

**MINUTES OF THE MEETING OF THE AUSTRACLEAR NEW ZEALAND
SYSTEM USER ADVISORY COMMITTEE HELD BY TELECONFERENCE
24 MARCH 2010 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
Andrew Beattie	ANZ National Bank Limited
Miles O'Connor	Citibank

RBNZ:

Mike Wolyncewicz
Adrienne Barlow
Tanya Harris
Kevin Jamieson

Datacom:

Graeme Beasley

NO APOLOGIES

MINUTES

The minutes of the meeting of 9 December 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 28 FEBRUARY 2010

Mike Wolyncewicz spoke to the report. He noted that operating metrics are all satisfactory, albeit with revenue 4% down against budget due to lower transaction volumes. The system was operating as expected and he spoke to the two outages that had been experienced, neither of which necessitated extension to end of day. Peter Barnes enquired as to when would delivery occur of the system change required to

provide the ESASENQ screen with the ability to process higher volumes with autorefresh turned on. Kevin Jamieson stated the development of the fix (which uses the same refresh capability as TRANSACT) is about to go into the test environment. At this stage we are targeting July for release of this change as we do not want it to be included in other scheduled releases. If there is a window for an earlier release we will deploy the change earlier.

Discussion also took place on slowness of TRANSACT that two members had identified. Kevin Jamieson said that performance will be dependent on the members' environments, and where traffic is forced to go continuously back and forth between say Wellington and Auckland, performance will be slower. This will also be the case where bandwidth in place for a member is not up to the specification that is recommended. Mark Lawrence stated he wanted the Bank to deal with ANZ's technical staff and Mike Wolyncewicz responded that the Bank would do so if the business personnel put us in touch with those people. Kevin Jamieson stated that in the next two weeks the Bank would work on obtaining metrics to see if we can measure and isolate where network performance overhead and drag is occurring and the Bank will contact Members. In late April the Bank intends to make a tool available to members so they can measure response times and give objective information on traffic speeds at members' sites.

PROGRESS AGAINST PLAN FOR 2009/10

Progress against the agreed objectives for 2009/10 continues to be very satisfactory. All initiatives are advancing to plan except for the name change and also the establishment of a small Auckland office, both of which have been deferred as a result of the project which is investigating the potential for a joint venture with NZX.

REVIEW OF DEVELOPMENT WORK

The schedule of work was taken as read.

The Bank highlighted the digital certificate expiry/renewal this coming weekend which will entail a large download by members when they next log in. The Bank is encouraging members to enter Austraclear this Sunday or in order to spread the load at members' sites, if entering on Monday, ensure that at any one time only one staff member enters the system and executes the download.

Peter Barnes noted the major project for 2010/11 is the Settlement before Interchange project (SBI). He suggested that it may pay to establish an operations working group. Kevin Jamieson agreed that where information is shared, development initiatives can be streamlined and substantial cost savings could occur. The Bank would follow up with Peter on this suggestion.

INDUSTRY DEVELOPMENTS

Mike Wolyncewicz stated that the Bank isn't able to provide an update on the evaluation exercise for the potential joint venture with NZX. Because of NZX's

continuous disclosure obligations, any announcement will first have to be made publically.

Mike Wolyncewicz confirmed that the Bank has submitted to the joint regulators an application for designation of Austraclear. We will keep members apprised of progress.

NZX had been asked to confirm any changes to the ex date and record date methodology used for New Zealand equities. They had also been asked to confirm changes to business flows required of market participants as a result of the introduction of NZX's new CCP system. When NZX provides these details they will immediately be relayed to members.

Sarah Drennan asked if the Bank is involved in NZX's streetwide testing. Rebecca Murphy confirmed that the Bank is not directly involved as a participant, although the Austraclear system is available to NZX participants and that the Bank will complete testing of its securities interface to NZX when the NZX's test system is available.

ANNUAL CUSTOMER SURVEY

The results of the survey were broadly in line with those for previous years, and members were largely happy with the system and the Bank's performance. Some good suggestions were made in various comments. The Bank will put more effort into making corporate actions interaction with members more efficient. It was noted that Glenn Curtis of JPMC has taken a leadership role and commenced an initiative to isolate key issues in corporate action processing and get key stakeholders together for a workshop on how to standardise processes, reduce ambiguity and conflicting advice and proactively address key issues such as the position of nominees. The Bank has met with Glenn and we expect to see contact made with stakeholders in the next month.

Dave Mitchell commented on processing of new issues. It was confirmed that there is a standard form for these. The Bank will work with Dave to see what changes should be effected to make the process work better, including the timeliness of notification of terms by issuers and their agents.

OTHER BUSINESS

Mark Lawrence asked if the Bank would investigate establishing offshore currency accounts for non-NZD corporate actions attached to NZ securities. The Bank had recently done this for the option for USD denominated capital raising by Rubicon. Mike Wolyncewicz reiterated his statement from the last meeting that the depository is reluctant to set up low volume idiosyncratic arrangements that members can handle themselves by uplifting securities. The Bank is in the business of providing service and will provide facilities where it makes sense to do so on a case-by-case basis.

Meeting closed at 9.35 am

Post meeting note: Next meeting tentatively scheduled for 9am on Wednesday 5 May 2010. This will be confirmed in due course.