

**MINUTES OF THE MEETING OF THE NZCLEAR SYSTEM USER
ADVISORY COMMITTEE HELD BY TELECONFERENCE
23 JUNE 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 24 March 2010 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. Adrienne confirmed that she is working with Computershare on this.

REVIEW OF OPERATIONS TO 31 MAY 2010

Mike Wolyncewicz spoke to the report. He noted that operating metrics are all satisfactory. With lower transaction volumes, revenue is 3% down on budget, and profit is below budget as the Bank has expensed a good part of the costs associated

with systems changes. As signalled as part of the objectives for 2010/11, our pricing tariff is to be reviewed.

System availability has been greatly improved and is a fraction below our target level.

PROGRESS AGAINST PLAN FOR 2009/10

The major development targeted for the year is either in production or will be by the end of July.

The designation application process is well advanced. Mike Wolyncewicz stated that at this stage he did not envisage any major issues which will prevent designation occurring, although there might be a small delay as we are contemplating some minor amendment to the Rules. If the Rules are to be changed there will be a small lead time required in order to make the changes effective and for the designation to be completed.

The name change becomes effective from this coming weekend, although screens on the system have been updated already. Content on the Bank's website will be updated from 26 June to refer to NZClear rather than Austraclear.

The one objective that has not been advanced is the opening of an Auckland office which was deferred while the potential NZX joint venture is investigated. This objective will be reset for the coming year with an office now scheduled to be open in Auckland in mid 2011.

Mike Wolyncewicz said that all in all, the Bank was on target to meet almost all its objectives for the year and that the Annual Report for the system, which will be discussed at the next meeting, reflecting this.

REVIEW OF DEVELOPMENT WORK

The schedule of work was taken as read.

Kevin Jamieson said that the full User Group Meeting in May had been updated on the range of initiatives being undertaken in order to improve response times for the TRANSACT screen. These changes will be migrated to production in June and July. The Bank is currently putting in place benchmarks so performance pre and post the changes can be measured objectively. The Bank has worked with users to make sure that they have purchased appropriate bandwidth for the number of users.

Post July, the major focus will be on the Settlement Before Interchange project involving ESAS, and the extent of development work for NZClear will be pared back to the last two years. We will be very selective around functional development work which will still occur.

The Bank is looking at upgrading the hardware used for ESAS and NZClear, which is now 4 years old. Members asked if the Bank would consider continuing to run the existing hardware. Kevin confirmed that we will include this option although we need to be sure that older equipment was appropriately supported at reasonable cost.

Patty Bow asked whether the Bank was proceeding with eliminating support for text file reporting. Kevin confirmed that this is not on the current work schedule, but when it is added members will receive notification well in advance.

INDUSTRY DEVELOPMENTS

Mike Wolyncewicz confirmed 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. Information will be provided as and when we are able.

The proposed go-live date for the NZX system was discussed. Mike Wolyncewicz said that we are satisfied with how the NZX-NZClear interface is working, although we have only just commenced discussions on the related the legal arrangements for it. We have encouraged NZX to educate the market on implications for the inevitable operational changes for the market resulting from the new system.

OTHER BUSINESS

Dave Mitchell asked about follow up from the corporate actions workshop facilitated by Glenn Curtis in May. Since then NZX had circulated a revised appendix 7 form which is a step in the right direction. Members confirmed that they had provided feedback to Glenn on this and that will collated and passed on to NZX. We envisage that a small number of guidelines and changes will be drafted over the next few months; these are unlikely to involve a quantum leap, rather just provide a framework for standardisation and improving the accuracy and completeness of reported corporate actions information.

Meeting closed at 9.40 am

Next meeting: 9 September at 9 am.