in train and our team are undertaking planning work with the major registries.

TRANSACT went live on 9 November. The project and launch has gone well with fixes for a small number of issues promoted to production in the first few days. Mike Wolyncewicz commended Datacom on the delivery of a very good product and several Committee members spoke favourably about the new screen contrasting it very favourably with the former functions.

Kevin Jamieson addressed concerns expressed by some members regarding slow response times. Kevin made the point that monitoring of the network has confirmed that Transact has had little impact on overall network loading and there is still ample capacity on all network links. However, we will continue to monitor all aspects of the network and system and we will continue to investigate to see what improvements can be made at the Bank's end. It was noted that there are many factors that impact on performance, many of which relate to the Member's internal network configuration (routers, firewalls, proxy servers), the number of users, as well as the way the application is used (e.g. use of auto-refresh) as well as transaction/portfolio volumes. Some improvement may be evident after a change is made this weekend to optimise the database access process from within Transact.

The Bank has completed its development of the interface to NZX's new system and waiting on NZX to make its system available so we can complete end-to-end testing.

It was noted that the establishment of the Auckland office has been pushed out until early 2011.

REVIEW OF DEVELOPMENT WORK

The schedule of work was taken as read. Sarah Drennan commented on the number of "high" priority items.

One member noted that they don't see much merit in matching tolerance as they match before transactions are released to Austraclear. As part of the proposed consultation on matching tolerance we would make sure that there is sufficient demand for this feature.

INDUSTRY DEVELOPMENTS

Mike Wolyncewicz stated that the Bank isn't able to provide any additional detail on the evaluation exercise about to be undertaken jointly with NZX. This is because the Bank is still undertaking planning of its approach and also because the Bank and NZX have undertaken to jointly update the market when further information is available.

Dave Mitchell had concerns that the new JV with NZX is not something that affects all members and that it may cause delays in some other projects, which they would prefer their fees to go towards. The Bank did acknowledge that some scheduled work may be delayed, but at this stage it is not certain what, if any impact there would be. It was acknowledged that this is an important initiative and Mark Lawrence commented that some clients were pleased to hear that the evaluation is to occur.

OTHER BUSINESS

Mark Lawrence asked if the Bank would investigate establishing a securities account in Australia to hold securities for clients who are not subject to Australian tax. Mike Wolyncewicz noted that the depository is reluctant to set up low volume idiosyncratic arrangements that members can handle themselves by uplifting securities, however he agreed to the investigation on the basis that costs would be met by the client(s) – an indication would be given first, - clients provided all the necessary information and legal input, and that members would be solely responsible for instructing movement of securities between accounts (it was accepted that inevitably there would be a degree of manual processing and it was not possible to automatically move securities between accounts). Adrienne would follow up with Mark.

Agreed that Sarah would decide on a new date for the next meeting as at least two members were scheduled to be away at the time currently scheduled.

Meeting closed at 9.30 am

Post meeting note: Next meeting scheduled for 9am on Wednesday 24 March 2010.